

CLWYD PENSION FUND COMMITTEE

Date of Meeting	Wednesday, 21 June 2023
Report Subject	Administration and Communications Update
Report Author	Pensions Administration Manager

EXECUTIVE SUMMARY

The last update report including items for information or discussion relating to administration and communications was provided at the March 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 Year End and Pension Increase
- The McCloud programme including draft regulations and a consultation from DLUHC
- Day to day tasks and key performance indicators – showing the position to the end of May 2023
- Resource – including an update on recruitment and retention and the recent movement within the Administration Team

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 data-bbox="320 322 783 353">Business Plan 2022/23 Update</p> <p data-bbox="320 396 1382 624">Usually, the three main update reports at each Committee include the latest progress against the business plan. Given we are only two months into 2023/24, there is no update dashboard included for this meeting. The dashboard will be provided at the next meeting. In relation to the priorities in the administration and communications section of the business plan, the key points to note are as follows:</p> <ul data-bbox="320 658 1382 2085" style="list-style-type: none"><li data-bbox="320 658 1382 909">• A1 - Change to CARE revaluation and changes affecting pensions tax and A7 - Review Administration & Communications Related policies and strategies – A review of relevant processes in relation to changes announced in the recent budget is complete and staff training has been provided by Mercer. Changes to relevant policies to reflect these changes are underway and will be agreed under the relevant delegation. Further information is provided in section 1.10 of this report.<li data-bbox="320 913 1382 1021">• A2 – McCloud judgement – as usual an update on this programme is included later in this report, including draft regulations and a consultation that has been issued by DLUHC.<li data-bbox="320 1025 1382 1391">• A3 – National Pensions Dashboard – Following the recent written statement from the Pensions Minister announcing delays to the delivery of Pensions Dashboards, the Pensions Dashboard Programme (PDP), who are responsible for driving this forward at a national level, confirmed that work is progressing well, and more information will be released ahead of parliamentary recess in July. The Pensions Administration Manager continues to attend regular meetings with both Heywood (the administration software provider) and the Pension and Lifetime Savings Association (PLSA) as part of a PLSA project team. A further update on national developments is included in section 1.03.<li data-bbox="320 1395 1382 2085">• A8 - Implement the new Communications Strategy –<ul data-bbox="416 1435 1382 2085" style="list-style-type: none"><li data-bbox="416 1435 1382 1615">○ The new Clwyd Pension Fund logo and branding design was successfully launched on the 1st April across all communication platforms. A review of the structure and content of the Fund’s website is on-going to ensure clear and concise language is being used.<li data-bbox="416 1619 1382 1906">○ Satisfaction surveys were issued to all members and employers and a summary of the responses is attached as Appendix 1 of this report. It is pleasing to see that the number of responses from members was slightly higher than the industry benchmark of 5%. Improvement is required to engage with employers to increase the number of completed surveys received including ensuring the survey is being sent to the most appropriate person. Both surveys provided positive results.<li data-bbox="416 1910 1382 2085">○ As part of the satisfaction survey, scheme members were asked to provide their details if they would like to volunteer to be part of a Communications Focus Group. A total of 73 members volunteered covering all types of membership. Acknowledgement letters have been issued with details of the

first focus group action (if applicable to their type of membership).

- A telephony service to help monitor calls and improve user experience is being investigated in line with the FCC current internal upgrade programme.

E1 – McCloud Employer Liaison Team (ELT) Services – Good progress continues to be made with the provision of data for those employers using the liaison team. Work continues to ensure deadlines are met successfully.

1.02

Current Developments and News

The following details developments and news in addition to business as usual

McCloud update

CPF Programme Update - An update on the progress of the Clwyd Pension Fund McCloud programme is attached as Appendix 2. The programme currently has an overall health status of green, meaning that it is largely on track.

The McCloud Team are continuing to engage and work with employers regarding the submission of their data. The process to validate the data had previously been agreed and approved by the Programme Management Group (PMG) and is now a regular agenda item for the data workstream meetings to ensure the process is reviewed regularly and remains stringent and fit for purpose. Following receipt of the data the McCloud team will then work towards validating the data.

