

CLWYD PENSION FUND COMMITTEE

Date of Meeting	Thursday, 28 November 2019
Report Subject	Administration and Communications Update
Report Author	Pensions Administration Manager

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 2019/20 update – this includes an update on the GMP reconciliation project and Member Tracing
- (b) Current Developments and News – this includes updates relating to the Annual Employer Meeting and Payroll update meetings.
- (c) Communications – Engagement sessions held with Employers and Members.

RECOMMENDATIONS

1	That the Committee consider the update and provide any comments.
2	That the Committee note the requirement to potentially extend the timescales in relation to the survivor benefits implementation (A6) as outlined in paragraph 1.01.
3	That the Committee approve the use of the urgency delegation procedure to take forward items A3 (Under/overpayment Policy) and A8 (GMP reconciliation).

REPORT DETAILS

1.00	ADMINISTRATION AND COMMUNICATIONS RELATED MATTERS
1.01	<p data-bbox="320 322 783 353">Business Plan 2019/20 Update</p> <p data-bbox="320 396 1391 501">Progress against the business plan items for quarter three 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="320 544 1391 2089" style="list-style-type: none"><li data-bbox="320 544 1391 943">• A3 Develop Under/Over Payment Policies – this had previously been delayed due to the requirement of more information in relation to the GMP reconciliation project. We are now very close to being able to progress this item as information will shortly be received (see A8). The intention is for this item to now be completed within the agreed extended timescales. However due to the lack of a Committee meeting before December, it is proposed that the under/overpayments policy should be agreed using the Fund's urgency delegation process i.e. decided by the Head of Clwyd Pension Fund and either the Corporate Finance Manager or Chief Executive, subject to agreement with Chair and Vice Chair (or either, if only one is available in timescale).<li data-bbox="320 949 1391 1312">• A6 Implement Survivor Benefit Changes – This is as a result of the changes to the regulations in respect of the calculation of and entitlement to surviving partner pensions in respect of civil partners or same sex marriages and the outcome of Elmes versus Essex High Court Ruling. Work is continuing to identify surviving partners that may be entitled to benefits under the new rulings. It is proving time consuming to identify entitled members due to the complexity of the changes and period of time they relate to. It is unclear whether the current timescales are achievable until the final number of affected members have been identified. An update will be provided at the next Committee meeting.<li data-bbox="320 1319 1391 1644">• A7 Member Tracing – ATMOS Data Services have been appointed to complete the address tracing and mortality screening exercise. A report and breakdown of any amendments, gone away and potentially deceased members is due from them by the end of November. Once the file has been received, a review will take place to determine if an extension to this item is required. A verbal update will be provided at the Committee meeting and permission to extend if required requested at that point. All external costs relating to this item have previously been agreed within the outsourcing budget.<li data-bbox="320 1650 1391 2089">• A8 GMP Reconciliation – This exercise was outsourced to Equiniti and it is now entering its final stage. They have identified all scheme members where the GMP held on CPF's records differed from that of HMRC, as well as identifying what the correct GMP should be on CPF's records. As a result, they have provided us with a high-level summary of the number of pensioners and dependants that have pension levels that are lower or higher than they should be, as well as the estimated over and underpayments in relation to pensions paid to 31 December 2019. It is estimated that there have been total overpayments of pension of £439k and total underpayments of £42k. Equiniti will shortly be providing detailed data in relation to those members, so we can fully understand the implications and the impact at an individual scheme

