



Committee and Date

Pensions Committee

01 December 2023

10am

Item

Public

PENSIONS ADMINISTRATION MONITORING REPORT

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1. Synopsis

- 1.1. The report provides members with monitoring information on the performance of and issues affecting the pensions administration team.

2. Executive summary

- 2.1. Detail is provided on team workloads and performance. Updates are given on McCloud, the Pensions Dashboard Programme (PDP) and the Scheme Advisory Board (SAB).
- 2.2. The fund has been working on a Business Plan for 2024-2026. The business plan highlights the key priorities for the fund as well as areas of change and project like tasks which are in addition to day-to-day “business as usual” duties. A final version of the plan will be prepared for approval at the March committee meeting.
- 2.3. The Governance Compliance Statement and Administration Strategy Statement have been reviewed and no changes are required to these documents. The Communications policy has also been reviewed, minor changes are needed to the Communications Policy to reflect the fact the fund no longer sits on the national communications group but the Communications & Governance Team Leader is on a waiting list to join. The regional communications group is now chaired by the West Midlands Pensions Fund with Shropshire still involved but no longer the lead fund.

3. Recommendations

- 3.1. Members are asked to accept the position as set out in the report.
- 3.2. To approve, with or without comment, the Governance Compliance Statement, Administration Strategy Statement and Communications Policy at Appendices B, C and D, all of which have been reviewed.
- 3.3. Members are asked to note, with or without comment, the draft Business Plan in Appendix E.

REPORT

4. Risk Assessment and Opportunities Appraisal

4.1. Risk Management

Performance is considered and monitored to ensure regulatory timescales and key performance indicators are adhered to. Administration risks are identified and managed and are reported to committee on an annual basis.

4.2. Human Rights Act Appraisal

The recommendations contained in this report are compatible with the Human Rights Act 1998.

4.3. Environmental Appraisal

There is no direct environmental, equalities or climate change consequence of this report.

5. Financial Implications

5.1. Managing team performance and working with other administering authorities ensures costs to scheme employers for scheme administration are reduced. Complying with the national requirement to provide data to the Pension Dashboards will increase costs for the fund. These are presently unquantifiable. Compliance with the proposed Pensions Regulator's (TPR) one code will also increase Fund costs.

6. Climate change appraisal

6.1. Energy and fuel consumption: No effect
Renewable energy generation: No effect
Carbon offsetting or mitigation: No effect
Climate Change adaptation: No effect

7. Performance and Team Update

7.1. The team's output and performance level to the October 2023 is attached at Appendix A. The chart shows either single standalone tasks or tasks that are part of a case. Cases are a complete process that hold steps (tasks) for a procedure to be completed. The chart shows outstanding tasks and cases rising during the quarter. It also shows that processes completed on time also rose. This seems to indicate the amount of work the team are having to deal with is much greater than they can process. This would be mainly attributed to the number of vacancies on the team and staff assisting with the helpdesk queries.

7.2. Since last reporting the role of Pension Administration Manager has been appointed to, Vicky Jenks will take up post on 19th December 2023. This means the post will be vacant for 6 weeks from Debbie Sharp leaving.

7.3. The Senior Governance and Communications officer role has been appointed to with the new candidate taking up post on 13th November 2023. The development officer role on the Systems team was appointed to internally which meant the Governance Assistant role became vacant. This was a maternity cover and will become a job share when the

employee returns from maternity leave. The new employee has been appointed and will start on 13th November 2023. The post of Help Desk Officer became vacant as a team member gained a promotion elsewhere within Shropshire Council, this has been advertised externally and interviews are set.

- 7.4. The Communications and Governance team currently has 3 employees on long term sickness. . Temporary cover has been put in place for one of these posts from within the team.. A maternity cover will be required for a Communications Officer in the new year and this post has also been advertised.
- 7.5. Helen Macmillan, who was appointed as substitute Pensions Committee employer representative, will now be a full committee member following the resignation of employer representative Lindsay Short. The fund is awaiting to hear from Unison regarding the replacement of Helen as a substitute member of the committee.

