

CLWYD PENSION FUND COMMITTEE

Date of Meeting	Wednesday, 1 September 2021
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 to the McCloud Programme and Prudential's service issues.
- Day to day tasks and key performance indicators – showing the position to the end of July 2021 including the new key performance indicators executive summary format.
- Communications – An update on the usage of the Fund's Member Self-Service (MSS) facility, and details of employer engagement and communications sent.
- Changes to the administration and communications risks since the last meeting including the consideration of recent issues with the Prudential for members with an AVC.

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="320 255 783 293">Business Plan 2021/22 Update</p> <p data-bbox="320 320 1378 461">Progress against the business plan items for quarter one and quarter two to date 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 work are as follows:</p> <ul data-bbox="320 488 1378 2067" style="list-style-type: none"><li data-bbox="320 488 1378 1144">• A1 Implement Survivor Benefit Changes – As per the previous update, this item remains postponed due to delays in information being issued by LGA and MHCLG. This area of work 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. Deceased members who may have a surviving partner entitled to a benefit under the new rulings have been identified. Processes and letters have been drafted and we are still currently awaiting further guidance from the LGA on how to proceed with these cases. As mentioned in previous updates 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 MHCLG consultation on the Goodwin changes is also still outstanding. As a result of these national delays the business plan has been updated to show that the work cannot commence in Q1 and Q2, and this will be re-evaluated as the year progresses.<li data-bbox="320 1171 1155 1200">• A2 McCloud – An update is provided later in this report.<li data-bbox="320 1227 1378 1581">• A6 i-Connect – Excellent progress has been made towards having all employers’ on-board and submitting active member data electronically every month. There is only a single employer remaining to on-board and this will progress after their transfer of payroll services to a new provider. This employer covers less than 1% of Fund membership. All new employers to the Fund will automatically on-board to i-Connect therefore becoming a business as usual exercise. I-connect data verification reports and continuous data cleaning processes have also been developed and implemented providing continuous improvements to data quality and bringing this exercise to a successful end.<li data-bbox="320 1608 1378 1711">• A7 Review Administration & Communications Related Policies and Strategies – The updated and approved Administration Strategy is now in place and this matter is therefore concluded.<li data-bbox="320 1738 1378 2067">• A9 Review of Scheme Member Communications and Processes – A full review of the Penpal and Deferred diaries communications has taken place. The review consisted of content and target audience. A decision was made to send paper copies of these communications to those members who are yet to inform us of their communication preference therefore potentially missing out on important information. An article has been included to inform members how to register for MSS and this will hopefully increase the number of active and deferred members using this facility and engaging with the Fund.

	<ul style="list-style-type: none"> • E1 Expand Employer Liaison team (ELT) to more employers – The ELT continues to work with Coleg Cambria towards a full transition of agreed processes to the ELT. There are also further discussions with another employer who may be interested in using ELT's services. • E2 McCloud ELT services – The main area of work relates to FCC. The Employer Liaison Team is working with FCC IT colleagues to develop a solution to assist FCC payroll to extract and manipulate member data for the McCloud remedy. The reports that have been developed are now in the process of being verified. This collaboration of specialist knowledge is working well so far and will hopefully provide the functionality required to provide the relevant data.
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 Programme update</i> Public Service Pensions and Judicial Offices Bill – As mentioned in the Governance Update, this Bill includes the retrospective provision to implement the McCloud remedy regulations. The Bill commenced its passage through Parliament in July.</p> <p>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 recent review of the programme's risks has resulted in the assessment of a further number of risks being reduced. This is a result of continued positive engagement from employers, and recruitment and training progressing.</p> <p><i>Other updates</i></p> <ul style="list-style-type: none"> • The Technical and Payroll team along with the Communications team are in the final stages of the Annual Benefit Statement process and all statements will be issued to both active and deferred members by 31st August. As part of this exercise, the guidance notes for the Active and Deferred annual benefit statements, which are issued with the statements, have been reviewed by the Communications and Regulations team. The relevant newsletters have also been reviewed and updated to include articles on transfer scams and responsible investing. • The Pension Administration Manager has continued to attend meetings with fellow Pension Administration Managers and Industry Specialists. The main agenda items for these meetings include returning to the workplace and what that might look like, progress on the McCloud ruling and the challenges facing the LGPS to ensure all Funds are prepared for the National Pensions Dashboard. • The Technical and Payroll team are in the final stages of testing the employer monthly feedback reports. This has taken slightly longer than anticipated due to the complexity of the reports required to gather the appropriate information. The reports are due to be issued in August with feedback provided at the next Committee meeting.

