

CLWYD PENSION FUND COMMITTEE

Date of Meeting	Wednesday, 28 February 2024
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 November Committee meeting.

This update includes matters that are mainly for noting, albeit comments are clearly welcome. As this Committee's focus is mainly on administration, communications and governance matters, some additional information has been incorporated into the report.

The one area that does need approval relates to some changes to the Key Performance Indicators in the Fund's Administration Strategy (see paragraph 1.04 and Appendix 4).

The report includes updates on:

- Progress against the administration and communications related matters in the Fund's 2023/24 Business Plan
- Current Developments and News – including updates on the Fund's McCloud programme, existence checking and phone call statistics
- Monitoring against the Administration Strategy in relation to day-to-day tasks and key performance indicators – showing the position to the end of January 2024
- Updated risk register – including a positive change as a result of recent recruitment.

RECOMMENDATIONS

1	That the Committee consider the update and provide any comments.
2	That the Committee approve the amendments to the Pensions Administration Strategy as highlighted in paragraph 1.04 and Appendix 4 which incorporate the updated key performance indicators.

REPORT DETAILS

1.00	ADMINISTRATION AND COMMUNICATIONS RELATED MATTERS
1.01	<p data-bbox="320 297 783 331">Business Plan 2023/24 Update</p> <p data-bbox="320 371 1361 517">Progress against the business plan items for quarter four of this year is positive for the majority of items with some areas continuing into 2024/25 as illustrated in Appendix 1. Key items to note relating to this quarter's work (Q4) are as follows:</p> <ul data-bbox="320 557 1391 1697" style="list-style-type: none"><li data-bbox="320 557 1350 629">• A2 – McCloud judgement – as usual an update on this programme is included later in this report.<li data-bbox="320 633 1391 1106">• A3 – National Pensions Dashboard – the Pension Administration Manager and Project Team Leader have started to put a detailed project plan together following the publication by the LGA of a Pensions Dashboards connection guide for LGPS administering authorities. The Pensions Dashboards (Amendment) Regulations 2023 came into force on 9 August 2023 and replaced the original staging timetable with a single, connection deadline of 31 October 2026., Further guidance is expected imminently in relation to LGPS specific staging dates. The staging timeline will indicate when schemes (by size and type) are expected to connect to the dashboard. The staging date for the LGPS (and the other public sector pension schemes) is expected to be 30 September 2025. The business plan schedule has been updated accordingly into 2025/26.<li data-bbox="320 1111 1391 1435">• A8 – Implement the new Communications Strategy – Further information is provided later in the update report. The key areas of work for this quarter are:<ul data-bbox="416 1223 1382 1435" style="list-style-type: none"><li data-bbox="416 1223 1382 1330">○ a review of the Fund's website content ensuring clear and concise language is being used. This is expected to be complete by the end of this quarter<li data-bbox="416 1335 1382 1406">○ planning a wider suite of member and employer videos covering all areas of the Fund including funding and investments<li data-bbox="416 1411 1046 1435">○ finalising the Fund's branding guidelines.<li data-bbox="320 1440 1334 1697">• E1 – McCloud Employer Liaison Team (ELT) Services – Good progress continues to be made with the provision of data for those employers using the ELT. All bulk McCloud data has now been collected from employers and provided to the McCloud Team with a small batch of data to be sent by the end of March. The ELT will continue to respond to any queries from the McCloud Team as and when they may arise.
1.02	<p data-bbox="320 1738 826 1771">Current Developments and News</p> <p data-bbox="320 1812 1342 1883">The following details developments and news in addition to business as usual</p> <p data-bbox="320 1924 560 1957"><i>McCloud update</i></p> <p data-bbox="320 1998 1382 2098"><u>McCloud Regulatory Update</u> – On 24 January, the Department for Levelling Up, Housing and Communities (DLUHC) issued new LGPS actuarial guidance. This guidance did not contain new factors but provided</p>

information about how the McCloud remedy will affect certain calculations. It included the following:

- Early payment of pension guidance
- Late retirement guidance
- Individual incoming and outgoing transfers guidance
- Interfund transfers – addendum

The publication of transfers guidance means that all relevant information is now in place for the fund to calculate Cash Equivalent Transfer Values (CETVs) for members protected by the McCloud remedy. Therefore, discussions are taking place with the Fund's software supplier to understand timescales for updating the software to take account of this new guidance so that it can be implemented.

