

# Pension Fund Committee

<b>Date:</b>	<b>6<sup>th</sup> December 2022</b>
<b>Classification:</b>	<b>General</b>
<b>Title:</b>	<b>LGPS Projects &amp; Governance Update</b>
<b>Report of:</b>	<b>Diana McDonnell-Pascoe</b> Pension Project and Governance Lead, People Services
<b>Wards Involved:</b>	<b>All</b>
<b>Policy Context:</b>	<b>Service Delivery</b>
<b>Financial Summary:</b>	<b>£38,810.95</b>

## 1. Introduction

The purpose of this paper is to update the Pension Committee on the various projects and governance activities being undertaken by the Pensions and Payroll Team to improve the administration of the City of Westminster Pension Fund (COWPF) Local Government Pension Scheme (LGPS).

## 2. Current Projects

### 2.1. Statutory Projects

#### 2.1.1. Guaranteed Minimum Pension (GMP)

At the time of writing this paper, there is a risk to the project not being completed ahead of Pensions Increases in April 2023. This risk has developed since the previous Committee Meeting in October and is down to delays at during the data analysis part of the rectification phase. Mercer have advised by email on 23<sup>rd</sup> November 2022 that they believe they are still on track to meet the February

deadline however we are still waiting for a revised project plan detailing the risk mitigation and how they propose to pull the time back and complete as expected.

We are disappointed in the continual delays in receiving the revised project plan and we have expressed our frustration to Mercer. In return, we are collaborating with Procurement and the Head of Supplier Relationships, Tony Roy, to explore our options. We are also collaborating with Hampshire Pension Services on how to mitigate the risk and we are still striving to meet our intended deadline.

With respect to project costs, HPS have given us an indication of the cost of uploading the rectified data. At present, this cost is approximately £30,000 and is detailed as follows:

- They have estimated 13 to 20 days of Civica / Intellica resource would be needed to upload the rectified GMP data in to UPM and support the work to adjust pensions in payment. Based on a maximum of 20 days' resource, the charge would be £24,000 at most.
- They have estimated roughly 21 days of HPS resource to support the upload and adjustments which comes to approximately £6,000.

I would ask the Committee's approval to raise a purchase order for £30,000 with the understanding that all spend against it will be carefully monitored. We have confidence that HPS will only charge us for work completed.

#### 2.1.2. McCloud

The McCloud judgement was aimed at preventing age discrimination in the LGPS. COWPF LGPS will recalculate the benefits for eligible members for the remedy period of 1<sup>st</sup> April 2014 to 31<sup>st</sup> March 2022.

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

*All employers are working with current and legacy payroll systems and payroll providers to obtain the data required and there is slower progress with some employers due to the complexity of obtaining the data required.*

Hampshire Pension Services (HPS) have completed the second round of chasing for outstanding returns, and they are waiting two weeks to allow employers to have the chance to respond before escalating to the fund. The HPS internal project board continues to meet on a regular basis to discuss progress and prepare for any work that can be completed now to prepare us for Remedy.

**Data Collection for remedy period of 1<sup>st</sup> April 2014 to 31<sup>st</sup> March 2022**

HPS have received 23 of 37 completed service/break data sets from Westminster employers in October; initial data checks have been completed on all the data sets received. This represents 19.79% of the membership population who are likely to require McCloud remedy. This is an increase of three data sets (approx. 2%) and is a good improvement given the complexity of obtaining legacy data. Also in October, there were 14 employers yet to provide data which is a decrease from 17 employers in the previous month.

**Data Collection for remedy period of 1<sup>st</sup> April 2021 to 31<sup>st</sup> March 2022**

Although there were no additional submissions of data in October which remains at 21 of 39 completed service/data sets from Westminster employers received (i.e., 15.33% of the membership who are likely to require McCloud remedy), HPS have uploaded 6 of the 9 original service/break data sets to the system.

