

# GREATER MANCHESTER PENSION FUND - PENSIONS ADMINISTRATION WORKING GROUP

6 July 2018

**Commenced:** 9.00 am

**Terminated:** 10.00 am

**Present:** Councillors J Lane (Chair), Drennan, Quinn, Grimshaw, Mistry, O'Neill 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
Jane Wood	Group Manager
Georgia Ryan	Assistant Group Manager

**Apologies for Absence:** Councillor Patrick

## 1. DECLARATIONS OF INTEREST

There were no declarations of interest.

## 2. MINUTES

The Minutes of the Pensions Administration Working Group held on 6 April 2018 were approved as a correct record.

## 3. ADMINISTRATION BUSINESS & PROJECT PLANS

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

It was reported that in April 2018 five key business plan items were established for the administration section as follows:-

1. Structure review and staff engagement
2. Employer support
3. Member communication
4. Altair development and workflow reform
5. Move to monthly pay and contribution returns

During the first quarter of the year significant progress had been made on four of the objectives. Work had commenced on item 1 (Structure review) and item 3 (Member communication) with the implementation of the "My Pension" module getting underway. With regard to item 4 (Altair development) meetings had taken place with Aquila Heywood and it had been agreed to embark upon a joint project to deliver a programme of change. Work on setting out the terms and objectives of the project would commence next quarter. With regard to item 5 (monthly postings) good progress had been made on establishing a testing platform to evaluate the software.

The Working Group was informed that the section was also working on other strategic and service improvement projects as follows:- GMP reconciliation, Year-end processing, Death grant process review, Data and The Pensions Regulator, Valuation 2019, GDPR, Annual Report 2018 and Pensions Administration Standards Association accreditation.

With regards to regular work items the report contained a performance record of the Pensions Administration section for the 12 months ending May 2018, performance of the ten Local Authorities in respect of notification of new starters and early leavers and a table of outstanding tasks that detailed the age of the tasks in relation to their completion date, which continued to be at a low level for most Local Authority employers. It was reported that officers were due to meet with the Local Authorities to discuss key items and performance with a view to ensuring they were aware of their responsibilities and to gain a greater understanding of how the Fund could best support them. Other items of work included preparation for the issuing of Annual Benefit Statements, employer admissions and participation in the Testing Working Party for Altair release 9, which was due to be implemented during August.

The Group enquired about the Pensions Administration Standards Association accreditation. It was confirmed that it was an independently assessed accreditation programme that recognised high standards of administration. Officers discussed the requirement to review how performance is measured via key performance indicators to ensure that the indicators measured also reflect member expectations.

**RECOMMENDED:**

**That the report be noted.**

#### **4. 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 and Twitter statistics over the period were appended to the report. In addition, further information continued to be gathered regarding the nature of the calls to the Helpline, which provided a greater understanding of the questions that members had regarding their pension, which could help to improve the Fund's communications to its members and employers. The main communication related tasks for the next quarter were outlined and related to preparations for the Annual Report and active member Annual Benefit Statements to be issued in August 2018.

An update was provided on the pilot employer and member feedback questionnaires that were undertaken in April 2018. With regard to member questionnaires 29 of 100 responses had been received from retiring members and the majority of the feedback was positive with members citing that communications were easy to understand and officers had been responsive to requests. Officers were now considering a future programme to increase the volume of responses and improve the quality of the feedback. With regard to employer questionnaires 6 of 13 responses had been received and the feedback indicated that members wanting to access their benefits before their normal pension age was an area where employers received the majority of complaints. The employer questionnaire would now be rolled out to other employers within the Fund and the results would be shared with the Group in due course.

It was reported that the Fund had received 16 compliments and 4 informal complaints during the quarter. Complaints related to a change in the Grapevine magazine that was issued to pensioner members, the quality of a response to a query and a request made to prove a member's identity. All complaints had been dealt with by a manager within the timescales. A number of formal complaints were currently under the Internal Dispute Resolution Procedure, the details of which were appended to the report.

**RECOMMENDED:**

**That the report be noted.**

**5. MONTHLY RETURNS**

The Pensions Policy Manager submitted a report, which provided the Working Group with information about the proposed transition to receiving monthly pay and contribution returns from employers.

The Assistant Group Manager gave a presentation on the benefits of receiving monthly returns. There were a number of key drivers to move from annual data to monthly data including auto-enrolment, 2014 LGPS Scheme, The Pensions Regulator and GDPR.

It was reported that collecting data annually created a number of issues for both the Fund and its employers due to statutory deadlines creating highly concentrated workloads that required significant resource at points during the year and starters and leavers either joining, leaving or changing employers part way through the year. This had led to a drive by LGPS funds to move to monthly data, which would allow for up-to-date information and increased accuracy, greater compliance with data protection rules and The Pensions Regulator's Code of Practice and a reduction in the amount of manual processes required to upload information to member records.

