

## CLWYD PENSION FUND COMMITTEE

<b>Date of Meeting</b>	Wednesday, 16 <sup>th</sup> March 2022
<b>Report Subject</b>	Administration and Communications Update
<b>Report Author</b>	Pensions Administration Manager

### EXECUTIVE SUMMARY

An administration and communications update is on each quarterly Committee agenda and includes a number of administration and communications related items for information or discussion. The last update report was provided at the November Committee meeting, therefore this update report includes matters since that date.

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

The report includes updates on:

- Current Developments and News – this includes updates relating to the internal audit report and the new monthly employer feedback reports.
- Day to day tasks and key performance indicators – showing the position to the end of January 2021.
- Communications – including an update on the usage of the Fund's Member Self-Service (MSS) facility, and details of employer engagement and communications sent.

### RECOMMENDATIONS

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

## REPORT DETAILS

1.00	ADMINISTRATION AND COMMUNICATIONS RELATED MATTERS
1.01	<p data-bbox="320 322 783 353"><b>Business Plan 2021/22 Update</b></p> <p data-bbox="320 398 1358 539">Progress against the business plan items for quarter four of this year is positive for the majority of items with some areas now approaching completion as illustrated in Appendix 1. Key items to note relating to this quarter's work are as follows:</p> <ul data-bbox="320 577 1390 1980" style="list-style-type: none"><li data-bbox="320 577 1390 1055">• A1 Implement Survivor Benefit Changes – This item again, continues to remain unchanged due to delays in information being issued by LGA and DLUHC. This area of work as previously mentioned 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. A further case, Goodwin versus the Department for Education, has highlighted that previous changes to regulation may now lead to further discrimination within the Teachers' Pension Scheme and other public service pension schemes (including the LGPS). The business plan has been updated to show that the work has not commenced as expected and will continue to be re-evaluated as part of the 2022/23 business plan.</li><li data-bbox="320 1061 1158 1093">• A2 McCloud – An update is provided later in this report.</li><li data-bbox="320 1099 1374 1496">• A9 Review of Scheme Member Communications and Processes – Significant progress has been made in this area including functionality improvements to allow members to upload completed forms directly onto Member Self Service (MSS). An exercise to update the communication preference of Pensioner and Dependant members is also underway. This is explained in more detail in item 1.06 later in this report. Work continues in relation to the review of the website, albeit this will now be integrated into the wider consideration of the Communication Strategy and the skills and expertise required for the vacant Communication Officer post, which are key elements of the 2022/23 business plan.</li><li data-bbox="320 1503 1390 1756">• E1 Expand ELT to more employers – The Employer Liaison team now performs all notifications to CPF on behalf of Coleg Cambria. The on-boarding process is now complete for this employer, concluding the key objectives for the 2021/22 business plan. Promotion of the Employer Liaison Team will continue for any employers that fail to meet their SLA obligations as well as expanding current processes and procedures provided to existing employers.</li><li data-bbox="320 1762 1382 1980">• E2 McCloud ELT services - The main area of work continues to focus on FCC and the extraction, manipulation and formatting of data. ELT continue to work with FCC payroll and FCC IT colleagues to meet the McCloud timescales. Efficiencies have been identified in the translation of data from one system to another. This will assist progress in the future with other employer data sets.</li></ul>

## Current Developments and News

1.02

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

### *McCloud update*

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

McCloud Regulatory Update - The Public Service Pension and Judicial Offices Bill is now in its final stages of consideration of amendments made concerning the LGPS. This is the Bill which, when enacted, will enable the Department of Levelling up, Housing and Communities (DLUHC) to make the regulations needed to implement the McCloud remedy within the LGPS.

DLUHC's consultation response following the 2020 consultation on LGPS Regulations is expected before the Summer Recess, along with a first set of draft LGPS regulations which will set the end date for the remedy period (expected to be 31 March 2022 assuming the Bill becomes an Act by that date). A second set of draft LGPS regulations will be issued later this year containing details of how the underpin will operate. Final regulations are still not expected to be in force before 1 April 2023 and may be delayed until 1 October 2023 in line with the expected timeframe for the unfunded schemes.

