



CLWYD PENSION FUND COMMITTEE

Date of Meeting	Wednesday, 12 th June 2019
Report Subject	Administration and Communications Update
Report Author	Pensions Administration Manager

EXECUTIVE SUMMARY

An update is on each quarterly Committee agenda and includes a number of administration and communications related items for information or discussion. The items for this quarter are:

- (a) Business Plan 2018/19 completion and moving into 2019/20 update – this includes details of data preparation for the 2019 valuation.
- (b) Current Developments and News – this includes updates relating to recent training sessions, external projects and national changes, including a proposed Fund response to a consultation on introducing a £95k exit payment cap for public sector employees.
- (c) Communications – the results from this year's annual satisfaction surveys.
- (d) Resource – an update on recruitment and staffing.

RECOMMENDATIONS

1	That the Committee consider the update and provide any comments.
2	That the Committee approve the change in timescales to the business plan as outlined in paragraph 1.01.
3	That the Committee approve the proposed response to the £95k exit cap consultation as attached in Appendix 7.

REPORT DETAILS

1.00	ADMINISTRATION AND COMMUNICATIONS RELATED MATTERS
1.01	<p data-bbox="320 322 783 353">Business Plan 2019/20 Update</p> <p data-bbox="320 396 1391 539">Actions against the 2018/19 business plan are now complete as illustrated in Appendix 1. Progress against the business plan items for quarter one of this year is generally on track as illustrated in Appendix 2. Key items to note relating to this quarter's work are as follows:</p> <ul data-bbox="320 546 1391 1937" style="list-style-type: none"><li data-bbox="320 546 1391 831">• A1 Workforce Review - this has been completed and appropriate appointments have been successfully made. Full details are noted below in point 2.00 Resource. In addition to the changes and appointments that have already been made, the review identified that the structure of the Technical Team does not correctly reflect the function of payroll within the Administration Team. The roles within the Technical Team will now be reviewed and a further update will be provided at the next Committee Meeting.<li data-bbox="320 837 1391 909">• A2 Project Apple - This has been successfully completed and is considered in a separate agenda item.<li data-bbox="320 916 1391 1384">• A3 & A8 Under/Overpayments Policy & GMP Reconciliation project– A3 has been delayed due to the requirement of more information in relation to the GMP reconciliation project. Timescales for this will need to be extended into Q2. A8 remains on track, although an extension to the existing contract was required to include the provision of service from Equiniti until the end of December 2019. This, however, has not resulted in any additional costs for the Fund. In addition to the fortnightly conference calls, a meeting will take place between the CPF and Equiniti within the next couple of months to discuss the next phase of the project and the workload implications on the Administration Team. Decisions may be required before the next committee meeting regarding tolerances for the under/overpayments policy, in which case the Fund's urgency delegations will be used.<li data-bbox="320 1391 1391 1498">• A4 Administration and Communication Strategies – Both of these have been reviewed and proposed updated strategies are included in a separate agenda item.<li data-bbox="320 1505 1391 1937">• A5 & A10 Preparation of Member Data for Valuation and Funding Reviews & Data Improvement Plan Development / Implementation – Work is well under way within the Administration Team. Additional outstanding benefit calculation cases have been identified which are suitable to be outsourced and these will be undertaken by Mercer in line with existing working agreements and charges which are consistent with previously outsourced work. The expected increase in budget and associated costs will be reported in the September Committee once known. The aim is for as many of the outsourced cases as possible to be completed in time for the valuation data submission deadline which is mid-July. The cases being completed within A5 also form part of the Data Improvement Plan.
1.02	<p data-bbox="320 1951 1391 2058">The Committee is asked to agree the extension of timescales above relating to A3 and note the budget increase that will be required for A5, which will be provided to the Committee in September.</p>

Current Developments and News

1.03

A separate LGPS update report has been provided by Mercer and is included with the Committee Papers. In general we are aware of the points highlighted in the report and a number of these are specifically referred to in the Business Plan for 2019/20. The following includes some of these points as well as other developments and news:

