



City of Westminster

Pension Fund Board

Date:	28th July 2022
Classification:	General Release
Title:	COWPF LGPS Projects Update
Report of:	Diana McDonnell-Pascoe Pensions Project Manager, People Services
Wards Involved:	All
Policy Context:	Service Delivery

1. Introduction

The purpose of this paper is to update the Pension Board on the various projects 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. Pension Website

The current pension website is being reviewed as to suitability and fitness for purpose. Areas under review include, Equality, Diversity and Inclusion, Value for Money, and the type of content we offer. This review is being conducted because of our transfer from Surrey County Council (SCC) to Hampshire Pensions Services (HPS). When we were with SCC, we needed our own website however HPS have their own and can provide access to most but not all of the information our website provides. We will still need to provide the remaining information somewhere, so we are investigating and reviewing our options.

So far, we have reviewed the website with the ABLE network and will also aim to review it with the BAME network shortly. We have had positive feedback from one visually impaired member of staff who said the current website worked well with his read out loud software. We had a joint review with Hampshire Pensions Services also.

Further evaluation work on the viability of the website will include using a decision matrix to compare different options, using Google Analytics to analyse the traffic to the site, conducting a survey of our members, pensioners, employers to get their stakeholder feedback, creating curated focus groups for reviewing the site and other options so we can ensure we have the best solution available to us and our customers. We are also looking at untapped opportunities that may be in our interest to explore in terms of online promotion of the good things that the Pension Funds does such as green investment.

2.2. Guaranteed Minimum Pension (GMP)

2.2.1. What is the status of the GMP project?

The GMP reconciliation is now complete and there are no outstanding client decisions on reconciliation. Once decisions on the approach to GMP rectification have been agreed, and the calculations performed, the results will be used to manage all the adjustments required to payroll records at a single point. The deferred members will also require adjustment. While the GMP values have been reconciled during the reconciliation process, individual member records will require update or correction given values used in the calculation of benefits for some members will not be correct.

We are currently working with Hampshire Pension Services (HPS) and Mercer to enter the rectification phase of the project. We anticipate that this will start no later than August 2022. We anticipate the rectification phase to take approximately seven months and have a deadline of completing the rectification phase by the end of February 2023 because

the new financial year will require calculations for pensions increases which will invalidate any rectification completed already.

The agreed cost for this project with Mercer is £33,000 as previously agreed by the 16th of December Pension Committee meeting.

For background, Mercer were originally running the project on our behalf as appointed by Surrey County Council for all Surrey's managed pension funds. The previous pension Committee approved us running the project directly with Mercer because Mercer could deliver the project at a substantially lower cost.

Despite choosing Mercer to deliver the project, we knew there would be some supplementary costs charged by HPS and the software supplier Civica for the uploading of data and some additional work once the data was ready for upload, however, we did not have exact clarification on what these costs would be in December as we had not been provided with the detailed breakdown from Mercer in advance.

Mercer have now provided the fund and HPS with a breakdown of the format that they require updated pension fund data in following the running of the pension increase in April. The data requirement is significant and detailed, requiring not only data on pensions in payment but preserved and active members with full breakdown of service including transferred in service that may all impact a GMP. HPS have asked their software provider, Civica, to quote to provide that data download as it is beyond the capabilities of their internal team. The cost has come back at £18,200 for Civica to complete that work.

Consequently, the original Mercer cost of £33,000 and the new Civica cost of £18,200 combined comes to a new project cost of £51,200. However, this new project cost is still substantially less than the alternative project

cost of £81,400 where HPS deliver the project (£62,400) with Mercer's rectified data (£19,000).

The Pension Committee has consented for us to spend this sum to keep the project on track and as of 11th July 2022, Civica has already begun project work to obtain the data from Mercer. I will update the Board at the next Board meeting as to how the project is progressing but if Civica deliver as expected against timelines, then Mercer can get underway with time to complete the GMP Rectification exercise by early 2023.

2.3. 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.

As previously advised, the benefits recalculation is in two phases. Phase 1 requires the collection of data on eligible members and Phase 2 is the recalculation of benefits of eligible members. Once the benefits have been recalculated, the members will be contacted and informed as to the changes, if applicable, to their benefits.

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

HPS have received 20 of 37 completed service/break data sets from Westminster employers; initial data checks have been completed on all the data sets received. This represents 17.36% of the membership population who are likely to require McCloud remedy. This means that there are 17 employers yet to provide data. HPS are working with Westminster to encourage these employers to provide this as soon as possible.

