

CLWYD PENSION FUND COMMITTEE

Date of Meeting	Wednesday, 5 th September 2018
Report Subject	Administration and Communications Update
Report Author	Principal Pensions Officer

EXECUTIVE SUMMARY

An update is on each quarterly Committee agenda and includes a number of administration and communications related items for information or discussion. The items for this quarter are:

- (a) Business Plan 2018/19 update – it is proposed some tasks are postponed. All annual benefit statements have been issued other than those held back due to the issue covered by the Part 2 report.
- (b) Current Developments and News – this includes updates relating to two national changes that could impact benefits that have already been processed, resulting in additional work revisiting those benefits. It also highlights the Pension Regulator's expectations in relation to data quality scoring.
- (c) Administration and communications related policy/strategy implementation – the team are continuing to struggle to meet the Fund's Key Performance Indicators and outstanding work tasks are increasing for a number of reasons such as increased volumes and new legislation. On a positive note, the uptake of Member Self Service has increased by over 1,000 members since the last meeting with over 30% of active members now registered to use this on-line facility.

RECOMMENDATIONS

1	That the Committee consider the update and provide any comments.
2	That the Committee agree that additional payroll functionality which was intended to commence quarter 1 of 2018/19 is extended to quarter 3 of 2018/19.
3	That the Committee agree that the Trivial Commutation project which was intended to commence in quarter 2 of 2018/19 is delayed until quarter 1 of 2019/20.

REPORT DETAILS

1.00	ADMINISTRATION AND COMMUNICATIONS RELATED MATTERS
1.01	<p data-bbox="304 322 767 353">Business Plan 2018/19 Update</p> <p data-bbox="304 394 1375 501">Progress against the business plan items for quarter two of this year is generally on track as illustrated in Appendix 1. Key items to note relating to this quarter's work are as follows:</p> <ul data-bbox="304 506 1375 1464" style="list-style-type: none"><li data-bbox="304 506 1375 757">• A1 – Additional payroll functionality – This functionality, which allows the CPF Administration Team to process its own lump sum payments, has now been implemented, however the work required to start using the functionality has not yet been completed. Due to the requirements to issue Annual Benefit Statements to active members by the 31 August, it is proposed that this project should be extended to quarter 3 2018/19.<li data-bbox="304 761 1375 1055">• A2 – Annual Benefit Statements are to be issued to members by their chosen delivery method by 31 August. A bulk email will be sent to all registered MSS members week commencing 27 August. However, as explained in the separate Part 2 report, there are approximately 140 deferred records and 800 active records where their statements will be delayed. Pension Saving Statements (relating to Annual Allowance) will be produced and published to MSS with a bulk email sent to relevant members.<li data-bbox="304 1059 1375 1205">• A4 & A5 Expanded Backlog and Aggregation Project – Mercer have commenced work on these areas in order to remove the historical backlogs that exist. A separate update report is provided from Mercer in Appendix 2.<li data-bbox="304 1209 1375 1355">• A9 – Trivial Commutation Exercise – It is proposed that this project is postponed until quarter 1 of 2019/20. Due to current workloads the team are unable to commit to dealing with the expected increased work demands that the project will generate.<li data-bbox="304 1359 1375 1464">• A16 – Other Expected National Changes - As you can see from this report, there have been a number of new developments that have been worked on.
1.02	<p data-bbox="304 1509 1375 1576">The Committee is asked to note the contents of the business plan update and agree to the proposed changes in timescales for A1 and A9.</p>
	<p data-bbox="304 1621 810 1653">Current Developments and News</p>
1.03	<p data-bbox="304 1695 1375 1834">A separate LGPS Update report has been provided by Mercer and included with the Committee Papers. In general we are aware of the points highlighted in the report and a number of these are specifically referred to in the Business Plan for 2018/19.</p> <ul data-bbox="304 1839 1375 2087" style="list-style-type: none"><li data-bbox="304 1839 1375 1951">• Our Admission Agreements have been reviewed by Osborne Clarke, legal advisers, to ensure compliance with the 2018 amendment regulations.<li data-bbox="304 1955 1375 2087">• Following the regulation change which allows all deferred members to access their benefits from age 55 (reduced) irrespective of when they left the scheme, we have experienced an increase in both enquiries and payments of benefits.

