

CLWYD PENSION FUND COMMITTEE

Date of Meeting	Wednesday, 15 th June 2022
Report Subject	Administration and Communications Update
Report Author	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 March 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 the annual Pension Increase award and the additional workload created by the back-dated pay award.
- Day to day tasks and key performance indicators – showing the position to the end of April 2022.
- Communications – including an update on the usage of the Fund's Member Self-Service (MSS) facility, and details of recent data cleansing and communication preference exercises.

RECOMMENDATIONS

1	That the Committee consider the update and provide any comments.
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REPORT DETAILS

1.00	ADMINISTRATION AND COMMUNICATIONS RELATED MATTERS
1.01	<p>Business Plan 2022/23 Update</p> <p>Appendix 1 provides the Administration and Communications appendix from the Fund's business plan for 2022/23 to 2024/25 setting out the key priorities for the Fund from administration and communications perspectives. This is provided in full for the benefit of the new members of the Committee as it is a key document driving the work of the Fund and the Committee.</p> <p>Usually, the three main update reports at each Committee include the latest progress against the business plan within a summary dashboard with commentary in the update report. Given we are only 2 months into 2022/23, full updates are not being included for this meeting. Instead any key points are being highlighted in the reports and full updates will be provided at the next meeting.</p> <p>The key points for noting relating to administration and communications tasks this quarter are:</p> <ul style="list-style-type: none">• A1 – Preparation of Member Data for valuation and funding reviews – this critical area of work is on track and a brief updated is provided later in this report.• A2 – McCloud judgement – as usual an update on this programme is included later in this report.• A6 and A9 – Review Policies and Strategies/Develop and implement a refreshed communications strategy – The proposed new Communications Strategy is included as a separate agenda item. Any proposed changes to the Scheme Pays and Discretions Policy will be brought to the August meeting.
1.02	<p>Current Developments and News</p> <p>The following details developments and news in addition to business as usual</p> <p><i>McCloud update</i> <u>CPF Programme Update</u> - An update on the progress of the Clwyd Pension Fund McCloud programme is attached as Appendix 2. The programme currently has an overall health status of green, meaning that it is largely on track. A review of final data submission dates is currently underway with remaining employers to ensure the data validation timescale of August 2022 remains on target.</p> <p>Recent communications to both Pensioner and Dependant members included a McCloud update as approved by the Programme Management Group (PMG). A similar communication, also agreed by PMG, will be issued with the deferred benefit statements in June.</p>

McCloud Regulatory Update - The Public Service Pensions and Judicial Offices Bill has now received Royal Assent so is an Act of Parliament. The Act is the legal framework which allows for the retrospective changes required by the McCloud judgment to be made in Scheme Regulations, with the remedy period now confirmed as ending on 31 March 2022

The consultation response from the Department of Levelling up, Housing and Communities (DLUHC) following the 2020 consultation on LGPS Regulations is expected before the Summer Recess, along with a first set of draft LGPS regulations. A second set of draft LGPS regulations will be issued later this year containing details of how the underpin will operate. Final regulations are not expected to be in force until 1 October 2023 in line with the expected timeframe for the unfunded schemes.

1.03

Other updates

- The Technical and Payroll team have successfully completed the Year End process and are now preparing member data ready for the production of the actuarial valuation extract. The administration team as a whole has worked hard to reduce any data anomalies as part of the Data Improvement Plan. It is hoped that the valuation process this year will be more streamlined as a result of the on-going improvements to member data and the fact all employers now submit data monthly via the i-Connect digital facility.
- The Operations team has seen an increase in workload due to the retrospective pay award for 2021/2022. Entitled employees can claim arrears of pay which directly results in a recalculation of their pension benefits. This has impacted mostly on the retirement team, due to having to recalculate retirement and deferred benefits for a large number of scheme members with over 150 recalculations at the point of writing this report. The retirement key performance indicator (KPI) has been impacted as a result of this which is explained in more detail in 1.05 of this report. This scenario is likely to be repeated when the 2022/2023 pay award has been finalised.
- The Technical and Payroll Team have successfully completed the 2022 Pension Increase award, processing the annual inflationary increase to all pensioners and dependents, and sending letters to them all confirming the increase. Following on from a communication preference exercise with pensioner and dependant members in February, compared to last year approximately 3,500 additional letters were sent to members' home addresses and 1,000 additional letters were accessed via MSS. This evidences that more members are now engaging with the Fund and receiving information about their benefits in a format of their choice.
- A slight increase in the number of members opting out of the scheme has been identified through regular member status reports. As a result of this, the Communications Team Leader has reviewed the opt-out form and updated it to include more information in relation to the 50/50 scheme. It is not yet clear what has caused this increase; potentially an affordability issue and therefore it will continue to be monitored.
- The number of deferred members reaching age 60 and deciding to take their benefits has doubled in the last couple of months. This and the increase in workload due to the pay award as mentioned above has impacted case numbers. The Operations Team have put together an

