



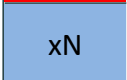
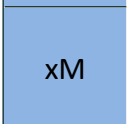
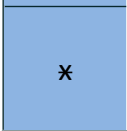


Business Plan 2023/24 to 2025/26 – Q1 & Q2 Update Administration and Communications

Key Tasks

Key:

	Complete
	On target or ahead of schedule
	Commenced but behind schedule
	Not commenced
	Item added since original business plan
	Period moved since original business plan due to change of plan /circumstances
	Original item where the period has been moved or task deleted since original business plan

Administration (including Communications) and Employer Liaison Team Tasks

Ref	Key Action: Task	2023/24 Period				Later Years	
		Q1	Q2	Q3	Q4	2024/25	2025/26
Essential Regulatory-Driven Areas							
A1	Change to CARE revaluation and changes affecting pensions tax						
A2	McCloud judgement			x	x	x	
A3	National Pensions Dashboard			x	x	x	
Priority Fund-Driven Projects							
A7	Review Administration & Communications Related Policies and Strategies					x	x
A8	Implement the new Communications Strategy			x	x	x	
Employer Liaison Team (ELT) Projects							
E1	McCloud ELT Services			x	x	x	

Administration, Communication and Employer Liaison Team Task Descriptions

Essential Regulatory Driven Areas

A1: Change to CARE revaluation and changes affecting pensions tax

What is it?

With effect from April 2023, the date at which career average pension accounts in the LGPS are revalued will change from 1 April to 6 April. The aim of the change is to lessen the impact of high inflation on pensions growth when compared against the annual allowance. Before the change, LGPS career average accounts would have increased by 10.1% in April 2023 but the allowance for inflation in the pension growth calculation would be only 3.1%. This would have led to a significant increase in the number of members breaching the annual allowance threshold and potentially incurring a tax charge, despite the revaluation not representing a 'real terms' increase in pension.

The Fund will need to ensure that calculations of member benefits (including annual benefit statements) are amended accordingly. It is expected that the software will be updated in May/June 2023 which will involve retrospective correction of part-year revaluation for members who retired within 2022/23, and an update for the Fund's annual allowance exercise. If any individual members request annual allowance calculations before then, manual calculations will be required.

In addition, the Budget on 15th March 2023 announced that:

- the Annual Allowance will be increased from £40,000 to £60,000 from April 2023 and
- the lifetime allowance (LTA) will be abolished completely from April 2024, with lifetime allowance charges removed from April 2023

These changes will be relevant for the Fund's Annual Allowance/Pension Saving Statement project in Autumn 2024 as this assesses the growth for the period 6 April 2023 to 5 April 2024.

Further guidance is expected on the options available for members taking benefits in excess of the LTA in 2023/24 and on how members with existing protections may be affected.

Timescales and Stages

Retrospective correction of April 2023 PI	2023/24 Q1
Manual calculations for individuals requesting annual allowance calculations	2023/24 Q1
Update processes, including communications for PSS exercise	2023/24 Q1 to Q2

Resource and Budget Implications

This will be led by the Pensions Administration Manager. All costs for the updates to the 2023 revaluation exercise will be met from the existing budget. There may be additional software costs for the 2024 Pensions Increase process.

A2: McCloud judgement

What is it?

The McCloud judgement relates to an age discrimination case brought by a member of the Judicial Pension Scheme challenging the protections for older members introduced when the Government reformed public service pension schemes in 2014 and 2015. The Court of Appeal ruled that the transitional provisions gave rise to unlawful age discrimination. Government subsequently confirmed that there would be changes to all the main public service pension schemes, including the LGPS, to remove the discrimination.

When the LGPS changed from a final salary to a career average pension scheme in 2014, members who were within ten years of their Normal Pension Age (NPA) on 1 April 2012 were given a "better of both" promise, i.e. when a protected member takes their pension, the benefits payable under the career average and final salary schemes are compared and the higher amount is then paid. This protection is called the underpin.

To remove the discrimination, the Government proposes to provide all qualifying members with protection based on a remedy period from 1 April 2014 to 31 March 2022. It consulted on the proposed changes to the LGPS to do this in 2020, and in May 2021 issued a statement

confirming the key changes it will make to the LGPS to remove the discrimination. The Department for Levelling Up Housing and Communities (DLUHC) recently published its response to the consultation, providing clarity on the remedy which enables the Fund to take further steps towards implementation.

Draft LGPS remedy regulations are currently being consulted upon and are expected to be made in the coming months, before coming into force on 1 October 2023.

Implementation of the McCloud remedy involved a large-scale retrospective data collection exercise, which is drawing to a close. Guidance on missing/unreliable member data has been provided by the Scheme Advisory Board (SAB), enabling the McCloud data collection exercise to be completed.

Additionally, it has a significant impact on administration processes and systems, and requires a robust communication exercise with employers and scheme members. The additional resource requirements are significant.