The Group were informed that Aquila Heywood, the Fund's software supplier, had developed a system that worked alongside the main pension administration system (Altair) and could collect information on a monthly basis. Officers had received a demonstration of the software and visited two other Funds who had deployed the software in addition to utilising a test environment to evaluate the system, which would be completed by the end of July. Following this, the software would be purchased and tested in a GMPF environment in the autumn with the transition to receiving monthly returns anticipated to commence at the end of 2018 or beginning of 2019. Officers would create a detailed project plan and risk log and review resource requirements to undertake this large-scale project.

**RECOMMENDED:**

**That the Working Group agrees to the Funds transition to receiving member pay and contribution data from employers on a monthly basis.**

**6. MEMBER SELF-SERVICE**

The Pensions Policy Manager submitted a report, which provided the Working Group with information about the Altair Member Self-Service module "My Pension".

It was reported that member self-service was a customer-facing module of the Altair software and allowed members to view their details and make real-time changes. Documents, such as annual statements, P60s and individual letters, could be uploaded meaning that the Fund could transform its processes and become more efficient and cost-effective.

The project began in April 2018 and the milestone plans were appended to the report. Testing and implementation had successfully been undertaken and the system was now available to members. Contributing members would be notified of the new on-line facility via their Annual Benefit Statements and deferred and pensioner members would be notified in the autumn.

The Working Group was shown a demonstration of the "My Pension" system.

**RECOMMENDED:**

**That the report be noted.**

## **7. 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-June 2018.

It was reported that work on the project was progressing well and was in line with the timeframe. The project team had completed their work on responses received from HMRC to phase 1 queries. Low priority errors had been assessed and work continued on recalculating benefits and dealing with responses to phase 2 queries.

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. Project update meetings continued to take place fortnightly in order to monitor progress.

### **RECOMMENDED:**

**That the report be noted.**

## **8. THE LOCAL GOVERNMENT PENSION SCHEME (AMENDMENT) REGULATIONS 2018**

The Pensions Policy Manager submitted a report, which provided information about The Local Government Pension Scheme (Amendment) Regulations 2018, which came into force on 14 May 2018.

It was reported that a number of amendments had been made to The Local Government Pension Scheme Regulations 2013 following their introduction on 1 April 2014 and a consultation on the amendment regulations in 2016, as follows:-

- The alignment of entitlement to early payment of deferred benefits for a member who left the scheme between 1 April 1998 and 1 April 2014 and Councillor members who left between 1 April 1998 and 31 March 2008 with those who left the scheme on or after 1 April 2014.
- The alignment of the LGPS with other public service schemes in their approach to transitional protection under section 18 (5) of the Public Service Pensions Act 2013.
- The alignment of Additional Voluntary Contribution provisions entered into before 1 April 2014 with those entered into on or after 1 April 2014.
- A change to the regulations provides for admission agreements established on or after 14 May 2018, where an administering authority makes an admission agreement the administering authority, no longer has to keep a copy available for public inspection at its offices or inform the Ministry of Housing, Communities and Local Government.
- A new provision provides for the payment of an exit credit by the administering authority to an exiting employer.

### **RECOMMENDED:**

**That the report be noted.**

## **9. PENSIONS TAX SUPPORT FOR SCHEME MEMBERS**

The Assistant Director of Pensions (Funding and Business Development) submitted a report outlining a proposal to facilitate the provision of Pensions tax support for scheme members.

It was reported that most members contributing to pension schemes received income tax relief on their contributions, making pensions a tax efficient method for individuals to save for their future. The amounts that individuals can build up in pension savings were restricted and had been

substantially reduced in recent years. Members could make decisions on the amount of benefits they built up and the level of tax they would pay. Members found this area confusing and looked to their fund to provide support, however, whilst being able to provide factual information, the Fund could not provide financial advice to members or recommend a financial advisor.

The Local Board had asked the Fund to consider ways in which it could provide further support to its members. Officers had discussed with other LGPS funds the approach they used to support members and had held preliminary discussions with providers of financial education and advice on this matter. Whilst the provider and scope were yet to be confirmed it was expected that the member offering would be in the form of a 3 stage process:-

- Stage 1 – Group presentation / workshop with a question and answer session
- Stage 2 – Individual sessions
- Stage 3 – Formal individual financial advice from a regulated LGPS specialist advisor

It was proposed that GMPF met the costs associated with stage 1 and 2 and any member wishing to proceed onto stage 3 would need to pay for the advice. The total cost would be dependent on the level of member engagement.

**RECOMMENDED:**

**That the Working Group agree to the Director of Pensions being given authority to obtain external member support on pensions tax matters in line with the scope and estimated costs as set out in the report.**

**10. URGENT ITEMS**

There were no urgent items.