

CLWYD PENSION FUND COMMITTEE

Date of Meeting	Wednesday, 13 June 2018
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 update
- (b) Current Developments and News, including the potential impact of the changes to Prudential's Corporate Pensions Team
- (c) Administration and communications related policy/strategy implementation and monitoring, including an update on the numbers of tasks received and completed, performance against Key Performance Indicators, a Member Self Service update and the results of our annual Satisfaction survey.
- (d) Delegated responsibilities which include an urgency delegation relating to additional resources.

RECOMMENDATIONS

1	That the Committee consider the update and provide any comments.
2	That the Workforce Review which was intended for quarter 4 and 2019/20 is brought forward to commence in quarter 2 2018/19.
3	That the Committee approve that the Chair and Chief Executive or Corporate Finance Manager under delegation approve further staffing resources upon receipt of a more detailed business case.

REPORT DETAILS

1.00	ADMINISTRATION AND COMMUNICATIONS RELATED MATTERS
1.01	<p>Business Plan 2018/19 Update</p> <p>Progress against the business plan items for quarter one of this year is generally on track. Key items to note relating to this quarter's work are as follows:</p> <ul style="list-style-type: none">• A1 – Additional payroll functionality – This functionality, which allows the CPF Administration Team to process their own lump sum payments has now been implemented albeit some final coding is required before it starts being used.• A2 – Move to electronic annual benefit statements – This project to issue benefit statements electronically for the first time is now well underway. The Deferred Benefits Statements have been issued electronically via Member Self Service to all deferred members other than those who have opted out of electronic communications. The electronic Active Benefit Statements will be issued via Member Self Service in July. All members are to receive a hard copy newsletter reminding them that their statements are now available on Member Self Service.• A4 and A5 Expanded Backlog and Aggregation Project – Mercers have now been commissioned to carry out these two bits of work so as to remove the historical backlogs that exist (as envisaged within the original business plan). Ongoing monitoring in relation to these projects will be provided to Committee in future reports. An allowance had been included in the 2018/19 budgets for this work.
1.02	<p>The Committee is asked to note the contents of the business plan update.</p>
1.03	<p>Current Developments and News</p> <p>A separate LGPS Update report has been provided by Mercer and 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 2018/19. However, more specifically it is worth noting the following areas we are currently working on:</p> <ul style="list-style-type: none">• The Amendment Regulations came into force on the 14 May 2018. Amongst the changes is the requirement to review our Admission Agreements following the introduction of exit credits.• Another change is that all members with deferred benefits can request payment of their deferred benefits at age 55 (reduced) irrespective of when they left the scheme, rather than having to wait until age 60. This is likely to have an impact on the workload of the Administration Section as more scheme members request estimates of benefits between age 55 and 60, and on the number of retirements processed in the short term. Scheme members will be encouraged to use Member Self Service to carry out initial estimates to help minimise the additional work.

1.04

Additional Voluntary Contributions (AVCs) – Last year, a number of changes were made to the Fund's AVC offering with Prudential following a review by Mercers. At that point, it was agreed that this would continue to be monitored and the information below provides an update on this, on the use of AVCs during 2017/18 and on other matters relating to the Prudential AVC facility.

Following the changes to our AVC portfolio in November 2017 when the existing lifestyle options were closed to new members and 2 new Prudential Dynamic Growth (PDG's) lifestyle options were launched, 8 members switched from the existing lifestyle options to the new ones offered and 15 selected the new lifestyle option upon joining. At the same time the default option (With Profits) was removed so that members needed to make a positive election as to where they wanted their AVC funds to be invested. There has been no adverse reaction to this change from members.

88 new members joined the AVC facility in the 12 months 6th April 2017 to 5th April 2018.

The current membership for the 3 unitary authorities is:-

Employer	Active Members
Flintshire	188
Wrexham	144
Denbighshire	139

Since the presentation given by our Regional Workplace Consultant at our Employer meeting last November, Denbighshire has gone live with Salary Sacrifice Shared Cost AVC's (SSSCAVC's) and there is interest from both Wrexham and Flintshire Councils too. This facility provides savings to national insurance contributions for both scheme members and employers.

