CLWYD PENSION FUND COMMITTEE

Date of Meeting	Tuesday, 27 September 2016
Report Subject	Administration and Communications Update
Report Author	Pensions Administration Manager

EXECUTIVE SUMMARY

An update is on each quarterly Committee agenda and includes a number of administration and communications related items for information or discussion. The items for this quarter are:

(a) Business Plan 2016/17 update (Appendix 1) for administration and communication – two areas are being extended due to external factors.

(b) Current Developments and News including an update on the submission of valuation data.

(c) Administration and communications related policy/strategy implementation and monitoring - this includes the latest statistics on the number of tasks being dealt with by the administration team, which highlights a high volume of work continuing to be received.

It also provides the administration and communications risk register (Appendix 4), with some of the key areas of concern being associated with employer responsibilities and better use of information systems.

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

REPORT DETAILS

1.00	**ADMINISTRATION AND COMMUNICATIONS RELATED MATTERS**
1.01	**Business Plan 2016/17 Update** Appendix 1 provides a summary of progress against the administration and communications section of the Business Plan up to mid-September, which is the majority of the period to the end of quarter 2, to 30 September 2016. Most items are as originally planned other than; • The Administration Strategy (A1) has one outstanding element which relates to the set-up of performance monitoring. This is slightly behind plan due to difficulties in developing the monitoring reports for the key performance indicators. These are expected to be available at the next Pension Fund Committee. • The 3rd Party Administrators Framework (A3) is making excellent progress but it is likely to be October before the contracts are awarded which is a slight extension to the original planned timescale. • The Backlog to 31 March 2013 (Mercers) (A4) has been slightly extended. This is explained later in this report. • GMP Reconciliation (A10) – At the last Pension Fund Committee, we highlighted that we are currently investigating how to outsource this project due to the major resource requirements. This is still ongoing with the plan to carry out a procurement exercise using the National LGPS Frameworks. It is hoped that this can still be completed within the required timescale. Further details will be provided at future Committees.
1.02	The Committee is asked to note the contents of the business plan update, including the extension to the "Backlog to 31 March 2013" and 3rd Party Administrators' Framework.
1.03	**Current Developments and News** A new Universal Data Extract was created for this year's valuation for use by all LGPS Fund and actuaries. This has now been implemented at Clwyd Pension Fund and valuation data has been provided to the actuary. There was a slight delay in providing the data. A process issue was identified and resolved by the Clwyd Pension Fund and, accordingly, processes have been amended for future years.
1.04	**Policy and Strategy Implementation and Monitoring** *Administration Strategy* – This has been implemented from 1 April 2016 and has been published on the Clwyd Pension Fund Website and includes a number of performance measures that are reported on below. To provide some context to the magnitude of the services provided by the Administration Section, the membership figures for the Fund in relation to the last six months are as follows:

LGPS						
Status	Mar	Apr	May	Jun	Jul	Aug
Active	16,228	16,210	16,181	16,107	15,837	15,786
Undecided Leaver	2,778	2,633	2,502	2,412	2,590	2,742
Leaver	9,811	9,856	9,880	9,933	9,948	9,984
Deferred	10,266	10,395	10,566	10,751	10,779	10,864
Pensioner	9,793	9,842	9,895	9,954	9,964	9,985
Spouse/Dependant	1,597	1,606	1,611	1,619	1,619	1,614
Death	6,677	6,709	6,741	6,766	6,792	6,816
Frozen	955	977	991	1,010	1,020	1,035
Opt out*	916	930	952	991	1,013	1,045
Total	**59,021**	**59,128**	**59,319**	**59,543**	**59,562**	**59,871**

*excludes members who have opted out prior to March 2013.

The membership numbers in relation to the Councillors' scheme are as follows:

Councillors Scheme						
Status	Mar	Apr	May	Jun	Jul	Aug
Active	54	53	53	53	53	57
Undecided Leaver	3	3	1	1	1	1
Leaver	0	0	0	0	0	0
Deferred	5	6	7	7	7	7
Pensioner	22	22	23	23	22	22
Spouse/Dependant	4	4	4	4	4	5
Death	6	6	6	6	7	7
Frozen	0	0	0	0	0	0
Total	**94**	**94**	**94**	**94**	**94**	**99**

1.05	In relation to staffing and resource matters, a vacant post for a full time pension assistant is going through the recruitment process. The part time vacant post has now been filled.
1.06	The latest monitoring information (to 31 August 2016) in relation to administration is outlined below:

• Day to day tasks – Appendix 2 provides the analysis of the numbers of tasks received and completed on a monthly basis since April 2016 as well as how this is split in relation to our three unitary authorities and all other employers. As can be seen:

  • Current workloads – due to training on more technical procedures and training new recruits whilst covering annual leave, numbers of completed tasks have dropped. This is anticipated to improve over the coming months.
  • Progress with older cases – 2014/15 tasks are progressing with only 112 outstanding. Although these were anticipated to have been completed in Q1, unfortunately due to training etc. as |

mentioned above this has lapsed into Q2 but it is still on target in relation to the business plan.			