	<p>member level. At that point, it will be necessary to make a number of decisions in relation to the treatment of the scheme members where their GMPs are incorrect, including the treatment of the pension payments that are incorrect. To avoid having to ask Equiniti to redo their calculations, it is preferred that this exercise is completed before the April 2020 pensions increases are applied but equally we assume it would be preferential to avoid any reductions in pension over the Christmas period, or shortly thereafter. To ensure that these timescales can be met, the Committee are asked to approve that all decisions in relation to this exercise are agreed using the urgency delegation process (as outlined for A3 above). Full updates will be provided to Committee members at the next meeting. The Pension Board has also asked to be kept updated with the proposed treatment of over and underpayments of pension.</p> <ul style="list-style-type: none"> • A9 Aggregation Project – There were approximately 2,000 records where members needed to either be informed that their records had been aggregated or be provided with their respective options. Some of the historical cases were outsourced to Mercer for the initial part of the calculation (deferment) with approximately 500 outstanding cases returned to the Aggregation Team for completion. Mercer completed the cases assigned to them in preparation for the 2019 valuation extract and the Aggregation Team has increased the focus on this area whilst maintaining current work levels. This includes having update meetings and pooling resource within other teams to ensure this project remains on plan. It remains difficult to determine a business as usual state within the Aggregation Team as it will continue to be impacted by one off projects such as the admission of Denbighshire Leisure and Wrexham Commercial Services returning to the host authority both from 1st January 2020. Details of both of these can be found in 1.10 Delegated responsibilities. • A11 LGPS Legal Timescales Analysis – A full review of our workflow processes continues to be undertaken with some procedural changes already having been implemented. Once finalised, the additional KPI reports will be shared with the Committee.
1.02	<p>The Committee is asked to note the update on the business plan and approve the use of the urgency delegation procedure to take forward items A3 (Under/overpayment Policy) and A8 (GMP reconciliation).</p>
1.03	<p>Current Developments and News</p> <p>A separate LGPS update report has been provided by Mercer and is included with the Committee Papers. The following details other developments and news:</p> <ul style="list-style-type: none"> • The Annual Employer Meeting was held on the 12 November with an improved number of employers in attendance. Positive feedback was received from those employers in attendance. Presentations were given by the Pension Administration Manager, Mercer, Prudential and the LGA covering topics such as the importance of good data and assumed pensionable pay. • The Pension Administration Manager and Technical Development Officer recently attended a meeting with representatives from all other Welsh Funds and Heywoods to discuss current software issues.

	<p>Heywoods agreed some action points and the meeting was deemed a success. A follow up meeting is to be arranged, to confirm the actions have been completed.</p> <ul style="list-style-type: none"> • As part of our ongoing plan for the successful on-boarding of Wrexham CBC onto iConnect, a meeting between Wrexham payroll managers and CPF representatives took place. Processes and data cleansing preparation were discussed and changes agreed ensuring timescales for this project remain achievable. • A meeting was also held between Flintshire County Council (FCC) and CPF, including HR and payroll representatives. This is to facilitate more streamlined processes for both FCC and CPF and to resolve some outstanding issues. • A thorough website review is currently underway by members of both the Regulations and Communications team and the Technical team. Given the enormity of the project it is expected to take some time but it is being co-ordinated by a member of the Technical team as part of their Work Based Project within their final year of the CIPP qualification. • Testing is underway to increase functionality within Member Self Service (MSS). It is hoped that members will be able to upload their completed retirement option forms directly onto MSS which will speed up the overall retirement process.
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> <ul style="list-style-type: none"> • Day to day tasks – Appendix 2 provides the analysis of the numbers of cases received and completed on a monthly basis to October 2019 since April 2016 as well as how this is split in relation to our three unitary authorities and all other employers. The number of tasks being completed by the team is still pleasing but dropped slightly in October due to the focus on completing the aggregation project and the complexity of those cases. The training of new staff continues to impact on case completion numbers in addition to a higher than average number of cases added in October (2915 cases compared to 1760 and 2053 in August and September respectively). • Key performance indicators – Appendix 3 shows our performance against the key performance indicators that are measured on a monthly basis up to October 2019. The charts illustrate that improvements are being made within most of the Clwyd Pension Fund target areas. As the training of the new staff members continue, the performance against KPI targets remains solid. Focus continues on improving the legal requirements timescales with particular focus on the time the employer is taking to inform us of the member event.
1.05	<p><i>Internal dispute resolution procedures</i></p> <p>In relation to the cases outstanding for 2018/19:</p> <ul style="list-style-type: none"> • There are two Stage One appeals which are currently ongoing against the employer. These are both in respect of the non-award of ill health benefits. The appeals are currently with the employers to review the original decisions that were made.

In relation to the cases outstanding for 2019/20:

- There are 4 Stage One appeals against the employer for non-award of ill health benefits, 2 Stage One appeals against the employer for the tier of ill health retirement that was awarded, and 1 Stage one appeal against the employer regarding their process for determining non-award of flexible retirement.
- There is 1 Stage One appeal against Clwyd Pension Fund regarding the process we used to determine who should be the beneficiary of a death grant for one of our deceased members.

	2019/20			
	Received	Upheld	Rejected	Ongoing
Stage 1 - Against Employers	7			7
Stage 1 - Against Administering Authority	1			1
Stage 2 - Against Employers	0			
Stage 2 - Against Administering Authority	0			
	2018/19			
	Received	Upheld	Rejected	Ongoing
Stage 1 - Against Employers	10	3	5	2
Stage 1 - Against Administering Authority	2		2	
Stage 2 - Against Employers	3	2	1	
Stage 2 - Against Administering Authority	1		1	

There are no CPF cases that are currently with the Pensions Ombudsman.