- The Pension Administration Manager has continued to attend regular National Pensions Dashboard Co-Ordination Group meetings organised by PLSA and has fed into a number of input requests on behalf of LGPS funds.
- Prudential service issues – the Fund is continuing to receive complaints from members in relation to the service provided by the Prudential. The Pension Administration Manager, on behalf of the Fund, has followed the Whistleblowing procedure as suggested by the LGA and reported the Prudential to the Pension Regulator. The Fund is advising members to follow the complaints procedure stipulated by the Prudential whilst the Fund continues to do everything possible to resolve member issues.

Policy and Strategy Implementation and Monitoring

1.03

Administration Strategy

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

Day to day tasks – Appendix 3 provides the analysis of the numbers of cases received and completed on a monthly basis to July 2021 since April 2018 as well as how this is split in relation to our three unitary authorities and all other employers. The number of tasks being completed by the team was consistently high April through to June, reducing in July which reflects key dates for annual leave that is typically taken at this time of year and will continue into August. The number of outstanding cases is stabilising at around 5,000 whilst training continues to be delivered. However, once training is complete the time taken to complete cases should improve thus having a positive impact on the overall number of cases being completed

Key performance indicators – Appendix 4 shows our performance against the key performance indicators that are measured on a monthly basis up to July 2021. This information now includes the first set of results in relation to the new key performance indicators that were introduced recently following the review of the Administration Strategy. The new measures are numbers 8 to 13 as outlined on page 1 of the Appendix and the results are shown in the final six boxes (end of page 3 and all of page 4). These relate to:

- Calculate and notify member of CETV for divorce/dissolution quote
- Calculate and notify members of actual divorce share
- Calculate and pay a Refund of contributions
- Calculate and pay retirement lump sum
- Calculate and notify member of deferred benefits
- Initial letter acknowledging death of member.

The Committee will see that, with the introduction of new measures, the information is now presented in a summary format which is explained on page 2 of the Appendix and will be further explained at the Committee

meeting. The previous format of reporting which shows the detail of the measures on a month by month basis can be provided upon request.

The expanded information in the Appendix will assist in developing an action plan to improve timescales going forward.

As this is the first time that the new measures have been reported, it should be noted that:

- the cumulative figures for 12 months relating to the new key performance indicators just includes data from 1 April 2021
- there is not a measure in all three categories for all of the new key performance indicators
- The reason there is no entry in relation to divorce share (top of page 4) is because no such cases have been completed in the period since 1 April 2021.

The new summary report illustrates that there has been improvement in most areas within the original measures. There has however, continued to be a decline in performance relating to transfers ins. The Pension Regulator had recommended putting a hold if necessary on these processes due to Covid-19. Whilst we have continued processing these cases, other Funds may not have, which has had an impact on our target dates. In addition, internal training continues to increase knowledge and skill in this area which in turn will improve efficiency.

1.04

Internal dispute resolution procedures (IDRP)

There is still one outstanding Stage One IDRP case for 2019/2020. This is ongoing due to COVID 19 delays. The IDRP 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.

With regards to IDRP cases for 2020/2021, there are three Stage One appeals against employers that are still awaiting decisions to be made on the appeal outcomes. All of these appeals relate to ill health retirement issues.

In relation to the cases for 2021/2022:

- There are two Stage One appeals against employers. One is for non-award of redundancy pension when the member believes they have been made redundant. The other is an appeal made by a member who is not being permitted to work more than 2 years beyond their flexible retirement date. Both appeals are ongoing.
- Currently, no Stage Two appeals have been made by any members for 2021/22.