- mentioned above this has lapsed into Q2 but it is still on target in relation to the business plan.
  - Mercers backlog cases - included as Appendix 3 is a summary of the backlog work that is being carried out by Mercers in relation to pre 31 March 2013 cases. Note these are counted in a different way to the items included in Appendix 2 which shows tasks within a case, whereas Appendix 3 is the actual cases. The target for completion has now been delayed to Q3 2016 / 2017 due to training of a new team and some information system access issues.

- It was anticipated to be able to provide a report on Key Performance Indicators for this Committee however more work is being undertaken on the design of the report.

1.07 Internal dispute resolution procedures – Below is a summary of the internal dispute resolution cases that have been received in the last 12 months. 2 received in the current year 2016/17 are based on the non-payment of ill health benefits and 2 are based on the date of payment of benefits with a further 2 relating to the refusal of Flexible retirement

	2016/17			
	Received	Upheld	Rejected	Ongoing
Stage 1 - Against Employers	6			6
Stage 1 - Against Administering Authority				
Stage 2 - Against Employers				
Stage 2 - Against Administering Authority				
	2015/16			
	Received	Upheld	Rejected	Ongoing
Stage 1 - Against Employers	6	3		3
Stage 1 - Against Administering Authority	2	1	1	
Stage 2 - Against Employers	1	1		
Stage 2 - Against Administering Authority				

1.08 *Communications strategy* - This has been implemented from 1 April 2016 and has been published on the Clwyd Pension Fund Website.

1.09 The Communication Officer has provided the following services since the last update (i.e. relating to the period from 01 May 2016 to 31 August 2016):

- 1 full day of Pension Surgeries
- 1 Pre-Retirement Course
- Attended the Shared Services Communications Group

1.10 The following communications have been distributed during this period:

- Deferred Annual Benefit Statement
- Active Annual Benefit Statement
- Pension extra newsletter
- Deferred benefit newsletter

	There are about 400 of our deferred members who left service in 2015/16 who have not received their annual benefit statement. This is due to the DCLG in June 2016 announcing that the negative revaluation was to be applied as a proportion of the full revaluation depending on when the member left active service. This method was not communicated to software providers. At the UK Technical Group in June it was confirmed that the Pensions Regulator has been made aware of the situation at a national level. The software provider is in the process of updating systems to enable statements to be distributed. It is unclear how long this will take hence, the Fund will now inform to these members.
1.11	**Delegated Responsibilities** The Pension Fund Committee has delegated a number of responsibilities to officers or individuals. No delegated responsibilities were used in the last quarter in relation to administration and communication matters. There are however a number of outsourcing exercises going on at different authorities which will potentially mean some new Employers within the Fund.

2.00	**RESOURCE IMPLICATIONS**
2.01	None directly as a result of this report.

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

4.00	**RISK MANAGEMENT**
4.01	Appendix 4 provides the dashboard and risk register in relation to administration and communications matters.
4.02	Since the last update, there has been no change in relation to the risk ratings or actions for managing these risks. There remain a number of risks with high ratings with the two of highest concern being: • Unable to meet our legal and performance expectations due to employer issues (risk reference 2) – We continue to have ongoing issues in gathering pension information from some employers in the Fund. We are working closely with employers and the implementation of i-connect over the next 24 months will be key to reducing this risk. We are aware that some employers are not able to appropriately resource their payroll teams to provide this information, due to budgetary constraints. Discussions are being held with the employer steering group about potential solutions but it is likely there will be no short-term solution. In the meantime, this results in additional work for the administration team (for example, more time spent on chasing

outstanding information or sourcing it directly).

- High administration costs and/or errors due to not using systems or processes appropriate (risk reference 5) – This risk will hopefully be a temporary issue, albeit reasonably long term. There are a number of areas in the current business plan that will directly benefit this risk, including the implementation of i-connect and member self-service as well as a number of internal process improvements.

The Committee is invited to discuss these and the other administration and communications risks and provide views on any further actions that could be taken to manage these risks.

5.00	APPENDICES
5.01	Appendix 1 - 2016/17 Business plan update Appendix 2 - Analysis of tasks received and completed Appendix 3 – Progress with backlog by Mercers Appendix 4 – Dashboard and risk register

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	Report to Pension Fund Committee – Business Plan 2016/7 to 2018/19 – 22 March 2016. **Contact Officer:** Helen Burnham, Pensions Administration Manager **Telephone:** 01352 702872 **E-mail:** helen.burnham@flintshire.gov.uk

7.00	GLOSSARY OF TERMS
7.01	(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 (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. (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 (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.

(e) **LGPS – Local Government Pension Scheme** – the national scheme, which Clwyd Pension Fund is part of

(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.

(g) **SAB – The national Scheme Advisory Board** – the national body responsible for providing direction and advice to LGPS administering authorities and to DCLG.

(h) **DCLG – Department of Communities and Local Government** – the government department responsible for the LGPS legislation.