1.06

Communications Strategy

The Communications Team has provided the following communications since the last update:

- Eight emails have been sent to all employers providing information in relation but not limited to the employer data retention policy, flexible retirement policy and with the slides from Employer and AJCM meeting.
- Numerous presentations to employers and scheme members have taken place, including training sessions for new Pension Board and Committee members, retirement seminars, LGPS presentations and individual sessions explaining combining benefits for multiple employments.
- The Pension Saving Statements were issued on time to scheme members who exceeded the Annual Allowance including relevant guidance notes via their chosen method of communication.
- A training session was also provided to all CPF staff members on the LGPS Councillor Scheme.

1.07

Other key points in relation to communications include:

- The 1-2-1 sessions that were offered to scheme members as part of the Annual Benefit Statement communication have proved really popular with additional dates being booked into February.

	<ul style="list-style-type: none"> • Additional website training has been undertaken to facilitate the updating of the website internally. As MSS registration numbers continue to increase it is vital that the website is up to date. • The Annual Report is currently being translated and will be uploaded to the website once complete.
1.08	<p>Appendix 4 provides an updated summary of Member Self Service (MSS) registered users, which illustrates that enrolment to MSS continues to grow. It has increased by over 900 members since the last meeting with over 30% of members now registered to use this on-line facility. It is pleasing to see that the number of retirement projections calculated using the on-line benefit projector facility within MSS increased dramatically in this last period (5,654 projections in the last period compared to 9,836 this period). This proves the increased engagement with and interest in pensions that members are having.</p>
1.9	<p>Delegated Responsibilities</p> <p>The following have been agreed using delegated responsibilities since the last committee meeting and further details are contained in Appendix 5 and 6.</p> <ul style="list-style-type: none"> • Approval of Denbighshire Leisure as a new employer within the scheme • Approval of NEWydd Catering and Cleaning changing from an Open to a Closed employer as of 1st November 2019. •

2.00	RESOURCE
2.01	<p>The position of a full – time Lead Pensions Officer become available due to a valued team member moving on to another role outside of CPF. This post has been filled following recruitment procedures resulting in the internal promotion of two staff members on a job share basis. This has resulted in a full-time Pension Officer role vacancy which is currently being advertised.</p> <p>Two Modern Apprentices started with us in September and have settled in well and are making good progress against their training plan.</p> <p>A full analysis of the Technical and Payroll team is still required. This is to ensure that the current resource levels in that team are adequate taking into consideration the additional workload in relation to Pensioner Payroll, iConnect, MSS and website.</p> <p>Staffing levels will be continuously reviewed to measure the impact of the new team members on workloads.</p>

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

4.00	RISK MANAGEMENT
4.01	<p>Appendix 7 provides the dashboard and the extract of administration and communications risks. The key risks 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. • Big changes in employer numbers, scheme members or unexplained work increases which could lead to us being unable to meet our legal or performance expectations. This is considered a high risk due the range of potential national changes and particularly the potential impact of the employer cost management process and McCloud judgement. • Systems are not kept up to date or not utilised appropriately, or other processes inefficient, which could lead to high administration costs and/or errors. This is currently high due to a major organisational change in the supplier of the CPF administration system.
4.02	<p>Since the last update, the following risks have been updated, showing where outstanding actions have now been completed and new actions to be completed:</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 internal controls now include the ongoing training within the team to become business as usual. The likelihood of this occurring has therefore been changed from significant to low, and the impact from marginal to negligible, which means it is now meets its target. • Risk number 4 – Scheme members do not understand or appreciate their benefits due to poor, inaccurate or insufficient communications. Having recruited fully to the Regulations and Communications team and registration numbers to MSS consistently increasing, we have concluded that the risk in this area has reduced. The risk impact has been amended from marginal to negligible to reflect this. • Risk number 6 – Service provision is interrupted due to system failure or unavailability. The risk description has been updated to include system failure as a result of cybercrime. The impact has been increased from negligible to marginal and the likelihood has been increased from unlikely to low. A new action has been added to review cybercrime risk controls. This will be monitored until the impact and protections against cybercrime attacks are better understood.

5.00	APPENDICES
5.01	<p>Appendix 1 – Business Plan update 2019/20 Appendix 2 – Analysis of cases received and completed Appendix 3 – Key Performance Indicators Appendix 4 – Member Self Service update Appendix 5 – Delegated Responsibilities Denbighshire Leisure Appendix 6 – Delegated Responsibilities NEWydd Appendix 7 – Risk register update</p>

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	<p>Report to Pension Fund Committee – Business Plan 2019/20 to 2021/22</p> <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 DCLG.</p> <p>(h) MHCLG – Ministry of Housing, Communities and Local Government – the government department responsible for the LGPS legislation.</p>