

Report To: **GMPF LOCAL PENSION BOARD**

Date: 14 December 2017

Reporting Officer: Sandra Stewart - Director of Pensions
Emma Mayall – Pensions Policy Manager

Subject : **ADMINISTRATION BUSINESS & PROJECT PLANS**

Report Summary: This report provides the Local Board with a summary of the following:-

- Progress made on the 2017/18 business planning objectives set by the Administration section
- A summary of the other strategic or service improvement administration projects being worked on currently
- Comment on regular and other items of work currently being undertaken by the section

Recommendation(s): It is recommended that the Board note the information provided within the report.

**Financial Implications:
(Authorised by the Section 151 Officer)** Some projects and business plan items will incur costs. These are highlighted within the report and wherever possible, provision for these costs has been made within the budget for the 2017/18 financial year.

**Legal Implications:
(Authorised by the Solicitor to the Fund)** Some business plan and project items are linked to statutory requirements. Carrying out the Guaranteed Minimum Pension reconciliation exercise is a HMRC requirement. Statutory requirements are also imposed by the Pension Regulator. For example, there is a requirement to formulate a data improvement plan (or similar) linked to data cleansing projects.

Risk Management: Good business and project planning is essential when trying to deliver an excellent service at low cost. Failure to plan properly can lead to resources not being used effectively, additional costs being incurred and deadlines not being met.

ACCESS TO INFORMATION: **NON-CONFIDENTIAL**

This report does not contain information that warrants its consideration in the absence of the Press or members of the public.

Background Papers: The background papers used in this report are listed below.

Local Government Pension Scheme Regulations 2013
<http://lgpsregs.webdigi.co.uk/schemeregs/lgpsregs2013/timeli ne.php>

The Pensions Regulator Code of Practice 14
<http://www.thepensionsregulator.gov.uk/codes/code-governance-administration-public-service-pension-schemes.aspx>

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1. BACKGROUND AND INTRODUCTION

- 1.1 In March 2017, six key business plan items for the administration section were established. This report provides the Local Board with an update on the progress made so far.
- 1.2 In addition to these key business plan objectives, the section is working on a number of other projects. A brief summary of these is also provided, together with information about the work currently being undertaken.
- 1.3 Finally, comments on regular and other work items undertaken are also provided as part of this report.

2. 2017/18 BUSINESS PLAN OBJECTIVES

- 2.1 The six key business plan objectives set for the 2017/18 year are summarised in the table below.

Ref.	Summary Title	Objectives
1	Guaranteed Minimum Pension Reconciliation	To progress work relating to the Guaranteed Minimum Pension (GMP) reconciliation exercise
2	Year-end processes	To make further improvements to the year-end pay and contribution returns exercise, including the application of the new escalation process
3	Employer support	To improve the support provided to all fund employers, including improved communication, training, website and reference material and exchange of information
4	Business continuity plan and disaster recovery provision	To review and revise our disaster recovery provision and devise a new business continuity plan
5	Data cleansing	To make our data cleansing methods more efficient and cost effective
6	Member communication	To improve and develop our communication methods and increase our use of on-line tools (such as MSS and on-line videos)

- 2.2 The key items of focus for the first half of the year were objectives 1 and 2, being GMP Reconciliation and Year-end processing.
- 2.1 A separate report on GMP Reconciliation is being presented to the Local Board to provide a detailed update on this project.
- 2.3 The year-end return process is now at an end with only a small number of minor tasks to complete. The improvements made to the process, such as holding webinars and applying the new escalation procedure, resulted in an increased number of returns being received by the deadline. Whilst there remain a number of queries outstanding with employers, officers are continuing to work closely with employers to resolve these.
- 2.4 Before closing this year's exercise, a review of this year's process will be undertaken to highlight any improvements that can be made in advance of the 2017/18 exercise.

- 2.5 To assist with the review, a final bulletin providing details of year-end performance and a feedback questionnaire was sent to employers.
- 2.6 As item 1 is underway and item 2 is coming to a close, the intention is to focus on the remaining items for the second half of the year.
- 2.7 Some initial work has begun on the items 3 and 4, being Employer Support and Member Communication.
- 2.8 Meetings have been held with all Local Authority employers, or have been scheduled for early next year. Meetings with a number of other employers where issues were identified have also taken place. The main aim of these meetings has been to identify problems with performance or other barriers to service delivery and put plans in place to resolve them. These have proved successful and will continue going forward.
- 2.9 Work has also begun on formulating a new communications and engagement strategy to provide a clear approach and plan for engaging with all Fund stakeholders over the next three years from April 2018.
- 2.10 However, in order to deliver the further work needed relating to both these business plan items, it is clear that the structure of the section needs to be reviewed and changes made to ensure it is best placed to progress the tasks identified. Therefore, a review of the structure of the service is to be undertaken before any further work on these two business plan items is progressed substantially.
- 2.11 Item 4 covers the review of Disaster Recovery and Business Continuity plans. Work on this item began in November and initial meetings with Tameside MBC IT Service have been scheduled in order to establish the scope for review.
- 2.12 Item 5 on Data Cleansing has progressed, however not as quickly as initially planned due to higher priority tasks being undertaken. Work will continue as priorities allow.

