CLWYD PENSION FUND COMMITTEE

Date of Meeting	Wednesday, 29 November 2023
Report Subject	Administration and Communications Update
Report Author	Pensions Administration Manager

EXECUTIVE SUMMARY

This update report includes matters arising relating to administration and communications since the previous update report provided at the August Committee meeting.

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

The report includes updates on:

- Progress against the administration and communications related matters in the Fund's 2023/24 Business Plan, including extending the timescales for implementing the National Pensions Dashboard
- Current Developments and News – including updates on the Fund's McCloud programme, annual allowance and annual benefit statements.
- Monitoring against the Administration Strategy in relation to day-to-day tasks and key performance indicators – showing the position to the end of October 2023
- Recent approvals to three administration related policies under the scheme of delegation
- Resource – including an update on recruitment and retention including implementing the new Administration Structure.

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

REPORT DETAILS

1.00	ADMINISTRATION AND COMMUNICATIONS RELATED MATTERS
1.01	**Business Plan 2023/24 Update** Progress against the business plan items for quarter two and three of this year is positive for most items with some areas not yet due as illustrated in Appendix 1. Key items to note relating to this quarter's work (Q3) are as follows: • A2 – McCloud judgement – as usual an update on this programme is included later in this report. • A3 – National Pensions Dashboard – as mentioned previously, the Pensions Dashboards (Amendment) Regulations 2023 have been made and came into force on 9 August 2023. The regulations replace the original staging timetable with a single, connection deadline of 31 October 2026, and as a result, the project was put on hold awaiting confirmation of the expected public sector connection deadline. However, it is now proposed to recommence with a view to making some progress given it is assumed that the connection day will be over the next two or three years. The business plan schedule has been updated accordingly to allow this work to continue into 2025/26. The Pensions Administration Manager and Project Team Leader continue to attend regular meetings with Heywood (the administration software provider) and the Pension and Lifetime Savings Association (PLSA) as part of a PLSA project team. • A8 – Implement the new Communications Strategy – Further information is provided later in the update report. Key areas worked on this quarter include: o the content of the Fund's website continues to be reviewed to ensure clear and concise language is being used. o development of videos for Fund employers which have been loaded to the Fund's website. o development of the annual benefit statement video for active members. o further scrutiny into the number of telephone calls and emails the fund receives is underway and an update will be provided at the February Committee meeting. • 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. It is hoped that the majority of data will have been provided to the McCloud Team by the end of Q3 with any queries being resolved in Q4.
1.02	**Current Developments and News** The following details developments and news in addition to business as usual *McCloud update* <u>CPF Programme Update</u> - 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 is continuing to engage and work with employers regarding the submission of their data. As data collection is nearing completion, greater focus on data validation and upload is needed to ensure timescales are adhered to and programme milestones are achieved.

A link to a recent DLUHC member McCloud factsheet was included in the annual benefit statements (ABS) for active members that were issued in August.

Since the last update, it has been announced that the appeal hearing in relation to the Trades Unions' application for a judicial review of the Government's decision to allocate McCloud costs to members as part of the cost management process will take place on 20 February 2024. The application was dismissed back in March 2023, but the Court of Appeal subsequently granted permission to appeal.

Engagement with the software supplier is continuing to ensure changes are implemented in a timely manner. The McCloud Team also attends a weekly webinar hosted by the software providers along with other LGPS funds to share best practice ideas and discuss any issues.

McCloud Regulatory Update - On 8 September, the Department for Levelling Up, Housing and Communities (DLUHC) announced the outcome of the consultation on McCloud issues. It also laid before Parliament The Local Government Pension Scheme (Amendment) (No. 3) Regulations 2023, which came into force on 1 October 2023. The making of these regulations is a major milestone in the programme work for implementing the McCloud remedy, in effect allowing LGPS administering authorities to calculate and pay benefits in line with the updated underpin. However statutory guidance is still outstanding in some areas (albeit expected shortly), providing funds with more detail on how to implement the new underpin including advice on prioritising cases.