HPS have received 14 of 39 completed service/data sets from employers for the period 1st April 2021-31st March 2022. This represents 10.59% of the membership who are likely to require McCloud remedy.

2.3.2. 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.

Current progress is as follows:

- **IBC:** Our IBC colleagues have sent the required data to Hampshire Pension Services.
- **BT Agresso:** We have worked with Blue Planet Software to create a custom report in Agresso to download a report which is currently being reviewed prior to submission. The approximate cost of this is £4k.
- **City West Homes (CIPHR):** We have working with our IT colleagues to extract the data from the CIPHR databases in a viable format for review and as of 11th July, we are in the process of requesting IT to move the data to WCC's Corporate Data Warehouse from where an interactive dashboard can be created for us to retrieve the necessary data.
- **Oracle:** We are in the process of negotiating with Oracle Development to create a custom reporting mechanism to get the relevant data out of the Oracle database. There will be a one-off cost to migrate the data to an active data warehouse (ADW) so that the online reporting mechanism can be created and then there will be an increase to our annual subscription costs to access the full functionality of this reporting mechanism. So far, we have been quoted rough order of magnitude costs of approx. £50-60k which is considerable for what we need, so we are exploring other avenues

of obtaining the data currently. I will update the Board at the next meeting on progress.

This project has been complex, time-consuming, and very involved due to the high customisation of data reporting required across different systems which has meant that we have had to work quite closely with different consultants to get what we need. Also, because this project fulfils a statutory requirement, we have no option other than to find and obtain the data from the various systems that contain the data and pay the costs incurred while doing so.

Therefore, I submitted to the Pensions Committee that it may be prudent to scope out and cost a project to move the legacy data in-house to a data warehouse and build a simple interface and reporting mechanism with our IT colleagues so that any future requirements, legislative or otherwise, can be satisfied more easily and cost-effectively in future. At present, we must pay various consultants / organisations to access and process the data each time we want to create custom reports or change access type. The Committee approved my request to scope and cost such a project with a view to evaluating the cost effectiveness of merging our legacy data in that way versus continuing to pay consultants / organisations on an ad hoc basis as required.

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

HPS have monthly internal McCloud project meetings, which are led by a dedicated project manager and attended by all senior management.

HPS are in the process of testing a final version of the McCloud bulk data uploader, with a view to arranging the Live installation by 31st July 2022, as they are eager to start uploading data sets from early August.

2.3.4 HPS Project Costs

When we moved to Hampshire Pension Services (HPS) in November 2021 we understood that project work including the McCloud project would be in addition to the agreed business as usual cost with HPS.

At the point of transfer, HPS did not have an estimate of costs for this project which HPS are sharing between the partners for which they provide services. This helps the WCC pension fund because substantial software development costs are only partially met by our fund based on our membership.

The costs for the year 21/22 are £1,600, the costs for 22/23 are now notified as £9,567. HPS will be charging quarterly for the McCloud project, as the underpin calculation work has to be completed by the fund administration partner. I will update the Pension Board in due course of any additional costs.

3. Upcoming Projects

3.1. Pensions Dashboards

3.1.1. What is a Pension Dashboard?

Pensions dashboards will enable individuals to access their pensions information online, securely, and all in one place, thereby supporting better planning for retirement and growing financial wellbeing. Dashboards will provide clear and simple information about an individual's multiple pension savings, including their State Pension. They will also help them to reconnect with any lost pension pots.

To make the dashboard work, multiple parties and technical services need to be connected in what is referred to as an ecosystem. The ecosystem

encompasses the dashboards themselves, the data providers' find and view interfaces to the ecosystem, and the central digital architecture.

The Money and Pensions Service (MaPS) set up the Pensions Dashboards Programme (PDP) in 2019 to be responsible for designing and creating the pensions dashboards ecosystem, which contains the digital architecture that will make pensions dashboards work.

The PDP is responsible for delivering the digital architecture and services, which will enable data providers and dashboard operators to inter-operate. There is no central database within the ecosystem that holds personal information supplied by users or pensions information. Instead, the ecosystem functions like a giant switchboard, connecting users with their pensions via dashboards.

