CLWYD PENSION FUND COMMITTEE

Date of Meeting	Tuesday, 11 February 2020
Report Subject	Administration and Communications Update
Report Author	Pensions Administration Manager

EXECUTIVE SUMMARY

On each Committee agenda LGPS administration and communication matters and the impact on the Clwyd Pension Fund (CPF) are provided for discussion, along with updates on the Clwyd Pension Fund's administration and communication strategies and policies for information.

Key items to note this quarter include:
- the expected impact on the administration team as a result of the McCloud determination
- progress being made on implementing iConnect with the Fund's employers
- the involvement of CPF in discussions on the proposed national Pensions Dashboard
- the continuing increase in the use of Member Self Service by scheme members.

The report incorporates updates on the implementation of the Fund's administration and communications for monitoring, including:
- Business Plan 2019/20 update – this includes an update on the GMP reconciliation project and the implementation of qualifying survivor benefits.
- Key performance indicators and case numbers
- Internal dispute resolution procedures
- Communications – including engagement sessions held with Employers and Members
- The latest changes to the risk register.

RECOMMENDATIONS	
1	That the Committee consider the update and provide any comments.

1.00	ADMINISTRATION AND COMMUNICATIONS RELATED MATTERS
	Business Plan 2019/20 Update
1.01	Progress against the business plan items is as illustrated in Appendix 1. Key items to note relating to this quarter's work are as follows: • A3 Develop Under/Over Payment Policies – this had previously been delayed due to the requirement of more information in relation to the GMP reconciliation project. We had hoped to complete this upon receipt of information from Equiniti in November. Unfortunately, due to a number of outstanding issues with Equiniti (see A8) work is now currently expected to extend into 2020/21. • A6 Implement Survivor Benefit Changes – This is as a result of the changes to the regulations in respect of the calculation of and entitlement to surviving partner pensions in respect of Civil Partners or same sex marriages and the outcome of Elmes versus Essex High Court Ruling. Deceased members who may have a surviving partner entitled to a benefit under the new rulings have been identified. Processes and letters have been drafted and it is expected that letters will be sent by the end of February. The next step, once responses to these letters are received will be to calculate any benefits due. • A7 Member Tracing – ATMOS Data Services have completed the address tracing and mortality screening exercise. A report has been received showing a number of amendments to addresses, members who are no longer at the existing address and potentially deceased members has been received. Work is underway to update any records and communicate to members if required. This is expected to be completed by the end of March. • A8 GMP Reconciliation – This exercise was outsourced to Equiniti. The reconciliation part of the exercise is now complete with extract files to update affected active and defer member records being uploaded to the administration system shortly. Due to the complexity of the scheme, Equiniti have experienced delays configuring certain calculations of annual pensions and GMPs in line with LGPS regulations. As such, the over and underpayment amounts previously estimated may change as we approach the final stages of the project. Equiniti have provided details in relation to those members and a thorough checking exercise is being undertaken by the Administration team. These changes are not expected to be significant, but they have impacted on timescales. It had been hoped that this exercise would be completed prior to the application of the annual Pensions Increase, however due to the above-mentioned delays and to ensure accuracy this is now expected to be completed in June. As previously agreed, any decisions in relation to this exercise are to be agreed using the urgency delegation process. • A10 Data Improvement Plan Development/Implementation – The majority of this project has now been completed: ○ the Fund developed a data improvement plan which captures data cleansing required as a result of the common and scheme specific data measures (as required by The Pensions Regulator),