The Scheme Advisory Board has issued guidance on McCloud data collection, outlining appropriate methods to obtain/estimate data where it cannot be reliably obtained from an employer. The guidance also covers data validation, and the McCloud Team are considering the guidance, although it is not expected to impact the agreed validation approach.

A link to a recent DLUHC member McCloud factsheet will be included in the deferred annual benefit statements (ABS) to be issued in June. Consideration will be given to the active ABS once work commences in July 2023.

The McCloud team continues to engage with the software supplier to implement changes to the scheme rules from 1 October 2023 and to carry out the review of leavers benefits, which can commence once the regulations come into force.

McCloud Regulatory Update - Draft regulations and a further consultation have been published (on 30 May 2023). This additional consultation is to obtain further views in some areas and to seek views where the initial consultation did not address an issue. DLUHC is seeking general views on how the McCloud remedy will work for scheme members with multiple periods of LGPS membership (“aggregation”), previous membership with another public service scheme, flexible retirement, pension sharing on divorce and injury allowances. DLUHC is also seeking technical comment on areas where the policy approach has now been determined in relation to excess teacher service, compensation and interest on McCloud related

	<p>payments. The consultation runs until 30 June 2023 and the McCloud programme team is considering its response. Due to the Committee date, the Fund's draft consultation response is not ready for approval at Committee. There is a delegation that allows consultation responses to be approved by the Head of Clwyd Pension Fund and either the Chief Finance Manager or Corporate Manager of People and Organisational Development, subject to agreement with the Chair, where a consultation timescale does not provide sufficient time for a draft response to be approved by the Committee. It is therefore intended to make use of this delegation in this situation, particularly given the response will likely be very technical in nature. Following this consultation, the regulations are expected to be made in early September 2023 before the coming into force date of 1 October 2023. The delay to the regulatory timetable puts pressure on the programme but the team is closely monitoring the situation and will consider its approach to processing casework around this period.</p> <p>In addition, HMRC has published a consultation on The Public Service Pension Schemes (Rectification of Unlawful Discrimination) (Tax) (No.2) Regulations 2023. This is a technical consultation on draft tax regulations which sets out changes to how pensions tax rules will apply as a result of the public service pensions remedy. They make changes to how individuals are treated for tax purposes if, as a result of the McCloud remedy, they are subject to tax charges.</p>
1.03	<p><i>Other updates</i></p> <ul style="list-style-type: none"> • <u>National Pensions Dashboard</u> - The National Pensions Dashboard is being implemented to allow all pension savers in the UK access to view the values of all their pension pots, including state pension, through one central platform. All pension schemes must connect to the dashboard infrastructure by their “staging date” as determined by the Department for Work and Pensions (DWP) with the dashboards made publicly available shortly after schemes have onboarded. The staging date for all public sector pension schemes including the LGPS was 30 September 2024. However, in March 2023, the Pensions Minister announced delays to the delivery of Pensions Dashboards. On 8 June the Minister issued a statement setting out further details of the delay. Details are set out below. <ul style="list-style-type: none"> ○ Legislation will be updated to set an overall connection deadline for all schemes, which will be 31 October 2026. ○ The individual connection deadlines for schemes will be set out in guidance, and will be before the final deadline of 31 October 2026. DWP is planning to collaborate with the industry this year before publishing this guidance. ○ The date that Dashboards will go live to the public (Dashboards Available Point) has not been announced yet, but the Minister has said that this could be earlier than 31 October 2026. This indicates that Public Sector Schemes will have an earlier staging date than 31 October 2026. <p>The Pensions Regulator has set out guidance on what schemes need to do to prepare and this was updated on 8 June. There is an expectation that schemes should continue with their Dashboard preparations despite the potential changes to staging dates, which is what officers of the Fund are doing (see section 1.01).</p>