The interfund guidance addendum (which relates to transfers to and from other LGPS funds) confirms that interfund payments can continue to be calculated by members affected by the McCloud remedy until 24 March 2024 based on the transitional arrangements put in place by DLUHC in October 2023

The LGA has provided part 1 of its administration guide, and further sections are awaited which will cover other types of calculations and revisiting past calculations.

Statutory McCloud remedy guidance is awaited and is expected to cover governance, identifying members in scope, case prioritisation, certain payment issues, and compensation. This is expected by 31 March 2024.

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, albeit individual workstreams are running to different timescales than originally planned due to delays in receiving employer data, final regulations and national guidance. Updated workstream timescales will be provided as part of the 2024/25 Business Plan at the March Committee meeting.

The McCloud Team continue to engage and work with employers regarding the submission of their data. As data collection is nearing completion, a continued focus is on data validation and upload to ensure timescales are adhered to and programme milestones are achieved.

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. All members have now been issued a newsletter via their preferred method of communication informing them of the changes and signposting them to more information should they require it.

Engagement with the Fund's software supplier is continuing to ensure changes are implemented in a timely manner. There is a current issue

	<p>relating to new retirement and leavers cases where McCloud data has not already been updated in their pension records, which is resulting in them being extremely time consuming to process, involving manual intervention. An update to the software is scheduled during February and, subject to testing, it is expected this will largely resolve this issue. A representative of the McCloud Team attends a weekly webinar hosted by the software providers, along with other LGPS funds, to share best practice ideas and discuss any issues.</p> <p>Benefit rectification for previous retirements and leavers is still to commence and this has been delayed due to external factors including the final regulations being laid so near to the coming into force date. This delay has made it challenging for software providers to update the software to cover the types of cases where retrospective calculations need to be carried out. As mentioned above, statutory guidance is still awaited on how Funds will be expected to prioritise their retrospective cases. Rectification needs to be completed by 31 August 2025 due to the legislative requirement to include the McCloud underpin in 31 March 2025 Annual Benefit Statements.</p>
1.03	<p><i>Other updates</i></p> <ul style="list-style-type: none"> • <u>TPR Scheme Return</u> – The Pensions Administration Manager has completed the annual Pension Regulator’s scheme return. The return requires information relating to member and employer statistics to be submitted along with the Fund’s Common and Scheme Specific data scores. The scores reported this year were 97% and 98% respectively. This sees a 1% reduction in the Common data score and there has been no change to the Scheme Specific score. This is due to an increase in “Gone Away” addresses being reported back to the Fund following an address tracing exercise. These missing addresses mainly relate to deferred members where incorrect/old addresses are held on the system. It is expected that the new data cleansing exercise that is planned in preparation for National Pension Dashboard will improve this score going forward. • <u>Backdated 2023 pay award</u> – as mentioned at the last committee meeting, as a result of the national pay award, there will be a number of scheme member calculations that will need recalculated and communicated to scheme members, as a result of the national pay award. So as not to impact on business as usual, particularly whilst managing other challenges due to McCloud software not being available yet, these will be picked up by the new Project Team when it is formally created in June. • <u>Existence checking</u> – A requirement of the CPF Anti-Fraud and Corruption Strategy is that a triennial existence check is made in relation to the Fund’s overseas pensioners. All 58 pensioners whose pension is paid into an overseas bank account have been contacted with 78% of the pensioners having now had their identity confirmed. Normal processes will be followed for the remaining 22% of members and a further update will be provided at the next meeting. • <u>Telephony Service</u> – Investigations are continuing into the potential suitability of a telephony service within FCC for the Fund to utilise which should provide a clearer route to the correct person to deal with

