



Meeting:	Pension Board
Date:	18/07/2022
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 about the work carried out over the period, an update on various projects previously mentioned, changes in the regulations and also lists the challenges the department faces on a day-to-day basis.

2. Staffing

Since the last administration update we have lost a number of staff. One experienced member of staff has moved to work as a Pensions Manager at the University in Bangor, 2 members of temporary staff have left to take up new positions and one member of staff has received a secondment within the Council to help with the re-housing of refugees from Ukraine in Gwynedd.

Staff recruitment is currently a challenge with a low number of applications being received for job adverts. Speaking to other fund managers, this is apparently a national problem, with all funds in Wales struggling to attract new staff.

Staff have returned to the office in recent months, with most working a hybrid working pattern, working some days in the office and the rest of the week working from home. So far this arrangement is working well, giving staff opportunities to collaborate on projects face to face and also give each other support in terms of learning different aspects of the work.

We have also been successful in being part of the Council's 'Cynllun Yfory' project. As part of this project a Professional Trainee will join the team and the position will offer the individual the opportunity to develop their leadership and management skills while working in the department. The interviews will take place in the coming weeks.

3. i-Connect

As stated previously, i-Connect updates members' data in our pension 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 submits details of new members, opt-outs and leavers to us.

By now all the employers are using i-Connect, with the information being submitted, on the whole, promptly by all the employers.

4. Member Self Service

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

The site is being developed regularly with new features being added e.g. being able to complete the retirement forms online etc.

A new version of the system is in development - from the prototype that has been shown it looks like the new version will give members a better experience.

Around 16,000 have registered for the service so far. There will be a letter going out in the coming months to members who have not registered to encourage them to register.

We are also working on a project that will enable pensioners' payslips to be uploaded to the 'My Pension Online' system. We will contact pensioners when this option is available - but we recognize that a large number of pensioners will prefer to still receive paper slips, and there will be no change to the procedure for them.

5. Training

In the last update, it was mentioned that four members of staff were studying towards a Foundation Degree in Pension Administration and Management. The foundation degree is a mixture of assignments and exams and takes 2 years to complete. I am proud to report that all four have now successfully completed the course.

4 other members of staff have also completed a Certificate in Pensions Administration course. This is a 9 month course which provides a basic understanding of pension schemes in the UK.

Over the past few months Hymans Robertson has been holding training sessions for employers on the subjects below:

- Pensionable Pay and Assumed Pensionable Pay
- Basic responsibilities of employers
- Ill-health retirement - best practice process
- Outsourcing staff
- Employer discretion
- Assumed Pensionable Pay - examples

An invitation was sent to the employers of our fund to attend these sessions and very positive feedback was received to the sessions from the employers who attended.

6. Pension Increase

The Consumer Price Index for September 2021 was 3.1%. This is the figure used in April 2022 to increase pension payments for our Pensioners and our deferred benefits.

A letter was sent in April to all our pensioners to inform them of their increased pension amount and payment dates for 2022/23.

7. Data Measurement

In 2015, the Pensions Regulator (tPR) took over responsibility for Public Sector Pension Schemes. Before that, in June 2010, the tPR published guidance on what they consider to be good practice to measure the presence of members' data.

Over the last few years we have been commissioning our software provider, Aquila Heywood to produce a Data Quality Report for our Fund every September. We now have software to run this report internally.

The report is divided into two sections:

- **Common Data:** e.g. name, address, NI number, gender, date of birth, status and start date

- **Scheme Specific Data:** e.g. benefits in the scheme, transfer details, AVC, salary details, contributions, service, lifetime allowance, annual allowance and GMP.

We provide below a summary of the results:

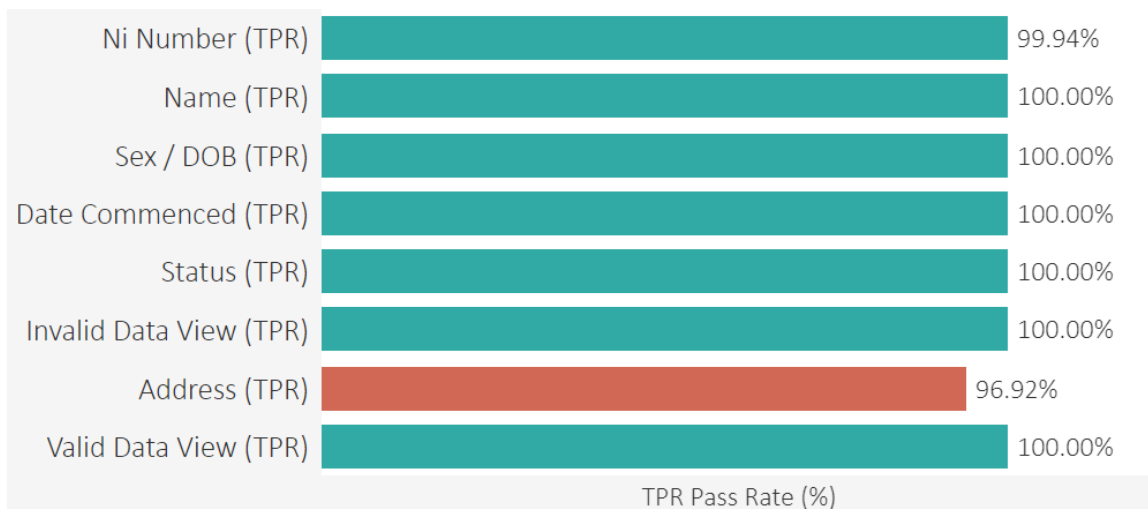
Summary of Common Data Results

The graph below shows Gwynedd's performance for each data category.