	<ul style="list-style-type: none"> • <u>Annual Pensions' Increase</u> - The Technical and Payroll Team have successfully completed the application of the 2023 Pension Increase award, processing the annual inflationary increase to all pensioners and dependents (10.1%), and sending a communication confirming the increase. The Fund's policy is to only send hard copy letters notifying of the pensions increase to pensioners/dependants who have requested paper as their communication preference; the remaining are all loaded onto MSS and where an email address is held, a notification of the letter being uploaded is sent. There is a likelihood that many of those letters are not being looked at where the Fund does not hold an email address. As a result of on-going work to ensure scheme members are aware of communications, an additional 1,781 pensions increase letters/emails were sent to home addresses or accessed via MSS this year due to those members confirming their communication preference including providing an email address if they chose MSS. This is evidence that more members are now engaging with the Fund and receiving information about their benefits in a format of their choice. Currently 12,201 members which represents over 70% of the pensioner and dependant members are receiving information in a format of their choice. • <u>Year-end process and data cleansing</u> - The Technical and Payroll Team are nearing completion of the Year End process ensuring all active members have up to date pay, contributions and other information on their CPF records. A small number of employers have yet to respond to some outstanding queries which will be escalated if necessary. The Administration Team has worked hard to reduce data anomalies as part of the Data Improvement Plan. The process is now more streamlined because of the on-going improvements to member data and the fact employers now submit data monthly via the i-Connect digital facility. • <u>CARE revaluation annual update date change</u> - Following the regulation changes to the date CARE revaluation is applied, which was to reduce the number of members of the LGPS potentially being exposed to an Annual Allowance charge (as detailed in the March update), both ELT and the Operations Team have been gathering member data in preparation for manual calculations. Given the short time scale, it is unlikely software providers will be able to respond fully to the changes so some manual intervention is expected. A further update including the impact this change has had on the team's workloads will be provided at the next Committee meeting. • <u>Key Performance Indicators (KPI) and Employer Reports</u> - As a result of improved functionality in relation to producing reports on the administration system, a review of the current KPI and Employer Reports has been undertaken and is near completion. It is hoped that the production of monthly reports will be more streamlined, and the output of information will be clearer with less manual intervention required, allowing more time to be spent on analysis and forward planning.
1.04	<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>

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 May 2023 since April 2020, as well as how this is split in relation to our three unitary authorities and all other employers.

The number of cases completed by the team in March up to and including May was 8,515 compared to 11,660 in the same reporting period last year. The number of incoming cases was 8,515 compared to 11,619 for the same period. The difference between years mainly relates to an increase in cases in 2022 due to a bulk exercise to update the communication preferences for Pensioner and Dependant members in preparation for the distribution of the Pensioner Increase letter and the Clwyd Catch Up information booklet.

The number of open cases has remained consistent, being 5,872 at the end of February and 5,587 at the end of May. It is hoped that as the training of new staff members progresses, the number of open cases will continue to reduce.

1.05

Key performance indicators – Appendix 4 shows our performance against the KPIs that are measured on a monthly basis up to and including May 2023. The summary reports illustrate the number of cases that have been completed over either 3 months or 12 months, as well as the proportion completed within the agreed KPI target timescales.

As can be seen, across three months and twelve months, there are several KPIs where the number of completed cases has reduced. Key points to note are:

- In relation to the Joiners KPI, all joiner cases have been completed, and the performance against the KPI is similar to previous periods. However there have been fewer new joiners to process in the last quarter compared to previous months, although 820 is still a significant number of new joiners to the scheme in a 3 month period.
- Transfer factors have recently been received from GAD to enable the processing of those transfers that had been on hold. A reduction in numbers processed reflects the fact that not all transfers have been able to be completed, due to the outstanding GAD guidance. Work is now underway to catch up on those cases previously being held.
- The key processes that previously caused some concerns due to the impact of the recalculation of benefits due to the retrospective 2022 pay award, these being retirements, leavers and deaths have generally improved over the last quarter. Resource is constantly being reviewed in these areas as the same staff members are responsible for these areas as well as recalculations relating to the retrospective pay awards. The numbers relating to recalculations due to pay awards are not included in the KPIs.

