

## CLWYD PENSION FUND COMMITTEE

<b>Date of Meeting</b>	Wednesday, 12 <sup>th</sup> June 2019
<b>Report Subject</b>	Administration and Communications Strategy Statements
<b>Report Author</b>	Pensions Administration Manager

### **EXECUTIVE SUMMARY**

As part of the 2019/20 business plan, it was agreed to review the existing administration and communication strategies for the Fund. These documents were originally agreed in 2016 and are subject to review at least every three years.

The proposed updated strategies are included in Appendix 1 and 2. It is a legal requirement, as well as good practice, to consult with employers when reviewing the administration strategy and therefore it is intended that both strategies will be shared with the Fund's employers after the Committee consider the proposed changes.

Although no major changes are proposed to the administration strategy, there are a number of updates to the communications strategy which are mainly to highlight the objective of delivering communications using digital communications where efficient and effective to do so.

### **RECOMMENDATIONS**

1	That the Committee consider and approve the proposed amendments to the Administration and Communication Strategies, subject to consultation with stakeholders.
2	That the Committee delegate any final minor changes, following consultation, to be made by the Clwyd Pension Fund Manager and Pensions Administration Manager, with any more substantive changes being brought back to Committee for consideration.

## REPORT DETAILS

<b>1.00</b>	<b>ADMINISTRATION AND COMMUNICATION STRATEGIES</b>
	<b>Background</b>
1.01	<p>The Fund's existing administration and communications strategies were both agreed by the Committee in March 2016 and have been subject to minor updates since then. Prior to March 2016, the Fund did not have an administration strategy, albeit it had a communications strategy which was fundamentally reviewed in March 2016. The LGPS Regulations state that each administering authority must have a communications strategy and the minimum areas that should be covered by it. Although the regulations define the minimum requirements to include within an administration strategy, it is not compulsory to have one, albeit it is considered good practice.</p>
1.02	<p>The aim of the administration strategy is to ensure both the Administering Authority and the employers are fully aware of their responsibilities under the Scheme, and to outline the performance standards they are expected to meet to ensure the delivery of a high-quality, timely and professional administration service.</p>
1.03	<p>The aim of the communication strategy is to ensure that scheme members appreciate the benefits of the scheme and all stakeholders are kept informed of developments within the Pension Fund. Effective communications will also help to maintain the efficient running of the Scheme.</p>
	<b>Proposed amendments</b>
1.04	<p><i>Administration strategy</i></p> <p>It is considered that the existing administration strategy remains to be appropriate overall. Its existing focus is on working in partnership with employers to deliver a high-quality administration service. The strategy clearly outlines how the administering authority will assist employers in understanding their responsibilities and delivering those responsibilities. It sets out a formal process to be followed where an employer is not carrying out their responsibilities with the aim of working in partnership to rectify the situation but with flexibility to escalate to a more formal approach if required. It highlights the use of i-Connect as the system that must be used by all CPF employers to communicate the majority of scheme member information to the administering authority.</p>
1.05	<p>The administration strategy includes clear performance standards which both employers and the administering authority must meet to ensure a high-quality service to scheme members and other Fund stakeholders. These performance standards are explained further in an employer service level agreement which is updated annually and which all employers are required to sign and return.</p>

1.06	<p>Appendix 1 includes the administration strategy with the proposed changes highlighted throughout. The key changes are:</p> <ul style="list-style-type: none"> <li>• The introduction of an annual declaration by employers that must be signed and returned. This declaration asks the employer to confirm that they understand specific responsibilities relating to the Fund. It is considered that this will be a useful in identifying where employers may have further training needs or where data may need a greater level of scrutiny.</li> <li>• Completing a thorough workforce review of the Fund's Administration Team.</li> <li>• The continued roll out and implementation of i-Connect to all employers (i-Connect is new software that will allow employer data to be loaded directly, and therefore more efficiently, into the pension administration software).</li> <li>• Ensuring compliance to the new General Data Protection Regulations 2018 ("GDPR").</li> </ul>
1.07	<p><i>Communications strategy</i></p> <p>The communications strategy has been subject to a more fundamental review. This is due to CPF's gradual evolution towards digital communications in recent years. The proposed changes which are highlighted in the strategy in Appendix 2 include:</p> <ul style="list-style-type: none"> <li>• highlighting within the aims and objectives that there will be a default of using electronic communications where efficient to do so, and the fund will look for environmentally responsible ways of delivering communications (as well as focussing on efficiencies),</li> <li>• clarifying that the move to digital communications means there will be circumstances where some information is not also issued in hard copy format to members who have opted out of digital communications (for example minor scheme changes that do not legally require to be notified to members),</li> <li>• providing further information on how specific communications will be circulated, for example, information on the website, email notifications through the CPF on-line Member Self-Service (MSS) facility and annual benefit statements being published on MSS,</li> <li>• further strengthening of the message that communications are published in both English and Welsh in accordance with legislative requirements.</li> </ul>
1.08	<p>The strategy highlights that scheme members can opt out of digital communications so that they continue receiving hard copy communications. In the past few years, hard copy communications have been delivered to all scheme members on three occasions highlighting the move to digital communications with MSS and their right to opt-out of digital communications. This has resulted in 35% of active scheme members, 21% of deferred scheme members and 41% of pensioner and dependant members being enrolled on MMS. Although these figures are considered high, particularly compared to anecdotal evidence from other LGPS funds, it should be noted that those members who have not registered for MSS, and who have not opted out of digital communication, will not see any digital communications from the Fund, such as their annual benefit statement. To counter this, there will be ongoing drives by the CPF communications team to publicise the MSS facility to scheme members including a final hard copy</p>