An email was received by the Pensions Administration Manager on 11 May which stated:-

Changes to M&G Prudential's Corporate Pensions Team

"M&G Prudential recently announced a company-wide transformation programme designed to modernise the business. As part of this programme we are now making changes to the Corporate Pensions Team which provides member presentations and individual meetings in the workplace.

I would like to confirm M&G Prudential's commitment to being the leading provider of AVCs. However, as a result of these changes, with immediate effect, member presentations and individual meetings will no longer be provided. We will continue to provide the full range of online services and telephony support through our Retirement Specialist Team. This includes

	<p><i>the ability for members to start or amend contributions on-line or over the phone.</i></p> <p>The impact of these changes are not fully known at present, however, the following employee and employer activity that has taken place over the last 12 months is not expected to be taking place in the future as a result of the changes.</p> <ul style="list-style-type: none"> • 16 presentations with a total of 354 attendees • 28 individual 1 to 1's with members • 7 Client meetings with Employers
1.05	<p><i>Cybercrime</i> – Following a request by the Pension Board, they will be receiving presentations from both Flintshire County Council's ICT and Aquila Heywood 11 October on the steps they take to protect the Fund from Cybercrime. An update will be provided at the November Committee.</p>
1.06	<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 1 provides the analysis of the numbers of tasks received and completed on a monthly basis since April 2015 as well as how this is split in relation to our three unitary authorities and all other employers. As can be seen, April included a major increase in cases added (i.e. new work received) due to the implementation of iConnect for FCC. There continue to be an increase in the outstanding number of tasks, due to ongoing increases in workloads, projects such as the implementation of iConnect and the team also suffered due to the long term sickness of a senior member of staff. • Key performance indicators – Appendix 2 shows our performance against the key performance indicators that are measured on a monthly basis up to March 2018. As requested at the last Committee an explanation of the graphs is also now included. As can be seen improvements have been made in certain areas relating to the CPF turnaround times (graphs "c" on each page) e.g. starters and leavers. This has been due to a reallocation of work and overtime, and this also explains some of the changes in the numbers of cases completed in each category in March compared to previous months. The deaths have also improved however this has been to the detriment of the retirements due to the same level of staff performing both roles. April and May figures are not available at present as an update is awaited from Aquila Heywood which impacts the reports that produce this information.
1.07	<p>As can be seen by the information presented there continues to be large amounts of work coming into the Section and also a large number of outstanding tasks, meaning we are unable to meet all our KPIs. These points are separately mentioned in the Audit Report (within the Governance Update). It was always intended to review resources and this was included in the Business Plan (A!2), in the main for 2019/20 however circumstances have required more urgent attention, and it is</p>

recommended that this workforce review is brought forward to quarter 2, although an interim increase in staffing has been agreed via an urgency delegation referred to later in this report. In relation to staffing and resource matters, a business case is currently being put together for additional resource to enable the Administration Section to deliver the services in line with Fund's objectives including meeting the KPIs. Furthermore, as mentioned previously Mercers have recently commenced work to assist with the aggregation work which was being carried out by the in-house team. Some further information around the key issues causing the increase in workloads will be presented at the Committee.

The Committee are asked to approve that any further decisions around further staffing resources within the Administration Section are delegated to the Chair and either Chief Executive or Corporate Finance Manager upon development of a more detailed business case.

1.08 Internal dispute resolution procedures – Below is a summary of the internal dispute resolution cases that have arrived this and last year. Of the appeals received against the employers at Stage 1 in the current year, all are based on non-payment of deferred benefits and the 1 against the Administering Authority is due to the overstated estimate of benefits due to incorrectly recorded service. The 1 that was rejected progressed to Stage 2 at which point additional evidence became available that the employer had not seen and was therefore referred back to the employer for review. The other Stage 2 case that had been through Stage 1 in 2017/18 was also upheld as additional evidence was forthcoming.