	<ul style="list-style-type: none"> The Pensions Regulator has confirmed that data quality is to be measured and common and scheme specific data scores are to be reported within their autumn Scheme Return. Clwyd Pension Fund has received initial analysis from the software provider regarding the data held and an action plan is currently being prepared. The Committee will be provided with further information at the November Committee.
1.04	<p><i>Elmes V Essex</i></p> <p>A recent High Court judgement removed the requirement for members of the Local Government Pension Scheme (LGPS) to nominate their cohabiting partner to receive a survivor's pension in the event of their death.</p> <p>Before this ruling, a survivors' pension was only paid to a cohabiting partner (for members who died between 1 April 2008 and 31 March 2014), if the scheme member had completed a nomination form. This means that, subject to meeting certain criteria, some cohabiting partners may now be eligible for a survivors' pension if their partner died between 1 April 2008 and 31 March 2014.</p> <p>This ruling now means that Clwyd Pension Fund are required to investigate any pensions that may be due to surviving partners of deceased members during the above dates. It will require a communication exercise, verification of claims and payment of arrears to eligible partners. Investigations have identified that we have 180 cases that could be impacted by this judgement and we will be writing to them all explaining the change and asking them for information so we can determine whether they are affected. Even if not many additional pensions are put in payment, this is a sizeable exercise that will impact the ongoing work of the Administration Team.</p>
1.05	<p><i>Underpin</i></p> <p>Further changes to the regulations in May 2018 relate to members who have transferred benefits into Clwyd Pension Fund from a previous Public Sector Fund. The changes introduce a further protection to those members who were within 10 years of their normal retirement date at April 2012. For Clwyd Pension Fund this means revisiting all Public Sector transfers from April 2014. The change requires us to carry out an "underpin" check against their previous Public Sector pay to ensure that any transferred membership complies with this regulation and any underpayments are calculated.</p> <p>Investigations have identified that we have 170 cases that will need reviewed as a result of this change. If they are impacted, this will result in an increase to their pension benefits and it is possible that some of these members have already left the scheme. Once again, this is a large project that will impact the Administration Team's resources.</p> <p>In addition, we will be updating our current processes and communications to incorporate this additional requirement for ongoing cases.</p>

1.06	<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> <ul style="list-style-type: none"> • Day to day tasks – Appendix 3 provides the analysis of the numbers of tasks received and completed on a monthly basis since April 2015 as well as how this is split in relation to our three unitary authorities and all other employers. There continues to be an increase in the outstanding number of tasks, due to ongoing increases in workloads, projects such as the implementation of iConnect, year-end returns and increased enquiries and calculations for those deferred members who are now able to access benefits from age 55. • Key performance indicators – Appendix 4 shows our performance against the key performance indicators that are measured on a monthly basis up to July 2018. The graphs continue to illustrate that we are not managing to meet most of the agreed standards. The increased number of retirements in July also meant less resource was available to deal with quotations. We hope to see some improvements in these areas in the coming months as we are currently recruiting to the level of staff that carry out these tasks. The increase in numbers of leavers completed is due to a large focus on catching up with these notifications, albeit this has resulted in a reduction in numbers of new starts completed during this month. Most areas are impacted during August by staff being on holiday. <p>This is the peak period for annual leave and several members of staff have been off during June and July which has had an impact on the results. In addition, The Principal Officers have been less able to assist with case completion due to undertaking other additional duties as a result of the long term and continuing absence of the Pensions Administration Manager which has meant they are more involved in other matters including those highlighted in paragraphs 1.06 and 1.07, and the matter covered by the Part 2 report. The recruitment of two Lead Officers and a Pension Officer, which is currently being undertaken by the Principal Officers, will alleviate the requirement to assist with these cases going forward, albeit there will be some lead in time due to training and backfilling of these posts.</p>
1.07	<p>As can be seen by the information presented there continues to be large amounts of work coming into the Section and also a large number of outstanding tasks, meaning we are unable to meet all our KPIs. A workforce review was carried out and as mentioned above (1.06) recruitment, as agreed previously under urgent delegation, is now underway with a potential for new staff to commence October 2018.</p> <p>A business case has been put together for further additional resource to enable the Administration Section to deliver the services in line with Fund's objectives including meeting the KPIs. This is currently with senior managers who are considering it. Furthermore, as mentioned previously Mercer are continuing to assist with the aggregation work and other projects that can be outsourced.</p>
1.08	<p><i>Internal dispute resolution procedures</i></p> <p>Below is a summary of the internal dispute resolution cases that have</p>

arrived this and last year. Of the appeals received against the employers at Stage One in the current year, all are based on non-payment of deferred benefits and the one against the Administering Authority is due to the overstated estimate of benefits due to incorrectly recorded service.

The one against the employer that was rejected in 2017/18 progressed to Stage Two at which point additional evidence became available that the employer had not seen and was therefore referred back to the employer for review. The other Stage Two case that had been through Stage One in 2017/18 was also upheld as additional evidence was forthcoming.

	2018/19			
	Received	Upheld	Rejected	Ongoing
Stage 1 - Against Employers	3	1		2
Stage 1 - Against Administering Authority	1	1		
Stage 2 - Against Employers	3	2		1
Stage 2 - Against Administering Authority				
	2017/18			
	Received	Upheld	Rejected	Ongoing
Stage 1 - Against Employers	13	2	9	2
Stage 1 - Against Administering Authority	1		1	
Stage 2 - Against Employers	3	2	1	
Stage 2 - Against Administering Authority	1		1	

The appeal against the Administering Authority at Stage Two in 2017/18 has been progressed to the Pensions Ombudsman. The Pensions Ombudsman made their determination in respect of this case and recommended a compensation payment of £500 which was made to the member in July 2018. This case relates to a retiring member who also had AVCs. Benefits which were paid approximately 2 months after the scheme member's actual retirement date. The Pensions Ombudsman found that we could have done more to explain processes and manage the scheme member's expectations, including contacting the member in advance of retirement and providing more timely responses to her queries.