	mail-shot to all members not registered providing them with log in details and reminding them of the move to digital communications and their right to opt out of digital communications.
	<b>Consultation and completion</b>
1.09	<p>The LGPS regulations require that the administration strategy changes should be consulted on with Scheme employers and such other persons as we consider appropriate. Accordingly, it is intended to share the proposed amendments to the administration strategy with all employers. We will also share the communication strategy changes with the employers asking them to highlight the move to digital communications to their employees and to encourage all their employees to register on MSS if they have not already done so.</p> <p>The Fund's Pension Board members also receive copies of the Committee agenda and reports. Any views of the Board on the amendments to these strategies will be fed back at the Committee by the Board members in attendance.</p>
1.10	The Committee is asked to consider the proposed changes to the strategies and consider any further amendments they would like made to them. The Committee is then asked to approve them, subject to those changes being made and any minor changes following consultation with employers by made by the Clwyd Pension Fund Manager and Pension Administration Manager. Where more significant changes are suggested because of the consultation exercise, a further proposed strategy will be taken back for consideration by the Committee in September.

<b>2.00</b>	<b>RESOURCE IMPLICATIONS</b>
2.01	There are no resource implications as a result of this report at this time. However, the use of digital communications, including i-Connect for receiving information from employers will assist in delivering ongoing efficiencies within the team. Failure to adopt this approach would likely result in the need for additional staff members.

<b>3.00</b>	<b>CONSULTATIONS REQUIRED / CARRIED OUT</b>
3.01	As outlined in paragraph 1.09.

<b>4.00</b>	<b>RISK MANAGEMENT</b>
4.01	<p>The Fund's risk register includes the following key risks:</p> <ul style="list-style-type: none"> <li>• That the Fund is unable to meet legal and performance expectations due to employer issues, such as employers not understanding their responsibilities or not having access to efficient</li> </ul>

	<p>data transmission. This remains a red risk particularly until i-Connect is fully implemented with all employers. The administration strategy is a key internal control in driving the changes that will help manage this risk.</p> <ul style="list-style-type: none"> <li>• That scheme members do not understand or appreciate their benefits due to inaccurate, poorly drafted or insufficient communications. This risk is currently amber and a key driver in improving this is ongoing promotion of MSS. The communications strategy is fundamental in ensuring this risk is minimised.</li> </ul>
--	--

<b>5.00</b>	<b>APPENDICES</b>
5.01	Appendix 1 – draft Administration Strategy Statement Appendix 2 – draft Communications Strategy Statement

<b>6.00</b>	<b>LIST OF ACCESSIBLE BACKGROUND DOCUMENTS</b>
6.01	Report to Pension Fund Committee – Administration and Communications Strategy Statements (March 2016)  <b>Contact Officer:</b> Karen Williams, Pensions Administration Manager <b>Telephone:</b> 01352 702963 <b>E-mail:</b> karen.williams@flintshire.gov.uk

<b>7.00</b>	<b>GLOSSARY OF TERMS</b>
7.01	<p>(a) <b>CPF – Clwyd Pension Fund</b> – 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) <b>Administering authority or scheme manager</b> – 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) <b>PFC – Clwyd Pension Fund Committee</b> - the Flintshire County Council committee responsible for the majority of decisions relating to the management of the Clwyd Pension Fund</p> <p>(d) <b>LPB or PB – Local Pension Board or Pension Board</b> – 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) <b>LGPS – Local Government Pension Scheme</b> – the national scheme, which Clwyd Pension Fund is part of.</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.
- (g) **SAB – The national Scheme Advisory Board** – the national body responsible for providing direction and advice to LGPS administering authorities and to DCLG.
- (h) **MHCLG – Ministry of Housing, Communities and Local Government** – the government department responsible for the LGPS legislation.
- (i) **MSS – Member Self-Service** – an on-line portal where scheme members can log in and view certain information on their CPF pension record including scheme history and annual benefit statements. It also provides the facility for members to update information, such as their address and to carry out projections of their benefits. The system can also be used to send electronic notifications to scheme members, either individually, or on bulk such as alerting members to an update on the website or annual benefit statements being uploaded.
- (j) **I-Connect** – a system which allows employers to upload data that is then validated and downloaded onto the CPF administration system (Altair). This is generally carried out monthly and provides greater assurance in the accuracy of scheme member records as well as ensuring they are updated in a more-timely manner.