- The founder members of the LGPS National Framework for the provision of a software supplier have agreed to proceed with the framework. CPF is one of the founder members. Please see Appendix 3 for details. This is a vital piece of work and will benefit the CPF in the procurement process to review the pension administration software. The Pension Administration Manager will continue to work with the other founder members over the next 12-14 months to establish the framework.
- The administration team are continuing to develop and implement the changes recommended in the CIPFA Annual Report Guidance. The CIPFA Pensions Panel recently wrote to all Finance Managers highlighting the need for proper benchmarking and concerns about resources (see Appendix 4). The Pensions Administration Manager was part of the national working group of practitioners which developed the updating reporting requirements and, CPF continues to promote the changes and share our working practices with other Funds. Further KPIs will be developed under A11 of the Business Plan. These changes are intended to streamline the benchmarking procedure, ensuring the details reported are consistent and will encourage more funds to participate in its completion thus making benchmarking more valuable.
- The 2019 Pensions Increase Review has been successfully implemented, and increases paid and communicated to all pensioner and dependant members. Communications were sent using the members' preferred method; either through the on-line Member Self Service (MSS) facility or a paper copy.
- To assist with the understanding of the roles and responsibilities of the parties involved within the running of the Scheme (for example the role of FCC as Administering Authority, Pension Board and the Pension Committee), governance training was offered and provided to members of the Administration Team. This was completed over two sessions and was greatly received by all attendees.
- A new working policy for the administration and communication of tax allowances to scheme members is currently being developed which will ensure more focussed communications to members who might be impacted. A review is being undertaken of the deferred and active member benefit statements, to investigate the possibility of including further information regarding comparison with Life Time Allowance (LTA) and Annual Allowance (AA) thresholds within the statements. Further training on these complicated areas will be provided by Mercer to senior administration team members.
- The Pension Administration Manager (PAM) is a member of a Business Continuity Plan working group for FCC. To ensure good practice, CPF will complement this by implementing a separate CPF specific plan.
- The £95k exit cap proposal has now been consulted on with the intention of limiting the amount of lump sum payments, paid to public sector workers on termination of employment, to £95k. However, within

	<p>the LGPS this is expected to include the value of the "strain on the Fund" where a scheme member is paid a pension with any reduction for early retirement effectively being waived. This will primarily impact on members where a termination of contract has occurred with the ability to receive a full unreduced pension, often alongside a redundancy payment. The following documents relating to the consultation are included with this report:</p> <ul style="list-style-type: none"> ○ A circular prepared by LGA providing an overview of the impact of the consultation for the LGPS, including web links to the consultation, is attached as Appendix 5, ○ A summary of the consultation prepared by the Fund Actuary, Mercer, including the impact on the administering authority and employers in the LGPS is attached as Appendix 6, and ○ the proposed CPF response to the consultation for approval is attached as Appendix 7. <p>The Committee is asked to consider and approve the consultation response.</p>
1.05	<p>Policy and Strategy Implementation and Monitoring</p> <p><i>Administration Strategy</i></p> <p>The latest monitoring information in relation to administration is outlined below:</p> <ul style="list-style-type: none"> • Day to day tasks – Appendix 8 provides the analysis of the numbers of cases received and completed on a monthly basis since April 2016 as well as how this is split in relation to our three unitary authorities and all other employers. The number of tasks being completed by the team remains consistently high which can be seen by the consistent reduction in the number of outstanding cases since September 2018 when it was approximately 10,000 cases. Over the last three months the number of outstanding cases has reached the lowest level it has been at in the past 16 months (albeit with a slight increase in April 2019) with outstanding cases now being approximately 8,000. This is due to a more focused approach towards business as usual cases, specific project work and preparation for the 2019 valuation, as well as the beginning of the benefits of recent recruitment and training. • Key performance indicators – Appendix 9 shows our performance against the key performance indicators that are measured on a monthly basis up to April 2019. The chart continues to illustrate that we are not managing to meet most of the agreed standards and this will continue to be the case whilst historical work is being completed. However, the recent appointments will also help to improve these statistics once training has been completed. It is hoped that improvements will be instant in some areas such as the Joiners and Leavers process. It is pleasing that Transfers Out, Quotations and Retirements targets continue to be high % target achieved results, in most if not all targets.
1.06	<p><i>Internal dispute resolution procedures</i></p> <p>The two outstanding cases for 2017/18 have now been resolved with no impact on CPF.</p> <p>In relation to the cases outstanding for 2018/19:</p> <ul style="list-style-type: none"> • there are seven Stage One appeals currently ongoing against the employer. These are all in respect of requests for payment of benefits

on ill health grounds being declined.

- three Stage One appeals against the employer have been rejected.
- there have been two Stage One appeals against the Administering Authority which have both been rejected.
- The Stage Two ongoing appeal has also been rejected.

