

CLWYD PENSION FUND COMMITTEE

Date of Meeting	Wednesday, 9 June 2021
Report Subject	Administration and Communications Update
Report Author	Pensions Administration Manager

EXECUTIVE SUMMARY

An administration and communications update is on each quarterly Committee agenda and includes a number of administration and communications related items for information or discussion. The last update report was provided at the February Committee meeting, therefore this update report includes matters since that date.

This update includes matters that are mainly for noting, albeit comments are clearly welcome.

The report includes updates on:

- Current Developments and News – this includes updates relating to the McCloud Programme and the annual Satisfaction Survey.
- Day to day tasks and key performance indicators – showing the position to end of April 2021.
- Communications –An update on the usage of the Fund's Member Self-Service (MSS) facility and details of employer engagement and communications sent.
- Update to the Fund's risk dashboard and changes to the administration and communications risks since the last meeting.

RECOMMENDATIONS

1	That the Committee consider the update and provide any comments.
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REPORT DETAILS

1.00	ADMINISTRATION AND COMMUNICATIONS RELATED MATTERS
1.01	<p>Business Plan 2020/21 Update</p> <p>As we are only partly way through quarter one, an update against the current business plan is not provided at this time. A full update will be given at the next Committee meeting.</p>
1.02	<p>Current Developments and News</p> <p>The following details developments and news in addition to business as usual</p> <p><i>McCloud Programme update</i></p> <p><u>LGPS Regulations</u> – A Written Ministerial Statement was issued on the 13th May 2021 and confirmed the following points:</p> <ul style="list-style-type: none">○ Underpin protection will apply to LGPS members who meet the revised qualifying criteria, principally that they were active in the scheme on 31st March 2012 and subsequently had membership of the career average scheme without a continuous break in service of more than five years.○ A ‘two stage process’ will apply for assessing the underpin so that, where there is a gap between a member’s last day of active membership and the date they take their pension, members can be assured they are getting the higher benefit.○ Scheme regulations giving effect to the above changes will be retrospective to 1st April 2014.○ A full Government response, containing further details will be published later this year. This will include the Government’s decision on whether members will be expected to meet the underpin qualifying criteria in a single period of scheme membership for the underpin to apply (which means that if they have multiple periods of employment, they may need to aggregate them into one single period of scheme membership).○ It is anticipated that regulations giving effect to these changes will be made after new primary legislation in relation to public service pensions has completed its passage through Parliament and the Government’s intention is that regulations will come into force on 1st April 2023. <p>The main observations from the statement are:</p> <ul style="list-style-type: none">○ In relation to the proposed underpin qualifying criteria, as part of the consultation response, CPF expressed concerns about the “cliff edge” situation for some members – an active member on 31st March 2012 is included for the McCloud remedy, whereas an active member on 1st April 2012 is excluded. However this has not been accepted as the 31st March 2012 qualifying date remains.

- If Annual Benefit Statements are required to show an underpin value (which we think is reasonably likely given the delay in the making of the regulations), there is a strong likelihood of the value changing or diminishing on leaving active membership or at retirement. This may lead to challenge, and was highlighted in the CPF consultation response.
- There is no reference to draft regulations being in place to enable software suppliers to work on any system solutions prior to the implementation of the new regulations. More detail may follow, but there is no confirmation in the Statement.

CPF McCloud Programme Progress - An update on the progress of the Clwyd Pension Fund McCloud programme is attached as Appendix 1. The programme currently has an overall health status of green, meaning that it is largely on track. Following the Ministerial Statement release a formal decision was made at the Programme Management Group (PMG) meeting to continue with the programme as planned as nothing in the statement impacts on the planned work for the foreseeable future. A review of the risks has resulted in the assessment of a number of risks being reduced. This is a result of good engagement from employers, and recruitment and training progressing as planned.

