
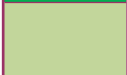


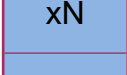

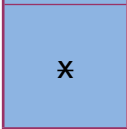


Business Plan 2020/21 to 2022/23 – Q3 Update

Administration and Communications

Key Tasks

Key:

	Complete
	On target or ahead of schedule
	Commenced but behind schedule
	Not commenced
	Item added since original business plan
	Period moved since original business plan due to change of plan /circumstances
	Original item where the period has been moved or task deleted since original business plan

Ref	Key Action -Task	2020/21 Period				Later Years		
		Q1	Q2	Q3	Q4	2021/22	2022/23	
A1	Implement Survivor Benefits Changes	x	x	xM	xM	xM		
A2	GMP Reconciliation	x	x					
A3	i-Connect	x	x	xM	xM			
A4	Improve employer monitoring and engagement	x	x	x				
A5	Fundamental review of all Fund communications	x	x	x	x	xM		
A6	Review administration system contract	x	x	x	x	x		
A7	Efficiency improvements for existing processes	x	x	x	x	x		
A8	McCloud and Cost Cap	x	x	x	x	x	x	x
A9	National Pensions Dashboard	x	x	x	x	x	x	x
A10	Develop Under/Over Payment Policy		x	x				
A11	Scheme member process updates			x	x	x		
A12	Trivial Commutation					x		
A13	Consider success of website, on-line tools and interactive functionality					x		
A14	Webcasts					x		
A15	Review Administration & Communications Strategy Statements						x	x
A16	Preparation of Member Data for Valuation and Funding Reviews						x	x
A17	Other Expected National Changes (dates unknown)							
A17a	£95k cap and wider reform			xN	xN	xM		

A1 – Implement Survivor Benefit Change: Amendment LGPS Regulations & Elmes versus Essex High Court Ruling

What is it?

The LGPS (Miscellaneous Amendment) Regulations 2018 (SI2018/1366) came into force with effect from 10 January 2019. These included changes that impact on the calculation of and entitlement to surviving partner pensions in respect of Civil Partners or same sex marriages. As a result it is necessary for the Fund to carry out a major review to identify any cases who are affected and to ensure the correct benefits are paid.

In addition, LGPS Funds need to action the outcome of the Elmes versus Essex case where it has been ruled in the High Court that in respect of any LGPS members leaving the scheme between 1 April 2008 and 31 March 2014, and who subsequently died leaving a Cohabiting Partner, that partner could have a survivors pension paid to them even without a completed nomination form in place so long as they still meet the eligibility criteria. Any potential cohabiting partners need to be contacted and surviving partner pensions put into payment if applicable.

The work in relation to these changes commenced during 2019/20 and is expected to be completed during the first part of 2020/21.

Timescales and Stages

Tracing, contacting, verifying entitlement and recalculating affected surviving partners 2020/21 Q1 & Q2

Resource and Budget Implications

This project will be absorbed by the Operations Team within Pensions Administration to ensure all surviving partners prior to the regulation change have been reviewed and amended where applicable. Any new cases from the date of the amendment regulations are already being dealt with as per the amended legislation and will be treated as business as usual.

A2– GMP Reconciliation

What is it?

The government removed the status of "contracted-out" from pension schemes in April 2016. Prior to then, contracted-out pension schemes had to ensure the benefits they paid met a minimum level and one element of this was a Guaranteed Minimum Pension (GMP) figure that accrued individually for each scheme member up to April 1997. Historically pension schemes would go to HMRC to get confirmation of the GMP amount on retirement. However, as a result of the demise of contracted-out status, HMRC will no longer be maintaining GMP and other contracting out member records. This means that the onus will be on individual pension schemes to ensure that the contracting out and GMP data they hold on their systems matches up to the data held by HMRC. HMRC are ceasing to provide their services.

Initial work identified that there were significant discrepancies between the two sets of data (HMRC v CPF), and a significant amount of work is ongoing to determine the correct benefits, ensure all systems are updated and to process a potentially significant number of over/underpayment calculations. As well as reconciling the records for former pensionable employees, the Fund also had to ensure the accuracy of national insurance information held for active members. Clwyd Pension Fund decided to outsource this exercise in 2017/18 to Equiniti and the project commenced during that year. It is now near completion with the focus now being on updating the Fund's records with the reconciled information, and correcting any pension amounts that are being recalculated.