8. Help Desk Statistics

- 8.1. The following chart shows statistics on the work undertaken by the helpdesk team not covered by the workflow system and reported with the wider team statistics in **Appendix A**.
- 8.2. September was a difficult month for helpdesk due to long-term sickness and planned annual leave meaning that there was just one officer taking calls throughout the month, accounting for the low rate of calls answered in this month. Other team members supported the helpdesk to ensure tasks were completed and pensioners paid on time and the call figures have started to rise again but will be impacted again in November as recruitment continues for a helpdesk officer. A higher number of calls was also received in September and October after an employer started a voluntary redundancy process without first advising us and this led to many members calling the fund for more details on their pensions to inform their decision-making.
- 8.3. With the McCloud ruling, the fund is anticipating extra calls from members who feel they may be impacted. To manage this additional demand with reduced capacity, a telephone triage has been set up directing any callers about McCloud to a recorded message that says we will contact them in due course and they do not need to do anything at the moment. With disclosure about McCloud having to be completed by the end of December, this triage system should help manage calls from other members who will also be notified of the ruling. So far only pensioners have been notified through the InTouch magazine.

	August 2023	September 2023	October 2023
Telephone calls received to helpdesk team	584	411	412
% of calls answered	92%	74%	87%

Emails received to pensions@shropshire.gov.uk	1121	1420	1244
% of emails responded to within 10 working days	100%	100%	100%
My Pension Online activation keys issued	100	69	56
Member updates made through My Pension Online	527	592	450
Opt out requests directly dealt with by helpdesk	27	63	15
Incoming post received and indexed to the pensions administration system	3759	2659	4100
1-2-1 video appointments held with scheme members	12	30	27
Users visiting the website	2823	2784	2755

9. Communications and Governance

- 9.1. The fund monitors member take-up of its online area member self-service (MSS), known by members as 'My Pension Online'. The annual benefit statements for both active and deferred members are now available to view on 'My Pension Online' unless a member has requested a paper copy. As at October 2023 a total of 50% active members and 43% of deferred members were registered to view their records on 'My Pension Online'.
- 9.2. The employers meeting took place on 14/11/2023. This meeting was advertised to employers through a GovDelivery on 18/10/2023 and a reminder sent on 31/10/2023. The actuary Mercer led the meeting with a focus on McCloud, the Pensions Dashboard Programme and also a section on data quality and how important this is for employers.
- 9.3. The autumn edition of the pensioners newsletter, InTouch, was posted out to members the week commencing 04/11/2023. Articles included:
- The McCloud judgement
 - Pensions Dashboard update
 - Give your pension some attention campaign
 - Scams - be on the alert
- 9.4. The vacancy for a new Pensions Board member representative was also advertised in InTouch. Applications are being collated with interviews planned for early December with recruitment in place before the January 2024 Board meeting.
- 9.5. A pensions tax webinar for members who received a Pensions Savings Statement was held on 10/10/2023. Invitations were also extended to any members earning over £50,000 after the actuary Mercer advised

these people could be impacted by the changes to pensions tax annual and lifetime allowances announced in the spring 2023 budget. 23 members attended the webinar and six took advantage of the 1to1s offered to discuss their individual circumstances. These figures are much lower than in recent years and this event will be reviewed when the number of members receiving Pensions Savings Statements for 2023-24 are known.

9.6. An employer update is sent monthly via an email bulletin to all registered contacts at participating employers within the fund. The topics covered in the last quarter were:

August

- 2023 annual pension benefit statements are ready - make sure you tell your members!
- Change to strain factors used in early retirement calculations
- McCloud
- Age 65 pay
- Pass through process
- McCloud
- New early retirement factors
- Strike FAQs

September

- Invite to Pensions Savings webinar on October 10 2023 for employers who may have employees affected.