	2018/19			
	Received	Upheld	Rejected	Ongoing
Stage 1 - Against Employers	2		1	2
Stage 1 - Against Administering Authority	1			1
Stage 2 - Against Employers	2	2		
Stage 2 - Against Administering Authority				
	2017/18			
	Received	Upheld	Rejected	Ongoing
Stage 1 - Against Employers	13	2	9	2
Stage 1 - Against Administering Authority	1		1	
Stage 2 - Against Employers	3	2	1	
Stage 2 - Against Administering Authority	1		1	

The appeal against the Administering Authority at Stage 2 in 2017/18 has been progressed to the Pensions Ombudsman. We are currently awaiting their determination. The Pensions Ombudsman also made their determination in respect of a case that was dismissed at Stage 1 and Stage 2 against the Administering Authority in 2016/17 and a compensation payment of £1,000 was made in April 2018.

1.11 *Communications Strategy* – The Communication Officer has provided the following services since the last update (i.e. relating to the period from 20 March 2018 to 31 May 2018):

- Visit to Glyndwr University promoting Member Self Service.

1.12 The following communications have been distributed during this period:

	<ul style="list-style-type: none"> • Activation Keys sent to 1,600+ Dependant Members • First bulk email project has been undertaken with emails sent to all members with email addresses (9,242) including details relevant to their status. e.g. Pensions Increase • Deferred Diaries (newsletter) has been published to Member Self Service • GDPR Privacy Notice added to website • Deferred Benefit Statements and Lifetime Allowance letters posted to all members who elected for postal correspondence, with the remainder having been published on Member Self Service.
1.13	<p>The updated information concerning Member Self Service is shown in Appendix 3 and this illustrates enrolment to Member Self Service is continuing to grow at a steady pace.</p> <p>The annual Satisfaction Surveys were sent out with all postal communication for the two week period 9 April to 22 April. Online employer and scheme member surveys were also implemented. Results from both members and employers along with an analysis of comments made are shown in Appendix 4. Against nearly all measures, this shows an improvement in satisfaction with all employer ratings exceeding our KPI target of 90% agreeing or strongly agreeing that we have met our objectives. All scheme member results are 80% or higher with some being very close to the KPI target. Given the ongoing publicity of Member Self Service, the move to electronic annual benefit statements and recent launch of the updated website, we would hope the results in early 2019 for scheme members will be even more positive.</p>
1.14	<p>Delegated Responsibilities</p> <p>The Pension Fund Committee has delegated a number of responsibilities to officers or individuals. Appendix 5 updates the Committee on the one area of delegation used since the last meeting relating to administration. This relates to an urgency request for additional posts in the Administration Section due to the increases in workload.</p>

2.00	RESOURCE IMPLICATIONS
2.01	The Administration Section continue to be under pressure as a result of the ongoing increases in workload many of which stem from the introduction of the new scheme in 2014. Under the urgency delegation for staff in the interim period whilst awaiting a full business case, the additional annual cost (including on costs) amounts to £91,944.

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	None directly as a result of this report.

4.00	RISK MANAGEMENT
4.01	<p>Appendix 6 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 unable to meet our legal or performance expectations, and • Poorly trained or insufficient staff numbers which could lead to us unable to meet our legal or performance expectations – this has been updated to include further action to review the existing staffing establishment and develop a business case for further staff.

5.00	APPENDICES
5.01	<p>Appendix 1 - Analysis of cases received and completed Appendix 2 – Key Performance Indicators Appendix 3 – Member Self Service Appendix 4 – Satisfaction Survey Appendix 5 – Delegated responsibilities Appendix 6 – Risk register update</p>

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	<p>Report to Pension Fund Committee – Business Plan 2017/18 to 2019/20</p> <p>Contact Officer: Helen Burnham, Pensions Administration Manager Telephone: 01352 702872 E-mail: helen.burnham@flintshire.gov.uk</p>

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</p>

authority in ensuring compliance with the scheme regulations, TPR requirements and efficient and effective governance and administration of the Fund.

- (e) **LGPS – Local Government Pension Scheme** – the national scheme, which Clwyd Pension Fund is part of.
- (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.