7 of the 8 categories achieved the highest benchmark of more than 98% with 6 categories not recording a single failure. The only category that did not reach the highest benchmark in question was members' addresses with a score of **96.92%**. With the exception of **members' addresses**, the general quality of common data in Gwynedd is of a high standard. In order 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 recorded as having "disappeared". Although ATMOS has identified approximately 1,400 new addresses for us, there are still approximately 900 records for which we need a correct address.

The percentage of member records without a common data failure is **97.7%** (97.5% last year) and this is the figure the tPR will receive on the scheme's returns.

TPR Pass Rate % by Test Category

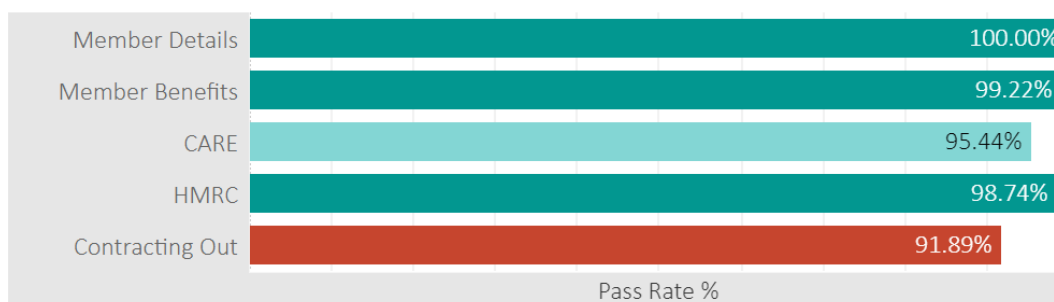


Summary of Scheme Specific Data Results

The graph below shows Gwynedd's performance for each data category against the agreed plan benchmarks.

The percentage of member records without individual data failure that is specific to the scheme is **94.89%** (92.1% last year) and this is the figure that the RP will receive on the scheme's returns.

Grand Total | TPR Pass Rate % by Test Category



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

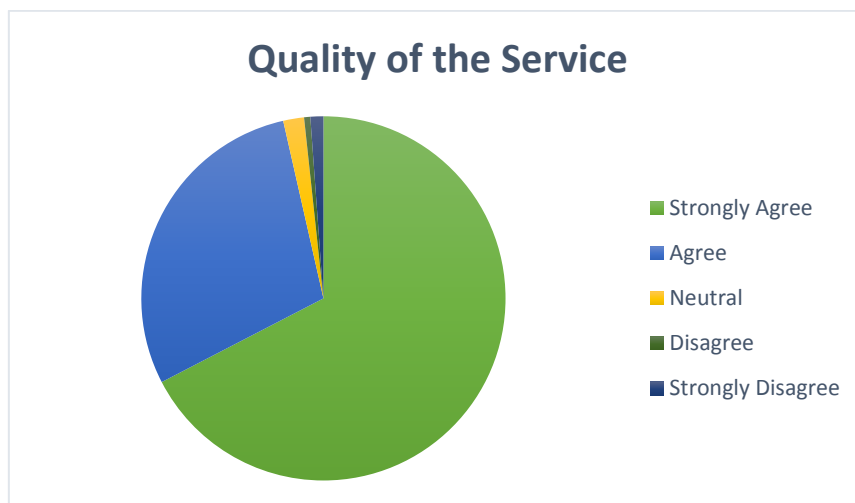
8. Member Satisfaction Survey

To ensure that we offer the best possible service to our members, a Member Satisfaction Survey is sent at the end of each process, e.g. retirements and payment of refunds for the members to give their opinion on the quality of the service received and their opinion about the service provided by the staff

Here is a summary of the 2021/22 results:

Quality of Service

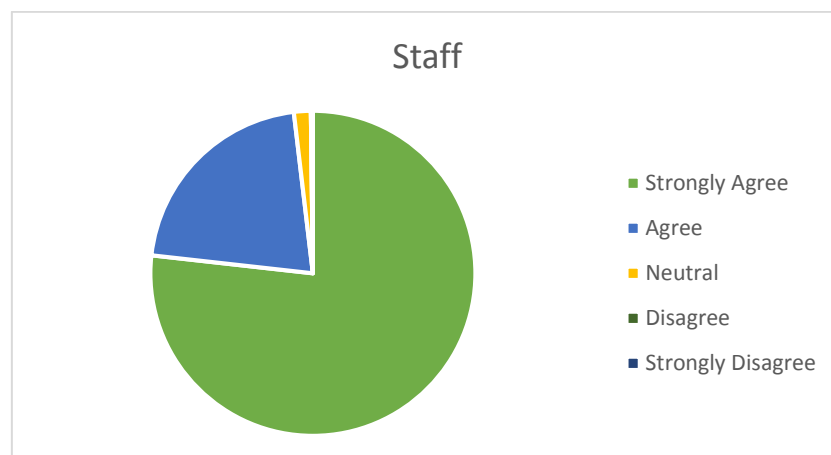
The chart below shows the percentage of users who are satisfied with four aspects of the service's performance based on: i) Service as a whole; ii) clear information; iii) Quality of service; iv) Time to deal with the enquiry.



