



Meeting:	Pension Board
Date:	19/04/2021
Title:	Pension Administration
Author:	Meirion Jones, Pensions Manager
Purpose:	For information only

1. Introduction

This report provides a general overview of pension administration over the last 6 months. It contains information on the work that has been accomplished over the period, an update on various projects that has previously been mentioned, changes in the regulations and also lists the challenges that the department faces from day to day.

2. Staffing

Since the last administration update 2 members of staff have gone on maternity leave and one has moved to the Accounts department. Due to this change, interviews have been taking place over the last few months to fully staff the department. As a result of the interviews 3 Pension Assistants have joined the team in recent months.

All 3 have settled well so far, but training remotely can be a challenge compared to face-to-face training.

3. i-Connect

As previously noted, i-Connect updates members' data in our pensions administration system on a monthly basis, avoiding the need for employers to send information at the end of the year.

Data is taken directly from a payroll system by i-Connect which then automatically identifies and updates new members, opt-outs and leavers.

Since the last administration update, great progress has been made again with the i-Connect project.

All major employers are now using i-Connect, with the information generally being received promptly by all employers.

This now leaves only two small employers (with 1 member each) who do not use i-Connect to submit their details. Work will be underway in the 2021/22 tax year to move these employers to i-Connect.

4. Member Self Service

The Member Self Service website continues to be very popular, with a large number of members visiting the site daily.

Approximately 16,000 have registered for the service to date.

5. Training

In the last update, it was mentioned that four members of staff had started studying towards a Foundation Degree in Pensions Administration and Management. The foundation degree is a mixture of assignments and exams and will take 2 years to complete. I am pleased to report that all four are still progressing well with this course, with all assignments and exams to date successfully completed.

A further 4 members of staff will start studying towards a Certificate in Pensions Administration in May 2021. This is a 9 month course that provides a basic understanding of pension schemes in the UK.

Karl White, LGA Training Officer, recently held a training session on Death Benefits for relevant departmental staff. This session looked at the calculation of dependents' benefit and death grants. Positive feedback has been received and it is hoped that the session will help us to better understand this complex set of regulations.

6. Increase

The Consumer Price Index for September 2020 was 0.5%. This is the figure used in April 2021 to increase pension payments for our Pensioners and deferred benefits.

A letter will be sent in April to all pensioners informing them of their increased pension amount and payment dates for 2021/22.

7. Measuring Data

In 2015, the Pensions Regulator (tPR) assumed responsibility for Public Sector Pension Schemes. Prior to this, in June 2010, tPR issued guidance on the approach that they consider to be good practice for measuring the presence of member data.

Once again, we commissioned our software provider Aquila Heywood to produce a Data Quality Report for our Fund in September 2020.

The report is split into 2 sections:

- **Common Data:** e.g. name, address, NI number, sex, date of birth, status and date of commencement
- **Scheme Specific Data:** e.g. scheme benefits, transfer details, AVCs, salary details, contributions, service, lifetime allowance, annual allowance and GMP.

We give below a summary of the results:

