

GREATER MANCHESTER PENSION FUND - PENSIONS ADMINISTRATION WORKING GROUP

19 January 2018

Commenced: 9.00 am

Terminated: 10.05 am

Present: Councillors J Lane (Chair), Patrick, S Quinn, Andrews, Brett, Grimshaw and Mr Flatley

In Attendance:

Sandra Stewart	Director of Pensions
Euan Miller	Assistant Director of Pensions (Funding and Business Development)
Emma Mayall	Pensions Policy Manager
Victoria Plackett	Pensions Operations Manager

In opening the meeting, those in attendance joined the Chair in a one minutes silence in memory of Councillor Kieran Quinn, Executive Leader of Tameside Council and Chair of the Greater Manchester Pension Fund, who sadly passed away on 25 December 2017.

23. DECLARATIONS OF INTEREST

There were no declarations of interest.

24. MINUTES

The Minutes of the Pensions Administration Working Group held on 13 October 2017 were approved as a correct record.

25. SCHEME ADDITIONAL VOLUNTARY CONTRIBUTIONS

The Assistant Director of Pensions (Funding and Business Development) submitted a report detailing the review of Scheme Additional Voluntary Contributions. A report from benefit consultants JLT had been commissioned, which considered the GMPF arrangements in the context of the current landscape for defined contribution pensions and the changes to legislation in this area in recent years. A copy of JLT's report was appended and considered by the Working Group.

A representative of JLT attended the meeting and discussed the conclusions of the report and potential next steps. The current scheme had been compared against modern workplace pension arrangements and other Additional Voluntary Contribution providers in terms of online functionality, member services, investments, access to pension freedoms and value for money.

The Working Group were notified that Prudential were reducing their fund charges, with the exception of the 'Cash Deposit' fund and the 'With Profits' fund, which was currently the default fund. The recommendations of the review were to liaise with Prudential regarding the potential to improve value for money for members and to review investment objectives and the suitability of 'With Profits' as the default fund.

RECOMMENDED:

That the report and the content of the presentation be noted.

26. AQUILA HEYWOOD UPDATE

The Pensions Policy Manager submitted a report, which provided the Working Group with an update from the Fund's main pension software supplier, Aquila Heywood, for the period July to December 2017, a copy of the report was appended.

It was reported that Aquila Heywood had appointed a new Chief Executive Officer and the Pensions Policy Manager had taken on the role of CLASS Group Chairperson. Preparations were underway for testing and implementing the next Altair software release to be issued in early 2018 and GMPF and Aquila Heywood were working on a number of projects together, including the implementation of Java Payroll and Enhanced Admin to Payroll functionality.

RECOMMENDED:

That the report be noted.

27. CIPFA BENCHMARKING

The Pensions Policy Manager submitted a report, which detailed the costs associated with GMPF's administration function for 2016/17, as calculated following CIPFA benchmarking guidelines.

Key points of comparison between the Fund and other LGPS funds for 2016/17 were highlighted. The cost per member for the Fund was below average at £16.83 per year, placing GMPF at the mid to lower end of the spectrum, although this was an increase on the previous year's figure of £15.26. The indirect costs were higher than average, mainly due to higher accommodation costs and other central charges such as facilities management, payroll and HR costs. A time analysis of the Fund's total costs since 2012 was appended to the report, which showed that GMPF's costs had remained stable over a number of years.

It was reported that the number of funds participating in the CIPFA exercise continued to decrease and only 32 LGPS funds participated this year (compared to 37 last year). Assessing GMPF's position relative to other funds was becoming increasingly difficult as fewer funds took part. Officers were aiming to work with colleagues from the other metropolitan funds to investigate other options for benchmarking going forward.

Members requested a comparison against GMPF's pooling partners (Merseyside Pension Fund and West Yorkshire Pension Fund). It was confirmed that Merseyside did not participate in the CIPFA benchmarking exercise and officers would provide Members with a comparison against West Yorkshire.