Other updates

- The Technical and Payroll team have successfully completed the Year End process and are now working towards the production of the Annual Benefit Statements. The format of these statements have been improved for those members using Member Self Service (MSS) to view their documents.
- The Pension Administration Manager has continued to attend meetings with fellow Pension Administration Managers and Industry Specialists. The main agenda items for these meetings include the well-being and productivity of staff members during the current working from home conditions and the impact that the McCloud ruling and the National Pension Dashboard will have upon administration.
- The Communications team has issued a satisfaction survey to employers and members requesting feedback on service delivery. Please see Appendix 2 for a summary of the results. Whilst responses were mainly positive, further engagement is required to increase the number of surveys that are returned. This will provide greater clarity on whether the CPF is meeting its objectives set out in both the Administration and Communication strategies. Based on the member results, additional efforts are required to promote the scheme. An exercise is planned for later in the year to increase MSS registration; this exercise will address the feedback from scheme members.
- The Employer Liaison Team has continued to work with FCC IT colleagues to develop a solution to assist FCC payroll to extract and manipulate member data. This is in response to the McCloud ruling requirements. If successful, this will provide a

	<p>solid foundation for future collaborations and pooling of specialist knowledge and resource for future projects.</p> <ul style="list-style-type: none"> ○ The Technical and Payroll team are currently testing a new product as part of the Fund's Altair administration system that will provide additional reporting functionality including greater internal control in the production of results required for The Pension Regulator annual survey of data quality. It is proposed that the product will go live in June 2021. ○ Prudential, who provide an Additional Voluntary Contributions (AVC) facility for the Fund, is continuing to have difficulties in providing a prompt service to their customers. The issues include delays in processing payments for scheme members who are retiring and in answering emails. It appears that delays in AVCs being applied to scheme members accounts are now resolved and Prudential has assured us that there will be no loss of investment growth to scheme members as AVCs will be retrospectively deposited in accounts. Prudential has also been compensating members for other delays such as in relation to delayed retirement payments. The CPF Pensions Administration Manager and Operations Principal Pensions Officer continue to have ongoing communications with the Prudential Client Manager albeit the delays in Prudential responding to emails does make this difficult. This is a matter that is affecting all LGPS administering authorities who use Prudential.
1.03	<p>Policy and Strategy Implementation and Monitoring</p> <p><i>Administration Strategy</i></p> <p>The draft Administration Strategy was approved, subject to consultation, at the March Committee meeting. The strategy was sent to all employers for consultation as agreed together with further information relating to their responsibilities. No comments were received in relation to Strategy and it has therefore been finalised using the delegated powers agreed at the March meeting.</p>
1.04	<p>The latest monitoring information in relation to administration is outlined below:</p> <ul style="list-style-type: none"> • Day to day cases – Appendix 3 provides the analysis of the numbers of cases received and completed on a monthly basis up to and including April 2021 this year and also covering the last three years. The data is split in relation to our three unitary authorities and all other employers. The number of cases completed by the team since the last update report in February has again been higher than the number of cases being created due to incoming work. This has resulted in the number of outstanding cases continuing to fall and is now at its lowest since we started monitoring this information. Training is progressing well for the recently recruited staff which has contributed towards the higher number of cases being completed on a monthly basis. • Key performance indicators – Appendix 4 shows our performance against the key performance indicators that are measured on a monthly basis up to April 2021. The charts illustrate that there has been improvement in some areas. There has however, been a decline in performance relating to transfers in particular. Although the target has not been met, the number of actual cases completed has increased.