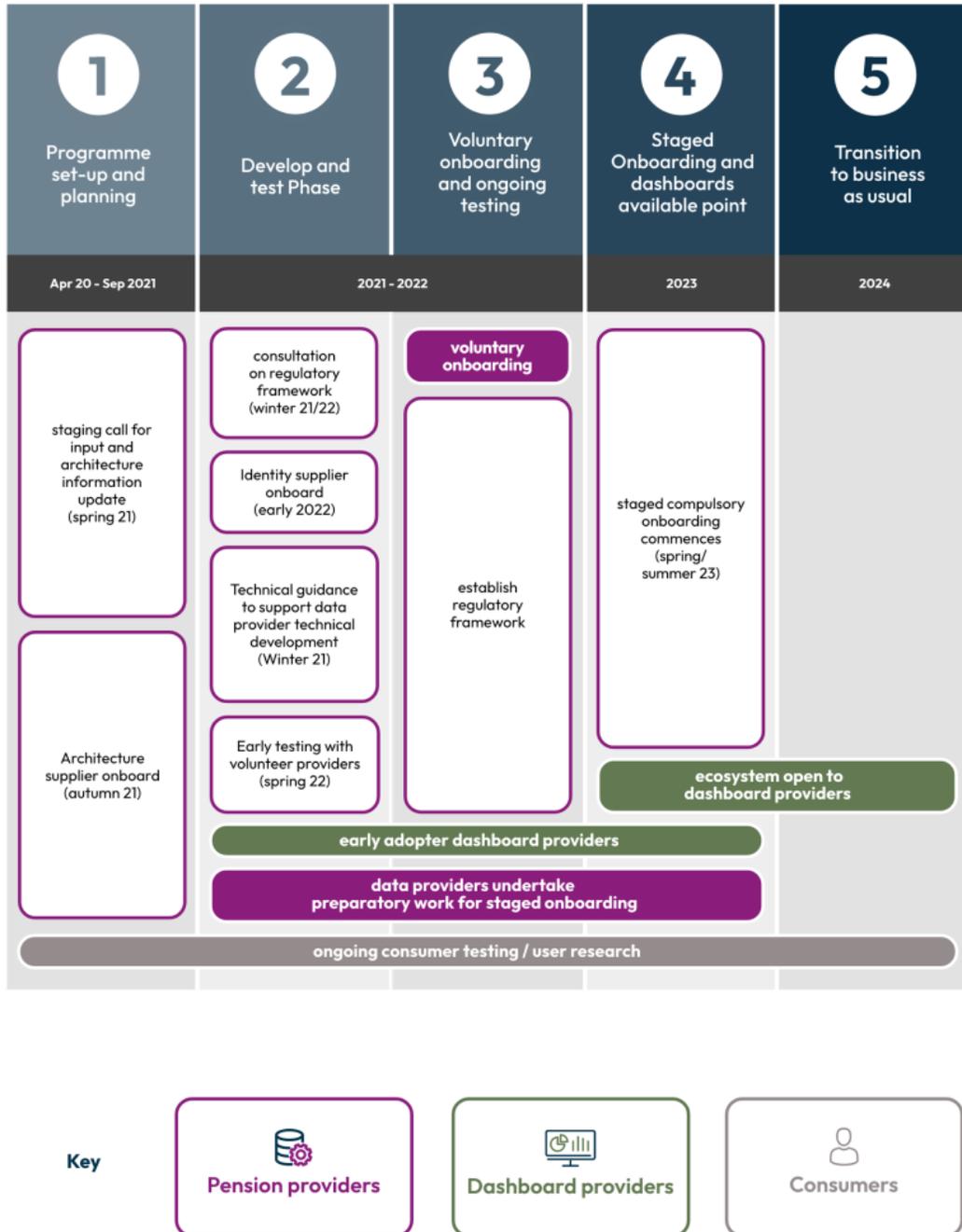
3.1.2. Programme Timelines

The PDP started in 2020 with multiple planned phases of development. Phase One (Programme Planning and Setup) has been completed and the programme is into phases two and three (see Figure 1 below).

The PDP is currently working to refine the onboarding process during the test phases, testing connectivity and compatibility of the digital architecture with the pension providers and schemes that have elected to onboard early. This work will help ensure there is a robust process in place once the PDP reaches the point of compulsory staging from April 2023.

The Pensions Regulator (TPR) is aiming to contact trustees and scheme managers at least 12 months ahead of their scheme's proposed staging deadline, to help them to prepare sufficiently and on time, starting in May 2022. TPR continues to build its compliance function, working with PDP to ensure the programme has the right data to monitor compliance. TPR is also developing its compliance and enforcement policy for consultation.

Figure 1 - Data Providers' Timeline



3.1.3. What does this mean for City of Westminster Pension Fund LGPS?

UK-based pension providers, schemes, trusts, and administration software providers operating on their behalf, will all supply data to the pensions' dashboards ecosystem.