		2020/2021			
		Received	Upheld	Rejected	Ongoing
	Stage 1 - Against Employers	5	0	2	3
	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	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
There are no CPF 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"> • Seven emails have been sent to all employers providing information in relation to various matters including a save the date for the AJCM, an update from the Prudential in relation to their recent service issues and a reminder about assumed pensionable pay and how to calculate it. • LGA bulletins have been provided to employers with particular points of importance highlighted. 				
1.06	<p>Other key points in relation to communications include:</p> <ul style="list-style-type: none"> • Four employer training sessions have taken place, consisting of induction and employer responsibilities for new employers along with refresher training for existing employers. • The Principal Pensions Officer for the Communications team has attended the following: <ul style="list-style-type: none"> ○ LGA bulletin update meetings ○ Digital engagement meetings and joint communication group meetings. 				
1.07	<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 207 members have registered since the last update taking the total number of registered members to 12,698. The MSS functionality is continuing to be reviewed and improved. The Penpal and Deferred diaries member communications, which are due to be issued in October, include an article encouraging members that have not yet registered for MSS to do so. It is hoped that this exercise will increase the number of members engaging with the Fund.</p>				

	<p>During the reporting period, 197 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 11,153 benefit projections having been calculated using MSS functionality by members in this last period. There have also been 238 changes to member's Expression of Wish details on MSS.</p>
1.08	<p>Delegated Responsibilities</p> <p>Midshire Signature Services Ltd has been approved to join the Fund as a new employer using delegated responsibilities since the last Committee meeting. Further details are contained in Appendix 6. The Committee should also note that the employer has now left the Fund and the treatment of any surplus or deficit is being considered and will be covered by a separate decision using the delegation process which will be reported at a future meeting. The Fund were not informed of this employer joining and leaving within the normal timescales and have therefore had to follow procedures retrospectively.</p>

2.00	RESOURCE IMPLICATIONS
2.01	<p>Following the approval of the McCloud budget for 2021/2022, recruitment is underway to fill the temporary positions. The roles had been advertised in July but unfortunately not enough applications were received to fill the roles so they have been re-advertised in August.</p> <p>The Communication Officer within the Communications and Regulations Team has transferred to a Pension Officer position within ELT. Recruitment is underway to backfill her original post.</p> <p>The vacant Pension Payroll Officer role within the Technical and Payroll team has been appointed to and the successful candidate will commence employment in September.</p> <p>Recruitment is underway to replace a Pension Officer and a Pension Assistant who have resigned within the Operations Team. Both staff members had temporary contracts and are leaving to pursue other opportunities.</p> <p>The Fund is continuing to support the Modern Apprentice scheme with two successful candidates starting their training in September.</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.</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 7 provides the dashboard and the extract of administration and communications risks. The key risks which are furthest from target relate to:</p> <ul style="list-style-type: none"> • Risk number 3 - Unable to meet legal and performance expectations due to external factors. This risk relates to the specific service provision currently being experienced from the Prudential and how this impacts on the Funds ability to meet legal requirements. Concerns have been escalated and the Fund is working with the Prudential to ensure satisfactory remedial actions are put in place. • Risk number 5 - High administration costs and/or errors due to service provision being interrupted, systems not kept up to date or not utilised appropriately. This risk relates in particular to the performance of the software and the ability of the provider to respond to regulation changes such as McCloud. If delays in solutions are experienced, manual calculations may be required and the system may not be utilised as expected for a period of time. We are also due to carry out a tender in relation to this software in the coming months.
4.02	The rating of the risks remain unchanged since the last review. In general most risks narratives have also remained the same other than the completion of and enhancement to some internal controls.

5.00	APPENDICES
5.01	<p>Appendix 1 – Business plan progress 2021/22 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 – Delegated Responsibilities 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 - 2021/22 Business Plan (March 2021) <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 MHCLG.</p> <p>(h) MHCLG – Ministry of Housing, Communities and Local Government – the government department responsible for the LGPS legislation.</p>