Staff members continue to work additional hours, if possible, and the priority for the Operations Team continues to be cases where a payment is made either to an individual or a third party. The management of challenging regulatory timescales for significant numbers of cases will

continue to be difficult whilst new staff are being trained and appointed, following the recent successful recruitment campaign. Resourcing is considered further later in this report.

1.06

Internal dispute resolution procedures (IDRP)

In relation to the cases for 2022/2023:

- There are nine Stage One appeals against employers. Four have been rejected, one has been upheld and four are still ongoing.
 - All four that have been rejected relate to non-award of ill health retirement
 - For the one that has been upheld, the member has now been awarded tier 1 ill health retirement
 - The four outstanding appeals relate to either non award of ill health retirement or the member disagreeing with the tier of ill health retirement that they have been awarded.
- One Stage Two appeal was submitted against the employer. The member appealed that they were only awarded tier 2 ill health retirement. This appeal was rejected.

In relation to cases for 2023/2024:

We have not received any Stage One or Stage Two appeals so far for this scheme year.

	2022/2023			
	Received	Upheld	Rejected	Ongoing
Stage 1 - Against Employers	9	1	4	4
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
	2023/2024			
	Received	Upheld	Rejected	Ongoing
Stage 1 - Against Employers	0	0	0	0
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

There are no Clwyd Pension Fund cases that are currently with the Pensions Ombudsman.

1.07

Communications Strategy

The latest information in relation to communication is outlined below:

- The Technical and Communications teams have worked together to produce and upload a video to the Fund’s website explaining the registration process for Member Self Service (MSS). It can be viewed here - <https://mss.clwydpensionfund.org.uk/home/help/guidance-videos/>. Work is now underway to produce further videos explaining the annual Deferred and Active member benefit statements.

1.08	<p>The Communications Team has maintained regular engagement with employers and scheme members over recent months. Other key points in relation to communications include:</p> <ul style="list-style-type: none"> • A bespoke session for Glyndwr University was arranged allowing 30 members the opportunity for a 1-2-1 session. Going forward, it is hoped that alternative means of engaging with scheme members, such as videos explaining the content of benefit statements and what options members have, will reduce the number of labour intensive 1-2-1 sessions. However, should a member request such a session this will, of course, be provided. • Nine emails have been sent to all employers providing information in relation to various matters including the Employer Survey for completion, confirmation of the successful rebranding exercise including the new logo, the LGA bulletin and updated LGA training resources available to employers. A new style Leaver form, Amendment form and rebranded ill health certificates have also been circulated.
1.09	<p>Appendix 5 provides an updated summary of MSS registered users, which illustrates that enrolment to MSS has increased slightly with the total number of members that have registered being over 52% of the scheme membership. The number of members that have opted for paper correspondence has remained static with approximately 17% of the scheme membership opting for this method of communication.</p> <p>For those members that are registered on MSS, use of the facilities within MSS continues to increase. During the three month reporting period:</p> <ul style="list-style-type: none"> • 158 members have requested a retirement pack for their deferred benefit via MSS • the benefit projector continues to be a very popular function with 14,698 benefit projections having been calculated using MSS functionality • there have also been 517 changes to member's expression of wish details, 457 address updates and 18 bank account changes.
1.10	<p>Delegated Responsibilities</p> <p>The Pension Fund Committee have delegated a number of responsibilities to officers or individuals. The approval of any updates to the following CPF policies are delegated due to their technical nature in relation to administration of pensions tax matters:</p> <ul style="list-style-type: none"> • Voluntary Scheme Pays Policy • Policy for Administration and Communications of Tax Allowances to Scheme Members <p>Both are currently being updated and agreed using the delegated procedure. There are no strategic changes proposed in these policies, and the majority of the changes relate to the Government's review of how pension arrangements are taxed which was announced in the 2023 Spring Budget, and in particular changes to the Annual and Lifetime Allowances.</p>