Timescales and Stages

GMP data reconciliation and investigation	Complete
Reconciliation of national insurance information (Active Members)	Complete
Benefit correction and system updates	2020/21 Q1 & 2

Resource and Budget Implications

All costs to be met from the existing budget which includes expected costs for Equiniti who are carrying out the work and who were appointed as part of a procurement exercise. This will have some impact on internal resources in relation to the adjustments to be made to current pension amounts (i.e. under or overpayments).

A3 – i-Connect

What is it?

i-Connect is the on-line computer module that allows information to be submitted by employers more directly and efficiently into the pension administration system (Altair). This is being implemented on a phased basis by employer. We have currently on-boarded 97% of scheme members (60% of our employers) including Wrexham County Borough Council, Denbighshire County Council, Flintshire County Council and Coleg Cambria. The remaining employers to be on-boarded include:

- Glyndwr University and North Wales Fire, who will use the i-Connect file upload facility,
- The remaining Fund employers (approximately 17 smaller employers) who will use the i-Connect manual entry facility.

It was originally intended that all employers would be live on i-Connect by the end of 2020/21 but given the good progress made to date, it is hoped it will be finished earlier in the year.

Timescales and Stages

Onboard Glyndwr University and North Wales Fire	2020/21 Q1 & 2
Onboard other smaller employers	2020/21 Q1 & 2

Resource and Budget Implications

There will be a time and resource commitment required from employers. All internal costs are being met from existing budget. The system cost has increased slightly from previous year's budget due to the greater number of employers using i-Connect and this has been incorporated into the budget. The ongoing roll out of i-Connect will continue to involve significant internal resources which may impact on other day to day work.

A4 – Improve employer monitoring and engagement

What is it?

The Fund's Administration Strategy and Employer Service Level Agreement include a number of responsibilities that must be carried out by employers. They also include service standards that employers must meet in delivering information to the Fund, to ensure the Fund then meets the overall service standards and legal deadlines. It is important to identify where employers are consistently not meeting these requirements so that the Fund can work with them to ensure that this improves. In situations where improvements are not forthcoming, then the matter will be escalated in accordance with the Administration Strategy, which in extreme cases could result in recharge of costs to the employer.

This project will involve developing a clear process for identifying where issues exist, providing information to the employers on their performance, and introducing more formal escalation where required. Key to all of this will be improved communications between the Fund and employers, with much more focus on one to one engagement by the Fund to ensure issues are resolved quickly. The existing Administration Strategy and Employer Service Level Agreement (SLA) may need to be updated to reflect the new way of working.

Timescales and Stages

Develop methodology and systems to provide information	2020/21 Q1 & 2
Launch new process at Employer Meeting/AJCM and review Strategy/SLA as required	2020/21 Q3

Resource and Budget Implications

To be led by the Pensions Administration Manager with input from all administration teams. Internal costs are being met from the existing budget but there may be additional costs if external development work is needed.

A5 – Fundamental review of all Fund communications

What is it?

The Fund has a wide range of standard forms, booklets, and leaflets as well as information on websites and other media. Given the range of material that has been created over a period of years, there are likely to be some inconsistencies in the look, feel and language used. A fundamental review of all communications will be done to ensure they are presented in a manner that meets the Fund's Communication Strategy. This has already commenced in relation to the website to ensure it meets the national

standards for website compliance. This project will include developing the Fund's brand for consistent use in all Fund communications which will ensure it is recognisable for scheme members, employers and other stakeholders. As part of this, the Fund needs to appoint a new braille supplier.

Timescales and Stages

Appoint braille supplier	2020/21 Q1
Document and agree Fund's branding guidelines	2020/21 Q1 & 2
Finalise review and update of website	2020/21 Q2 to Q4
Review and update of literature (not website)	2020/21 Q2 to Q4

Resource and Budget Implications

To be led by the Regulations and Communications Team with input from the Technical/Payroll Team. Internal costs are being met from the existing budget, but the proposed budget includes estimated external costs of £5k for ensuring the website is compliant with national standards.

A6 - Review administration system contract

What is it?

The Fund has a rolling one-year contract with Aquila Heywood in relation to their Altair administration system. It has not been subject to a full review through tender for a number of years and it would be good practice to carry this out in the near future. However, due to significant projects involving the administration system (e.g. 2016 actuarial valuation, implementing i-Connect and scheme/GMP reconciliation) and to tie in with end dates of existing add-on modules within Altair, it was agreed as part of the 2017/18 business plan to defer this until 2019/20. Over the last year a national framework has been developed for LGPS administration systems. CPF has been participating in this exercise which is due to finish by around April 2020. Once the framework is in place, it is hoped that this can be used for the Fund to carry out their own tender for an administration system. It is hoped that this will allow a new contract to be put in place before the end of 2020/21.

