

CLWYD PENSION FUND COMMITTEE

Date of Meeting	Wednesday, 31st August 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 June 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 triennial valuation and the successful update to the functionality of the payroll system.
- Day to day tasks and key performance indicators – showing the position to the end of July 2022.
- Resource - including an update on recruitment and retention and the recent movement within the Administration Team.

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">Business Plan 2022/23 Update</p> <p data-bbox="320 394 1390 539">Progress against the business plan items for quarters one and two of this year is positive for the majority of items with some areas not yet due as illustrated in Appendix 1. Key items to note relating to this quarter's work are as follows:</p> <ul data-bbox="320 580 1390 1877" style="list-style-type: none"><li data-bbox="320 580 1390 689">• A1 – Preparation of Member Data for valuation and funding reviews – this critical area of work is on track and is due to be completed within agreed timescales.<li data-bbox="320 689 1390 763">• A2 – McCloud judgement – as usual an update on this programme is included later in this report.<li data-bbox="320 763 1390 981">• A3 – National Pensions Dashboard – Whilst work on this item is not due to start until Q3, the Pensions Administration Manager will share a few slides at the Committee meeting to explain what the Pensions Dashboard is and the impact this initiative will have on the Fund. An update on legislation and guidance related to the Pensions Dashboard is included in the next section of this report.<li data-bbox="320 981 1390 1198">• A6 – Review Policies and Strategies/Develop and implement a refreshed communications strategy – The new Communications Strategy was approved at the last Committee meeting. The Scheme Pays and Discretions Policies will be considered under the appropriate delegation and completed within Q2 which is one quarter behind schedule.<li data-bbox="320 1198 1390 1352">• A7 – Review pensioner existence checking – the procurement of an external provider has now been completed with Western Union now carrying out mortality screening for overseas pensioners. The Fraud Policy development has commenced.<li data-bbox="320 1352 1390 1462">• A8 – Conduct appropriate procurement and implementation (if necessary) for CPF administration system – The appropriate route to deal with this is currently being investigated by Fund officers.<li data-bbox="320 1462 1390 1680">• A9 - Develop and implement a refreshed communications strategy - Due to the challenges with recruitment for the new Communications Officer, some of the stages within this item that have Q1 target dates have fallen behind schedule. Now the new Communications Officer is in place, the timing of the key stages of implementing the new Strategy have been reviewed and reprioritised, during this financial year.<li data-bbox="320 1680 1390 1877">• E1 – McCloud ELT Services – Progress is being made with employers that are utilising the ELT to comply with the requirement to provide data to assist with the impact of the McCloud Judgement. There are some challenges in gaining access to the information which will be escalated to ensure key milestones are not impacted.
1.02	<p data-bbox="320 1919 826 1951">Current Developments and News</p> <p data-bbox="320 1991 1342 2063">The following details developments and news in addition to business as usual</p>

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 McCloud Team have reviewed the timescales for when employers are expected to submit their data by as it is expected that a proportion of the data may not be received and validated by the planned date, albeit it is not expected that this will impact on the overall delivery of the programme particularly given the recent update from the Department of Levelling up, Housing and Communities (DLUHC) which is shown below. An update on this and a proposal for the data validation process is being prepared for the Programme Management Group (PMG) approval.

Recent communications to deferred and active members included a McCloud update as approved by the PMG.

McCloud Regulatory Update - The response to the consultation on draft LGPS regulations which will implement the McCloud remedy has still not been issued by the DLUHC. However on 27 July DLUHC provided an update on expectations in relation to McCloud legislation and guidance which included the following:

Earlier this year, the Public Service Pensions and Judicial Offices Act 2022 ("the 2022 Act") received Royal Assent. The 2022 Act provides powers for the Government to rectify the McCloud age discrimination across all affected public service pension schemes. In DLUHC, work continues on the steps to rectify the discrimination as it affects the LGPS in England and Wales. Later this year, we intend to publish the Government's response to our 2020 consultation, in which we'll set out our decisions on the matters covered in that consultation. After the publication of the Government response, the Scheme Advisory Board will resume their McCloud implementation groups (including representatives of different LGPS stakeholders), and the Department will attend those meetings.