Whilst final regulations are awaited, the focus is on:

- finalising the collection of data to calculate the new statutory underpin
- liaising with the pensions administration software supplier to ensure software is updated in line with the new regulations
- planning which processes and calculations will need to change to implement McCloud into ongoing administration
- planning for the recalculation of leavers’ benefits
- planning communications, particularly to scheme members.

The Fund established the McCloud programme to implement the remedy for Clwyd Pension Fund in 2020, including some team members who are 100% dedicated to this work for the duration of the programme.

Timescales and Stages

Data collection from all employers, validation and upload to Altair (ongoing)	2023/24 Q1
Review of leavers’ benefits (benefit rectification) – planning, process recalculations and prepare letters to members	2023/24 Q1 to Q2
Review of and updating ongoing administration processes, calculations and letters to comply with regulations coming into force on 1 October 2023	2023/24 Q1 to Q2
Communications with members (and employers as appropriate)	2023/24 Q1 to Q4
Final regulations come into force, including retrospective changes to members’ benefits	01/10/2023

<p>Implement new regulations:</p> <ul style="list-style-type: none"> • new administration processes, calculations and letters • issue benefit rectification letters and pay updated benefits 	<p>2023/24 Q3 to Q4</p>
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Resource and Budget Implications

Although the work is being led and managed by a separate Fund McCloud programme team, it impacts across all of the Administration Team. The additional internal resource allocated to the dedicated McCloud programme team is expected to continue throughout 2023/24. There continues to be additional costs relating to consultancy (including programme management which being provided by Aon), incidentals such as postage and printing, and system costs. The budget for 2023/24 is £270k in total.

A3: National Pensions Dashboard

What is it?

The National Pensions Dashboard is a Government initiative first announced in the Budget 2016. The idea behind the dashboard is to allow all pension savers in the UK access to view the values of all of their pension pots, including state pension, through one central platform. The Pension Schemes Act 2021 provides the legal framework for implementing the dashboard. All pension schemes must connect to the dashboard infrastructure by their “staging date” as determined by the Department for Work and Pensions (DWP) with the dashboards made publicly available shortly after schemes have onboarded. The staging date for all public sector pension schemes including the LGPS was 30 September 2024. However, the DWP issued a written ministerial statement on 2 March 2023 announcing a delay, allowing additional time to ensure that the dashboard infrastructure is safe and secure and works for both pension schemes and the end users of the service. Legislation is expected soon which will amend the timings and provide further clarity. However, the Fund intends to continue with its existing dashboard project. The reason for this is the significance of dashboards and the steps required to becoming ‘dashboard ready’ and, because the staging date for LGPS was already significantly later than the earliest date for private sector schemes, the delay to the Fund’s staging date may not be significant.

Due to the ongoing work for McCloud, some of the requirements in relation to the data which must be able to be viewed through the dashboard have a later deadline of 1 April 2025 (known as the “value” data) which displays the current value of the member’s pension benefits and projections for active members.

A formal Fund Pensions Dashboard project to implement the dashboard will be established in early 2023/24. Key elements of the project will include:

- appointing an Integrated Service Provider (ISP) who will collect dashboard data from the Fund and provide it to the National Pensions Dashboard so members can see it.
- testing the functionality provided by the ISP including the interfaces between the Fund’s administration system and the ISP
- ensuring data is in a fit state for sharing - work had already commenced in 2022 in this area (for example, a bulk exercise to pay outstanding refunds has been undertaken)
- agreeing what fields of data will be used to “match” scheme members which will then allow the ISP to release Fund members’ information to the National Pensions Dashboard
- determining what reporting needs to be developed and testing it
- identifying and implementing changes to ongoing administration processes
- identifying the impact on resources in the long-term
- communicating with scheme members.

The dashboard requirements also extend to Additional Voluntary Contributions. Therefore the Fund needs to engage with Prudential and Utmost, who are its AVC providers, to ensure they are meeting the dashboard requirements.

Although the Fund will be relying on its ISP, its administration software provider (Heywood) and the AVC providers to carry out the majority of the work relating to the implementation project, there will be additional work for the Fund including new processes when the dashboard is up and running. Also, the Fund’s responsibility is to ensure the legal requirements relating to dashboards are met. Therefore there will still be a significant amount of work for the Fund relating to the implementation of the dashboard and once it is live.

The Pensions Administration Manager is participating in a PLSA working group on the development of the Dashboard. The Fund has also volunteered to be part of the testing of the pension dashboard enhancements being integrated into the administration software.

Timescales and Stages

Project set up, appointing ISP, initial engagement with AVC providers, data cleansing	Already commenced 2022/23 to 2023/24 Q1
Agree the Fund’s staging date and finalise detailed project plan	2023/24 Q1 to Q2
Consider and agree data matching criteria	2023/24 Q1 to Q2
Ongoing data cleansing and system functionality testing (including reporting)	2023/24 Q1 to September 2024
Review and update administration processes, and consider impact on future resources/budget	2023/24 Q1 to Q4
Develop and issue various member communications	2023/24 Q2 to 2024/25
Latest staging date	Unknown
Final work on value data post McCloud benefit rectification and data updates	2024/25

Resource and Budget Implications

The proposed 2023/24 budget includes estimated additional system costs for the ISP (including set up costs) and consultancy costs for project management set up and technical support. Costs will be monitored throughout the year and any necessary changes will be brought back to Committee for consideration. The biggest uncertainty will be the impact on the workload of the Pensions Administration Team once the dashboard goes live. Ongoing resources will be considered as part of the 2024/25 budget.