Should a new software supplier be appointed, there will be a significant amount of work required to migrate to the new system.

Timescales and Stages

Finalise national framework for pensions administration system	2020/21 Q1
Conduct tender for CPF administration system	2020/21 Q2 to Q4
Transition to new administration system if required	2021/22

Resource and Budget Implications

To be led by Pension Administration Manager and Principal Pensions Officer - Technical. If transition to a new system is required, there are likely to be significant

transition costs and the ongoing cost of systems included in the budget will probably change.

A7 – Efficiency improvements for existing processes

What is it?

There are a number of existing processes that will be reviewed to introduce greater efficiencies including as a result of greater digitalisation:

- Review of aggregation communications and process - When a former scheme member re-joins the scheme, or ceases a concurrent role, that member is provided with options as to whether to aggregate their accrued benefits into one record or keep them separate. This is a complex procedure that is very time consuming to administer and can also be very confusing for scheme members. Scheme members often don't respond to the letters. This project will focus on reviewing the process and communications to make the process more efficient and improve scheme member communications.
- Auto-generation of new scheme members – On entry to the scheme, each new member must be sent information about the scheme. This is currently generated individually for each new member. Reminders are also sent where members do not respond. Given the magnitude of scheme members, this is very time consuming. This project will investigate whether any or all of these processes can be carried out on a bulk basis.
- On-line retirement processing and other on-line processing - Currently scheme members who are retiring have a number of forms and declarations that they need to complete that are done via post. It would be more efficient and quicker for members if this could be done via an on-line process. This may include the need to seek legal advice to ensure that it is possible to implement a process without a written signature. Once this has been developed, it is hoped that the functionality can be developed for on-line processing for other areas, such as transfer value elections, refund elections and notifying deferred benefits.

Timescales and Stages

Aggregation - review process and communications and implement changes	2020/21 Q1 & 2
Auto-generation of new scheme members	2020/21 Q2 & 3
On-line retirement processing and other on-line processing	2020/21 Q3 & 4 and 2021/22

Resource and Budget Implications

These projects involve a mix of the various teams within the Administration Team. It is expected that most costs will be internal and will be met from the existing budget. There may be additional administration software system or other development costs.

A8 – McCloud and Cost Cap

What is it?

Public Sector Pension Schemes (including LGPS) have been designed to ensure sustainability for 25 years. LGPS has a 2% buffer either side of 19.5% for employer future service pension rates (calculated at a national level). On 6 September 2018 it was announced that the buffer had been breached which means that LGPS is currently under review in order to bring it back to within tolerance. Possible scheme change recommendations to address this issue include a reduction in employee contribution rates. In turn, employer contribution rates could increase. Any scheme changes were originally to be effective from 1 April 2019.

However, as at 30 January 2019 the Government published a written statement which announced a pause in the cost cap exercise pending the outcome of a Supreme Court appeal regarding the McCloud case. The McCloud case has highlighted that the introduction of the new CARE schemes for Firefighters and Judges in April 2015 were unlawful. This will impact on other public service pension schemes including the LGPS (where the new CARE scheme from April 2014 included a statutory underpin for older members). Remedies are being worked through by Government to remove the inequality in the schemes, which will result in changes to scheme benefits some of which will be retrospective.

From an administrative perspective the impact of the court case is likely to result in a change to how benefits are calculated for a large number of scheme members including members who have left. Then in addition there may be a further need for benefit and/or contribution changes as a result of the cost cap, and potentially again if and when the cost cap is reconsidered (potentially in 2021/22). This is likely to significantly impact on administration process and systems as well as requiring a robust communication exercise with employers and scheme members. The additional resource requirements are likely to be significant and until the detail of the changes are known the focus is on:

- ensuring any existing backlogs or data cleansing are cleared
- fast-tracking training within the team to ensure wider and more senior work knowledge across the existing team members.

Timescales and Stages

Initial McCloud planning/impact analysis	2020/21 Q1
Ensure all data cleansing/backlogs are cleared and fast-track internal training	2020/21 Q1 to Q3
Estimated timescale of McCloud delivery including data collection*	From 2020/21 Q2
Cost cap benefit review work*	Unknown

* Timescales will be updated as more information becomes available.