	as well as other elements of inaccurate or missing data that they identified.
	o A vast amount of the data cleansing on the plan was completed during 2019/20. This will continue as business as usual, including updating the data improvement plan with any new data improvements as and when they are identified.
	o The requirements in relation to a national LGPS scheme specific measure have not yet been agreed by the LGPS Scheme Advisory Board so it has not been possible to develop this. This will be included on the Fund's business plan for 2020/21
	• A11 LGPS Legal Timescales Analysis – A full review of our workflow processes continues to be undertaken with some procedural changes already having been implemented. It is anticipated that the additional KPI reporting will commence in April and shared with Committee during 2020/21.
1.02	The Committee is asked to note the progress with the 2020/21 business plan tasks.
1.03	**Current Developments and News** The following details additional developments and news that are not covered in the Business Plan section: • The Pension Administration Manager has recently attended an LGA Governance Seminar in addition to other meetings with fellow Pension Administration Managers and Industry Specialists. A main agenda item for these meetings has been the impact upon administration that the McCloud ruling will have. It is not clear what the details of the remedy will be but there is certainty there will be a significant impact on administration teams implementing the remedy. LGA officials have likened the impact to administering the implementation of a new scheme. Discussions are underway to consider future resource implications to action potential remedies whilst maintaining business as usual. • The administration software framework is now open to tender and the OJEU Contract Notice for this framework has been published. The Pension Administration Manager along with other Founder Members are currently working towards launching this Framework in April/May 2020 for LGPS Funds to use. • As part of the ongoing plan for successful on-boarding of all employers onto iConnect, work is continuing with Wrexham payroll managers and CPF representatives. It is hoped that Wrexham will be fully integrated by the end of March 2020. Coleg Cambria and Glyndwr University are also engaged and the data cleansing has commenced in preparation for on-boarding them in Q1 of 2020/21. • Testing has been completed and members can now upload their retirement option forms directly within Member Self Service (MSS), rather than returning them via post. This will significantly speed up the retirement process. Other areas are now being looked at to roll out this functionality. • The Pension Administration Manager recently attended a steering group meeting to assist with the development of the national Pensions Dashboard. The Pensions Dashboard is a Government initiative first

	announced in the 2016 Budget. The idea behind the Dashboard is to allow all pension savers in the UK access to view the values of all of their pension pots, including state pension, through one central platform. It is intended that meetings are to be held monthly providing which will provide CPF with vital input into the content and viability of this Government led national initiative.
1.04	**Policy and Strategy Implementation and Monitoring** *Administration Strategy* The latest monitoring information in relation to administration is outlined below: • Day to day tasks – Appendix 2 provides the analysis of the numbers of cases received and completed on a monthly basis to December 2019 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 had dropped in November and December. This is due to the complexity of some of the old aggregation cases and due to the Christmas holidays. The focus remains on completing a high level of ongoing business as usual cases whilst completing older, more complicated cases by the more experienced staff members. The testing of calculations for the GMP Reconciliation Project has also had a short-term impact on current workload. Part of the Data Improvement Plan going forward is to focus on outstanding older cases. • Key performance indicators – Appendix 3 shows our performance against the key performance indicators that are measured on a monthly basis up to December 2019. The charts illustrate that improvements are continuing to be made, or high performance maintained, within most of the Clwyd Pension Fund target areas. As the training of the new staff members continue, the performance against KPI targets remains solid. Focus continues on improving the legal requirements timescales and this will include informing the employer if they have achieved/not achieved the agreed timescales as stipulated in their SLA. As mentioned in 1.01, a review of additional areas of reporting has been undertaken as part of the workflow review project and these will start to be measured in April.
1.05	*Internal dispute resolution procedures* In relation to the cases outstanding for 2018/19: • There are no longer any cases outstanding for 2018/19. All have now been reviewed and determinations made. The last 2 outstanding IDRP's against employers have been rejected. These were both in respect of the non-award of ill health benefits. In relation to the cases outstanding for 2019/20: • There are 5 Stage One appeals against the employer for non-award of ill health benefits (1 has been rejected and 4 are ongoing), 2 Stage One appeals against the employer relating to the tier of ill health retirement that was awarded (both are ongoing), and 1 Stage One appeal against the employer regarding their process for determining the non award of flexible retirement (this has been rejected). • There are 2 Stage One appeals against Clwyd Pension Fund. One is regarding the process we used to determine who should be the beneficiary of a death grant for one of our deceased members. This

appeal was rejected. The other appeal is regarding the handling of an historic transfer out to the NHS. This appeal is still ongoing.
- There is 1 Stage Two appeal against the employer for non-award of ill health benefits. This is currently ongoing.

