



City of Westminster

Pension Fund Board

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Title:	COWPF LGPS Projects and Governance Update
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Wards Involved:	All
Policy Context:	Service Delivery
Financial Summary:	General

1. Introduction

The purpose of this paper is to update the Pension Board on the various projects and governance activities being undertaken by the Pensions and Payroll Team to improve the administration of the COWPF LGPS.

2. Projects

2.1. Administration Transfer Legacies

2.1.1. Surrey Exit

We have received a letter from Aquila Heywood confirming that our data has been deleted from Altair as requested at the end of January.

We are still processing the final financial position with respect to exiting Surrey and I will update the Board at the next meeting.

2.1.2. Project Costs – Projected Spend against Actual Spend

The projected spend of the project was £1,076,231 and the actual spend to date has been £979,130. This means that the project costs were 91% of projected spend.

Part of the reason for this underspend was a zero spend against a planned 20% contingency of £57k as set out in the Outline Business Case of Hampshire Pension Services and a zero spend against a speculative 20% contingency of £13,939 against the initial estimated Surrey Exit Costs.

However, even if we did have a full spend against those contingencies, the project would have still only spent £1,050,069 which would be 98% of projected spend.

2.2. Pension Website

The current website for the COWPF LGPS is being reviewed with respect to value for money. There are three points of review under this project which are:

- a) Further integration with Finance: for promotion of Fund finance activities
- b) Diversity and Inclusion: including accessibility
- c) Digital Value: with respect to the value of the domain name and current website content given the combined availability of the Hampshire Pension Services' and Council's websites and their ability to provide the digital support we require.

Progress since December 2021:

We held a workshop with Finance colleagues in February to discuss their requirements. Currently, Finance have a page on www.westminster.gov.uk, the Council's website, which is sufficient for their needs in publishing the relevant

documents and publications they are required to provide. Upon reviewing the current webpage versus the dedicated pensions website, we concluded that there was no material benefit to further integration with Finance with respect to creating and promoting content specifically for the current pension website as they already publish complete and discrete publications regarding Responsible Investment etc which interested parties can download and read. Also, pensions is a niche area for which there would be a small audience and any specific enquiries would either come through the main media team of the council or via freedom of information requests. Analysis of the digital readership of the current pension finance page as provided by the WCC's Digital Team show 256 unique page views in the six months from September 2021 to February 2022 (representing 0.01% of all Council site views) which would support this. Therefore, it has been decided that there will be no further integration with Finance at this stage.

With respect to Diversity and Inclusion, I attended a meeting with the Staff Network Chairs at the beginning of February to ask for their help to review the website with respect to accessibility. I also met with the ABLE Network and the Pensions and Payroll team are having an inclusive design workshop with a digital communications team on 23rd March. I will update progress on this and further work at the June Board meeting. It should also be noted that HPS want to collaborate on this work so that all digital offerings to our members and pensioners are aligned in terms of D&I and Accessibility.

With respect to Digital Value, there are a few salient points to review with respect to value for money including a review of the content held by HPS versus COWPF and also how well the Council's site would work as a replacement for the website. The most significant concern, however, is the domain name itself (www.wccpensionfund.co.uk) as this is valuable to the Fund with respect to preventing pension scams at the very minimum. The domain name has been in existence since 2014 when COWPF went live with Surrey as the pension administration service which means there is a distinct significant and consistent history of presence online under that domain name for our current and past

users. Irrespective of which content HPS holds/does not hold, if we move all our relevant content onto www.westminster.gov.uk and decide not to renew the domain name then the potential for scammers to buy and use the domain name for dishonest purposes is considerable. Further work including a risk assessment and website analytics analysis is needed on this digital value piece, and I will update the Board again at the June meeting.

2.3. Guaranteed Minimum Pension (GMP)

We are having the formal project launch meeting on Tuesday 1st March with Mercer, HPS and WCC to kick off this project. Mercer have prepared a draft timeline / project plan for review, and we expect them to start work in April after Pensions Increase. It should be noted that Mercer have already done the bulk of the data analysis required before rectification activities with Surrey, however, we will need to validate the work with HPS to avoid any errors or miscalculations. Again, I will update the Board on progress at the next meeting.