3. OTHER STRATEGIC AND SERVICE IMPROVEMENT PROJECTS

- 3.1 The section is currently working on a number of other projects. The table below provides brief details of these together with any key points of note.

Ref.	Summary Title	Update
PR1	Valuation	Although the 2016 Valuation has been completed and results have been issued to employers, a review of the project to identify learning points and tasks to be carried out in preparation for the next valuation is still to be completed. A meeting with the Fund's actuary was held recently to review the 2016 Valuation process and identify areas where improvements could be made for the 2019 Valuation process. Consideration was given to potential improvements, to data submitted to the actuary and amendments to processes. An aim will be to ensure that all employers are fully engaged with the process, and receive their contribution rates as early as possible.
PR3	APP Strategy	Some initial work has been undertaken relating to the area of assumed pensionable pay (APP), which includes reviewing and updating the information provided to employers through the GMPF employers website and putting together a training tool. Work on formalising an overarching strategy has not yet progressed but we anticipate that this will begin in the next quarter.

PR4	Trivial commutation	Work is being undertaken to put procedures in place that would enable us to offer members the option of taking their benefits as a one-off lump sum rather than receiving a very small monthly pension. Following changes to letters and procedures made, it is anticipated that all deferred members where this applies will soon be offered the option to commute their pension at the point of retirement. Work will then begin on setting up processes to enable trivial commutations to be offered to all active members at the point of retirement.
PR11	Death grant process review	Work is being undertaken to review and improve the process by which the beneficiaries of death grants are determined and paid. A framework of documents to support the Death Grant Discretion Board is in the process of being finalised.
PR12	Data and The Pensions Regulator (TPR)	Work is being undertaken to review and improve our data cleansing reports and processes. Following a Public Service Governance and Administration Survey, the Pensions Regulator advised that additional education would be provided in 2017, including guidance on developing a good data improvement plan. A quick Guide to Improving Data has recently been issued and we will now look to move the project forward, incorporating the Pensions Regulators advice.
PR16	Enhanced Admin to Payroll Interface (EA2P)	Work is being undertaken to investigate whether the EA2P software product available from Aquila Heywood will provide any time/cost efficiencies to GMPF if implemented. Current processes that would be affected have been reviewed and a workshop with Aquila Heywood has been held to assess whether the EA2P software is likely to be of benefit to GMPF.
PR19	Payroll sign-off	Changes in personnel have created an opportunity to review this area and ensure the procedures in place minimise any risk of error. This is a small project but has been delayed due to work on other projects and key business plan items. It is now intended that work will form part of the structure review work being carried out.
PR24	Benchmarking & KPI	It was agreed with MET Fund colleagues in May that we would look to draw up a new benchmarking framework. GMPF and Merseyside Pension Fund have agreed to take on this task and an initial meeting took place in August in order to discuss ideas on the way forward.
PR26	Java Payroll	The initial testing of this new Altair software module highlighted some issues that Aquila Heywood has now addressed. Implementation will take place during December and January.
PR32	First Bus Transfer	The project will be completed in November/early December. Members of First West Yorkshire and First South Yorkshire Buses were successfully transferred from their ceding fund to GMPF with effect from 1 November 2017. This has been the priority project for the section over recent months and has meant resource has been diverted from other work and projects in order to meet the required transfer date. The Pensions Administration Working Group has received regular reports on this project and a final update report confirming that all administration tasks have been completed will be presented to the January meeting of the Group, together with details of the post project review outcomes.

PR33	GDPR	<p>The General Data Protection Regulation (GDPR) applies from 25 May 2018 with the aim being to create a unified regulatory data protection regime that is fit for the digital age. New rules will strengthen data protection requirements by introducing new contractual obligations, increasing the amount of information that needs to be given to individuals and imposing heavier sanctions for non-compliance. The changes will affect pension schemes and employers. A project team has been set up to ensure that GMPF is ready for GDPR. Initial project documentation can be found in Appendix 1. Progress has been delayed due to work on the First Bus Transfer and because specific guidance relating to how GDPR applies in the LGPS was only issued in November. However, it is expected that this will be the key project being worked on over the next six months.</p>
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4. UPDATES ON REGULAR AND OTHER WORK ITEMS

- 4.1 All regular items of work completed by the section are measured using workflow analysis statistics and key performance indicators. The latest performance record of the Pensions Administration section for the 12 months is detailed in **Appendix 2**. Graphs illustrating workload changes over recent years are detailed in **Appendix 3**.
- 4.2 Performance has been steadily improving in a number of areas over the last twelve months. Where possible, additional resource is diverted to teams where backlogs are present or building.
- 4.3 Admissions work also continues, with over a hundred academy and admission body applications usually in progress at any one time.
- 4.4 During December, work will begin on identifying the business plan objectives for 2018/19, reviewing the 2017/18 budget and setting the budget for the 2018/19 year.
- 4.5 The next software release for the administration system, Altair, is due in the New Year. Pensions Increase testing and updating will then take place in February and March ready for April. Preparations for year-end processing will also begin in the New Year.

5. RECOMMENDATION

- 5.1 As set out on the front of the report.