The amendments to the Bill include:

1. changes to the qualification criteria meaning that more members are now in scope
2. a requirement for multiple periods of service to be aggregated to qualify for McCloud
3. provisions for teachers to be offered membership of the LGPS in respect of 'excess teacher service'

With regards to the first amendment, the Clwyd Pension Fund have been collecting data for the category of members now in scope and so there is no impact on the work currently underway.

The amendments relating to the second and third points will be discussed at upcoming workstream meetings and appropriate actions agreed and implemented.

### *Other updates*

- The pensions administration and contribution internal audit was finalised in January and is attached as Appendix 3. The audit opinion given was Amber Green – Reasonable assurance. An assurance of Amber Green confirms that key controls are in place but some fine tuning is required. The main area to improve is ensuring documentation is available in relation to where KPIs are not being met and defining more specific actions (via the risk register and at Committee).

Although the audit highlighted that the 90% target for KPI timescales had not been achieved in many cases, at an individual member level it should be noted that 85% of all processes have been completed within the KPI target timescales.

- The Technical Team have recently developed a Website Analytics report which enables us to monitor how members use the website. This report provides information in relation to which areas of the website are most popular, how long members stay on the website and how the website is accessed. This information will feed into the Communication Strategy and assist in identifying areas of improvement.
- The Payroll Team are currently testing enhanced payroll functionality which if appropriate will be implemented fully in April/May. The new functionality is intended to streamline processes allowing for clearer reporting and reduce the need for as much manual intervention, therefore reducing the chance of error and the amount of checking that is required.
- The planned monthly employer feedback reports were issued in November. The reports provide employers with statistical information in relation new starters, leavers, and retiring members and whether the employer has provided the relevant information in accordance with legal timescales and the employers' service level agreements. Initial feedback suggests that employers find the reports useful. It is hoped that over time the reports will assist employers to identify problematic areas and improve processes to meet the required timescales and we will work in partnership with employers to ensure improvements are made where service standards are not being met. The reports will also identify areas of best practice that could be shared with other employers.
- The Administration Team have collectively continued to work on the data improvement plan for 2021/22 in readiness for the valuation and future Pension Dashboard member matching requirements. In addition to measuring and capturing data required by TPR, the Fund undertook an address tracing exercise to engage with members that had not been in touch for some time or a 'Gone away' notification had been received in relation to the members' address. As a result, 2,191 records have been updated with a new address and 3,414 records have been confirmed as holding the correct address. An MSS promotional flyer was included with the address tracing letter which has resulted in 1,962 new registrations in the same reporting period as the address tracing exercise.
- Pensions Dashboard consultation - The Pensions Dashboard is a Government initiative first announced in the Budget 2016. The idea behind the Dashboard is to allow all pension savers in the UK access to view the values of all of their pension pots, including state pension, through one central platform. The Pension Schemes Act 2021 provides the legal framework for implementing the dashboard. A consultation on regulations (found [here](#)) closes on 13 March 2022 and these draft regulations include more detail on the requirements to participate in the Pension Dashboard for schemes and clarify that public sector pension schemes will be expected to initially onboard between October 2023 and April 2024. The Pensions Administration Manager is participating in a PLSA working group on the development of the Dashboard and, through that group, has been feeding in views for including in a PLSA response to the consultation. The CPF has also volunteered to be part

of the testing of the pension dashboard enhancements being integrated into the administration software. This project is a key element of the 2022/23 to 2024/25 business plan.

## **Policy and Strategy Implementation and Monitoring**

1.03

### *Administration Strategy*

The latest monitoring information in relation to administration is outlined below:

Day to day cases – Appendix 4 provides the analysis of the numbers of cases received and completed on a monthly basis up to and including January 2022 since April 2018 as well as how this is split in relation to our three unitary authorities and all other employers. Following on from the peak number of cases received in September and October, numbers returned to the usual pattern in November through to January although still higher than in previous years.

