

CLWYD PENSION FUND COMMITTEE

Date of Meeting	Wednesday, 23 rd November 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 August 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:

- The Fund's new logo, which is hoped to go live in April 2023
- Current Developments and News – this includes updates relating to the increase of deferred members becoming eligible to take their benefits and the requirement to recalculate benefits due to the back dated pay award.
- Day to day tasks and key performance indicators – showing the position to the end of October 2022. This highlights some concerns about increases in workloads and the impact on service levels.
- 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.
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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="320 396 1374 533">Progress against the business plan items for quarter 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="320 544 1382 1910" style="list-style-type: none"><li data-bbox="320 544 1350 611">• A2 – McCloud judgement – as usual an update on this programme is included later in this report.<li data-bbox="320 622 1382 835">• A3 – National Pensions Dashboard – Work on this item is now underway to ensure accurate member data in preparation for on-boarding to the dashboard within agreed national timescales. The Pensions Administration Manager continues to attend regular meetings with both Heywood and the Pension and Lifetime Savings Association (PLSA) as part of a project team<li data-bbox="320 846 1366 1025">• A6 – Review Policies and Strategies/Develop and implement a refreshed communications strategy – A review of the Scheme Pays and Discretions Policies has commenced and will be considered and approved under the appropriate delegation prior to the next committee meeting. This is later than planned due to workloads.<li data-bbox="320 1037 1270 1171">• A7 – Review pensioner existence checking – The Fraud Policy development has commenced and will be brought to February committee for consideration. This is later than planned due to prioritising business for the Committee.<li data-bbox="320 1182 1374 1317">• A8 – Conduct appropriate procurement and implementation (if necessary) for CPF administration system – Please see the update for this item in the Supplier Contracts Report included in part 2 of the agenda.<li data-bbox="320 1328 1358 1720">• A9 - Develop and implement a refreshed communications strategy – The procurement of an on-line survey provider to facilitate the completion of member satisfaction surveys is in the final stages. Satisfaction survey questions have been agreed and will be issued to members according to their communication preference in Q3. A focus group can then be established to plan future communications to members. An update on the Fund's new logo is included later in this report. Although good progress is being made, as mentioned previously some of the elements of the plan are running behind schedule due to delays earlier in the year in recruiting a new Communications Officer.<li data-bbox="320 1731 1382 1910">• A10 – Trivial Commutation – Work is underway to identify those pensioner members that have a pension pot with a value of less than £10,000 and may be eligible to commute their pension into a one-off lump sum payment. This is a lower priority project and will be picked up as and when resource allows. <p data-bbox="320 1921 1382 2022">E1 – McCloud Employer Liaison Team (ELT) Services – Work continues to progress with employers to ensure the provision of data is as efficient and accurate as possible.</p>

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. The McCloud Team are continuing to engage and work with employers regarding the submission of their data. The process to validate the data has now been agreed and approved by the Programme Management Group (PMG) and is now a regular agenda item for the data work stream meetings to ensure the process is reviewed regularly and remains stringent and fit for purpose.</p> <p><u>McCloud Regulatory Update</u> - The minutes of the September 2022 Local Government Pension Scheme (LGPS) Communications Working Group meeting report that the Department for Levelling Up, Housing and Communities (DLUHC) response to the 2020 consultation on draft regulations to implement the <i>McCloud</i> remedy in the LGPS is now expected "<i>early in 2023 rather than autumn this year</i>". We have since heard from DLUHC that the consultation response is expected by the end of 2022, with a consultation on draft regulations to follow in early 2023. It is anticipated that this will have a knock-on effect on other steps and timings detailed in previous updates albeit the McCloud Programme will continue as normal until further clarification is received.</p>
1.03	<p><i>Other updates</i></p> <ul style="list-style-type: none"> • The data cleansing required as part of the triennial valuation process will stand the Fund in good stead for the preparation of Pension Dashboard. The Pension Administration Manager and a number of Team Leaders have met with Heywood (pension software provider) and Aon to start the process of ensuring the Fund will be ready for on-boarding onto the dashboard. As discussed in the training session at the last Committee meeting, this will be a lengthy process and timely planning will be crucial to the success of the project. • The Operations team continues to process the re-calculation of benefits due to the retrospective pay award for 2021/2022 whilst preparing for the additional work in relation to the 2022/2023 pay award which has now been confirmed. One Council participating in the Fund will automatically provide arrears of pay for those who have since left employment, whereas the others will not. This most recent pay award equates to a much higher percentage of pay for some members. and it is anticipated that the number of requests for re-calculation of benefits will be significantly higher than those for last year. Already the known expected cases numbers are over 1,100 (compared to the 2021 pay award which was just over 200). This will impact mostly on the retirement team, having a knock-on effect on the number of actual retirements that can be calculated and paid within legal timescales. • As previously reported, the number of deferred members reaching age 60 and deciding to take their benefits continues to increase. Following some initial analysis of data within the Fund, the Pension