	<p>action plan to tackle the increase and prioritise payments. Further monitoring will continue and an update will be provided at future Committee meetings.</p> <ul style="list-style-type: none"> • The Pension Administration Manager completed a Recruitment and Retention survey as requested by the Local Government Association (LGA). The objective of the questionnaire was to gather information to understand how salary levels and homeworking contracts are contributing to the recruitment and retention problems that many pension funds are experiencing. Results will be shared within the LGPS community only.
1.04	<p>Policy and Strategy Implementation and Monitoring</p> <p>Administration Strategy The latest monitoring information in relation to administration is outlined below:</p> <p><u>Day to day cases</u> – Appendix 3 provides the analysis of the numbers of cases received and completed on a monthly basis up to and including April 2022 since April 2019 as well as how this is split in relation to our three unitary authorities and all other employers. Following on from a communication preference exercise and an MSS push in the lead up to the Pension Increase award in April, the number of incoming cases exceeded 5,000 in the month of March (the highest it has been since we started monitoring incoming cases). Regular meetings were held by all teams to prioritise cases and ensure all areas of work were reviewed. The number of open cases at the end of April was 5,088 as opposed to 4,838 in the last reporting quarter which reflects the increase in cases.</p> <p>Despite that, the number of cases completed by the team was higher than typical during the reporting period with a number of staff members working additional hours to ensure the relevant updates were made to member records within the relevant timescales. 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.</p>
1.05	<p><u>Key performance indicators</u> – Appendix 4 shows our performance against the KPIs that are measured on a monthly basis up to and including April 2022. 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 mentioned above there has been a significant increase in the variety of cases completed over the last three months which has inevitably impacted on the KPIs. Although the number of completed joiner, leaver and retirement cases has reduced on average over the last three months, the number is still higher compared to the last 12 months with a negligible variation of those completed within the legal timescales.</p> <p>The key processes that required improvement were transfers; both in and out of the fund. Internal training is nearing completion and an improvement in both of these areas is now being reported.</p>

	<p>Other matters for consideration relating to performance this quarter are:</p> <ul style="list-style-type: none"> • Retrospective 2021-22 pay award - This has resulted in a considerable number of recalculation of benefits and payment of arrears. The same key staff members that calculate the retirements are also now responsible for the recalculations. This is likely to continue for another couple of months. The numbers relating to these are not included in the KPIs. • One-off technical issue relating to a main employer's i-Connect data submission file resulting in late notification of member events. This had a direct impact on the amount of time the Employer Liaison Team and the Operations Team had to complete all associated cases for that employer including those mentioned above. This will have impacted on a number of the KPIs including joiners, leavers and retirements. • The Operations Team have made great progress in tackling what was previously known as the defer backlog. There are currently only 15 defer cases that relate to pre April 2021 out of a total of 182. When these cases are completed they will reflect negatively within the KPI measure (because they have missed the target timescale) but it will be a positive story overall. • Refunds – there has been some staff movement within teams to prioritise these cases with additional training provided to help tackle outstanding cases in this area. Improvement in this area is expected within the next quarter. <p>The priority remains to focus on meeting KPI standards for cases where a payment is made either to an individual or a third party.</p>
1.06	<p>Internal dispute resolution procedures (IDRP)</p> <p>There is one remaining IDRP case for 2019/2020 still outstanding. This is ongoing due to initial COVID delays and the employer not being able to obtain medical reports from the member's GP. The employer will now be quoting the relevant legislation 'Access to Medical Reports Act 1988' to the GP to force them to hand over the necessary medical reports.</p> <p>With regards to IDRP cases for 2020/2021, the two outstanding Stage One appeals against employers have now been completed. Both appeals were with regards to ill health retirement. One appeal has been upheld and one has been rejected.</p> <p>In relation to the cases for 2021/2022:</p> <ul style="list-style-type: none"> • There are seven Stage One appeals against employers. Three have been rejected and four are still ongoing. Of the three that have been rejected or invalidated, one related to non-award of redundancy pension when the member believed they had been made redundant, one was for non-award of ill health retirement, and the third is an appeal made by a member who is not being permitted to work more than 2 years beyond their flexible retirement date. The four outstanding appeals all relate to either non award of ill health retirement or the member disagreeing with the tier of ill health retirement awarded. • No Stage Two appeals were made during this scheme year. <p>In relation to the cases for 2022/2023:</p>

- There are two Stage One appeals against employers. Both relate to non-award of ill health retirement and are still ongoing.
- Currently, no Stage Two appeals have been made by any members.