RECOMMENDED:

- (i) That the report be noted; and**
- (ii) That GMPF work with colleagues from other metropolitan funds to investigate other options for benchmarking going forward.**

28. ADMINISTRATION BUSINESS & PROJECT PLANS

The Pensions Operations Manager submitted a report, which provided a summary on the progress made on the 2017/18 business planning objectives, other strategic or service improvement projects currently being worked on, objectives and projects identified for the 2018/19 plan and regular or topical items of work currently being undertaken by the section.

It was reported that in March 2017 six key business plan items were established for the administration section as follows:-

1. Guaranteed Minimum Pension Reconciliation
2. Year-end Processes
3. Employer Support
4. Business Continuity Plan and Disaster Recovery Provision
5. Data Cleansing
6. Member Communication

During the third quarter of the year work had focussed on Guaranteed Minimum Pension Reconciliation. The Year-end Process had ended and there remained a small number of minor tasks to complete. Various improvements had been made to the process such as holding webinars and applying the new escalation procedure, both of which had helped to increase the number of returns received by the deadline. Officers were continuing to work with employers to resolve a number of outstanding queries.

Work had commenced on Employer Support and Member Communication. Meetings had been held with all Local Authority employers and other employers where issues had been identified. The meetings identified problems with performance or other barriers to service delivery and a plan had been put in place to resolve the issues, which had proved successful. It was anticipated that the meetings would continue to be held. A new communications and engagement strategy was currently underway. In order to further deliver the work needed relating to both of these business plan items, the structure of the section needed to be reviewed and changes made to ensure it was best placed to progress the tasks.

With regard to Business Continuity Plan and Disaster Recovery Provision, work had commenced in November with an initial meeting with Tameside Council IT Department and detailed analysis of the possible options was being drafted for further consideration. Work on Data Cleansing had progressed and would continue.

The Working Group was informed that the section was also working on other strategic and service improvement projects as follows:- Valuation, Assumed Pensionable Pay Strategy, Trivial Commutation, Death Grant Process Review, Data and The Pensions Regulator, Enhanced Admin to Payroll Interface, Payroll Sign-off, Benchmarking and Key Performance Indicators, Java Payroll, First Bus Transfer and General Data Protection Regulation.

The key business plan items and projects for 2018/19 were outlined as follows:-

1. Structure Review and Staff Engagement
2. Employer Support
3. Member Communication
4. Altair Developments and Workflow Reform
5. Move to Monthly Pay and Contribution Returns

A number of existing projects would continue into 2018/19, namely General Data Protection Regulation, Business Continuity Plan and Disaster Recovery Provision, Data and The Pensions Regulator and Guaranteed Minimum Pension Reconciliation. This was in addition to the establishment of three new projects: 2018 Year-end Processing, Preparation for the 2019 Valuation and Tax and Pension Savings Statements.

With regards to regular work items the report contained a performance record of the Pensions Administration section for the 12 months ending November 2017, performance of the ten Local Authorities in respect of notification of new starters and early leavers and a table of outstanding tasks, which detailed the age of the tasks in relation to their completion date. It was reported that since the previous meeting of the Working Group officers had held meetings with Manchester City Council, Trafford MBC and The Chief Constable of Greater Manchester to discuss issues with employer performance, GMPF performance and what challenges employers are facing. Feedback had been positive and outstanding tasks from most of the Local Authorities had reduced significantly.

RECOMMENDED:

That the report be noted.

29. THE PENSIONS REGULATOR (TPR)

The Pensions Policy Manager submitted a report updating the Working Group on work currently being undertaken relating to The Pensions Regulator's Code of Practice 14.

It was reported that a project plan, as appended to the report, had been established in order to conduct an annual review of compliance with the Code and to take into account the new guidance that had been issued by The Pensions Regulator in September 2017. Four work streams, that grouped together related tasks, had been created to be progressed before 31 May 2018:-

- Reviewing and updating Code of Practice 14 compliance
- Data improvement plan
- Recording and reporting breaches of the law
- Annual report information

The Code required that all breaches in the law were logged and reported to The Pensions Regulator where appropriate. GMPF had logged a number of breaches of the law so far during 2017/18, which were detailed in the report. The Pensions Regulator had contacted GMPF in December 2017 regarding a potential breach in the law by one of its employers. A copy of the letter was appended to the report and officers had provided information to The Pensions Regulator to assist them with their investigations.

