

Appendix 1

McCloud remedy implementation plan considerations and dependencies

Area	Considerations	Dependent factors
Governance	<ul style="list-style-type: none"> Establish a project group to oversee all aspects of the activity. Will any external project support be required? Ongoing and regular reporting to the Pension Fund Committee and Local Pension Board. 	<ul style="list-style-type: none"> Timing of establishment of project group will depend on how quickly LGPS regulations are amended and associated guidance is received. There will also be inevitable conflicts with other ongoing priorities.
Data collection	<ul style="list-style-type: none"> Need to identify member records with data not supplied from the scheme employer (such as breaks in service and hour changes). An approach will need to be decided on such as asking scheme employers to provide any missing information against the data already held by the administering authority. Will the administering authority be expected to make decisions on the accuracy of information supplied or not supplied? The Scheme Advisory Board have devised a universal data capture spreadsheet for employers to populate. Will the administering authority accept data in a different format? 	<ul style="list-style-type: none"> Employers will need to provide this information back to 1 April 2014 up to 31 March 2022 for members who were active members of the scheme on 31 March 2012. Some employers may no longer exist. Some employers may have destroyed data in accordance with their data retention policies. Depending on the amount of record amendments required, there may be insufficient capacity to upload the data, particularly if it supplied in different formats and is of poor quality.
Member communication and employer engagement	<ul style="list-style-type: none"> Scheme employers and scheme members need to be kept suitably engaged and informed of timescales and any actions that they are required to take. A communication plan will be required taking into account statutory disclosure requirements. Communications with scheme members needs to be as clear and as simple as possible to ensure the relevant messages are understood, including the message that scheme members do not need to engage a claims company in order to receive rectification of their benefits. 	<ul style="list-style-type: none"> Requires employers to recognise their responsibilities. Employers will need to be suitably engaged to provide the information required from them. Any data not provided or incorrectly provided will ultimately be at a cost to the scheme employer in potentially overstated liabilities. It is expected that the Local Government Pensions Committee and the Scheme Advisory Board will assist with the design of employer and member regulations. The timing of the issuance of final regulations and guidance will be important in ensuring these communications are sent at the appropriate time.
Staff training	<ul style="list-style-type: none"> Sufficient time will need to be allocated to training staff, taking time away from existing workloads. 	<ul style="list-style-type: none"> Timing of training will be dependent on the timely issuance of final regulations and any guidance and an understanding of the pensions administration system's capabilities. Ability to recruit suitably skilled additional staff if required. It is likely that skilled and experienced staff will be deployed to McCloud rectification

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		activities and new staff will need to be trained to deliver business as usual activities.
Administration system requirements	<ul style="list-style-type: none"> • Will the software system be updated in time to be able to identify with certainty the scheme members requiring rectification? • Will the software be able to accurately calculate amendments to individual's entitlement? • Will the software be able to support bulk calculations? • Will there be sufficient time and resources for testing automated calculations? 	<ul style="list-style-type: none"> • It is understood that LGPS software suppliers are currently actively engaging with MHCLG and the Scheme Advisory Board to sufficiently prepare for the system changes that will be required. Should the issuance of the final regulations and guidance be very late this may impact how effectively the necessary software changes can be implanted and how much time there will be for testing. • If automated and bulk calculations are not available, manual or individual automated calculations will be required significantly increasing the length of time to process cases.
Ongoing administration	<ul style="list-style-type: none"> • What is the priority order for rectification? • Processes and workflow maps will to be designed to deal with the rectification and will be different for each category of membership. 	<ul style="list-style-type: none"> • Guidance from MHCLG or the Scheme Advisory Board will be required to ensure cases are dealt with consistently across all administering authorities.
Specialist areas	<ul style="list-style-type: none"> • The following areas are likely to require manual intervention to ensure that any rectification is carried out correctly and will need to be undertaken by skilled and experienced staff. <ul style="list-style-type: none"> ○ Annual allowance – may need to revisit pension input amounts from April 2014 and the final pay from 2014. ○ Lifetime allowance – revisit members who have crystallised benefits since April 2014. ○ Pension Sharing on Divorce – may need to revisit cases where the divorce took place and there is service after April 2014. ○ Transfers out – may need to be revisited where there is service is after April 2014. 	<ul style="list-style-type: none"> • Guidance from MHCLG or the Scheme Advisory Board will be required to ensure cases are dealt with consistently across all administering authorities.

MHCLG – Ministry of Housing, Local Government and Communities.