Priority Fund Driven Projects

A7: Review Administration and Communication Related Policies and Strategies

What is it?

Due to the changes announced in the budget the Policy for Administration and Communications of Tax Allowances will need to be reviewed in advance of the scheduled review date of March 2025. The Fund Administration Strategy was last approved at the May 2021 PFC and the Fund Communications Strategy was last approved at the June 2022 PFC. The strategies state that they will be reviewed at least once every three years to ensure they remain relevant and up to date.

There are a number of other administration and communications related policies that also need to be reviewed regularly as shown in the table below.

In addition, it is proposed that the Fund will develop a Data Improvement Policy at the same point as reviewing the existing Administration Strategy.

Timescales and Stages

Policy for Administration and Communications of Tax Allowances to Scheme Members (approved March 2022)	2023/24 Q1
Review of Administration Strategy (last approved May 2021)	2024/25 Q1
Approve first Data Improvement Policy	2024/25 Q1
Review of Under / Overpayment Policy (approved September 2021)	2024/25 Q2
Personal Data Retention Policy (reviewed March 2022)	2024/25 Q4
Review of Communications Strategy (last approved June 2022)	2025/26 Q1
Review of Scheme Pays Policy (assumed last approved January 2023)	2025/26 Q4
Review of Administering Authority Discretionary Policy (assumed last approved January 2023)	2025/26 Q4

Resource and Budget Implications

This will be led by the Pensions Administration Manager. All costs are being met from the existing budget.

A8: Implement the new Communications Strategy

What is it?

The Fund approved a new Communications Strategy in June 2022 and since then officers have been working on implementing the strategy including developing the Fund's new logo and branding. The new Strategy is focussed on increasing awareness and understanding of the scheme, encouraging stakeholders to take ownership and providing positive experiences including through embracing technology for greater accessibility as well as efficiencies. All communication materials are being updated to make them clearer and more concise, and hence improving readability.

The ongoing work involved in implementing the new strategy is outlined in the table below.

Timescales and Stages

Launch redesigned communications with new logo and branding	2023/24 Q1
Gather feedback via scheme member and employer surveys, focus groups and employer engagement discussion. Establish test review group for new communications (already commenced)	2023/24 Q1
Create communication plan for 2023/24	2022/23 Q4
Update the communication plan post survey results, focus groups and feedback	2023/24 Q1
Update for future years and to implement wider segmentation, videos and other improvements	Q4
Review and update the branding, structure and content of the Fund's website (already commenced)	2023/24 Q1 to Q4
Videos and webcasts - Develop initial phase of videos and webcasts for the website (already commenced)	2023/24 Q1 to Q4
Agree plan and create wider suite of videos and webcasts	2023/24 Q4 to 2024/25
Investigate options to improve telephony – monitoring and user experience – and agree a plan for implementation	2023/24 Q1
Review and update content in communications (e.g. lower reading age) and develop messaging and branding guidelines.	2023/24 Q1 to Q4
Continue to develop the range of online processes within MSS	Ongoing as functionality becomes available

MSS promotional communications to active and deferred members not already registered/stated communication preference	2023/24 Q3 and ongoing
Create and deliver a visual roadmap (the journey to retirement)	2024/25
Ongoing development and delivery of communications relating to new communication plan	2024/25 and 2025/26

Resource and Budget Implications

These projects are mainly being delivered from internal resource, particularly the Communications Team and the Website and Technical Development Officer. The internal costs are included in the existing budget. Aon are providing a small element of ongoing external guidance which is included in their budget. There is a significant amount of work involved in reviewing and updating all communications including the content of the existing website but it is hoped this can be completed using internal resource. There may be additional costs relating to new or updated telephony systems and websites but the costs are unknown at this point in time.

Employer Liaison Team Projects

Understanding the continuing pressure on resources and budgets for employers, the Fund offers assistance to its Employers in providing accurate and complete notifications to the Fund (and other Employer duties) in a timely manner. The Employer Liaison Team (ELT) mainly assists in providing notifications regarding new starters, personal/employment changes and leavers/retirements in the LGPS. It undertakes outstanding requests for information in order to cleanse the pension records. All ELT costs are recharged to employers using the ELT service through their employer contribution rate. Resources continue to be reviewed to meet demand depending on ongoing employer uptake albeit there is no planned increase in the FTE posts already in place. The total budget allocated for 2023/24 is £363k. £60k of this total budget relates to temporary McCloud services.

E1: McCloud ELT Services

What is it?

Provide and continue developing ELT services in relation to data provision and other ongoing support to assist with the impact of the McCloud Judgement.

Timescales and Stages

Assisting employers with data collation for McCloud	2023/24
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