RECOMMENDED:

That the information contained within the report be noted.

30. COMMUNICATION ACTIVITIES

The Pensions Operations Manager submitted a report detailing the communication activities undertaken by the Fund over the last quarter. Website statistics, data on emails and telephone calls to the Helpline, Twitter statistics and information on roadshows and presentations over the period were appended to the report. The main communication related tasks for the next quarter related to preparations for issuing P60s and the annual Grapevine newsletter to pensioners.

It was reported that work on developing a new communication and engagement strategy had continued over the last quarter and the latest version of the document was appended to the report. The document outlined the core values on which the strategy was to be based, the purpose of the strategy and it listed GMPF's stakeholders. A continual improvement team was examining customer service and feedback and had begun to identify gaps in GMPF's current procedures. The team were also developing a questionnaire that could be issued to employers to try and establish the number and type of complaint received.

RECOMMENDED:

That the report be noted.

31. GENERAL DATA PROTECTION REGULATION

The Pensions Operations Manager submitted a report, which provided the Working group with an overview of the new General Data Protection Regulation, an update on a legal opinion obtained by

the Local Government Association and confirmed the work currently being undertaken to ensure GMPF's compliance.

It was reported that the new General Data Protection Regulation rules would strengthen data protection requirements by introducing new contractual obligations, increase the amount of information that needed to be given to individuals, enhance reporting obligations in the event of a breach and impose heavier sanctions for non-compliance. It had been confirmed that the General Data Protection Regulation would apply in the UK from 25 May 2018.

It was further reported that a number of LGPS funds had approached the Local Government Association for advice and guidance on the impact of General Data Protection Regulation. A legal opinion had been sought and issued to funds in November 2017, which provided clarity on certain aspects (a copy was appended to the report).

In order to ensure GMPF were compliant with the General Data Protection Regulation, a project team had been established who were concentrating on four key work streams as follows:-

1. Planning and preparation
2. Data identification and associated documentation
3. Data discovery, retention and communication
4. Assurance and review

Full project plans and timelines for the four work streams were appended to the report and outlined to the Group.

RECOMMENDED:

That the report be noted.

32. GUARANTEED MINIMUM PENSION RECONCILIATION

The Pensions Policy Manager submitted a report, which provided the Working Group with an update on the Guaranteed Minimum Pension Reconciliation project including statistics on the reconciliation matches and mismatches as at mid-December 2017.

It was reported that the project team had continued to investigate mismatches and had started to submit queries to HMRC. The team were on schedule to complete the investigation of all high and medium priority mismatches by the end of February 2018 and fortnightly progress meetings were being held. Resource requirements for investigating low priority errors needed to be considered once HMRC responses to queries had been received.

An updated project milestone plan and statistical analysis of the number of matches, mismatches and queries were appended to the report and explained to the Group.

RECOMMENDED:

That the report be noted.

33. FIRST BUS TRANSFER

The Pensions Policy Manager submitted a report, which provided the Working Group with an update on the First Bus Transfer, specifically in respect of the 'implementation' and 'communication' work streams.

It was reported that the tasks relating to the two work streams had been completed. Member data from the ceding two funds had been successfully transferred into the GMPF Altair database in October 2017 and new members were paid for the first time in November 2017. Additional

Voluntary Contribution provision was also successfully agreed and the associated tasks had been completed. In relation to 'communication', Pensioners were sent a letter two weeks before their first payment was due confirming that their November 2017 payment would be paid by the Fund. Deferred and contributing members were sent a letter in November and December 2017 confirming that GMPF was the administering authority for their First Bus pension.

It was further reported that an internal post-project review meeting had been held in November 2017 to identify learning points and a similar meeting had been held with Aquila Heywood. Although the work had been completed there were some additional tasks to be completed linked to the 'governance' work stream, firstly the completion of admission arrangements and secondly assisting to identify and quantify the liabilities relating to First West Yorkshire members that remain attributable to West Yorkshire Combined Authority as a result of a historic agreement.

Final project milestone plans for the 'implementation' and 'communication' work streams were appended to the report.

RECOMMENDED:

That the report be noted.

34. URGENT ITEMS

There were no urgent items.