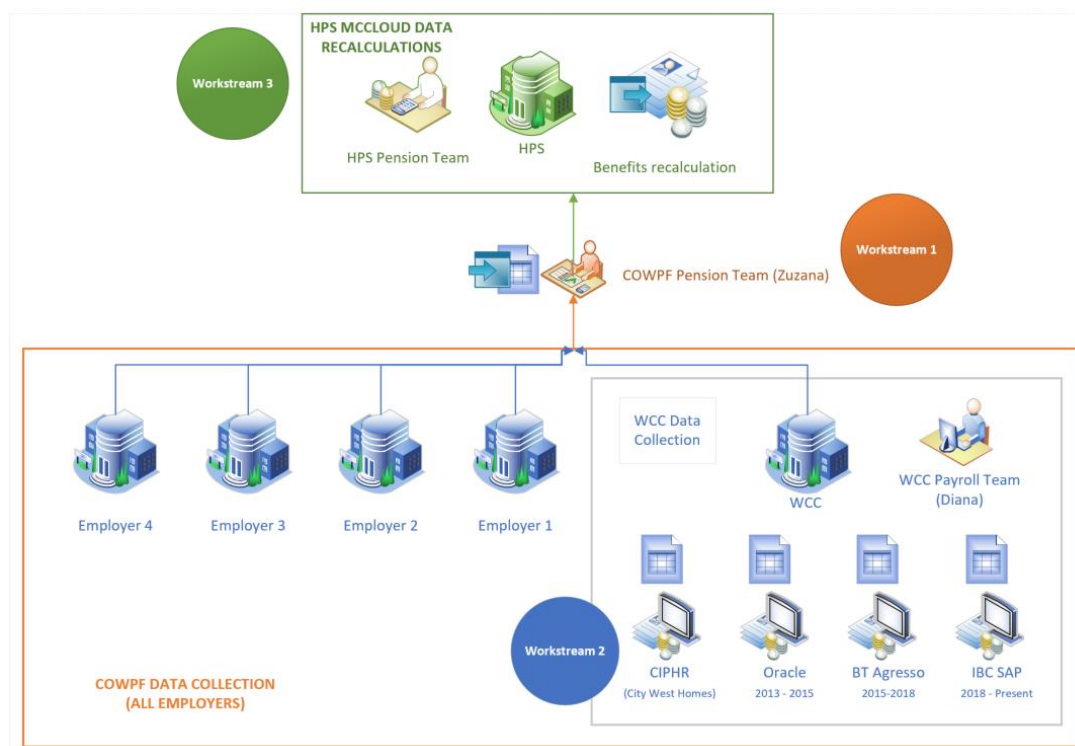
2.4. McCloud

As the Board is aware, the McCloud judgement was aimed at preventing age discrimination in the LGPS. This means that COWPF LGPS needs to recalculate the benefits for eligible members for the remedy period of 1st April 2014 to 31st March 2022. The work has been divided into two phases. Phase 1 is data collection from payroll systems to determine eligible members and Phase 2 is the recalculation of the benefits and applying the remedy. Phase 1 period runs from 2021 to 2022 and Phase 2 period runs from end of 2022 to 2023.

In order to discharge our obligations appropriately, we have divided the work required into three workstreams to ensure we plan and execute our work promptly and efficiently.

The reason for the three workstreams is because there are three avenues of responsibility under this project. Hampshire Pension Services will be responsible for recalculating the benefits for LGPS members once they receive the relevant data collection information from the COWPF employers. It should also be noted that for this avenue of responsibility, HPS are still awaiting the official remedy advice from HM Government and that there is no fixed date for this as yet. The Pension team (for COWPF) is coordinating all the employer responses (of which WCC is one) to send to HPS and the Payroll team are managing the data collection from the WCC current and legacy payroll systems.