	2019/20			
	Received	Upheld	Rejected	Ongoing
Stage 1 - Against Employers	8		2	6
Stage 1 - Against Administering Authority	2		1	1
Stage 2 - Against Employers	1			1
Stage 2 - Against Administering Authority	0			
	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.

1.06	*Communications Strategy* The Communications Team has provided the following communications since the last update: - Six emails have been sent to all employers providing information in relation to McCloud, an updated approved medical practitioner list for ill–health determinations and details of videos produced by the LGA entitled Pensions Made Simple. - Numerous 1-2-1 sessions for members have taken place. - Meetings with FCC to discuss the TUPE transfer process have taken place with more due later this month.
1.07	Other key points in relation to communications include: - Preparations are under way to procure a company to complete a website audit according to new legislative requirements. - The additional 1-2-1 sessions that were offered to scheme members as part of the Annual Benefit Statement communication have proved really popular and are now coming to an end. Positive feedback from members has been received. - A Good Governance webinar and a Contracts Course have also been attended by the Communications team.
1.08	Appendix 4 provides an updated summary of Member Self Service (MSS) registered users, which illustrates that enrolment to MSS continues to grow. It has increased by over 220 members since the last meeting with over 32% of members now registered to use this on-line facility. It is pleasing to see that the number of retirement projections calculated using the benefit projector is remaining at a high number with 7,481 in this last period. There have also been 193 changes to member's Expression of Wish details using

	the on-line facility. This evidences the increased engagement with and interest in pensions that scheme members are having.
1.09	**Delegated Responsibilities** No delegations have been used since the last Committee.

2.00	**RESOURCE**
2.01	Following a previous promotion, a full-time pensioner officer role became vacant. This post has been filled following recruitment procedures resulting in an external appointment. A full analysis of the Technical and Payroll team is currently being undertaken. This is to ensure that the current resource levels in that team are adequate taking into consideration the additional workload in relation to Pensioner Payroll, iConnect, MSS and website. Staffing levels will be continuously reviewed, and consideration now needs to be made in relation to the increased workloads that will arise as a result of the McCloud case.

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

4.00	**RISK MANAGEMENT**
4.01	Appendix 5 provides the dashboard and the extract of administration and communications risks. The key risks continue to relate to: • Employers not understanding or meeting their responsibilities which could lead to us being unable to meet our legal or performance expectations. • The Fund not meeting legal and performance expectations due to external factors such as unexpected work increase due to regulation changes. With the imminent impact of McCloud, current risk levels have remained very high and we do not expect this to reduce anytime soon. • High administration costs and/or errors due to systems are not kept up to date or not utilised appropriately. This risk relates to potential for our administration system being impacted as a result of poor engagement of Heywood (software supplier). It is hoped that they will shortly sign-up to a framework providing long term contracts which will give confidence in their commitment going forward. This risk should then reduce.
4.02	Since the last update, the following risks have been updated, showing where outstanding actions have now been completed and new actions added: • Risk number 2 – unable to meet legal and performance expectations (including inaccuracies and delays) due to employer issues: employers

don't understand or meet their responsibilities and also don't allocate sufficient resources to pension matters. The current likelihood of this happening has been reduced from very high to significant. This is as a result of more employers using i-Connect therefore supplying their member data in a more accurate and timely manner.

- Risk number 6 – service provision is interrupted: System failure or unavailability, including as a result of cybercrime. The current likelihood has reduced from low to very low following a successful disaster recovery day. All business as usual tasks were performed including a pensioner payroll bulk payment.

5.00	APPENDICES
5.01	Appendix 1 – Business Plan update 2019/20 Appendix 2 – Analysis of cases received and completed Appendix 3 – Key Performance Indicators Appendix 4 – Member Self Service update Appendix 5 – Risk register update

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	Report to Pension Fund Committee – Business Plan 2019/20 to 2021/22 **Contact Officer:** Karen Williams, Pensions Administration Manager **Telephone:** 01352 702963 **E-mail:** karen.williams@flintshire.gov.uk

7.00	GLOSSARY OF TERMS
7.01	(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 (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. (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 (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.

(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.