

PENSIONS ADMINISTRATION REPORT – 27th March 2024

This report provides a progress update on a number of projects being simultaneously undertaken, along with providing information on relevant issues in the administration of scheme benefits.

1. Regulatory update –

- a. McCloud/Sargeant update – You will recall from the previous report that the remedy would require the recalculation all pensions (including dependants pensions), death grants, and deferred benefits calculated since 1st April 2014 for those that were active on 31st March 2012. This will require employers to provide the hours for each part time scheme member, including any changes, for the remedy period 1st April 2014 to 31st March 2022. This will enable all benefits to be recalculated on a service and final salary basis for comparison with CARE benefits accrued during the remedy period. All Employers have also been provided with data extracts to undertake data comparisons and identify any issues. Data reconciliation and validation continues to progress well along with query resolution.
- b. Amending regulations were issued by 31st October 2023 and made a number of related changes to the underpin to ensure it meets policy intent for aggregation, transfers, flexible retirement and divorce calculations. Given the complexity of the remedy and the volume of additional work that is required, statutory guidance is key to ensuring the new regulations are implemented on a consistent basis across all funds. DLUHC have issued initial guidance which needs to be expanded and the GAD is updating actuarial guidance to reflect the changes.
- c. In accordance with disclosure requirements, Scheme members have been informed of the remedy. There are a number of resources available such as a short video, FAQ and a factsheet. The factsheet advises members they do not need to do anything and will automatically be assessed for the underpin.
- d. There was a Judicial Review held in February relating to the impact of McCloud on the cost management process. The outcome may result in changes to benefits for scheme members, potential increases to employer costs and scheme administration issues.
- e. Pension Dashboards- The Pensions Schemes Act requires schemes to provide information to a pensions dashboard in order that individuals can access pensions information in one place online. The Government hopes this will support individuals to plan for their retirement whilst giving better understanding of their pensions. Compliance with Pensions Dashboard is a legal requirement for public sector pension schemes. We must be in a position to go live on 1st October 2025, however, there must also be a 1-year

lead in connection period which will start no later than 1st October 2024. We are continuing to work with our software provider to meet this legislative requirement. The Pensions Regulator is responsible ensuring compliance and will be enforcing this by the use of fines. However, this will also require an increase in resources to initially focus on data matching, the calculation of value data and the provision of AVC data. There is potential for the role to expand as Pension Dashboard requirements develop.

2. Breaches Register

Regulation 18(5) of the LGPS Regulations 2013 prescribes that there is a time limit for payment of a refund of pension contributions:

“An administering authority shall refund contributions to a person entitled under paragraph (1) when the person requests payment, or on the expiry of a period of five years beginning with the date the person’s active membership ceased if no request is made before then or, if the person attains age 75 before then, on the day before attaining age 75.”

The National Technical Group recommend to SAB, to change the regulations concerning the payment of a refund to reflect the position prior to 1 April 2014 i.e. to remove the prescription that requires an administering authority to pay a refund on the expiry of a period of five years beginning with the date the person’s active membership ceased if no request is made before then.

In making this recommendation the group acknowledged that interest would be added up to the date of payment, as opposed to on the expiry of 5 years and if a fully completed mandate is not returned by the member, no further action would take place i.e. the group agreed not to waste time or money on using Tracing services in respect of members who have been contacted repeatedly and do not reply. The SAB have made recommendations to the Minister.

The refunds scheduled to be automatically paid in November 2023 to February 2024 have been included on the breaches register as the scheme members have not replied in order for the refund to be paid.

3. I-connect

In order to improve the timeliness of data flow from scheme employers to the administration section, a monthly update system called ‘i-connect’ has been implemented.

Further development work has continued with employers to ‘on board’ them in order that data can be transferred electronically. The table below shows the employers who are active on i-connect. In order to expedite the transition to electronic transmission of data, Pembrokeshire College, Coleg Ceredigion and

Coleg Sir Gar have all be provided with a spreadsheet template to provide updates similar to i-connect. This process is known colloquially as 'Monthly Updates'. Many of the other smaller employers already utilise 'Monthly Updates'.

