

GREATER MANCHESTER PENSION FUND - PENSIONS ADMINISTRATION WORKING GROUP

16 October 2015

Commenced: 9.00 am

Terminated: 9.55 am

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

Apologies for Absence: Councillors M Francis

6. DECLARATIONS OF INTEREST

There were no declarations of interest submitted by Members of the Working Group.

7. MINUTES

The Minutes of the meeting of the Pensions Administration Working Group held on 17 July 2015 were approved as a correct record.

8. PENSIONS ADMINISTRATION UPDATE

The Executive Director of Pensions submitted a report, providing an update on two important development areas. The first looked at the service provided to members that were affected by the revisions to the tax regime for pension saving. The second looked to improve the efficiency and effectiveness of the Pension Office through the introduction of a secure portal.

It was reported that in recent years the HMRC's annual and lifetime allowance had been reducing. Various protections had been provided by HMRC regarding the lifetime allowance so that members with pension savings that exceeded a new lower limit were not penalised.

The Working Group heard that a three stage approach had been proposed following pilot discussions with three chief officers which complied with the Pension Regulator's code of practice. This included a newsletter which would provide generic information, seminars to be run at each local authority and Guardsman Tony Downes House and one to one sessions with a Hymans-Robertson consultant to those aged 52 or over.

It was reported that the Pension Office was keen to receive as much data as possible electronically with scope to extend and improve current electronic data flows. Improvements had been made; however, many events were still notified by paper. Some Funds had moved to extracting data automatically from monthly payrolls which was checked for errors and then sent to the administering authority via a secure portal to be loaded into the administering authority's pension's administration system.

Clarification was sought and provided on who would provide the system and how many employers were in the Fund. It was confirmed that Heywood and Hymans-Robertson had developed employer portals and there were currently 450 employers.

RECOMMENDED:

- (1) That the Working Group support the three stage approach for those with larger pension savings; and**

- (2) **That the Working Group note the evaluation of the options for an employer portal to be undertaken.**

9. PERFORMANCE STANDARDS, ARREARS AND PENSIONS REGULATOR

The Executive Director of Pensions submitted a report, which provided information about adherence to the performance standards set by the Pension Fund Management Panel, current workloads and arrears. The report was the half-yearly review of the Pensions Office's performance compared to the performance standards established by the Pension Fund Management Panel.

It was reported that the general standard for Pension Administration was 90% or better; this had been achieved for 19 of the 28 standards with 24 of the 28 standards achieving 80% or above. There had been a slight decline on 2013/14 figures due to a number of factors, which included a change in the pensions administration system in February 2014, the new Local Government Pension Scheme (LGPS), Greater Manchester Pension Fund (GMPF) becoming the one fund for all Probation members, new releases of Altair (the GMPF database) and several large voluntary retirement exercises.

The Working Group was notified that there were approximately 5,000 deferred benefits at various stages of production. Procedures had been streamlined regarding the processing of deferred benefits with further work planned to examine other possible improvements. The work needed to be completed by mid-July 2016 in order for data to be extracted for the 2016 valuation. Year-end postings also needed to be processed by this date to enable annual benefit statements (ABSs) to be produced by the statutory deadline of 31 August 2016.

The key performance statistics over a rolling 12 month period were outlined to the Working Group along with employer performance against targets detailed in the Pension Administration Strategy for new starter and early leaver notifications. It was highlighted that many year-end reports had been late, in part due to it being the first year for producing ABSs under the career averaging regime.

It was reported that many Funds had failed to adhere to this year's 31 August deadline resulting in the Local Government Association approaching the Pensions Regulator on behalf of the LGPS. The GMPF would continue to assist and educate employers in submitting accurate, timely information for 2016 in addition to carrying out a review within pensions administration with a view to deliver more efficiency improvements across the service.

RECOMMENDED:

That the report be noted.

10. INTERNAL DISPUTE RESOLUTION PROCEDURE

The Executive Director of Pensions submitted a report outlining the Internal Dispute Resolution Procedure (IDRP) process, the number of stage 1 and 2 cases and the outcomes that had been received during the period July 2014 to June 2015.

It was reported that the IDRP was a statutory part of the scheme and applied to both employers and the administering authority with two procedural stages and a final right of appeal to the Pension Ombudsman.

The Working Group heard that 12 stage 1 appeals had been received during the July 2014 to June 2015 period and all had been rejected. Reasons outlined included members seeking a refund of contributions, conflicting advice regarding benefits and members wishing to receive their benefit early.

It was reported that there had been a slight increase in the number of stage 2 cases with 23 appeals. Of these, 17 had been rejected, 1 upheld and 5 referred back to the employer. There had been no new appeals to the Ombudsman.

Clarification was sought on comparison to other Funds. It was confirmed that benchmarking data would be released later that day and a report would be brought back to the next meeting.

RECOMMENDED:

That the report be noted.

11. COMPLAINTS AND COMPLIMENTS

The Executive Director of Pensions submitted a report, providing information on complaints and compliments received by Pensions Administration over the 12 months ending August 2015.

The report had been requested by the Chair of the Working Group to provide information on the sort of complaints and compliments received whilst providing a good insight into the work undertaken by the Pensions Office. It was reported that both were considered at the fortnightly meeting of the management team and used to reinforce good behaviour and help to identify where improvements could be made.

A selection of complaints and compliments were highlighted from the report.

RECOMMENDED:

That the report be noted.

12. SCHEME ADDITIONAL VOLUNTARY CONTRIBUTIONS

The Executive Director of Pensions submitted a report, providing information about scheme member's additional voluntary contributions (AVC's) investments with the Prudential as at 31 March 2015.

It was reported that the Prudential was the AVC provider for the Fund and contributors could elect to pay up to 50% of their pay into the AVC arrangement which benefitted from tax relief. There were three investment options; 'with-profits', 'deposit' and 'unit-linked'.

The Working Group was informed that the AVC scheme had 10,342 members with over £69million invested, mainly in the 'with-profits' fund, which aimed to achieve higher returns whilst maintaining security and stability. The Prudential 'with-profits' account had achieved a yield of 5.25% over one year and 6.05% over five years.

AVC Deposit Returns were available for those members for whom certainty of return was important. The current practice was to set the interest rate on the first day of each month in line with the Bank of England base rate at that time. This option had achieved a return of 0.5% over the last one, three and five years.

There was a variety of 'unit-linked' funds on offer to scheme members, which were outlined to the Working Group. In 15 out of 17 funds the Prudential either matched or bettered the benchmark over three years. Due to the satisfactory performance of the Prudential it remained a good choice for the scheme.

RECOMMENDED:

That the report be noted.

13. EMPLOYER AND NEW MEMBER INFORMATION

The Executive Director of Pensions submitted a report, providing details about how employer information was recorded and the number of employers in the Fund. It also provided statistics regarding the number of new member admissions over recent years.

It was reported that when new people joined the scheme a member record was created on the GMPF's pension database, Altair, which held personal information, employment history and the current employer. There were 752 employers of the Fund categorised as 'terminated employers', 'closed employers', 'open employers' or 'open with restrictions'.

The Working Group heard that 29,161 new members were admitted to the Fund during 22 March 2013 to 17 February 2015, 6887 of which were admitted under auto enrolment. The Fund had 6252 members opting out during this period, 3203 of which had been admitted to the Fund under auto enrolment.

RECOMMENDED:

That the report be noted.

14. URGENT ITEMS

The Chair reported that there were no urgent items for consideration at the meeting.

CHAIR