Resource and Budget Implications

Although the work will be led by the Regulations and Communications Team, it will impact across all of the Administration Team. An estimated allowance for additional resource has been included in the 2020/21 budget, which includes £150k of additional resource (which is likely to be a combination of overtime and additional roles) as well

as extending the two existing temporary staff members for the remainder of the year. Additional budget is also likely to be needed in future years as this project continues.

A9 – National Pensions Dashboard

What is it?

The Pensions Dashboard is a Government initiative first announced in the Budget 2016. 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. A consultation was undertaken by Government in early 2019 which sought views on the potential phasing of the introduction of the pensions dashboards as well as how the architecture, funding and governance arrangements would work. The legislative requirements to participate in the Pension Dashboard for schemes (including public sector schemes) are expected to be forthcoming and the consultation proposed that all schemes should be onboarded to the Pensions Dashboard over a period of three to four years. The actual timescales that will apply to public sector pension schemes are not yet known so the timescales below are estimated. In the meantime, the Pensions Administration Manager is participating in a PLSA working group on the development of the Dashboard.

Timescales and Stages

PLSA Dashboard Working Group attendance/engagement	2020/21 Q1 to Q4
Development and testing of software	2021/22 & 2022/23
Potential target launch	2022/23 & 2023/24

Resource and Budget Implications

Resource and budget implications cannot be determined until more detail is available.

A10 – Develop Under/Over Payment Policy

What is it?

It is good practice for a pension fund to have clearly agreed policies and procedures relating to how to deal with benefits that have been under or over calculated and, where relevant, under or over paid. This could be for several reasons, including incorrect information being provided by an employer or a scheme member, late notification of a change of circumstances (such as a death of a pensioner) or CPF carrying out a benefit calculation incorrectly. CPF is currently undertaking the GMP reconciliation exercise which is resulting in benefits being recalculated. It therefore is timely to produce a CPF policy which will build on decisions made because of the GMP reconciliation exercise, as well as other situations.

Timescales and Stages

Drafting, approval of and implementation of policy	2020/21 Q2 & 3
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Resource and Budget Implications

The initial drafting work was carried out during 2018/19 by Aon. The majority of the final work will be completed internally and within the budgets shown.

A11 – Scheme member process updates

What is it?

Pension fund processes, such as retirements, often take a number of weeks, and sometimes months, to complete and they involve a number of stages. Communications with scheme members could be enhanced by providing the member more frequent updates as to the progress of their case. This project will involve investigating options for doing this, including considering different media (emails, text messages, etc) and considering how this can also be automated.

Timescales and Stages

Investigate options and roll-out solution	2020/21	Q3	to	2021/22
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Resource and Budget Implications

To be led by Regulations and Communications Team with input from Technical/Payroll Team. Internal costs are being met from the existing budget but there may be additional costs if external development work is needed.

A17a - £95k Exit Cap and Wider Reform

A £95k cap was introduced at the end of 2020 by HMT that applies to all public service pension schemes. This put a £95k limit on the total of exit payments, such as redundancy payments, for members leaving the scheme. It also includes pension fund strain costs within the calculation of the cap.

Unfortunately MHCLG has not yet made amending regulations to clarify how this impacts benefits paid from the LGPS. Current LGPS regulations require immediate payment of unreduced pension benefits when a member is made redundant, which in turn might push an employee over the £95k cap. It is therefore unclear whether LGPS members affected by the £95k cap should:

- Be paid immediate unreduced pension benefits (i.e. in line with LGPS regulations), or
- Given the option of immediate reduced pension benefits or a deferred pension (to meet the requirements of the new HMT regulations) or
- Be provided with some other option.

Welsh Government has put in place a waiver process that should reduce the number of scheme members being impacted by this until MHCLG regulations are made. Judicial reviews are being planned for the Spring of 2021 and the MHCLG amendment regulations are not expected until after that point.

The MHCLG draft amendment regulations included a number of changes that will quite radically change the choices for scheme members as well as the payments that employers can pay on redundancy or business efficiency related terminations. If they are introduced this will result in the need to make some quite major changes to the

Fund's systems, processes and communications, and may result in some temporary workarounds until the administration system can be updated. The timescales for this are uncertain and are estimated below.

Timescales and Stages

Update systems, processes and communications	2021/22 Q1 & 2
Carry out initial communication exercises on changes	2021/22 Q1

Resource and Budget Implications

To be led by Regulations and Communications Team with input from Technical/Payroll Team. Internal costs are being met from the existing budget but there may be additional costs if external development work is needed.