As per The Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013, the Fund has an obligation to inform members of any material changes to the scheme regulations within three months of the changes being laid. Following the McCloud regulations coming into force, newsletters are being issued to all members via their preferred method of communication informing them of the changes and signposting them to more information should they require it.

HMRC has published a newsletter which detailed the launch of a service for members to calculate their pension adjustment and an interactive guide for members to check if they are affected by the remedy. For the LGPS, they have also issued scheme administrator guidance which includes who the remedy applies to, actions for scheme administrators, compensation, and the tax administration framework. A separate LGPS section covers top-ups to pensions, pension commencement lump sums, trivial commutation lump sums, dependants' pensions, serious ill-health lump

	sums, and lifetime allowance excess lump sums.
1.03	*Other updates* • Administration Team Review – The Pension Administration Manager along with Team Leaders have updated the HR systems following the approval of the new structure at the August Committee meeting, which was a sizeable task given the changes made in the structure. • Benefit Statements – The Technical and Payroll team along with the Communications team have produced the Annual Benefit Statements to all active members within the legal timescales of 31 August via the members' preferred method of communication. • Backdated Pay Award – The 2023 national pay award has now been agreed, and both ELT and the Operations Team are working towards recalculating member benefits and paying arrears of pension to members whilst also re-calculating transfers, refunds etc for affected members using their updated pay. • National Pensions Dashboard - Earlier in November, the LGA pensions team published draft LGPS Pensions Dashboards connection guidance to administering authorities to help identify the steps needed to connect to pensions dashboards. The guidance is in draft form whilst waiting for Money and Pensions Service (MaPS) to publish the staging guidance. The guide illustrates the steps needed to connect to pensions dashboards, including creating a project plan, the various actions to be taken, decisions to be made and statutory timings • Altair Insights – The Technical and Payroll team have been finalising rewriting various Altair reports given new functionality (called "Insights") which will result in improved reporting functionality and efficiencies in collecting monthly management information (including for key performance indicators) as well as introducing efficiencies in other processes. • Monthly budget reporting – Now that the new Pension Fund Accountant and Trainee Accountant have been appointed, new monthly budget reporting has been developed and the Pensions Administration Manager is meeting with them regularly. This has helped with ongoing improved monitoring. • CIPFA 2023 benchmarking exercise – the team have now completed collating and submitting the data needed for the CIPFA annual exercise, which covers a number of areas including key performance indicators, staffing levels and costs. The Committee will be updated with any headlines once the results are available.
1.04	**Policy and Strategy Implementation and Monitoring** *Administration Strategy* The latest monitoring information in relation to administration is outlined below: Day to day cases – Appendix 3 provides the analysis of the numbers of cases received and completed on a monthly basis from April 2022 up to and including October 2023, and how this is split in relation to our three unitary authorities and all other employers.

	The number of incoming cases for August to October was 8,897 (with more than 3,000 in both August and September). This may be partly due to recent engagement with members by issuing the annual benefits statements in August. The number of cases completed by the team since the last update for the same period was 8,858, which is positive given the training to new members of staff that is being undertaken which is detailed further in section 2.01 of this report. The number of open cases reduced slightly to 5,908 at the end of October from 5,958 at the end of July. It is hoped that as the recruitment and training of new staff members progresses, the number of open cases will reduce further.
1.05	<u>Key performance indicators</u> – Appendix 4 shows our performance against the KPIs measured monthly up to and including October 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 increased and others that have reduced. Key points to note are: • Joiners – 1137 joiner cases have been completed over the last three months which is an increase of 234 compared to the previous 3-month period. • Leavers – 583 leaver cases have been completed which is an increase of 118 cases compared to the previous 3-month period. Performance against the overall (member experience) KPI has also improved compared to previous periods. • Transfers were on hold pending GAD guidance. Guidance has recently been received from GAD, so processing has re-commenced which explains the increase in numbers of transfers both in and out being completed. Understandably numbers are still less compared the last 12-month period. Work continues to catch up on those cases previously on hold. • The key processes that previously caused some concerns, i.e. retirements, leavers and deaths are beginning to show improvement in some areas, including greater numbers of cases being processed compared to the previous quarter for leavers and retirements, and a good improvement in the "overall KPI" for leavers. Resource is constantly being reviewed in these areas as the staff members responsible for these areas are also responsible for recalculations relating to the retrospective pay awards. The numbers relating to recalculations due to pay awards are not included in the KPIs. Staff members are no longer working additional hours, this is to gauge what business as usual productivity looks like so that resource can be planned appropriately. The Operations Team continues to prioritise cases where a payment is made either to an individual or a third party. The management of meeting challenging regulatory timescales which apply to significant numbers of cases will continue to be difficult whilst the newly approved team structure is put in place and staff are trained. Resourcing is considered further later in this report.