As can be seen, 96.5% of the users strongly agree or agree that the quality of the service provided is of a high standard.

Staff

The chart below shows the percentage of users who are satisfied with four aspects of staff performance based on: i) Courtesy; ii) Punctuality; iii) Assistance given; iv) level of knowledge.



As can be seen, a high percentage once again (98.75%) of the users strongly agree or agree that the quality of the service provided is of a high standard in relation to the staff.

9. Performance Management

The Pension Fund is committed to improving its provision of service and will review the measures in place to monitor performance annually in order to identify where improvements can be made. Where areas of poor performance are identified, we will review the reasons for poor performance and implement appropriate processes to improve the level of service provided in the future.

We are currently preparing the full performance details for the Pension Fund's annual report. The report will include details on the performance of all the department's duties, but in the meantime see below the 2021/22 performance for the activities that we report on monthly basis to the Chief Executive:

Ref.	Core activities	Performance in 2020/2021		Performance in 2021/2022	
		Number of cases	Average days taken to complete	Number of cases	Average days taken to complete
CD9.03	Number of working days on average taken to send a letter informing of the value of the benefits - estimates	1,680	2.8	1,720	1.33
CD9.04	Number of working days on average taken to send a letter informing of the value of the benefits - actuals	697	1.3	685	0.99
CD9.06	Average number of working days taken to notify the value of dependent benefits	245	3	288	1.84

As can be seen, the performance of the service for the above activities has improved in 2021/22 to compare with the performance of 2020/21.

10. McCloud Judgement

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 had been discriminated against because the protections did not apply to them.

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

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 were given a protection called the '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 is paid.

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

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

This project is a significant one, and we estimate that 20,000 records will need to be looked at again. We hope our software will be able to do the recalculation, but we are currently waiting to hear what options the software provider have available for this.

We have started the work of collecting data. We have received confirmation from most of the small and medium employers that the details we have recorded for members are correct. We have also held a number of meetings with the bigger employers to discuss our requirements in terms of providing data. A number of these employers are currently collecting the data.

As for Gwynedd Council, we will have to do the work of collecting the data ourselves. As Gwynedd is the largest employer of the fund, checking and updating the records will probably be the most work in terms of the project - but it will improve the quality of our data and ensure that our members' records are correct.

We anticipate that we will begin the serious work of correcting records later this year. We have received permission from the Pensions Committee to set up a temporary team to undertake this work. We are currently in the process of recruiting, but as stated above, recruiting staff is currently a problem.

Despite all the work, most members are unlikely to see an increase to their pension, and when an increase is applied, it is likely to be small. The reason for this is that the majority of members will accumulate a higher pension in the career average pension scheme than they would have received under the final salary scheme.

11. 2022 Valuation

As you know, the fund's actuary carries out a valuation of the fund every 3 years in line with Local Government Pension Scheme (LGPS) regulations. The purpose of the valuation is to review the financial position of the Fund and to set employer contribution rates for the next 3 years.

The actuary estimates the amount of assets that will be required to meet the benefit payments owed to members as they fall due. Separate calculations are carried out to identify the expected cost of members' benefits in respect of scheme membership completed before the valuation date (past service) and that which is expected to be calculated after the valuation date (future service).

A funding ratio is calculated by the actuary which compares the value of the assets and the past service liabilities at the date of the valuation. This ratio provides a check against the aim of meeting the longer term funding level target.

The valuation exercise is complex. The actuary needs to make assumptions about future:

- rates of inflation
- salary increases
- longevity
- investment returns

Work on the 2022 Valuation has started. We have recently sent membership data to the actuary. The actuary is currently analyzing the data and they will publish the results for the entire fund during August. Following discussion of the results with the actuary we anticipate that we would be in a position to release the results to the employers during October. A presentation to the employers by the actuary will be held at that time and Board members will be welcome to attend the session. The date will be announced in the near future.

12. Complaints

Fortunately, the number of complaints we receive is very low. Here are the details of the complaints we have received during 2021/22:

- **Ill-health Retirement:** Members unhappy that their application to retire under the ill-health retirement option was not successful. This decision is outside the fund's control - These complaints are referred back to the relevant employer.
- **Relatives of a deceased member have received an English-only letter:** We have received 1 complaint from a deceased member's relative as they received an English-only letter following their bereavement. The Welsh Language Commissioner is currently investigating this complaint. Normally we ask the family for their language preference, but unfortunately in this case no contact was received from the family and an English letter was

sent out in error (our default choice is to send letters in Welsh if the choice is not language is known). From now on we will send these letters out bilingually in order to avoid such a complaint again.