

PENSIONS ADMINISTRATION REPORT – 25th March 2021

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 all employers to provide the hours each part time scheme member, including any changes, they have worked between 1st April 2014 to 31st March 2022. When the CARE scheme was introduced on 1st April 2014, employers were not required to provide or record hours of employment for pension purposes. Our software supplier is finalising testing the ‘McCloud’ data upload facility. When this has been completed, a detailed project plan can be provided as it is currently anticipated that a significant number of cases will require manual intervention rather than automated update of hours. Regulatory clarity is also required to deal with data discrepancies and cases where the employer no longer exists or is not able to provide data. The same principle will apply to the Police and 2 Firefighter Pension Schemes administered. Recruitment of an addition Pensions Officer is underway to undertake the initial identification of prospective cases and liaise with Employers to ensure that returns are received for all scheme members.
- b. Exit Payment Cap – HMT Directions for capping public sector exit payments to £95,000 were issued on the 4th November 2020 but unfortunately the LGPS Regulations were not amended to reflect this along with GAD Guidance. On 12th February 2021 HMT disapplied these regulations and quoted the reason as “the government has concluded that the Cap may have had unintended consequences”. No payments made from the Pension Fund were restricted by the interim Cap. The Ministry for Housing, Communities and Local Government (MHCLG) has confirmed that it will consult on further reforms to exit payments later this year.
- c. GMP Equalisation – Following the latest judgement in respect of the ‘Lloyds’ 1990 European Court of Justice ruling, the Pension Fund may have to recalculate historic transfers. This covers transfers into and out of the fund with GMP’s covering the period between the ruling on 17th May 1990 to 5th April 1997 when GMP accrual ceased. Guidance is awaited from MHCLG and the Government Actuary’s Department on how GMP equalisation will be achieved in the LGPS.

2. Employer Cessation

Swim Narberth has ceased as a scheme employer and all assets and liabilities have been transferred to its guarantor in the Fund.

3. 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 MHCLG.

The refunds scheduled to be automatically paid in January 2021 and February 2021 have been included on the breaches register as the scheme members have not replied in order for the refund to be paid.

4. 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.

| Employer | i-Connect status |
|-------------------------------------|-------------------------|
| ABERYSTWYTH TOWN COUNCIL | 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 | |
| COOMB CHESHIRE HOME | Active |
| CWMAMMAN TOWN COUNCIL | Active |
| DYFED-POWYS POLICE | |
| GORSLAS COMMUNITY COUNCIL | Active |
| GRWP GWALIA | 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 |
| LLESIAINT 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 |

5. Data Quality Reports

The scheduled data extract for December 2020 was completed and we have been provided with the Data Quality reports from our software provider. Below are the data scores for the last 4 years.

| LGPS Data area | Common data | Scheme specific data |
|--------------------------|--------------------|-----------------------------|
| December 2020 data score | 99.1% | 99.2% |
| December 2019 data score | 98.3% | 98.1% |
| December 2018 data score | 96.5% | 95.8% |
| December 2017 data score | 94.5% | 85.3% |

6. 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.

7. Workflow

The tables overleaf detail the workflow statistics for the key tasks undertaken in the section for the period 1st October 2020 to 31st December 2020 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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