| 1.06 | **Internal dispute resolution procedures (IDRP)**

In relation to the cases for 2022/2023:

- There were nine Stage One appeals against employers. Six have been rejected, two have been upheld and one is still ongoing.
  - Of the six that have been rejected, four relate to non-award of ill health retirement and two relate to the tier of ill health awarded.
  - For the two that have been upheld, both members have now been awarded tier one ill health retirement (which is an improvement in the benefits they were originally awarded).
  - The one outstanding appeal is also due to the fact that the member is disputing 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 two ill health retirement. This appeal was rejected.

In relation to cases for 2023/2024:

- There are two Stage One appeals against employers. Both are still ongoing.
  - One is for non-award of ill health retirement.
  - One is due to the fact that the member is disputing the tier of ill health retirement that they have been awarded.
- There is one Stage Two appeal which has been submitted against the employer. The member appealed that they were only awarded tier two ill health retirement.   This appeal was rejected.

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		2022/2023			
		Received	Upheld	Rejected	Ongoing
	Stage 1 - Against Employers	9	2	6	1
	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	2	0	0	2
	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

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: • Officers and advisors have produced several informative videos for employers covering governance, administration and communication, funding and investments and the work of the Employer Liaison Team. These videos are instead of the usual presentations by officers and advisors at the Annual Joint Consultative Meeting (AJCM) and offer employers and scheme member representatives the flexibility to watch at a time convenient for them. An Annual Meeting for employers and scheme member representatives has been arranged for 7 December 2023 to allow them to meet officers and advisors and ask any questions they may have. Committee and Board members have also been invited and the links to the videos are in the invitation. • The video explaining the annual benefit statements for active members was also developed and launched. As mentioned in the last update, the deferred version was launched earlier in the summer. The videos can be found here - https://mss.clwydpensionfund.org.uk/home/help/guidance-videos/
1.08	The Communications Team has maintained regular engagement with employers and scheme members over recent months. Other key points in relation to communications include: • Approximately forty Pension Saving Statements (PSS) were issued to scheme members who exceeded the annual allowance in October, which is within the legal deadline. The annual webinars to support members which are provided by a taxation specialist from Mercer have proved popular again this year. Pension Saving Statement guidance notes have also been sent to all employers. • A request was sent to all employers to help promote Pensions Awareness Week which was 11-15 September 2023. • The website has been updated to include McCloud factsheets and a link to the national LGPS website which will provide more information as and when it becomes available. • Seven 1-2-1 member sessions have taken place and the second Employer Engagement session was held with plans for a further meeting in February. It was also decided that an additional meeting for Community Councils would also be held to specifically review employer policies and discretions. The feedback from the Employer Engagement session was again extremely positive, highlighting the opportunity to discuss challenges in an informal face to face session. • Fourteen update emails have been sent to all employers including information relating to annual benefit statements guidance notes, updated authorised medical practitioner list for considering ill-health retirements and an invitation to the Annual Employer Meeting.
1.9	Appendix 5 provides an updated summary of MSS registered users, which shows that enrolment to MSS has plateaued since the last update with over 53% of the scheme membership having registered. The number of members that have opted for paper correspondence also remains at approximately 18% of the scheme membership.