Alongside the Government response, we intend to publish an updated version of the draft regulations implementing the McCloud remedy. The updated draft regulations will reflect the new powers in Chapter 3 of Part 1 the 2022 Act governing the statutory underpin, as well as technical feedback we received at the 2020 consultation and any changes in policy. To ensure the updated draft regulations are accurate in light of the changes made, they will be subject to a further period of consultation early in 2023. At that time, we will also consult on other aspects of the McCloud remedy which did not feature in our original consultation (for example, compensation and rates of interest). The regulations will be made later in 2023 and will come into force on 1 October 2023. We intend to issue statutory guidance on the implementation of McCloud in 2023 following a period of consultation.

This approach will ensure that the regulations, when made, will reflect all aspects of the remedy and have been appropriately scrutinised. We would encourage L G P S administrators to begin taking steps towards the implementation of McCloud remedy following the publication of the Government response, and will shortly be holding a meeting with software suppliers to discuss the implementation of the McCloud remedy to this

timetable.

1.03

National Pensions Dashboard

The Pensions Administration Manager will provide a short training session on what the National Pensions Dashboard is. This update provides a summary of the recent developments regarding legislation and guidance that have been issued.

There was a flurry of pensions dashboards activity in July. Firstly, the Department for Work and Pensions (DWP) issued their [response](#) on draft regulations for pensions dashboards which closed on 13 March 2022. The key headline for Public Sector Pension Schemes is that the staging deadline has been delayed from 30 April 2024 to 30 September 2024 to provide more time for the McCloud remedy to be implemented. Public Sector Pension Schemes will not need to provide value data (accrued and projected pension values) for members immediately – the LGPS will need to provide this by 1 April 2025 but can volunteer this before then.

Hot on the heels of DWP's response, the Pensions Dashboards Programme (PDP) launched a [consultation on dashboard standards and guidance](#) and [a call for input on the design standards](#). The consultation and call for input will close on 30 August 2022. It is not proposed to do a Clwyd Pension Fund specific response to the consultation but the Pensions Administration Manager is inputting views as part of a Pensions and Lifetime Savings Association (PLSA) working group response, as she is a member of that working group.

Dashboard standards will set out what providers and pension schemes are compelled to do by law and will include mandatory requirements to ensure the dashboard ecosystem is secure and puts members first. Non-compliance with standards could result in regulatory sanctions from the Pensions Regulator.

The following seven standards are published for consultation:

1. Operational standards
2. Security standards
3. Service standards
4. Data standards
5. Reporting standards
6. Application programming interface standards
7. Technical (other) standards

The dashboards guidance doesn't have full legal status but sets out what providers and schemes must have regard to and therefore should be treated as best practice. There are four sets of guidance published for consultation:

1. Connection guidance
2. Data usage guidance
3. Technical overview guidance
4. Early connection guidance

It is expected that legislation will be in place in November or December 2022, at which point the final standards and guidance will be confirmed and issued.

	<p>It is likely the Fund will wish to use an Integrated Service Providers (ISP) to carry out much of the dashboard requirements in relation to the Fund. In which case the ISP should be keeping these standards in mind in preparing to connect to the dashboard.</p>
1.04	<p><i>Other updates</i></p> <ul style="list-style-type: none"> • The Technical and Payroll team have successfully produced the valuation extract and responded to the initial queries on data anomalies from the Fund Actuary. The number of anomalies has reduced significantly this year compared to the previous valuation in 2019 which is due to the hard work employers and the administration team in implementing i-Connect as well as other cleansing of data as reported within the Data Improvement Plan. • The Operations team continues to process the re-calculation of benefits due to the retrospective pay award for 2021/2022. Entitled employees can claim arrears of pay which directly results in a need for 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. At the last Committee this was reported as 150 recalculations and this number has now increased to 204 in total. 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 transition over to new version of the pensioner payroll system. The functionality within the updated payroll system will provide a more efficient process of the annual Pension Increase award removing the current need for manual intervention to some 2,000 pensioner and dependant records each year which is needed to correctly apply the award to those members with more than one pension in payment. • The number of deferred members reaching age 60 and deciding to take their benefits continues to increase. The Technical Development Officer along with the Operations Team Leader are looking at future reports to identify if this trend is likely to continue and if so for how long. The outcome of the review will determine if resource levels are adequate within the operations team to keep up with the increasing number of calculations demanded of that team. Further monitoring will continue and an update will be provided at future Committee meetings. • The Fund is required to issue Pension Saving Statements (PSS) for scheme members who have exceeded the annual allowance during a tax year, and these must be issued by the legal deadline of 6 October in the following tax year. This is a very complex annual project; the team are currently working on these and it is likely that around 60 PSS will be issued this year (which is an increase from last year). As with last year, a save the date email has been issued to relevant members regarding the opportunity to attend a pensions tax webinar and an individual review session hosted by the Fund and delivered by Mercer. Given the complexity of the annual allowance, this will help the affected members understand what the annual allowance is and the implications of exceeding it.