	<p>Appendices 6 and 7 show the delegation requests that are waiting for final approval. The policies will be on the Fund's website in due course, but if any members would like to see the changes that have been made, please let the Pensions Administration Manager know.</p>
1.11	<p>It is proposed that a minor change is made to the Scheme of Delegation to ensure that the approval for both policies is consistent, by changing the approval relating to the Voluntary Scheme Pays Policy to be by the Pensions Administration Manager in consultation with the Head of Clwyd Pension Fund. A copy of the Scheme of Delegation is included with the Pooling Update report and the recommendation to update it is included as part of that report.</p>

2.00	RESOURCE IMPLICATIONS
2.01	<p>Since the last update, following approval at the March Committee, a new temporary Principal Pensions Officer has been appointed to lead a project team that will focus on ad-hoc project work.</p> <p>It was intended for the role to be occupied on a job share basis by two internal Lead Pension Officers, with succession planning in mind. However, one of the successful candidates has accepted an alternative role within Heywood (pension software provider) and will be leaving the Fund early July. Due to resource implications of appointing a further member from the operations team, it has been decided to give the position to one individual on a full-time basis.</p> <p>Another member of staff from ELT has also now left the Fund to work for FCC Employment Services. This role will be advertised shortly along with the remaining 2.6 Pension Officer vacancies. The two Lead Pension Officer vacancies have been advertised internally; following appointment to these roles, any other vacancies that may come about if internal promotion opportunities prove successful will also be advertised. An update will be provided at the next meeting.</p> <p>As mentioned in previous updates, if recruitment to a Pension Officer grade is unsuccessful, it is proposed that any remaining vacant Pension Officer positions are recruited at the lower Pension Assistant grade. Although recruitment is likely to be easier, it is recognised this will result in a greater level of training with the successful candidate(s).</p> <p>Again, due to the significant recruitment of new staff members, training requirements will continue to be very labour intensive, and improvements in KPI performance will be over a number of months. Staffing levels will be continuously reviewed within the McCloud, ELT and Operations Teams.</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 8 provides the dashboard and the extract of administration and communications risks. There have been no key changes made to it since the March Committee although several additional actions have been added and all target dates reviewed and amended, if necessary, for example due to the ongoing uncertainty around the national pensions dashboard.</p> <p>The key risks which are furthest from target continue to be:</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. • Risk number 2 - Unable to meet legal and performance expectations (including inaccuracies and delays) due to employer issues. • Risk number 3 - Unable to meet legal and performance expectations due to big changes in employer numbers or scheme members or unexpected work increases. • Risk number 6 – Service provision is interrupted due to system failure or unavailability.

5.00	APPENDICES
5.01	<p>Appendix 1 – Satisfaction Survey results Appendix 2 – McCloud Programme update report Appendix 3 – Analysis of cases received and completed Appendix 4 – Key Performance Indicators Appendix 5 – Member Self Service update Appendix 6 & 7 – Urgent Delegations Appendix 8 – Risk register update</p>

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	<ul style="list-style-type: none"> • Report to Pension Fund Committee – Pension Administration Strategy (March 2021) • Report to Pension Fund Committee – Communications Strategy (June 2022) • Report to Pension Fund Committee - 2023/24 Business Plan (March 2023) <p>Contact Officer: Karen Williams, Pensions Administration Manager Telephone: 01352 702963 E-mail: karen.williams@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 authority in ensuring compliance with the scheme regulations, TPR requirements and efficient and effective governance and administration of the Fund.</p> <p>(e) LGPS – Local Government Pension Scheme – the national scheme, which Clwyd Pension Fund is part of.</p> <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.</p> <p>(g) SAB – The national Scheme Advisory Board – the national body responsible for providing direction and advice to LGPS administering authorities and to DLUHC.</p> <p>(h) DLUHC – Department of Levelling Up, Housing and Communities – the government department responsible for the LGPS legislation.</p>