	<p>the enquiry. Part of this work has involved understanding how many phone calls were received by all staff members and what the requirements of this service would be. Appendix 3 illustrates the number and frequency of phone calls that are being received and how many are answered before going through to voicemail. For 2022/23 a total of 24,144 phone calls have been received by the Fund with 18,268 calls received so far this year up to 31 January 2024. This number is higher than expected and further monitoring is required to understand how these can be reduced going forward to ease the impact of these calls on staff resource including ensuring scheme members and employers are aware of when and where they can find answers to their questions on the website and member self-service. It is also intended that the number and nature of scheme member emails are included in future monitoring.</p>
1.04	<p>Policy and Strategy Implementation and Monitoring</p> <p><i>Administration Strategy</i></p> <p>As a result of ongoing work to streamline the Fund’s key performance indicator monitoring, the Pensions Administration Manager has been reviewing the existing key performance indicators to ensure they remain appropriate. It is recommended that some small changes are made to these, and an updated version of the key performance indicator table which is included in the Pensions Administration Strategy is attached as Appendix 4, for the Committee’s approval.</p> <p>The key changes are:</p> <ul style="list-style-type: none"> • Small changes to the working days of some of the “overall” target times to align with how the new monitoring will measure months • Removing the “legal” target for quotations, as it transpires this is no longer a legal target • Adjusting the “overall” target for refunds of contributions, to measure from the date of leaving, which is consistent with other leaver targets • Adding a new key performance indicator for issuing bank credit information for refunds of contributions. <p>The Committee are asked to approve the amendments as outlined in the Appendix.</p>
1.05	<p>The latest monitoring information in relation to administration is outlined below:</p> <p><u>Day to day cases</u> – Appendix 5 provides the analysis of the numbers of cases received and completed on a monthly basis from April 2022 up to and including January 2024, and how this is split in relation to our three unitary authorities and all other employers.</p> <p>The number of incoming cases for November to January was 8,308). The number of cases completed by the team since the last update for the same period was 8,209, which is positive given the training of new members of staff that is being undertaken, as detailed further in section 2.01 of this report.</p>

	<p>The number of open cases increased slightly to 5,950 at the end of January from 5,908 at the end of October., It is positive that the increase in open cases is not more significant considering the complexity and additional time constraints that have been added to already difficult processes following the implementation of the McCloud remedy (detailed in section 1.02 of this report). The Pension Administration Manager will continue to monitor the impact that the McCloud regulations/guidance and system functionality is having on case completion numbers.</p>
1.06	<p><u>Key performance indicators</u> – Appendix 6 shows our performance against the KPIs measured monthly up to and including January 2024. 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.</p> <p>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:</p> <ul style="list-style-type: none"> • Joiners – 746 joiner cases have been completed over the last three months which is 391 less compared to the previous 3-month period. However, this reflects a normal three-month period of joiners (whilst also considering the holiday season) as there is usually a spike in October which reflects the annual appointment of school staff that were included in the previous 3-month update. Although the CPF KPI remains unchanged, there has been a dip in the legal and overall (member experience) KPIs. • Leavers – 354 leaver cases have been completed which is 229 less compared to the previous 3-month period. Performance against the all KPI remained unchanged (or minimal change) and 448 more leaver cases have been processed than in the previous 12-month period. • Transfers in and out were on hold pending new GAD guidance being issued and although guidance was received in January, not all transfers are able to be processed due to an outstanding system update and awaiting further guidance. Processing has recommenced for those cases that can be actioned but the numbers of both in and out transfers being completed will continue to fluctuate until business as usual can resume. Work continues to catch up on those cases previously on hold. • The key processes that continue to be closely monitored are retirements, leavers and deaths. Improvements are beginning to show in relation to the death process (all three of this period’s 3-month KPIs have increased when compared to the previous period) and staff training continues across all areas. <p>As mentioned previously, staff members are no longer working additional hours; this along with the holiday season will have had an impact on business-as-usual productivity. The next 3-month period will be a better reflection of what operations 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</p>

numbers of cases will continue to be difficult whilst newly appointed staff are trained. Resourcing is considered further later in this report.

1.07

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 1 ill health retirement
 - The one outstanding appeal is 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 2 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 2 ill health retirement. This appeal was rejected.

It is pleasing that there have been no appeals against the administering authority in either of these years, and that the number of employer appeals has decreased during 2023/24 compared with 2022/23.