In relation to the cases for 2019/20:

- there is one Stage One appeal against the employer for a request for payment of benefits on ill health grounds that was declined. This case is ongoing.

	2019/20			
	Received	Upheld	Rejected	Ongoing
Stage 1 - Against Employers	1			1
Stage 1 - Against Administering Authority				
Stage 2 - Against Employers				
Stage 2 - Against Administering Authority				
	2018/19			
	Received	Upheld	Rejected	Ongoing
Stage 1 - Against Employers	10		3	7
Stage 1 - Against Administering Authority	2		2	
Stage 2 - Against Employers	3	2	1	
Stage 2 - Against Administering Authority	1		1	

There are no CPF cases that are currently with the Pensions Ombudsman.

1.07 **Communications Strategy**
 The Communications Team has provided the following communications since the last update:

- Twelve emails to employers providing information in relation but not limited to retirement factors, the Fair Deal Consultation, the Cost Cap and LGA bulletins.
- Numerous presentations to employers and members including retirement seminars, LGPS presentations and individual sessions explaining combining benefits for multiple employments.
- A communication providing information about scheme regulation changes was sent to all members. Further updates were issued to relevant scheme members including pensioner newsletters. New versions of the updated scheme guides have been uploaded onto the website.

They have also attended several user group meetings across England and Wales.

1.08 Other key points in relation to communications include:

- The successful appointment from 1st March to the vacant Communications Officer post has completed the recruitment for that team. This will facilitate progression of the Communications Strategy and other key communication related projects that are within the business plan.
- Member and Employer satisfaction surveys were issued in March

	<p>with results collated in April. The results provide a vital insight for future focus and improvements. The results can be found in Appendix 10. There has been a dip in scores compared to previous years and we are continuing to analyse the results and comments to determine appropriate actions that should be taken. We are, however, confident that the appointments to the Regulations and Communications team, and the wider appointments to increase team resources, will have a positive impact going forward.</p> <ul style="list-style-type: none"> • A review of the Annual Benefit Statements and Deferred Benefit Statements is currently being undertaken to ensure compliance with the proposed policy for administration and communications of tax allowances to scheme members.
1.09	<p>Appendix 11 provides an updated summary of Member Self Service (MSS) registered users, which illustrates that enrolment to Member Self Service continues to grow. It has increased by over 600 members since the last meeting with 35% of active members now registered to use this on-line facility. It is pleasing to see a large increase in the number of MSS registrations covering this period.</p> <p>A greater focus on member uptake of Member Self Service (MSS) will be one of the main priorities of the new Communications team. An additional communication will be issued targeting those members who have not yet provided us with their method of communication preference.</p>
1.10	<p>Delegated Responsibilities</p> <p>The following have been agreed using delegated responsibilities since the last committee meeting.</p> <ul style="list-style-type: none"> • Approval of the Administering Authority Discretionary Policy statement • Approval of the Fund's Voluntary Scheme Pays Policy • Changes to staffing structure – increasing 1 Pensions Officer from 3 to 5 days and creating 2 new 12-month contract Pension Assistant posts. • Write off overpaid pension and lump sums relating to three pensioner members due to system and manual errors (approximately £3,500 in total). <p>Further details are included within Appendix 12.</p>

2.00	RESOURCE
2.01	<p>An appointment has been made to the vacant Pension Administration Manger post. As a result of internal promotion to this post, a number of other vacancies required recruitment and these have now all also been filled. Details are shown below:</p> <ul style="list-style-type: none"> • Principal Pensions Officer – Technical (internal promotion) • Technical Development Officer (internal transfer)

	<ul style="list-style-type: none"> • Pension Payroll Officer part-time (external appointment) • Communications Officer (internal promotion) • Pensions Officer (internal promotion) • Pension Assistant (internal promotion) • Pension Assistant part-time (external appointment) <p>In addition, following approval by the Committee, the following vacancies have also been filled:</p> <ul style="list-style-type: none"> • New Lead ELT Pension Officer (internal promotion) • ELT Pension Officer – replacing above (internal promotion) • ELT Pension Assistant – replacing above (external appointment) • Pension Officer (external appointment) • 2 x Pension Assistant (external temporary 12-month appointments) <p>It will take a number of months for all the new and promoted staff members to be fully trained, but the benefit of the recruitment and training is already being evidenced and this is expected to continue through improvements in outstanding case numbers and KPIs in the coming months. This is the first time that the team has not had vacant posts in several years.</p> <p>Staffing levels will be continuously reviewed to measure the impact of the new team members on our workloads.</p>
--	--

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	None directly as a result of this report other than the £95k exit cap proposals which is of relevance to the employers in the Fund. These proposals have been shared with all the employers in the Fund and we have encouraged them to submit their own responses.