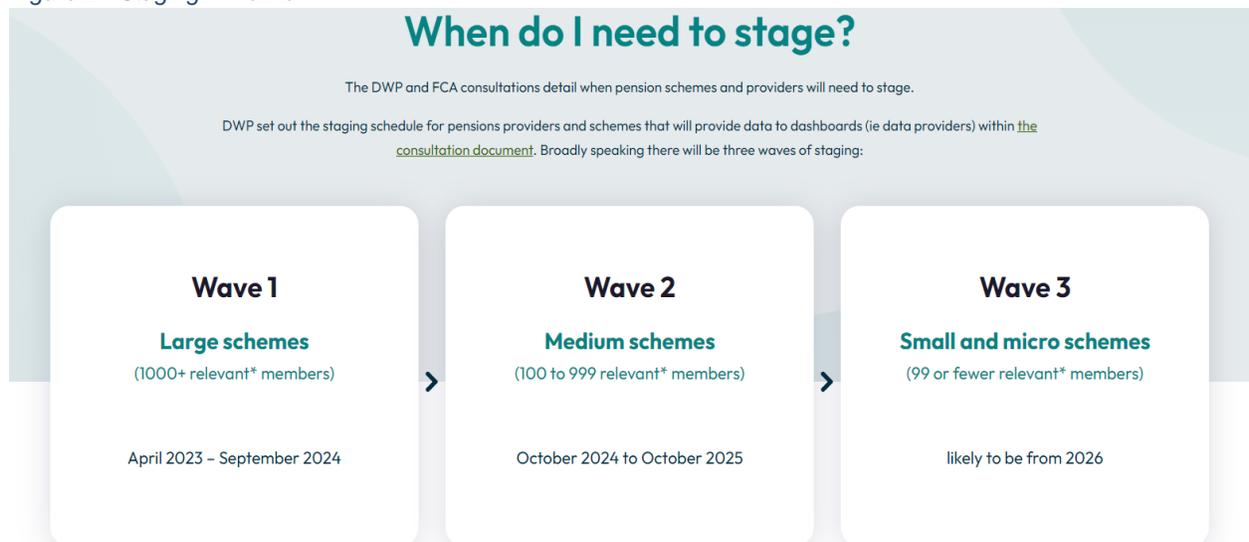
The COWPF LGPS is therefore classed as a data provider in this ecosystem and as such will need to:

- prepare data for connection
- create the appropriate find and view interfaces
- ensure they are operating within the necessary standards and regulations

We will do this by working with our administrators Hampshire Pension Services (HPS) and their software provider, Civica. As you will see from Figure 2, we expect to stage between April 2023 and September 2024, so we currently have enough time to prepare appropriately.

I will update the Board further as we progress on the project to connect with the Dashboard.

Figure 2 - Staging Timeline



4. Summary

- 4.1. The Pension Website is still under review and there will be a decision matrix used to help with deciding viability under various categories. We have had some engagement with the Staff Networks and aim to get additional feedback.
- 4.2. The Guaranteed Minimum Pension rectification needs to start by August 2022 in order to complete by end of February 2023 ahead of Pensions Increases. Hampshire Pensions Services are unable to complete the advance work for Mercer with their internal team and the software provider, Civica, quoted £18,200 to complete the work. We have requested HPS to engage Civica as required and as of mid-July, Civica have started the project which should allow Mercer to begin the rectification on time.
- 4.3. The McCloud work is continuing apace with Zuzana Fernandes working with Employers to submit their data to Hampshire Pensions Services as quickly as possible. Zuzana is supporting the schools particularly as they have outsourced payroll providers. The internal WCC payroll work is continuing with IBC submitting our data to HPS by the end of June and work continuing on extracting and verifying the data from the legacy systems. Due to the complex and varying nature of extracting and verifying the data, I sought the Committee's approval to scope and cost a project to migrate the legacy data in house so that it can be combined and used centrally.
- 4.4. Upcoming projects include the Pensions Dashboard as per the programme initiated by The Money and Pensions Service (MaPS). Pensions dashboards will enable individuals to access their pensions information online, securely, and all in one place, thereby supporting better planning for retirement and growing financial wellbeing. Dashboards will provide clear and simple information about an individual's multiple pension savings, including their State Pension. They will also help them to reconnect with any lost pension pots. 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. The staging period will be between April 2023 and September 2024, however we will need to work on preparing the connections between now and then.