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

*In this workstream we are collecting the McCloud data for Westminster City Council as an employer. We have three legacy payroll systems (Oracle, Agresso and CIPHR) and the current payroll system, IBC, to obtain the data from.*

We have been updating HPS at a monthly McCloud meeting so that they are apprised of our progress.

Current progress is as follows:

- IBC data has been collected, collated, and shared with HPS as of June 2022.
- BT Agresso legacy data collection is expected to be completed by Sarah Hay in December 2022.
- CIPHR legacy data collection – manual collection
  - The manual collection of data is progressing with purpose. Currently Tracey Fuller is cross-matching spreadsheet data against pdf payslip data which requires a high degree of accuracy. We are having weekly updates on progress and are desirous of completing in January 2023.
- CIPHR legacy data collection – automated reporting
  - The first iteration of the new PowerBI interface of the CIPHR data in the corporate data warehouse has been developed which is a significant early achievement for the project team. During this build phase, the interface is without personally identifiable data (PID) so that it can be tested and refined in iterative steps. PID will be loaded into the interface once we are ready to go into final testing in the pre-production phase. This is in line with our GDPR protocols. The interface will start user testing with the pensions and payroll team on 3<sup>rd</sup> December which is a significant milestone. We are continuing with the manual collecting of the McCloud data notwithstanding this progress however, because a) we need a gold standard of data to audit against and b) this project may not be completed before the manual collection is completed so it would be unwise to abandon the manual collection.

- Oracle Legacy Data Collection
  - We have restarted the process of obtaining our Oracle legacy data and are working with a new customer liaison team at Oracle Corporation. Our request to them is to investigate a method of completing the McCloud data template on our behalf as we do not have the facility to generate any reports ourselves. Ideally, they will be able to complete this on our behalf. If this is not possible, we will explore other ways of obtaining our data with them.

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

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

## **2.2. Pensions Dashboards**

As presented in my last paper, the Pensions Dashboard, as per the programme initiated by The Money and Pensions Service (MaPS), will become a priority project in the next financial year when we go to stage between April 2023 and September 2024.

We have now been presented with a Pension Dashboard Programme report from Hampshire Pension Services setting out the delivery plan for engaging with the programme.

Key takeaways from the report are as follows:

- At present, only active and deferred member benefits are in scope; pensioners and members with preserved/unclaimed refunds will not be included in the data set being provided to the Pensions Dashboard.
- The legislation sets out significant roles for The Pensions Regulator (TPR) who will regulate the compliance of public-sector pension providers and

schemes in providing data to individuals via their chosen dashboard – they will have powers to issue penalty notices to schemes and third parties.

- Pension benefit information must be made available via the pension dashboard by 1 April 2025 and cover both benefit options, to reflect McCloud remedy.
- HPS have chosen to use an integrated service provider (ISP), Civica, who will be responsible for:
  - Connecting to the dashboard ecosystem.
  - Providing both 'View' and 'Find' information to the Pensions Dashboard.
  - Managing member matching, and reporting 'partial matches' back to HPS.
  - Providing governance and monitoring tools

We have also been given an indication of costs for engaging with this programme. **The total cost as it stands at present is £8,810.95** (£8,100 indicative, £710.95 confirmed).

There are three categories of costs.

**Category One:** ISP Implementation Fee – one off cost.

City of Westminster Pension Fund's (COWPF's) share of the ISP Implementation Fee and based on the LGPS membership numbers as of 30th September 2022, i.e., 11,814 active and deferred members, this share of the ISP implementation fee is £710.95 and is payable by March 2023.

**Category Two:** ISP annual maintenance fee – ongoing cost.

COWPF's share of Civica's indicative ISP annual maintenance fee – payable from September 2024 – is £4,700 and will be increased by the Retail Price Index (RPI) each September.

**Category Three:** HPS resourcing to support the implementation – ongoing cost.

The HPS resource that will be required to support implementation and respond to member queries and 'partial matches' is currently estimated to be an additional 2 FTE staff. The cost of the 2 FTE will be split across all schemes they support based on scheme membership, and the indicative cost for the COWPF, per annum would be £3,400. This would increase in line with staff pay awards. This resourcing is estimated and will be reviewed and adjusted based on requirements as the project progresses.