	<p>Administration Manager has requested that Mercers assist with identifying if this trend is likely to continue and if so for how long. As Mercer have access to all data relating to previous valuations it is hoped that any potential trends and increase in workload will be easily identifiable. The outcome of the review will determine if resource levels are adequate within the Operations Team. Further monitoring will continue and an update will be provided at future Committee meetings.</p> <ul style="list-style-type: none"> • ELT are also being impacted by both of the previous points as they prepare scheme member leaver notices on behalf of Flintshire County Council and Wrexham County Borough Council. The team are particularly mindful of pressures on employers relating to the 2022 back dated pay award and are engaging with them to ensure timescales continue to be met and offering assistance if required. The resourcing of the ELT is also being monitored as workloads increase. Additional payroll system user accounts have been approved with one of the employers allowing more ELT officers access to the required data.
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> <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 October 2022 since April 2019 as well as how this is split in relation to the three unitary authorities and all other employers.</p> <p>The number of cases completed by the team during August, September and October was 8,552 compared to 7,731 in the same reporting period last year. The number of incoming cases was 9,171 compared to 9,210 for the same period; the 9,210 however included a backlog of new starter notifications. Prolonged staff vacancies due to difficulties in recruiting and ever-increasing workloads in addition to external factors (such as back dated pay awards and Pension Dashboard) is having an impact on the ability to reduce the number of open cases. The number of open cases has increased from 5,290 at the end of July to 5,878 at the end of October.</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 October 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 of received cases is generally higher compared to the previous 12 months. However, there has been an improvement to the number of these types of cases completed within the legal timescales over 12 months.</p> <p>The key processes that cause some concern over the last three months are retirements, retirement quotations and deaths, albeit refunds and deferred benefits could also benefit from improvement with some of the KPI measures. Resource is being reviewed as a priority going forward as</p>

the same staff members are responsible for four of these key areas, as well as recalculations relating to the retrospective pay awards.

- The number of retirements completed in the three month period has remained consistent along with the number not meeting the KPI standard. It is worth noting that there is also a high number of retirements that remain outstanding and once completed will have a negative impact on the figures reported.
- The number of quotations completed in the three month period has decreased due to the priority for staff being the calculation and payment of retirement benefits.
- The death KPI has remained consistent with the previous quarter. Further training has been given in this area to replace the member of staff that has left but this area still remains vulnerable to pressures from the number of outstanding retirements.
- The deferred benefits KPI for the last three months is very similar to the previous quarter but it remains below our target. These are processed by the same team that deal with retirements, quotations and deaths. Deferred benefit calculations have been given lower priority as there is no legal time limit to award the deferred benefit and they tend to have less impact on members than the other processes.

The numbers relating to recalculations due to pay awards are **not** included in the KPIs.

In relation to refunds of contributions, these are dealt with by a different team. The KPIs for these are good in relation to the CPF turnaround time but very poor in relation to the overall timescale. There is no legal deadline and as a result there has been less focus on processing these due to other priorities for that team including:

- initial leaver calculations (called frozen refunds)
- dealing with pensioner communication preference notifications and
- queries following issuing a recent privacy notice.

Most of this has now been dealt with and it is hoped to see some improvement in the next few months, albeit other priorities across the team will need to be considered.

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 3 and 4. Staff members continue to work additional hours, if possible, and the priority for the Operations Team continues to be 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 holiday season with less staff and/or new staff that require training. Resourcing is considered further later in this report.

1.06

Internal dispute resolution procedures (IDRP)

The remaining IDRP case for 2019/2020 is now resolved. The member has lost their appeal concerning the tier of ill health retirement that they were awarded.

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.
 - 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 was an appeal made by a member who is not being permitted to work more than 2 years beyond their flexible retirement date.
 - The appeal that was upheld was in relation to a member who was initially only awarded tier 3 ill health retirement. They have now been awarded tier 1 ill health retirement after going through the appeal process.
 - 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. Three of those appeals have been rejected and one of them is still ongoing.
- There is one Stage Two appeal against the employer. This appeal is against the tier of ill health awarded. The appeal is still ongoing.

	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	3	1
Stage 1 - Against Administering Authority	0	0	0	0
Stage 2 - Against Employers	1	0	0	1
Stage 2 - Against Administering Authority	0	0	0	0

There are no Clwyd Pension Fund cases that are currently with the Pensions Ombudsman.