	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

	<p>There are no Clwyd Pension Fund cases that are currently with the Pensions Ombudsman.</p>
1.08	<p>Communications Strategy</p> <p>The Communication Strategy focuses on improved member and employer engagement. To help achieve this the following meetings have taken place since the last update report:</p> <ul style="list-style-type: none"> • a face-to-face meeting specifically for the Town and Community Council employers hosted by the Communication and Regulations team leader. Those that attended found the meeting useful and a good way of discussing common challenges and best practice solutions. Further meetings are planned for later in the year. • the third Employer Engagement meeting in 2023/24 was held this month. Feedback from this meeting including the Annual Employer and Scheme Member Representatives meeting will be provided verbally at the Committee meeting. • the first Pensioner focus group meeting made up of volunteer pensioner members. The objective being to provide feedback/make suggestions for the content of the next edition of the Clwyd Catch Up newsletter which is issued to all pensioner and dependant members. Feedback from the meeting will be provided verbally at the Committee meeting.
1.09	<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"> • Five 1-2-1 member sessions have taken place • Leaver Form completion training has been provided for several employers • Ten update emails have been sent to all employers including information relating to the Deferred Diaries, Penpal and Pension Extra newsletters that were being issued, LGA training date information for 'Employer Role in the LGPS' and an updated authorised medical practitioner list for considering ill-health retirements.
1.10	<p>Appendix 7 provides an updated summary of MSS registered users, which shows that enrolment to MSS has increased slightly since the last update with now over 54% of the scheme membership having registered. The number of members that have opted for paper correspondence remains at approximately 18% of the scheme membership.</p> <p>For those members registered on MSS, use of the facilities remains high. During November and December:</p> <ul style="list-style-type: none"> • 81 members have requested a retirement pack for their deferred benefit. • 9,948 benefit projections have been calculated. • there have been 368 changes to members' expression of wish details, 256 address updates and 15 bank account changes.

1.11	<p>Delegated Responsibilities</p> <p>The Pension Fund Committee has delegated a number of responsibilities to officers or individuals. No delegations have been used since the last Committee.</p>
------	---

2.00	RESOURCE IMPLICATIONS
-------------	------------------------------

2.01	<p>Since the last update, following the approval of the new administration structure, all temporary positions have been made permanent and all additional/existing vacant positions have been appointed to except for one Pension Assistant position in the Project Team.</p> <p>This position has been kept vacant for the time being due to more efficient functionality being developed by Heywood within the processes associated with the Pension Assistant role. Depending on what efficiencies are realised may result in a review of resource within this area. Whilst waiting for this functionality to be completely developed, the existing Flintshire apprentice within the team will assist in this role which is the normal practice for all trainees.</p> <p>As previously mentioned, following the resignation of the Communication and Marketing Officer to work for FCC Social Services, this role is being reviewed given the changes to the Communication Strategy and what skill sets are required. The intention is to advertise this role in April once a review of the job description is complete.</p> <p>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.</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 communication risks.</p> <p>Since the November Committee, the register has been reviewed and updated, and the key changes are:</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 – the current likelihood score has been changed from Significant to Low resulting in an improvement to the Current Risk Status from red to amber. This is due to the completion of a number of risk associated actions; being the
------	--

	<p>recent review of work levels and implementation of the new team structure which resulted in additional resource being approved and subsequently appointed. This was the risk furthest away from target and whilst still not on target, it is now nearer target. As training and succession planning takes place, the rating should decrease further.</p> <ul style="list-style-type: none"> • Risk number 3: Unable to meet legal and performance expectations due to external factors. No change to risk status but will continue to monitor following an imminent software update. A review of the actions has meant action one relating to implementation of the new team structure has been completed and a further action added in relation to software testing following the upgrade which is expected to assist with processing of McCloud business as usual cases. • Risk number 5 – High administration costs and/or errors due to systems not being up to date/not utilised properly or other inefficiencies – an addition to the risk description and a new action have been added relating to the National Pensions Dashboard.
4.02	Other changes relate to the internal controls and target dates. Work continues in other areas to reduce the risks that are furthest away from target, which are risks 1 and 2.

5.00	APPENDICES
5.01	<p>Appendix 1 – Business Plan progress Appendix 2 – McCloud Programme update report Appendix 3 – Phone call statistics Appendix 4 – Administration Strategy proposed amendments Appendix 5 – Analysis of cases received and completed Appendix 6 – Key Performance Indicators Appendix 7 – Member Self Service update 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>