I would like to ask the Committee's approval to pay the one-off cost of £710.95 in December 2022. When the indicative costs have been confirmed, I will return to seek approval of the confirmed costs.

## **2.3. Non-Statutory Projects**

### **2.3.1. Pension Website Review**

A kick off meeting was held with WCC's Customer Engagement team's Digital Lead to start the process of migrating from the current pension's website to the council website. The Digital Lead, Rebecca Gordon, will lead on facilitating this move which will include key stakeholders in different council teams and co-ordinating activities to the timeline.

The timeline has been initially set as follows:

- Project scoping and work breakdown planning including comms and engagement: November 2022 – Jan/Feb 2023
- Website development commences: Feb 2023
- Engagement with Customers (Focus Groups, User Acceptance testing etc): Spring/Summer 2023
- Digital Accessibility Audit (external): Summer 2023
- Website development completion: September 2023
- Final user testing and Soft Launch: mid-October 2023
- Decommission of existing site: 31<sup>st</sup> October 2023.

- Go-live: 1<sup>st</sup> November 2023

The overall project aim is to create a digitally accessible, curated website with clear planned pathways for users to access the information they need to be fully engaged with their pensions and to understand the pension information we provide. Our intention is to engage with identified categories of users of the site to ensure that the user experience is optimised and streamlined. We also want to connect with the analytics available to us to evaluate our communications campaigns and user activities on the site.

### **3. Governance**

#### **3.1. Business Continuity Planning**

As HPS are our administration partner, we include them in our WCC business continuity planning. I will be engaging with HPS in 2023 to ensure alignment on business continuity planning.

#### **3.2. External Audit**

To prepare for next year's external audit by Grant Thornton, I will be attending the planning meeting with Finance colleagues to represent the administration side of the team. I intend to hold planning meetings with Hampshire Pension Services so we can prepare specific contacts for certain audit topics. HPS approve of this approach and have committed to supporting improved preparations for next year. As HPS will have managed the administration of the LGPS from start to finish of the next audit period, we expect next year's audit to progress smoothly.

#### **3.3. Internal Audit**

In Q4 of this financial year, Internal Audit will audit the pension projects. The planning meeting will be mid-January. I will update the Committee on this at the next meeting.



## **4. Summary**

- 4.1.** The Guaranteed Minimum Pension project is at risk of not being completed before Pensions Increases in 2023 however, Mercer have advised by email on 23rd November 2022 that they believe they are still on track to meet the February deadline. Nevertheless, we are still waiting for a revised project plan detailing the risk mitigation and how they propose to pull the time back and complete as expected. Hampshire Pension Services have given us an indicated cost profile for their part in completing the project which is approx. £30,000.
- 4.2.** The McCloud project is progressing with purpose, and we expect to have the first of the legacy systems' (BT Agresso) data collection completed by December 2022. We are aiming to get the CIPHR data collection completed by January 2023, and we are re-engaging with Oracle Corporation to ascertain if they can complete the data collection on our behalf.
- 4.3.** The Pensions Website migration project has commenced, and we have a first draft timeline of activities to get the new micro-site up and running by October 2023. I will update further at the next Committee meeting.
- 4.4.** The Pensions Dashboard, as per the programme initiated by The Money and Pensions Service (MaPS), will be a priority project in the next financial year. COWPF LGPS will need to supply data to the dashboard, and we will work with HPS and Civica to connect to the dashboard when it is time for us to be staged. We have received a comprehensive report from HPS detailing the project so far, key decisions and obligations and setting out expected costs. Confirmed costs so far are £710.95 and indicative costs are approx. £8,100.
- 4.5.** Key Governance activities are being planned for 2023 starting with an Internal Audit focusing on pension projects in January 2023.