1.05	<p>Policy and Strategy Implementation and Monitoring</p> <p><i>Administration Strategy</i> 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 July 2022 since April 2019 as well as how this is split in relation to our three unitary authorities and all other employers.</p> <p>The number of cases completed by the team during May, June and July was 8,133 compared to 7,200 in the same reporting period last year. The number of incoming cases was 8,461 compared to 7,184 for the same period. Efficiencies and staff training continue to increase the number of cases that are completed but the volume of incoming work is also increasing. This combined with the difficulty to fill current vacancies, which is detailed in section 2.01 in this report means that the number of open cases has increased from 5,088 at the end of April to 5,290 at the end of July.</p>
1.06	<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 July 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>On average the number of completed joiner, leaver and retirement cases has increased over the last three months and as mentioned earlier the number is higher compared to the last 12 months with an improvement to the number completed within the legal timescales over 12 months.</p> <p>The key processes that cause some concern over the last three months are transfers in, retirements and deaths:</p> <ul style="list-style-type: none"> • For transfers, internal training is nearing completion but the time to complete them has time to complete each case has increased due to changes in legal requirements around pension scams • The number of retirements completed in the three month period has increased substantially despite the decrease in number achieving the KPI • The death KPI is consistent with the full 12 month KPI. However this is an area where a new member of staff will need to be trained due to an existing staff member resigning. <p>Other matters for consideration relating to performance this quarter are:</p> <ul style="list-style-type: none"> • Retrospective 2021-22 pay award – As mentioned previously, this continues to add a considerable number of benefit recalculations to existing high workloads. The same key staff members that calculate the retirements are also responsible for the recalculations. This is likely to impact the team again once the pay award for 2022/23 has been agreed. The numbers relating to these are not included in the KPIs. • The Operations Team continue to reduce numbers in older outstanding deferred benefit calculations. Currently there are only 9

deferred benefit calculation cases that relate to pre April 2021 and 32 cases that relate to pre April 2022 out of a total of 188. It is worth noting that when these cases are completed, they will have a negative impact on the KPI measure (because they have missed the target timescale) but this will improve over time.

The retention and recruitment pressures are beginning to become evident in the case tracking and KPIs as can be seen from the graphs in Appendices 4 and 5. Staff members continue to work additional hours, if possible, and the priority for the Operations Team continues to be for cases where a payment is made either to an individual or a third party. The management of challenging regulatory timescales for significant numbers of cases will continue to be difficult particularly as we approach the typical holiday season with less staff.

1.07

Internal dispute resolution procedures (IDRP)

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 GP has now submitted some medical reports and the employer is reviewing these.

In relation to the cases for 2021/2022:

- There are seven Stage One appeals against employers. Three have been rejected, one has been upheld and three are still ongoing.
- 1. 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.
- 2. The appeal that was upheld was in relation to a member who was initially only awarded tier 3 ill health retirement. He has now been awarded tier 1 ill health retirement after going through the appeal process.
- 3. The three 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.

In relation to the cases for 2022/2023:

- There are four Stage One appeals against employers. All of them relate to non-award of ill health retirement. One of those appeals has been rejected and three of them 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	1	3	3
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	4	0	1	3
	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.					
1.08	<p><i>Communications Strategy</i></p> <p>Following on from the approval of the new Communications Strategy at the last committee meeting, the Communications Team are working towards producing various types of communication to further increase engagement with employers and scheme members. The following communications have been provided since the last update:</p> <ul style="list-style-type: none"> • Six emails have been sent to all employers providing information in relation to various matters including updated HR and Payroll guides, relevant dates for the 2022 Benefit Statements for both active and deferred members and a copy of Deferred Diaries. A request was made to employers to remind their employees (via pay slip messages, infonet etc.) that Annual Benefit Statements (ABS) will be issued by the end of August and scheme members should log into Member Self Service (MSS) to view them (unless they have opted for paper copies which will be posted). • As the annual individual member 1-2-1 season comes to an end, the final six sessions have taken place in conjunction with a pre-retirement seminar for North Wales Fire Service employees. In total, 116 1-2-1 sessions were provided for scheme members either virtually or face to face. Going forward, the new Communication Strategy will be looking for alternative means of engaging with scheme members, as pro-actively offering and then carrying out 1-2-1s is very resource intensive. • A number of training sessions have also been provided for Flintshire County Council employees in relation to LGPS employer responsibilities including where a contract award results in a transfer of Council employees to a new employer. One of the sessions was recorded to assist with induction training and also provide refresher training to existing employees that were unable to attend. 				
1.09	<p>Other key points in relation to communications include:</p> <ul style="list-style-type: none"> • The deferred member benefit statements were issued in June in accordance with members' communication preferences (posted paper copies where requested, and otherwise loaded onto MSS) along with guidance notes and Deferred Diaries newsletter. The active member benefit statements are due to be issued by the end of August. 				