October

- Employers' meeting invite

10. Employer performance

10.1. In line with the Shropshire County Pension Fund administration strategy, employers must pay their contributions by the 19th of the month. Accompanying data must also be submitted via i-Connect by this date. The below table shows the percentage of employers who have met the deadline over this quarter. This table also includes information about employers who make monthly deficit payments. Information about employers who did not meet these deadlines is covered in the governance report.

	August 2023	September 2023	October 2023
i-Connect data	98.69%	98.67%	99.31%
Monthly contributions	98.69%	99.33%	98.62%
Monthly deficit	93.18%	97.73%	95.24%

11. Business Plan

- 11.1. The Business Plan has been pulled together by the fund's management team and is now in a draft state to be presented to this Committee for comment. It covers the fund's objectives and projects for 2024-2026. The plan will be presented to March Committee to approve as the final version and will then be followed by 6-monthly reviews for the management team to review and update the plan.

12. McCloud

- 12.1. The Local Government Pension Scheme (Amendment) (No.3) Regulations 2023 were laid before parliament and take effect on 1 October 2023. The regulations implement the McCloud remedy and amend the underpin rules to make sure they work correctly. Part 2 replaces the underpin rules in the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 and some changes to LGPS Regulations 2013. Part 3 requires administering authorities to check past calculations for events that happened between 1 April 2014 and 30 September 2023, or your go live date if later.
- 12.2. The Department for Levelling Up, Housing and Communities (DLUHC) have provided guidance on how to prioritise the range of McCloud affected cases. This is to ensure a broadly consistent approach; the top priority is to ensure all calculations from 1 October 2023 for new retirements or dependents are correctly calculated. They have also issued guidance on interfund transfers and Club transfers.
- 12.3. The team have continued to check data held and have requested some missing hours from a small number of employers. The team can update these records as they are being received.
- 12.4. A lot of time has been spent on testing the new McCloud functionality in the Altair system to allow all new calculations are correct by getting the records "McCloud ready". This means running several bulk processes to create additional data views and calculating an underpin to obtain any guaranteed addition to all records of protected members. Errors from these bulk processes are being looked at. The team have also had to update all documentation that is sent to new pensioners, dependents, and deferred members to ensure they are notified of how McCloud affects them. This has included letters, scheme guides and updating the website. At the time of writing, all of this is scheduled to go live on 8th November 2023.
- 12.5. An action plan is in place along with a project team to monitor and ensure all other actions from McCloud are carried out. All members will have to be notified under disclosure of the changes to legislation by 31 December 2023 and all past cases will need to be rectified.

13. LGPS England & Wales Scheme Advisory Board (SAB)

13.1. On 19 October 2023, the SAB published [guidance on academy conversions](#). The guidance is published in response to a recommendation in the [Section 13 Report](#) on the 2019 fund valuations, produced by the Government Actuary's Department (GAD).

13.2. The guidance explains the common actuarial approaches LGPS administering authorities use when a local authority school converts to an academy. It was developed in a collaborative way by a working group. The group included representatives from GAD, the Department for Levelling Up, Housing and Communities (DLUHC), the Department for Education, fund practitioners, fund actuaries, academy school representatives and trade unions.

13.3. The SAB Compliance and Reporting Committee issued a knowledge and skills survey for completion by pension committee and local pension board members. It should take no more than eight minutes to complete and closes on 6 November 2023. The survey seeks to gather information on the experience of pension committee and local pension board members in obtaining the required knowledge and skills for their role. It builds on a survey issued earlier this year which also captured the views of officers. The data collected will not be shared on an individual or identifiable basis.