Obviously, and as the Board knows, there is only one Payroll and Pensions team (led by Sarah Hay) but for the purposes of clarity for the project, I will be referring to them as the Pension Team, for COWPF responsibilities and the Payroll Team, for WCC responsibilities.



2.4.1. Workstream 1 – COWPF Employer Data Collection – led by Zuzana Fernandes, COWPF Pension Team

Work commenced on this workstream in Summer 2021 whereby COWPF employers were sent a data collection template to be completed by a nominated date of 31st January 2022. As of 25th February 2022, only 14 out of 38 employers (~37%) have returned completed data collection templates.

There are a myriad of challenges for employers in completing the data collection template including and particularly for schools, the challenges of several changes of payroll providers over recent years, the merging of schools and the lack of pension knowledge in schools' officers. The pension team are supporting employers to retrieve this data and complete the data collection templates as soon as possible.

2.4.2. Workstream 2 – WCC Data Collection – led by Diana McDonnell-Pascoe, WCC Payroll Team

Work commenced on this workstream in January 2022. This is because the project to transfer administration services to HPS had taken precedence.

In summary, the requirement on the WCC Payroll Team is to complete the data collection template with payroll data taken from WCC current and legacy payroll systems.

However, the team are facing significant challenges with the legacy payroll systems, particularly Oracle and CIPHR (City West Homes' payroll system) in terms of ability to access the relevant data. With respect to BT Agresso, we have an external partner, Blue Planet Software, who have the ability to extract the relevant data for WCC and we are working with them to retrieve what we need. With respect to Oracle and CIPHR, we are working with IT and our IT Strategic Business Partner on how best to extract the data we require.

Nevertheless, due to the complexity of accessing the data, we expect this process to take several months. We are also investigating futureproofing access to these systems alongside our statutory requirement for McCloud as there is a risk that further payroll requests for data on behalf of the Fund over the coming years will increase access costs exponentially, especially if we have to continually access each system independently and also if the systems become technologically obsolete. Because of these risks, it may be more prudent to collate the data internally in some other way in order for us to access it now and in the future.

Despite this, the Payroll Team are very cognizant of the statutory requirement and do not intend to overtly delay any action to discharge our responsibilities under this requirement. I will have a further update on this at the next Board Meeting.

2.4.3. Workstream 3 – LGPS Benefits Recalculation Exercise – led by Hayley Read, HPS Pension Team

There is no update under this workstream as yet because Phase 2 has not launched.

3. Governance

3.1. HPS Contract Monitoring

As part of the lessons learned from our time with the previous administrator, we have already and are in the process of putting robust contract monitoring and governance procedures in place with HPS.

As the Board was previously advised, HPS are providing monthly partnership reports to COWPF updating the team on Service Delivery KPIs and other relevant information (for the month immediately preceding) which is subsequently discussed at a monthly partnership meeting i.e., February's

meeting discusses January's performance. These results are then being collated by us into a monthly performance tracker so we can monitor trends in overall performance.

Equally, HPS are in the process of being set up on the Council's contract performance software, capitalEsourcing, so that we can report formally and gain support from WCC's procurement teams on managing the contract according to best practice.

In terms of the financial governance of the contract and as previously advised to the Board, HPS agreed to bi-annual financial governance and performance meetings in addition to the monthly partnership meetings. We asked for this additional oversight because the partnership meetings were primarily related to service delivery in administration. I am pleased to inform the Board that HPS have agreed to supplementary finance meetings for this first full year of the contract so that we ensure good governance from the start. This means that for the calendar year of 2022, there will be quarterly finance meetings chaired by HPS to which all the relevant finance colleagues will attend. For the calendar years of 2023 and beyond, we will revert to bi-annual meetings.

4. Summary

This paper was to update the Board on the current position of projects and governance activities related to the administration of the COWPF LGPS. Future papers will update the Board on progress of these activities and inform the Board of any significant developments of the same.