	For those members registered on MSS, use of the facilities remains high. During the three-month reporting period: • 147 members have requested a retirement pack for their deferred benefit. • 12,143 benefit projections have been calculated. • there have been 449 changes to members' expression of wish details, 365 address updates and 20 bank account changes.
1.10	**Delegated Responsibilities** The Pension Fund Committee have delegated a number of responsibilities to officers or individuals. Since the last meeting, updates have been made to the following CPF policies. • Voluntary Scheme Pays Policy • Statement of Administering Authority Discretionary Policies • Policy for Administration and Communications of Tax Allowances to Scheme Members. The approval of any updates to these policies are delegated due to their technical nature. 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. Appendices 6, 7 and 8 show the detail of the delegation requests and the first two policies will be on the Fund's website in due course, but if any Committee Members would like to see the changes that have been made, please let the Pensions Administration Manager know.

2.00	**RESOURCE IMPLICATIONS**
2.01	Since the last update, following the approval of the proposed new administration structure, all temporary positions have been made permanent and additional/existing vacant positions are being advertised. The vacant positions equate to one Full Time Equivalent (FTE) Pension Officer and three FTE Pension Assistant in the Project Team. It has been agreed that both Pension Officers (now permanent members of staff) within the McCloud Team will move to the Project Team removing the need to recruit to these positions. A date for the move will be decided as part of the Business Planning process for 2024/25 in the new year. The Administration Team has had its first application for flexible retirement approved which is extremely positive in helping the team manage succession planning. In this situation there was no cost or resource implications on the Fund. 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 at this level is likely to be easier, it is recognised this will result in a greater level of training for the successful candidate(s).

Following the resignation of the Communication and Marketing Officer to work for FCC Social Services, this role will also be advertised once a review of the job description is complete.

Again, due to the significant recruitment of new staff members, training requirements will continue to be very labour intensive, so improvements in KPI performance will be over a number of months rather than immediately. Staffing levels will be continuously reviewed within the McCloud, ELT, Project and Operations Teams.

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

4.00	RISK MANAGEMENT
4.01	Appendix 9 provides the dashboard and the extract of administration and communication risks.

Since the August Committee, the dashboard has been reviewed and updated and the key changes are:

- Risk number 3: Unable to meet legal and performance expectations due to big changes in employer numbers or scheme members or unexpected work increases – the impact score has been changed from Critical to Marginal, and the likelihood score has been changed from Significant to Low. This is due to the fact that it is considered that good plans/action are in place to deal with major changes such as the Pensions Dashboard and McCloud, particularly now that the new Administration Structure has been reviewed which includes a Project Team.
- Risk number 6: Service provision is interrupted due to system failure or unavailability – the target risk ratings for this have been changed with the impact score moving from Negligible to Marginal, and the likelihood score has moved from Unlikely to Very Low. This is due to the fact that it is felt that the Fund does rely on its suppliers to have good business continuity/cybercrime controls in place and also that cyber-criminals' techniques are continually evolving. Although the Fund does a lot of work to check and control these elements it is felt that it is very difficult to completely remove the risk of something going wrong in this area.

Other changes relate to the internal controls, outstanding actions and target dates, mainly around the progress with the Administration Structure review, the vacant Communications Officer position and the National Pensions Dashboard being delayed.

4.02	The key risk which is furthest from target is risk number 1 - Unable to meet legal and performance. expectations (including inaccuracies and delays) due to staff issues. As mentioned in paragraph 2.01, a new administration team structure is being implemented which will help reduce this risk.

5.00	**APPENDICES**
5.01	Appendix 1 – Business Plan progress 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 & 8 – Urgent Delegations Appendix 9 – Risk register update

6.00	**LIST OF ACCESSIBLE BACKGROUND DOCUMENTS**
6.01	• 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) **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 DLUHC.

(h) **DLUHC – Department of Levelling Up, Housing and Communities** – the government department responsible for the LGPS legislation.