1.09

Communications Strategy

The Communication Officer has provided the following services since the last update (i.e. relating to the period from 1 June 2018 to 20 August 2018):

- TUPE presentation to NEWydd and Aura - Following feedback from employers, further presentations are to be organised in September by both employers for all staff in a total of six locations. The presentations will take place over three days and will focus on the different options for aggregation or combining benefits following a TUPE transfer.
- Job transfer presentation to Theatr Clwyd staff following reorganisation.

1.10

The following communications have been distributed during this period:

- Letters to all members not on MSS and those who elected for paper correspondence to outline LGPS Amendment Regulations 2018 (see Appendix 5)
- Email sent outlining potential future transfers of staff to external bodies
- Email to Coleg Cambria, Glyndwr University and multiple small employers providing content to email to staff to encourage MSS

	<p>membership and to ask for potential avenues to assist with its promotion</p> <ul style="list-style-type: none"> • Provided employers with information regarding Employer Strain Cost requests, providing details of GDPR restrictions and a template to be used by employers when requesting figures (e.g. redundancy quotations) • Organised meeting with Flintshire County Council Streetscene department for 4th & 6th September. Awaiting confirmation of date for meeting with Head Teachers to encourage MSS take up within their schools. • Letter to Employers regarding LGPS Amendment Regulations 2018.
1.11	<p>The updated information concerning Member Self Service is shown in Appendix 6 and this illustrates enrolment to Member Self Service continues to grow. It has increased by over 1,000 members since the last meeting with over 30% of active members now registered to use this on-line facility. Much of the recent increase has been due to the ongoing promotion of Member Self Service, including as part of the update on the amendment regulations as shown in Appendix 5.</p>
1.12	<p>Delegated Responsibilities</p> <p>The Pension Fund Committee has delegated a number of responsibilities to officers or individuals. The only delegation that has been used since the last meeting is in relation to the matter outlined in the Part 2 Committee report where the Principals were agreed by the Chairman and the Chief Finance Manager. Due to the confidential nature of this matter, no further information is contained here.</p>

2.00	RESOURCE IMPLICATIONS
2.01	<p>The Administration Section continues to be under pressure as a result of the ongoing increases in workload many of which stem from the introduction of the new scheme in 2014. As mentioned previously a full business case for additional resource has been put together for consideration.</p>

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

4.00	RISK MANAGEMENT
4.01	<p>Appendix 7 provides the dashboard and the extract of administration and communications risks. The key risks continue to relate to:</p> <ul style="list-style-type: none"> • Employers not understanding or meeting their responsibilities which could lead to us being unable to meet our legal or performance expectations, and

	<ul style="list-style-type: none"> Poorly trained or insufficient staff numbers which could lead to us being unable to meet our legal or performance expectations – this has been updated to include further action to review the existing staffing establishment and develop a business case for further staff.
4.02	<p>Since the last update, the following risks have been updated:</p> <ul style="list-style-type: none"> Risk number 1 – unable to meet legal and performance expectations due to staff issues e.g. poorly trained or insufficient staff. The impact has been changed from marginal to critical, and likelihood changed from significant to very high. This is due to the ongoing absence of the Pensions Administration Manager, and the ongoing increases in work load resulting in insufficient resources. Risk number 2 – unable to meet legal and performance expectations due to employer issues e.g. not understanding their responsibilities, poor data transmission and insufficient resources. Although the impact and likelihood scores have remained unchanged, further actions have been added in relation to checking of data and training of employers in relation to the subject referred to in the Part 2 report. Risk number 3 – unable to meet legal and performance expectations due to external factors e.g. big changes in employer or scheme member numbers or unexpected work. The impact has been changed from marginal to critical and the likelihood changed from low to significant. This is due to unexpected work due to external factors, including the issue highlighted in the Part 2 report, and the two new areas of work highlighted in paragraphs 1.04 and 1.05.

5.00	APPENDICES
5.01	<p>Appendix 1 – Business plan update 2018/19 Appendix 2 – Backlog and aggregation update from Mercer Appendix 3 - Analysis of cases received and completed Appendix 4 – Key Performance Indicators Appendix 5 – Scheme member amendment regulations communication Appendix 6 – Member Self Service update Appendix 7 – Risk register update</p>

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	<p>Report to Pension Fund Committee – Business Plan 2018/19 to 2020/21</p> <p>Contact Officer: Sandra Beales, Principal Pensions Officer Telephone: 01352 702876 E-mail: sandra.beales@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 DCLG.</p> <p>(h) MHCLG – Ministry of Housing, Communities and Local Government – the government department responsible for the LGPS legislation.</p>