The number of cases being completed by the team was consistently high during the reporting period even after allowing for training of new recruits and the Christmas holiday season. The number of open cases is at the lowest amount since reporting began, currently 4,838 compared to a peak of 10,105 back in March 2018. Priorities for the operations team going forward will be to manage challenging regulatory timescales for a significant number of cases, maintaining the currently high case completion numbers on an ongoing basis.

Key performance indicators – Appendix 5 shows our performance against the key performance indicators that are measured on a monthly basis up to and including January 2022. The new summary reports illustrate the number of cases that have been completed. There has been a higher number of cases completed over the last three months. The key processes that continue to require improvement are the transfers both in and out. Internal training continues in this area. The completion of cases will take longer due to the recent introduction of new legislative changes and new processes to avoid potential scams. A review of process timescales and how reporting is carried out is underway, due to changes in overriding legislation.

The other two areas where performance against KPIs are not as good as hoped are:

- Refunds – the CPF performance is good but the overall performance is poor, which we consider in the main being due to not having up to date contact details. Officers have just carried out an address tracing exercise and will monitor this KPI over the next three to six months to determine whether the address tracing exercise has a positive impact on this.
- Calculation of deferred benefits – officers believe the main reason for the poor performance is due to leaver notifications not being provided in a timely manner by employers. Employer have now started being sent information on where they are failing to provide notification on time. Officers will commence discussions with any employers failing to improve over the next few months, and this in turn should assist in improving performance against this KPI.

The priority remains to focus on meeting KPI standards for cases where a payment is made either to an individual or a third party.

1.04

*Internal dispute resolution procedures (IDRP)*

The one remaining IDRP case for 2019/20 is still outstanding. This is ongoing due to COVID 19 delays. It relates to the tier of ill health awarded by the employer. The Stage One IDRP representative and employer are awaiting a medical report in order to make a final decision. A recent update from the employer suggests that this will be moving forward and a decision on the appeal should be able to be made soon. The Clwyd Pension Fund continues to be in contact with the employer to see this to its full conclusion.

With regards to IDRP cases for 2020/21, there are two Stage One appeals against employers that are still awaiting decisions to be made on the appeal outcomes. These appeals also relate to ill health retirement issues. The employers have recently contacted the Clwyd Pension Fund to inform us that these cases are being reviewed imminently pending receipt of medical reports.

In relation to the cases for 2021/22, there are three Stage One appeals against employers. One is for non-award of redundancy pension when the member believes they have been made redundant. One is for non-award of ill health retirement. The third one is an appeal made by a member who is not being permitted to work more than 2 years beyond their flexible retirement date. Of these appeals, one appeal is ongoing and two have been rejected.

- Redundancy appeal: rejected due to ongoing employment tribunal. Depending on the outcome of the tribunal, the member can submit a new appeal if they wish.
- Ill health retirement appeal: rejected.
- Flexible retirement appeal: this is ongoing as our Stage One representative is waiting for the member to return a consent form to them. Without this consent form, the appeal cannot be reviewed. If the member does not respond shortly, the appeal may need to be rejected.

Currently, no Stage Two appeals have been made by any members.

	2020/2021			
	Received	Upheld	Rejected	Ongoing
Stage 1 - Against Employers	5	0	3	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
	2021/2022			
	Received	Upheld	Rejected	Ongoing
Stage 1 - Against Employers	3	0	2	1
Stage 1 - Against Administering Authority	0	0	0	0
Stage 2 - Against Employers	0	0	0	0
Stage 2 - Against Administering Authority	0	0	0	0