	<ul style="list-style-type: none"> Members of the Senior Leadership Team within Wrexham County Borough Council attended a pensions overview and pensions taxation training session this month. The Communications Team Leader along with a pensions taxation specialist from Mercer presented the training session.
1.10	<p>Appendix 5 provides an updated summary of MSS registered users, which illustrates that enrolment to MSS has started to level out compared to previous reporting periods. The total number of members that have registered is just over 50% of the scheme membership. The number of members that have opted for paper correspondence is approximately 16% of the scheme membership. Although this is a high percentage of members in total, there is still over 30% of scheme members have not registered on MSS and not opted for paper communications, and are potentially missing out on information about their benefits. The focus going forward will be to engage with those members and to reduce this gap.</p> <p>For those members that are registered, use of the facility continues to increase. During the three month reporting period:</p> <ul style="list-style-type: none"> 174 members have requested a retirement pack for their deferred benefit via MSS the benefit projector continues to be a very popular function with 12,324 benefit projections having been calculated using MSS functionality there have also been 450 changes to member's Expression of Wish details and 345 address updates.
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>Following on from a lengthy recruitment process, involving a review of the job description and person specification, a new Communication Officer has been appointed and started with the team at the beginning of August.</p> <p>Since the last update, a further five positions (a mixture of full-time and part-time) across the Administration Team become vacant, four due to resignations and the fifth due to a staff member returning to their substantive part-time hours. This is in addition to the existing Pension Officer vacancy within the Employer Liaison Team and the temporary Pension Officer positions within the McCloud Team. Some of these positions have been successfully filled by the promotion of existing staff members and the recruitment of one external candidate. At the time of writing there are seven vacant posts.</p> <p>At the time of writing, the Pensions Administration Manager was working closely with Flintshire County Council HR department to develop a</p>

	<p>recruitment campaign to fill those vacant positions. The campaign includes visiting local colleges on results day to potentially attract students that have come to the end of their studies.</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>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 due to other major projects, such as the National Pensions Dashboard, back-dated pay awards and the outcome of the review in relation to the number of deferred members reaching age 60 and deciding to take their benefits.</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 6 provides the dashboard and the extract of administration and communications risks. The only risk with any key changes made to it since the June Committee is 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. As described in section 2.01 of this report, we are having ongoing issues with retention and recruitment that is beginning to impact on workloads. Accordingly, this impact this risk has been increased from Marginal to Critical, and the likelihood from Significant to Very High. Various initiatives are being carried out to try to turn this around.
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 2 - Unable to meet legal and performance expectations (including inaccuracies and delays) due to employer issues. • Risk number 6 – Service provision is interrupted due to system failure or unavailability.

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</p>

	Appendix 5 – Member Self Service update Appendix 6 – Risk register update
--	--

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	<ul style="list-style-type: none"> • Pensions Dashboard: <ul style="list-style-type: none"> ○ DWP response to consultation - https://www.gov.uk/government/consultations/pensions-dashboards-consultation-on-the-draft-pensions-dashboards-regulations-2022/outcome/government-response-draft-pensions-dashboards-regulations-2022 ○ PDP dashboards standards consultation - https://www.pensionsdashboardsprogramme.org.uk/standards/pensions-dashboards-standards-consultation/ ○ PDP call for input on design standards – https://www.pensionsdashboardsprogramme.org.uk/standards/design-standards/ • Report to Pension Fund Committee – Pension Administration Strategy (March 2021) • Report to Pension Fund Committee – Communications Strategy (June 2022) • Report to Pension Fund Committee - 2022/23 Business Plan (March 2022) <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> |
|---|