13.4. The [SAB's website](#) provides information about its work. Use the links below to find out more about:

- [latest news](#)
- [SAB meeting and agenda papers](#)
- [committee meetings and agenda papers](#)

14. Pensions Dashboard Programme

14.1. The Pensions Dashboards Programme (PDP) published a [blog addressing some of the common dashboard questions](#).

The blog, written by Chris Curry, Principal of PDP, covers:

- How is connection guidance different to the connection deadline?
- When will guidance be published, and how will PDP engage with industry?
- Are there any examples of how dashboards will look?
- Will smaller schemes, 1 to 99 members, be required to connect to dashboards in the future?

14.2. PDP hosts a virtual connection forum via MS Teams around every eight to ten weeks. This is an informal platform that is not recorded or minuted. Attendees are provided with updates on PDPs progress and connection. The forum intends to facilitate discussion and questions and answers on relevant topics, such as data readiness, connection, standards, partial matching etc. To sign up, email eventsdpdp@maps.org.uk

14.3. The DAP is the point at which dashboards go live to the user and will only launch once a number of requirements have been reviewed by the Minister for Pensions including sufficient coverage, safety and security and user experience. The Secretary of State for Work and Pensions will issue a notice six months before this date occurs, but no later than 31 October 2026.

14.4. The LGA has published the draft LGPS Pensions Dashboards connection guide for administering authorities. The guide can be found on the: [Administrator guides and documents](#) page of the website. The fund is currently intending to source an integrated service provider ISP in early 2024, in line with procurement rules.

15. September 2023 CPI rate announced

15.1. On 18 October 2023, the Office for National Statistics announced the Consumer Prices Index (CPI) rate of inflation for September 2023 as 6.7%. Government policy in recent years has been to base increases under the Pensions (Increase) Act 1971 and revaluation of pension accounts under section 9 of the Public Service Pensions Act 2013 on the rate of CPI in September of the previous year. We await confirmation from Government that the revaluation and pensions increase that will apply to L G P S active pension accounts, deferred pensions and pensions in payment in April 2024 will be 6.7%.

16. New CEO at Money and Pensions Service (MaPS)

16.1 On 16 October 2023, MaPS announced in a [press release](#) the appointment of Oliver Morley as its new Chief Executive Officer (CEO). Oliver is the CEO of the Pension Protection Fund and will join MaPS on 1 February 2024.

17. General Code anticipated

17.1. The new General Code has been ready to be laid before Parliament for several months. The reason for the delay is unknown but the new code is still expected. It will come into force approximately two months after it has been laid and will set out internal controls and governance processes schemes are expected to have in place and monitor.

18. Cyber Security

18.1 A cyber security action plan has been in place since fund officers held a workshop in February 2022, with the Council's Infrastructure, Security and Innovations Manager and Principal Auditor (IT). A gap analysis was undertaken, and an action plan created.

18.2 The work undertaken over the past year has enabled the fund to gain additional assurances of the work SC undertakes on behalf of the fund. An action plan was put in place and reviewed and the actions completed.

18.3 Internal Audit have recently undertaken a Cyber Assurance Assessment and there are a small number of recommendations to be considered. This will mean the fund will continue to work closely with Shropshire Council to understand its own policies and procedures. The fund have also been working with the Scheme Actuary in preparing a formal Cyber Policy Document.

19. New pensions minister appointed

19.1 MP for Blackpool North and Cleveleys, Paul Maynard, has been appointed as the new Pensions Minister at the Department for Work and Pensions (DWP). His appointment was announced following the news that former Pensions Minister, Laura Trott, had been promoted to the role of Chief Secretary to the Treasury as part of Prime Minister, Rishi Sunak's, latest ministerial reshuffle.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

Pensions Committee Meeting 01 December 2023 Pensions Administration Report

Cabinet Member (Portfolio Holder)

N/A

Local Member

N/A

Appendices

- Appendix A – Performance Chart
- Appendix B – Governance Compliance Statement
- Appendix C – Administration Strategy Statement
- Appendix D – Communications Policy Statement
- Appendix E – SCPF Business Plan