	<p>Additional training sessions have taken place to increase knowledge and skill in this area which in turn will improve efficiency.</p> <ul style="list-style-type: none"> The continuation of training in a number of key areas will drive performance against KPI targets to improve. Focus continues on improving the legal requirements timescales in addition to ensuring internal targets are met and as part of this, all employers are being sent their first monthly reports showing how they have performed against three key service standard targets. 																																																												
1.05	<p><i>Internal dispute resolution procedures</i></p> <p>There is still one outstanding Stage One IDRP case for 2019/2020. The IDRP relates to the tier of ill health awarded by the employer. The Stage One IDRP representative and employer are awaiting a medical report in order to make a final decision and this has been delayed due to COVID-19.</p> <p>An overview of IDRP cases for 2020/2021:</p> <ul style="list-style-type: none"> There were five Stage One appeals against employers, all relating to ill health retirement issues. By the end of 2020/2021 two had been rejected and three were still outstanding. During 2020/2021 we received one Stage Two appeal against an employer regarding ill health retirement. This appeal was rejected. <p>In relation to the cases outstanding for 2021/2022:</p> <ul style="list-style-type: none"> There is one Stage One appeal against an employer for non-award of redundancy pension when the member believes they have been made redundant. This appeal is ongoing. Currently, no Stage Two appeals have been made by any members. <table border="1" data-bbox="316 1272 1390 1733"> <thead> <tr> <th></th> <th colspan="4">2020/2021</th> </tr> <tr> <th></th> <th>Received</th> <th>Upheld</th> <th>Rejected</th> <th>Ongoing</th> </tr> </thead> <tbody> <tr> <td>Stage 1 - Against Employers</td> <td>5</td> <td>0</td> <td>2</td> <td>3</td> </tr> <tr> <td>Stage 1 - Against Administering Authority</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> </tr> <tr> <td>Stage 2 - Against Employers</td> <td>1</td> <td>0</td> <td>1</td> <td>0</td> </tr> <tr> <td>Stage 2 - Against Administering Authority</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> </tr> <tr> <th></th> <th colspan="4">2021/2022</th> </tr> <tr> <th></th> <th>Received</th> <th>Upheld</th> <th>Rejected</th> <th>Ongoing</th> </tr> <tr> <td>Stage 1 - Against Employers</td> <td>1</td> <td>0</td> <td>0</td> <td>1</td> </tr> <tr> <td>Stage 1 - Against Administering Authority</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> </tr> <tr> <td>Stage 2 - Against Employers</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> </tr> <tr> <td>Stage 2 - Against Administering Authority</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> </tr> </tbody> </table> <p>There are no CPF cases that are currently with the Pensions Ombudsman.</p>		2020/2021					Received	Upheld	Rejected	Ongoing	Stage 1 - Against Employers	5	0	2	3	Stage 1 - Against Administering Authority	0	0	0	0	Stage 2 - Against Employers	1	0	1	0	Stage 2 - Against Administering Authority	0	0	0	0		2021/2022					Received	Upheld	Rejected	Ongoing	Stage 1 - Against Employers	1	0	0	1	Stage 1 - Against Administering Authority	0	0	0	0	Stage 2 - Against Employers	0	0	0	0	Stage 2 - Against Administering Authority	0	0	0	0
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1.06	<p><i>Communications Strategy</i></p> <p>The Communications Team has maintained regular engagement with employers and scheme members over recent months. The following communications have been provided since the last update:</p> <ul style="list-style-type: none"> Thirteen emails have been sent to all employers providing information in relation to various matters including the new 																																																												

