

GREATER MANCHESTER PENSION FUND - PENSIONS ADMINISTRATION WORKING GROUP

Friday, 29 January 2016

Commenced: 9.00 am

Terminated: 10.05 am

Present: Councillors J Lane (Chair), Patrick, S Quinn, Brett, M Francis, Grimshaw and Mr Allsop

Apologies for Absence: Councillor Akbar

15. DECLARATIONS OF INTEREST

There were no declarations of interest.

16. MINUTES

The Minutes of the meeting of Pensions Administration Working Group held on 16 October 2015 were approved as a correct record.

In relation to Minute 10 'Internal Dispute Resolution Procedure', the Assistant Executive Director, Pensions Administration, provided the group with benchmarking data. It was reported that the number of cases were small with an average of 1 stage one case per year per 14,000 members and 1 stage 1 case per year per 28,000 members for GMPF. The average stage two cases were 1 per year per 33,000 members and 1 per year per 15,000 members for GMPF.

In relation to Minute 12 'Scheme Additional Voluntary Contributions', Members enquired if the performance data for the investment options was circulated beyond the Working Group. It was confirmed that Members with additional voluntary contributions received performance data however, options would be explored to add this data to the website.

RECOMMENDED:

That the performance data for additional voluntary contributions be added to the GMPF website.

17. NOTIFICATION TO THE PENSIONS REGULATOR REGARDING LATE DESPATCH OF ANNUAL BENEFIT STATEMENTS

The Executive Director of Pensions submitted a report, outlining the problems experienced this year in providing annual benefit statements to a minority of the Fund's members.

It was reported that 2014/15 was the first year when both final salary and career average information was required with many employers having difficulties in providing complete, accurate and timely year-end information for their active members. This had led to the Local Government Association writing to the Pensions Regulator explaining the position.

The Working Group heard that GMPF had sent a questionnaire to all employers with regards to the 2015/16 year-end returns and where employers have had particular problems or many outstanding queries direct contact had been made. A letter had been sent to the Regulator setting out the mitigating circumstances and proposed actions to reduce the problem for next year.

RECOMMENDED:

That the report be noted and the plans to improve performance next year.

18. PROCEDURE FOR REPORTING BREACHES OF THE LAW TO THE PENSIONS REGULATOR

The Executive Director of Pensions submitted a report, which provided a draft procedure for reporting material breaches of the law to the Pensions Regulator.

It was reported that since 2005 all private sector occupational pension schemes in the UK had been overseen by the Pensions Regulator. Following the Public Sector Pensions Act 2013, public service pension schemes fall under the remit of the Regulator, focussing on governance and the administration of benefits.

The draft procedure was outlined to the Group including an example of a breach.

RECOMMENDED:

That the draft procedure be approved.

19. GUIDELINES FOR THE PAYMENT OF DEATH GRANTS AND ADDITIONAL VOLUNTARY CONTRIBUTION POTS

The Executive Director of Pensions submitted a report, outlining proposed revisions to the guidelines for the payment of death grants and Additional Voluntary Contribution (AVC) pots.

It was reported that death grants were due following the death of an active or deferred member and when a retired pensioner died within the pensions guarantee period. The administering authority had absolute discretion as to how death grants should be awarded to recognised potential beneficiaries. This absolute discretion also applied to AVC pots when members had started to pay AVCs after 31 March 2014.

Some examples were discussed to illustrate how the guidelines would apply that included definitions of partners and dependents.

RECOMMENDED:

That the revised guidelines be approved.

20. CIPFA BENCHMARKING

The Executive Director of Pensions submitted a report, providing information about the costs of the Fund's administration service and compared those costs with other Local Government Pension Scheme (LGPS) funds via the CIPFA Benchmarking Club.

It was highlighted that approximately half of LGPS funds were members of the CIPFA Pensions Administration Benchmarking Club. Administration costs, membership details, workload and staff movements were reported to CIPFA who analysed and reported on the data through comparative data and graphs.

GMPF administration costs were in line with the lowest cost quartile target and the costs per member were compared with both the all fund average and the large fund average.

It was noted that in 2015 the 'members per administrator' figure reduced primarily due to the Ministry of Justice project, however over time improvements in systems and processes should increase this ratio meaning the Fund should return to the more favoured 2013 levels of looking after

more LGPS Members per administrator than the average. Further investment is likely to be required to help deliver these improvements.

RECOMMENDED:

That the report be noted.

21. PENSIONERS FORUM 2015

The Executive Director submitted a report, detailing the 2015 Pensioners Forum event held on 9 October 2015 at Lancashire County Cricket Club. Photographs taken at the event were circulated to Working Group Members.

It was reported that approximately 330 pensioners attended the Forum, which was chaired by Councillor K Quinn, Chair of the Fund who gave an opening introduction on the key events of last year and current issues. Presentations on the annual report and accounts and other investment and administrative issues were also made.

It was confirmed that the event was open to retired members and was advertised in the pensions newsletter.

RECOMMENDED:

That the report be noted.

22. PENSIONS INCREASE ON GUARANTEED MINIMUM PENSIONS

The Executive Director of Pensions submitted a report, which provided information about a potential change regarding pensions increase and the lobbying of Government by the Local Government Association to mitigate the impact on Local Government Pension Scheme (LGPS) employers.

An explanation of the State Earnings Related Pensions Scheme was provided. It was reported that on 5 April 2016 contracting-out would end and consequently the legislation that provides for the State to pay pensions increase on guaranteed minimum pensions, meaning that this would need to be paid by LGPS funds, unless the Treasury ordered otherwise.

The Local Government Association raised this matter with the Department of Communities and Local Government and the Treasury in 2013 and is awaiting an announcement regarding alternative funding for pensions increase on guaranteed minimum pensions.

RECOMMENDED:

That a letter be sent to the Department of Communities and Local Government seeking an urgent resolution of this matter.

23. URGENT ITEMS

There were no urgent items.

CHAIR