Pension Scheme Board

City of Westminster

Date:	**1st February 2023**
Classification:	**General Release**
Title:	**LGPS Projects & Governance Update**
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Wards Involved:	**All**
Policy Context:	**Service Delivery**
Financial Summary:	**£38,810.95**

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 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)

Mercer Ltd – Rectification Calculations

On 13th January 2023, Mercer (our contracted supplier to complete GMP rectification calculations) informed us that they could not meet the project completion date of February 2023. We had been made aware of this risk on 21st December 2022 however there was little to be done at that stage. The reason for

the inability to meet the deadline was that a data calculation tool – the Delta Tool – had failed to operate and therefore all work had ceased until it could be fixed. Mercer Ltd have proposed a new project timeline of April 2023 to October 2023.

This is unacceptable because it leaves us in the same position as we were in April 2022 where, due to April 2023 Pensions Increases, Mercer will need a brand-new updated set of data to analyse which Hampshire Pension Services will have to supply. HPS will endeavour to provide it cost-free and have reassured us that they have the necessary "script" and an in-house officer who can run it. However, should there be any issues, there may be a cost and another delay should we need to engage their software provider again as their supplier requires an approx. three-month lead time to complete projects.

We have significant concerns about Mercer's ability to deliver this project and we are also concerned about the quality of the final product. We have engaged the WCC Legal and Procurement teams to review our options with this contract.

In terms of project costs, of the £33,000 project cost, we have only paid £6,600 to date.

Hampshire Pension Services – Bulk Data Upload and Records Amendment
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.

The Pension Fund Committee approved raising 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 1st April 2014 to 31st March 2022.

In the December Partnership Report, HPS shared a timeline with key dates for implementing McCloud. The McCloud implementation phase is expected to run between October 2023 and April 2025. It is worth noting that the Pensions Dashboard Programme (see 2.2) will be staging in September 2024 which is within this implementation phase.

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.

Data Collection for remedy period of 1st April 2014 to 31st March 2022
HPS have received 23 of 37 completed service/break data sets from Westminster employers to date; initial data checks have been completed on all the data sets received. This represents 19.79% of the membership populate 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. 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 1st April 2021 to 31st March 2022

HPS have received 22 of 37 completed service break/data sets from Westminster employers to date. The team dedicated to collecting and loading McCloud service/break data sets, continue to work with employers and the pension fund authority, to obtain outstanding data, and also improve the quality of data they have already received.

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.

- The first draft of the BT Agresso legacy data collection was completed by Sarah Hay in December 2022. After consultation with HPS, there are some minor modifications and calculations needed so we are segregating the bulk data from these so HPS can process the majority of the data. We expect to complete this section of the project by mid-March 2023.

- CIPHR legacy data collection – manual collection

   o 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 February 2023.

- CIPHR legacy data collection – automated reporting

- o 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. We commenced user testing with the pensions and payroll team on 3rd December which is a significant milestone, and I can confirm that we are almost ready to launch. 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

  - o 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:

  o Connecting to the dashboard ecosystem.

  o Providing both 'View' and 'Find' information to the Pensions Dashboard.

  o Managing member matching, and reporting 'partial matches' back to HPS.

  o 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.

The Pension Fund Committee approved 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: 31st October 2023.
- Go-live: 1st 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 Board on this at the next meeting.

4. Summary

4.1. The Guaranteed Minimum Pension project will not be completed before Pensions Increases in April 2023. Mercer Ltd, our supplier for the data rectification has told us that their calculation tool is not working and therefore they cannot deliver the project in time. We are exploring options with respect to their contract. 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 had the first of the legacy systems' (BT Agresso) data collection completed in December 2022. There are minor changes to be made after consultation with HPS and we are aiming to get this turned around in February 2023. We are aiming to get the CIPHR data collection completed by February 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 Board 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.