4.00	RISK MANAGEMENT
4.01	<p>Appendix 13 provides the dashboard and the extract of administration and communications risks. The key risks continue to relate to:</p> <ul style="list-style-type: none"> • Employers not understanding or meeting their responsibilities which could lead to us being unable to meet our legal or performance expectations, • Big changes in employer numbers, scheme members or unexplained work increases which could lead to us being unable to meet our legal or performance expectations. This is considered a high risk due the range of potential national changes and particularly the potential impact of the employer cost management process and McCloud judgement. • Systems are not kept up to date or not utilised appropriately, or other processes inefficient, which could lead to high administration costs and/or errors. This is currently high due to a major organisational change in the supplier of the CPF administration system
4.02	Since the last update, the following risks have been updated:

	<ul style="list-style-type: none"> • Risk number 1 – unable to meet legal and performance expectations due to staff issues e.g. poorly trained or insufficient staff. The controls and actions have been updated to reflect the increasing staffing levels. The risk category has reduced from red to amber due to likelihood and impact also reducing to significant (from critical) and marginal (from very high). This is due to the recent recruitment of additional staff. This expected to remain at this level until all new staff are fully trained. • Risk number 2 – unable to meet legal and performance expectations due to employer issues e.g. not understanding their responsibilities, poor data transmission and insufficient resources. The likelihood score has been reduced to very high (from extremely high) after considering the increased employer engagement surrounding data quality recently. More employers are also moving onto i-Connect for efficient data transmission. We believe employer engagement will continue to increase and an increase in the number of employers using i-Connect is also planned which will have a positive impact on the risk status moving forward. • Risk number 3 – unable to meet legal and performance expectations due to external factors e.g. big changes in employer or scheme member numbers or unexpected work. The likelihood has been increased to very high (from significant) to reflect the potential changes at a national level particularly around the employer cost management process and the McCloud judgement. This will be monitored until the impact of the proposed changes is better understood.
--	---

5.00	APPENDICES
5.01	Appendix 1 – Business plan update 2018/19 Appendix 2 – Business plan update 2019/20 Appendix 3 – Framework update Appendix 4 – CIPFA letter Appendix 5 – LGA summary of £95k cap proposals Appendix 6 – Mercers summary of £95k cap impact Appendix 7 – Draft £95k cap consultation response Appendix 8 – Analysis of cases received and completed Appendix 9 - Key Performance Indicators Appendix 10 – Satisfaction survey results Appendix 11 – Member Self Service update Appendix 12 - Details of delegated responsibilities Appendix 13 - Risk register update

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	Report to Pension Fund Committee – Business Plan 2018/19 to 2020/21 Contact Officer: Karen Williams, Pensions Administration Manager Telephone: 01352 702963 E-mail: karen.williams@flintshire.gov.uk

7.00	GLOSSARY OF TERMS
7.01	<p>(a) CPF – Clwyd Pension Fund – The Pension Fund managed by Flintshire County Council for local authority employees in the region and employees of other employers with links to local government in the region</p> <p>(b) Administering authority or scheme manager – Flintshire County Council is the administering authority and scheme manager for the Clwyd Pension Fund, which means it is responsible for the management and stewardship of the Fund.</p> <p>(c) PFC – Clwyd Pension Fund Committee - the Flintshire County Council committee responsible for the majority of decisions relating to the management of the Clwyd Pension Fund</p> <p>(d) LPB or PB – Local Pension Board or Pension Board – each LGPS Fund has an LPB. Their purpose is to assist the administering authority in ensuring compliance with the scheme regulations, TPR requirements and efficient and effective governance and administration of the Fund.</p> <p>(e) LGPS – Local Government Pension Scheme – the national scheme, which Clwyd Pension Fund is part of.</p> <p>(f) TPR – The Pensions Regulator – a government organisation with legal responsibility for oversight of some matters relating to the delivery of public service pensions including the LGPS and CPF.</p> <p>(g) SAB – The national Scheme Advisory Board – the national body responsible for providing direction and advice to LGPS administering authorities and to DCLG.</p> <p>(h) MHCLG – Ministry of Housing, Communities and Local Government – the government department responsible for the LGPS legislation.</p>