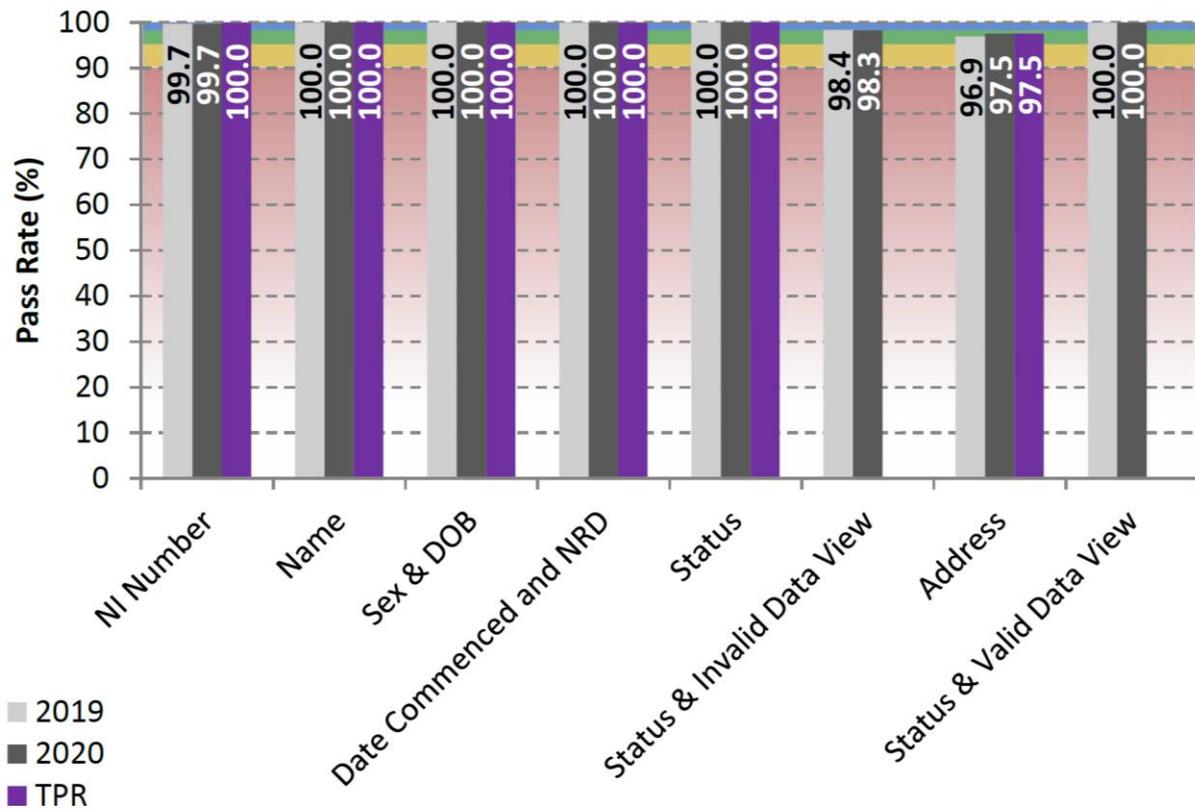
Summary of Common Data Results

The graph below shows Gwynedd's performance for each data category against the agreed plan benchmarks and the 2019 test results. The results presented here are generated from data extracted from Altair Gwynedd Live Service on 29 September 2020 for all tests. The overall percentage of tests passed for Gwynedd common data is **99.4%** (no change from 2019 score)

7 of the 8 categories achieved the highest benchmark of over 98% with 3 categories not recording a single failure. A further 3 categories have been rounded to 100% with pass rates over 99.95%. The only category that did not reach the highest benchmark was **member addresses** with a score of **97.5%**. With the exception of members' addresses, the general quality of the common data in Gwynedd is of a high standard. To improve the member address score we have used a company called ATMOS in March 2021 to carry out work to track the address of members who have been

"lost". This service has found around 1,400 new addresses for us. By updating these addresses we hope that the address score will bring this category to the highest benchmark next time.

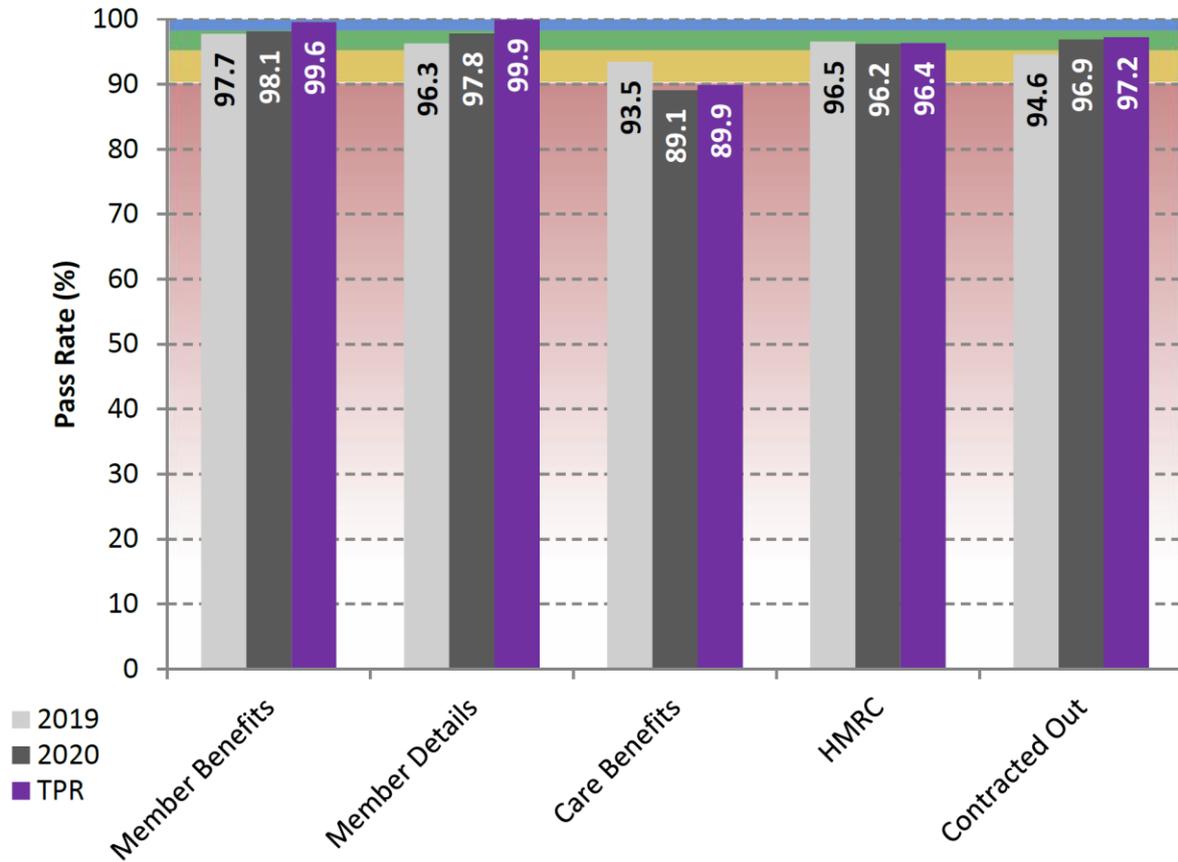
The percentage of member entries with no common data failure is **97.5%** (96.9% last year) and this is the figure that the TPR will receive on scheme returns