	<p>contribution bandings for 2021/2022, McCloud, exit payment reform (including the £95k cap), Prudential issues update.</p> <ul style="list-style-type: none"> • The Clwyd Catch Up newsletter and Pension Increase letters were issued to all Pensioner and Dependant members in line with their method of communication preference. • All Pensioner and Dependant members have received their annual P60.
1.07	<p>Other key points in relation to communications include:</p> <ul style="list-style-type: none"> • A number of meetings have taken place with scheme members who recently transferred from Flintshire County Council employment to Theatr Clwyd Trust and Theatr Clwyd Music Trust, to assist them in understanding the implications on their pension rights. These bodies have been established as individual employers in their own right within the Fund. • Fifteen virtual meetings consisting of training sessions, LGA bulletin update meetings and working group meetings have also taken place.
1.08	<p>Appendix 5 provides an updated summary of Member Self Service (MSS) registered users, which illustrates that enrolment to Member Self Service continues to grow. A further 471 members have registered since the last update taking the total number of registered members to 12,491. The MSS functionality is continuing to be reviewed and improved. The next development relates to the format of the 2021 benefit statements. It is anticipated that members will be able to access their statement more efficiently this year without the need to download a PDF.</p> <p>During the reporting period, 220 members have requested a retirement pack for their deferred benefit via MSS as opposed to email/post/telephone. The benefit projector continues to be a very popular function with 15,251 benefit projections having been calculated using MSS functionality by members in this last period. There have also been 318 changes to member's Expression of Wish details on MSS. The Fund is planning a further exercise to try and increase registration numbers whilst maintaining engagement with members. Further updates will be provided in future reports.</p>
1.09	<p>Delegated Responsibilities</p> <p>The following employers have been approved to join the scheme as new employers using delegated responsibilities since the last committee meeting. Further details are contained in Appendix 6.</p> <ul style="list-style-type: none"> • Aramark • Theatr Clwyd Trust • Theatr Clwyd Music Trust • Churchill Contract Services Ltd • Dolce Ltd

2.00	RESOURCE IMPLICATIONS
2.01	<p>Following the approval of the McCloud budget for 2021/2022, an additional Lead Pension officer has been appointed to the Employer Liaison Team (ELT). This position was filled by an internal candidate on a secondment basis. Recruitment is now underway to fill their substantive posts along with the other positions approved at the last Committee meeting in relation to McCloud.</p> <p>The vacant Pension Officer role within ELT has also been appointed to and the successful candidate commenced employment mid-May.</p> <p>Staffing levels will be continuously reviewed within the McCloud, ELT and Administration teams, and consideration given in relation to potential peaks in workload as the McCloud Programme progresses.</p>

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

4.00	RISK MANAGEMENT
4.01	<p>Appendix 7 provides the dashboard and the extract of administration and communications risks. The key risks which are furthest from target relate to:</p> <ul style="list-style-type: none"> • Risk number 5 - High administration costs and/or errors due to service provision being interrupted, systems not kept up to date or not utilised appropriately. This risk relates in particular to the performance of the software and the ability of the provider to respond to regulation changes such as McCloud. If delays in solutions are experienced, manual calculations may be required and the system may not be utilised as expected for a period of time. We are also due to carry out a procurement exercise in relation to this software in the coming months. • Risk number 6 - Service provision is interrupted due to system failure or unavailability including as a result of cybercrime or COVID-19. The risk remains higher than target until further work has been completed to understand the Fund's cyber resilience and to update business continuity plans.
4.02	<p>Since the last update, a number of the risk have had their scores decreased and are now on or closer to target. This is mainly due to internal controls and outstanding actions having been completed as follows:</p> <ul style="list-style-type: none"> • Risk number 1 – unable to meet legal and performance expectations (including inaccuracies and delays) due to staff issues such as poorly trained staff and/or we can't recruit. The current likelihood of this happening has been reduced from significant to low. This is as a result of the recent recruitment to vacant positions within the team. Training plans are in place to monitor progression.

	<ul style="list-style-type: none"> • Risk number 2 – unable to meet legal and performance expectations (including inaccuracies and delays) due to employer issues such as 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 significant to low. This reflects the increase in employers submitting their data via i-Connect. • Risk number 3 – unable to meet legal and performance expectations due to external factors such as an unexpected work increase due to regulation changes. The current impact has been reduced from critical to marginal and the current likelihood reduced from significant to low. These changes reflect the successful management of the McCloud programme to date and expected national changes are included on the Business Plan for future consideration and awareness.
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5.00	APPENDICES
5.01	Appendix 1 – McCloud Programme update report Appendix 2 – Satisfaction Survey summary report Appendix 3 – Analysis of cases received and completed Appendix 4 – Key Performance Indicators Appendix 5 – Member Self Service update Appendix 6 – Delegated Responsibilities Appendix 7 – Risk register update

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	Report to Pension Fund Committee – Pension Administration Strategy (March 2021) 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>

- (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.