	There are no Clwyd Pension Fund cases that are currently with the Pensions Ombudsman.
1.05	<p><i>Communications Strategy</i></p> <p>The Communications Team has maintained regular engagement with employers and scheme members over recent months. The following communications have been provided since the last update:</p> <ul style="list-style-type: none"> <li>• Five emails have been sent to all employers providing information in relation to various matters including updates from MoneyHelper (previously the Pension Advisory Service), the introduction of the Early Resolution Service from the Pensions Ombudsman and changes to the approved doctors list used for determination of ill health retirements.</li> <li>• 81 individual member sessions have taken place as part of the 1-2-1 season in conjunction with the Annual Allowance and Life Time Allowance webinar sessions hosted by Mercer.</li> <li>• Employers also had the opportunity to attend the AJCM which was held virtually again in November, with slides distributed thereafter. The feedback from the polls on the day was positive, albeit some did highlight the preference for a face to face event.</li> </ul>
1.06	<p>Other key points in relation to communications include:</p> <ul style="list-style-type: none"> <li>• As included in the separate 2022/23 to 2024/25 business plan report, a complete review of the Communication Strategy is underway and will be presented at the June Committee. This is focussed on ensuring best use of digital solutions as well as consideration of diversity and inclusion aspects.</li> <li>• A letter has been issued to all pensioner and dependant members who have not yet advised the Fund of their communication preference, whether this be paper or electronic, asking them to update their records in readiness for the receipt of the annual Clwyd Catch up and Pension Increase letter. An activation key has been included for those members who have not yet registered for Member Self Service (MSS) to encourage registration and increase digital engagement with the Fund. A paper request form has also been included for those members who would prefer to continue to receive paper communications.</li> </ul>
1.07	<p>Appendix 6 provides an updated summary of Member Self Service (MSS) registered users, which illustrates that enrolment to Member Self Service continues to grow. A further 1,962 members have registered since the last update taking the total number of registered members to 14,848. This significant increase of over 5% is due to the promotional flyer sent to active and deferred members in October.</p> <p>During the reporting period, 352 members have requested a retirement pack for their deferred benefit via MSS as opposed to email/post/telephone. The benefit projector continues to be a very popular function with 16,513 benefit projections having been calculated using MSS functionality by members in this last period. There have also been 735 changes to member's Expression of Wish details on MSS.</p>

1.08	<p><b>Delegated Responsibilities</b></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>
------	---

<b>2.00</b>	<b>RESOURCE IMPLICATIONS</b>
2.01	<p>Following the approval of the McCloud budget for 2021/2022, recruitment is still underway to fill the temporary positions within the McCloud team. The roles were re-advertised in February following two previous unsuccessful recruitment campaigns. Following a wider circulation and using social media outlets, only one candidate applied and if interviewed, this will be completed by the end of March. It is proposed that any remaining vacant positions are advertised at the lower Pension Assistant grade where recruitment is likely to be easier, albeit it is recognised this will result in a greater level of training with the successful candidate(s).</p> <p>The position of Communication Officer within the Communications and Regulations Team remains vacant whilst a review of the job description takes place with a view to being advertised in April.</p> <p>The temporary vacancies within both the Employer Liaison and Operations Teams have been successfully filled with new team members now in position and training underway.</p> <p>Staffing levels will be continuously reviewed within the McCloud, ELT and Administration teams, and consideration given in relation to potential peaks in workload as the McCloud Programme progresses and other major projects such as the National Pensions Dashboard commence.</p>

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

<b>4.00</b>	<b>RISK MANAGEMENT</b>
4.01	<p>Appendix 7 provides the dashboard and the extract of administration and communications risks. Key changes made to risks since the September Committee are as follows:</p> <ul style="list-style-type: none"> <li>• Risk number 1 - Unable to meet legal and performance expectations due to staff issues. This risk relates to the challenge of recruitment and having sufficient staff numbers to meet expectations. Difficulties have occurred in recruiting to recent vacancies, and two positions have been re-advertised again (and we do not expect them to be both filled this time). It may take a few months to ensure that all positions are filled and therefore the target date has been updated to June 2022.</li> </ul>