Summary of Scheme-specific Data Results

The graph below shows Gwynedd's performance for each data category against the agreed plan benchmarks and the 2019 test results. The results presented here are generated from data extracted from Altair Gwynedd Live Service on 29 September 2020 for all tests. The overall percentage of tests passed for scheme-specific data is **98.1%**.

The percentage of member entries without a single scheme-specific data failure is **92.1%** (91.7% last year) and this is the figure that the TPR will receive on scheme returns.



An action plan is being developed in relation to implementing any data cleansing that has been highlighted as a part of this exercise and this data cleansing is expected to improve the data scores for next year.

8. McCloud Judgment

When the Government reformed public service pension schemes in 2014 and 2015 they introduced protections for older members. In December 2018, the Court of Appeal ruled that younger members of the Judges and Firefighters' Pension schemes were discriminated against because the protections do not apply to them.

The Government has confirmed that there will be changes to all major public sector schemes, including the LGPS, to eliminate age discrimination. This judgment is often called the 'McCloud judgment' after a member of the Judges Pension Scheme has become involved.

When the LGPS switched from a final salary scheme to a career average pension scheme in 2014, members who were within 10 years of their Normal Pension Age (usually 65) on 1 April 2012 received protection called an 'underpin'. When a protected member takes their pension, the benefits payable under the career average and final salary schemes are compared and the higher amount paid.

Following the McCloud ruling the Government needs to provide protection equal to the basic protection provided to older members in order to eliminate discrimination.

In order to provide this protection we will have to recalculate the benefits of retired, deceased and scheme members who have left since April 2014, as well as updating the records of active fund member with details of hours and breaks in service.

This is a major project, and we estimate that 20,000 records will need to be revisited.

We are currently waiting to see what our computer system will be able to do in relation to the calculations before we really start work.

In the meantime we have contacted all small and medium sized employers to ask them to confirm the details of hours etc. for their staff. We will be arranging meetings with major employers in the coming months to discuss our data provision requirements.

We anticipate that we will begin the serious work of correcting records in 2022 and it is likely that a special team will be needed to work on this project.

Despite all the work, most members are unlikely to see an increase in their pension, and when an increase is applied, it is likely to be small. This is because most members will build up a higher pension in the career average pension scheme than they would have received under the final salary scheme.

9. Complaints

Fortunately, the number of complaints we receive is very low. Here are the details of the complaints we have received during 2020/21:

- **Ill Health Retirement:** Members unhappy that their application to retire under the ill health retirement option has not been successful. This decision is outside the control of the fund - These complaints are referred back to the relevant employer.
- **Death Grant Payments:** The fund has discretion in relation to the payment of a death grant following the death of a member. In unclear cases we use this discretion to pay the money to the estate and some beneficiaries are not happy with this.
- **Inaccurate language in correspondence:** We have received 2 complaints about inaccurate language in Welsh correspondence that have been sent out. The letters in question were letters sent out by individual members of staff, and not one of the department's standard templates. We are trying to create additional templates to avoid this happening again. We also send all templates for proof reading by the Council's Translation department to ensure language accuracy.