	2021/2022			
	Received	Upheld	Rejected	Ongoing
Stage 1 - Against Employers	7	0	3	4
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
	2022/2023			
	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	0	0	0	0
Stage 2 - Against Administering Authority	0	0	0	0

In summary, all IDRPCs are against employer decisions and there are no IDRPCs relating to work or decisions made by the Fund.

In addition, there are no Clwyd Pension Fund cases that are currently with the Pensions Ombudsman.

1.07

Communications Strategy

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:

- Seven emails have been sent to all employers providing information in relation to various matters including employee contribution rates for 2022/23 and auto enrolment. Details of the Councillor scheme where also sent to the three unitary councils including a reminder of the opting in process.
- 23 individual member sessions have taken place as part of the 1-2-1 season in conjunction with a pre-retirement seminar for North Wales Fire Service employees.
- Training has also been provided for some Community Councils in relation to completing forms correctly and general refresher training.

1.08

Other key points in relation to communications include:

- Following on from the successful communication preference exercise in February, whereby pensioner and dependant members were asked to either register for paper or electronic communications, the annual Clwyd Catch Up newsletter and Pension Increase letters were issued in April.

	<ul style="list-style-type: none"> All member forms on the website have been reviewed and, if necessary, updated along with factsheets and scheme guides in preparation for the new scheme year.
1.09	<p>Appendix 5 provides an updated summary of Member Self Service (MSS) registered users, which illustrates that enrolment to Member Self Service continues to grow. A further 7% of scheme members have registered since the last update taking the total number of registered members to approximately 50%. This significant increase is due to the communication preference exercise with pensioner and dependant members in February. The graphs also now show the proportion of members who have opted for paper communications. It is therefore easier to see the proportion of members who are neither registered on MSS or receiving paper communications, and therefore will be missing any digital communications we issue. We will continue to focus on minimising this gap.</p> <p>During the reporting period, 127 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 13,348 benefit projections having been calculated using MSS functionality by members in this last period. There have also been 605 changes to member's Expression of Wish details on MSS and 504 address updates.</p>
1.10	<p>Delegated Responsibilities</p> <p>A bulk transfer of the Newport Vision staff from the Rhondda Cynon Taf Pension Fund to the Clwyd Pension Fund has been approved using delegated responsibilities since the last committee meeting. Further details are contained within Appendix 6.</p>

2.00	RESOURCE IMPLICATIONS
2.01	<p>A permanent Pension Officer position within the Employer Liaison Team has become vacant due to a staff member being appointed to a higher graded post within FCC. This vacancy and the challenges experienced recruiting to the vacant temporary Pension Officer positions within the McCloud team has prompted a review of the essential criteria for this role. It is hoped that the review and the combination of permanent and temporary positions will lead to the appointment of successful candidates.</p> <p>As in the last update, 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>At the time of writing, the position of Communication Officer is currently being advertised with a closing date of 29th May. A verbal update on progress will be given at the Committee meeting.</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.
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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. Key changes made to risks since the March Committee are as follows:</p> <ul style="list-style-type: none"> • 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. Recent recruitment drives to fill two vacant temporary positions have been unsuccessful. An additional permanent position is now also vacant. It may take a few months to ensure that all positions are filled and therefore the target date has been updated to August 2022. • 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 a six monthly review of these reports with employers is planned in July. The target date has been updated to September 2022.
4.02	<p>The key risks which are furthest from target relate to:</p> <ul style="list-style-type: none"> • Risk number 1 - Unable to meet legal and performance expectations due to staff issues. • Risk number 3 - Unable to meet legal and performance expectations due to external factors.

5.00	APPENDICES
5.01	<p>Appendix 1 - Business Plan 2022-23 to 2024-25 Appendix 2 – McCloud Programme update report Appendix 3 – Analysis of cases received and completed Appendix 4 – Key Performance Indicators Appendix 5 – Member Self Service update Appendix 6 – Delegation details Appendix 7 – 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 March Pension Fund Committee - 2022/23 Business Plan <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>