	<ul style="list-style-type: none"> <li>• Risk number 2 - Unable to meet legal and performance expectations due to employer issues. This risk relates to the challenge of receiving high quality data, on time from employers. The Fund has developed employer reports which identify any issues and are having monthly meetings with employers to discuss data issues. However, the Fund needs to give employers a few months to change their systems and processes before escalating issues further and therefore the target date has been updated to September 2022.</li> <li>• Risk number 3 - Unable to meet legal and performance expectations due to external factors. This risk has been updated to reflect the risks that the Pensions Dashboard project raises as well as the mitigations which have been put into place. However, as further information is expected over the summer following the ongoing consultation, the target date has been updated to March 2023.</li> <li>• Risk number 4 – Scheme members do not understand or appreciate their benefits due to communications being inaccurate, poorly drafted or insufficient. This has been updated to reflect the additional internal controls which have been put into place (increasing MSS use and address tracing). However, the outstanding actions to update the website and review elements of the member communications are planned for 2022/23 and therefore the target date has been updated to September 2022.</li> <li>• Risk number 5 – High administration costs and/or errors. This has been updated to reflect the significant use of Member Self Service which is helping to reduce internal administration workloads in some areas and increasing data accuracy by allowing members to enter their data directly. As a result the current likelihood of this risk has been lowered from Significant to Low. As the administration system tender is planned for later in the year and there is still uncertainty about ongoing associated costs, the target date has been updated to December 2022.</li> <li>• Risk number 6 – Service provision is interrupted due to system failure or unavailability. As the FCC cyber assessment has not yet been completed and it is expected that further cyber security and business continuity work will be completed over the early part of 2022/23 this target date for this has been updated to be September 2022.</li> </ul>
4.02	<p>The key risks which are furthest from target relate to:</p> <ul style="list-style-type: none"> <li>• Risk number 1 - Unable to meet legal and performance expectations due to staff issues.</li> <li>• Risk number 3 - Unable to meet legal and performance expectations due to external factors.</li> </ul>

<b>5.00</b>	<b>APPENDICES</b>
5.01	<p>Appendix 1 – Business plan progress 2021/22  Appendix 2 – McCloud Programme update report  Appendix 3 – Internal Audit report  Appendix 4 – Analysis of cases received and completed  Appendix 5 – Key Performance Indicators  Appendix 6 – Member Self Service update  Appendix 7 – Risk register update</p>

<b>6.00</b>	<b>LIST OF ACCESSIBLE BACKGROUND DOCUMENTS</b>
6.01	<ul style="list-style-type: none"> <li>• Report to Pension Fund Committee – Pension Administration Strategy (March 2021)</li> <li>• Report to March Pension Fund Committee - 2021/22 Business Plan (March 2021)</li> </ul> <p>DWP Pensions Dashboards consultation:  <a href="https://www.gov.uk/government/consultations/pensions-dashboards-consultation-on-the-draft-pensions-dashboards-regulations-2022">https://www.gov.uk/government/consultations/pensions-dashboards-consultation-on-the-draft-pensions-dashboards-regulations-2022</a></p> <p><b>Contact Officer:</b> Karen Williams, Pensions Administration Manager  <b>Telephone:</b> 01352 702963  <b>E-mail:</b> karen.williams@flintshire.gov.uk</p>

<b>7.00</b>	<b>GLOSSARY OF TERMS</b>
7.01	<p>(a) <b>CPF – Clwyd Pension Fund</b> – 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) <b>Administering authority or scheme manager</b> – 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) <b>PFC – Clwyd Pension Fund Committee</b> - the Flintshire County Council committee responsible for the majority of decisions relating to the management of the Clwyd Pension Fund</p> <p>(d) <b>LPB or PB – Local Pension Board or Pension Board</b> – 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) <b>LGPS – Local Government Pension Scheme</b> – the national scheme, which Clwyd Pension Fund is part of.</p> <p>(f) <b>TPR – The Pensions Regulator</b> – 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) <b>SAB – The national Scheme Advisory Board</b> – the national body responsible for providing direction and advice to LGPS administering authorities and to DLUHC.</p> <p>(h) <b>DLUHC – Department of Levelling Up, Housing and Communities</b> – the government department responsible for the LGPS legislation.</p>