Coleg Ceredigion and Coleg Sir Gar (CSG) are continuing to work with their payroll provider to ensure the data required is extracted and inputted into the correct fields. They have been given additional access to 'test' load the files in order that discrepancies can be immediately identified. CSG are continuing to upload test files. Pembrokeshire College are still working on resolving the outstanding queries before submitting further files.

Dyfed Powys Police have confirmed their intention remains to implement i-connect with assistance from their payroll provider but postpone it from April 2024 to September 2024.

Employer	i-Connect status
ABERYSTWYTH TOWN COUNCIL	Active
ADAPT	Active
BURRY PORT MARINA LTD	Active
CAREERS WALES WEST	Active
CARMARTHEN TOWN COUNCIL	Active
CARMARTHENSHIRE AVS	Active
CARMARTHENSHIRE C C	Active
COLEG SIR GAR	
CARMARTHENSHIRE FED OF YFC	Active
CEREDIGION AVO	Active
CEREDIGION C C	Active
COLEG CEREDIGION	
CWARTER BACH COMMUNITY COUNCIL	Active
CWMAMMAN TOWN COUNCIL	Active
DYFED-POWYS POLICE	
GORSLAS COMMUNITY COUNCIL	Active
IAITH CYFYNGEDIG	Active
KIDWELLY TOWN COUNCIL	Active
LLANBADARN FAWR COUMMUNITY	Active
LLANEDI COMMUNITY COUNCIL	Active
LLANELLI RURAL COUNCIL	Active
LLANELLI TOWN COUNCIL	Active
LLANGENNECH COMMUNITY COUNCIL	Active
LLANNON COMMUNITY COUNCIL	Active
LLESIAANT DELTA WELLBEING LTD	Active
MENTER BRO DINEFWR	Active
MENTER CASTELL NEDD PT	Active
MENTER CWM GWENDRAETH	Active
MENTER GORLLEWIN SIR GAR	Active
MID & WEST WALES FIRE	
NARBERTH AND DISTRICT SPORTS ASSOC	Active
PEMBREY AND BURRY PORT TOWN COUNCIL	Active
PEMBROKE DOCK TOWN COUNCIL	Active

PEMBROKE TOWN COUNCIL	Active
PEMBROKESHIRE AVS	Active
PEMBROKESHIRE C C	Active
PEMBROKESHIRE COAST NAT PARK	Active
PEMBROKESHIRE COLLEGE	
PLANED	Active
TAI CEREDIGION	Active
TENBY TOWN COUNCIL	Active
TRINITY COLLEGE	Active
UNIVERSITY COLLEGE OF WALES	Active
WELSH BOOKS COUNCIL	Active
WEST WALES ACTION FOR MENTAL HEALTH	Active
VALUATION TRIBUNAL FOR WALES	Active
VISIT PEMBROKESHIRE	Active

4. GMP Reconciliation

When a scheme member attains State Pension Age, they will be advised of the amount of Guaranteed Minimum Pension (GMP) which is included in their pension. The GMP relates to the part of the pension for the period between April 1978 and April 1997 for which they were 'contracted-out'. For this period, the Scheme has to guarantee that their pension will be at least the same as it would have been, had they not been 'contracted-out'. Contracting out ceased in April 2016. HMRC have now stated that they will not be sending a statement to all individuals affected specifying who is responsible for paying their Guaranteed Minimum Pension (GMP). The pensions section will continue to reconcile the GMP values it holds for members with those calculated by HMRC. It ensures that all individuals recorded by HMRC against the fund are correct. The pensions section has reconciled 99.76% of the records held. Further information has also been issued to HMRC in order that they can amend their records, unfortunately, a response remains outstanding. Reconciliation work has also been undertaken in respect of active scheme members and 99.40% have been reconciled. Unfortunately HMRC have not responded to all the outstanding queries and therefore the reconciled data remains the same as the previous report.

5. Business Continuity Plan

A successful DR test was conducted by utilising our software providers secondary datacentre. The scope of DR test was the access and functionality of the system upto the production of a BACS File.

6. Workflow

The tables overleaf detail the workflow statistics for the key tasks undertaken in the section for the period 1st October 2023 to 31st December 2023 in respect of the LGPS only. Please note that in circumstances where multiple iterations for the same calculation date have been undertaken, this is recorded as a single estimate. The workflow statistics are recorded on a quarterly basis.

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