1.07

Communications Strategy

Following on from the approval of the new Communications Strategy earlier this year, the new Communications Officer has developed the Funds' new logo which is included in Appendix 5. The new logo symbolises connection, unity and protection. The Communications Team are now developing messaging and branding guidelines which will complement the use of the new logo. We hope to go live with the new logo and branding in April 2023, albeit it will be shared with the audience at the AJCM in early December.

	<p>The Communications Team are also 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"> • Twelve emails have been sent to all employers providing information in relation to various matters including updated ill health certificates, a copy of Penpal and annual benefit statement guidance notes and also information about LGA training videos in respect of a number of pay related topics. Employers were informed that there is a new page on our website outlining the retirement process and timescales for members to expect. Save the date emails have also been sent regarding the annual joint consultative meeting (AJCM) which will be held virtually on the 13 December. • Following on from the publication of the annual benefit statements in August a further 19 member 1-2-1 sessions have been completed taking the total to 135 so far this year either virtually or face to face. Going forward, the new Communication Strategy will be looking for alternative means of engaging with scheme members and explaining the content of the benefit statements and what options members have, rather than proactively advertising the availability of 1-2-1 sessions. However should a member request such a session this will, of course, be provided. • Training sessions have also been provided for a number of employers in relation to LGPS employer responsibilities including completing forms correctly, induction training for new staff members and TUPE.
1.08	<p>Other key points in relation to communications include:</p> <ul style="list-style-type: none"> • Approximately sixty Pension Saving Statements (PSS) were issued in October in accordance with regulations. The number of statements being issued is increasing year on year due to the annual allowance remaining at £40,000 for a number of years. The annual webinars to support members which are provided by a taxation specialist from Mercer have proved very popular again this year with additional dates having to be added to meet demand. • An updated privacy notice was provided to all members in-line with their communication preference along with a Member Self Service (MSS) promotion for those who have not already registered.
1.09	<p>Appendix 6 provides an updated summary of MSS registered users, which illustrates that enrolment to MSS is levelling out with the total number of members that have registered remaining at just over 50% of the scheme membership. The number of members that have opted for paper correspondence has also remained quite static with approximately 16% of the scheme membership opting for this method of communication. As these results are only up to the end of September, it is hoped that the recent MSS promotion will have encouraged more members to register. This will be reported on in the next update.</p>

	<p>For those members that are registered, use of the facility continues to increase. During the two month reporting period:</p> <ul style="list-style-type: none"> • 99 members have requested a retirement pack for their deferred benefit via MSS • the benefit projector continues to be a very popular function with 9,286 benefit projections having been calculated using MSS functionality • there have also been 344 changes to member's expression of wish details and 289 address updates.
1.10	<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>Since the last update, the five positions (a mixture of full-time and part-time) across the Administration Team that had become vacant have been advertised with interviews planned shortly. These roles are in addition to the existing Pension Officer vacancy within the Employer Liaison Team and the temporary Pension Officer position within the McCloud Team. One of these positions has been successfully filled by utilising the FCC redeployment register and another position has been filled by an existing staff member increasing from part-time to full-time. At the time of writing there are five vacant posts.</p> <p>The Pensions Administration Manager continues to work closely with FCC HR department to effectively and efficiently complete the recruitment process. This has been quite labour intensive given the number and frequency of vacancies.</p> <p>As in the last update, it is proposed that any remaining vacant Pension Officer positions are recruited 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 Administration Team, 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> <p>In the short term, due to the obvious increase in current workloads, officers are considering whether additional temporary members of staff could be recruited should suitable candidates be identified.</p> <p>Longer term, putting in place a project team within the Administration Team is currently being considered as a potential solution to assist with</p>

	peaks in workload whilst also ensuring that external factors and ad-hoc projects do not impact on business as usual.
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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. The only risk with any key changes made to it since the August Committee is as follows:</p> <ul style="list-style-type: none"> • Risk number 3 - Unable to meet legal and performance expectations due to big changes in employer numbers or scheme members or unexpected work increases. As described in this report, the 2022 backdated pay award will have a significant impact on workloads and it was therefore considered appropriate to increase the impact of this risk from Marginal to Critical. As mentioned previously options are being considered as to how best manage the ongoing increase in workloads including the possibility of recruiting temporary staff in the short term.
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 3 - Unable to meet legal and performance expectations due to big changes in employer numbers or scheme members or unexpected work increases. • 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 Appendix 5 – New Clwyd Pension Fund logo Appendix 6 – Member Self Service update 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)

	<ul style="list-style-type: none"> • 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>
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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>