

# GREATER MANCHESTER PENSION FUND - ADMINISTRATION, EMPLOYER FUNDING AND VIABILITY WORKING GROUP

1 October 2021

**Commenced:** 11:00

**Terminated:** 12:20

**Present:** Councillors M Smith (Chair), Andrews, Cooney, Cunliffe Grimshaw, Jabbar, Joinson, Patrick, Sharif, Ricci, Wills, and Mitchell,

Mr Llewellyn

**In Attendance:**

Sandra Stewart	Director of Pensions
Euan Miller	Assistant Director of Pensions (Funding and Business Development)
Paddy Dowdall	Assistant Director of Pensions (Local Investments and Property)
Emma Mayall	Assistant Director of Pensions (Pensions Administration)
Victoria Plackett	Head of Pensions Administration
Mark Flannagan	Customer Services Section Manager
Matthew Simensky	Employer Services Section Manager
Jane Wood	Member Services Strategic Lead

**Apologies for** Councillors and Connor

**Absence:**

Mr Drury and Mr Flatley

Fund Observers: Councillors Pantall & Ryan

## 14 DECLARATIONS OF INTEREST

There were no declarations of interest.

## 15 MINUTES

The minutes of the Administration, Employer Funding and Viability Working Group meeting on the 30 July 2021 were approved as a correct record.

## 16 SCHEME ADDITIONAL VOLUNTARY CONTRIBUTIONS

Consideration was given to a presentation delivered by the Head of Corporate Pensions and Client Manager at Prudential, which updated the Working Group on the ongoing service issues at Prudential and measures being undertaken to address these issues.

The Client Manager for Prudential delivered an update on the service issues that had been reported at previous meetings of the Working Group. It was reported that work had continued on payrolls to resolve any outstanding issues. Most claims were now being processed within 5 days of receipt of all required information.

The improvements that had already been delivered were highlighted to the Working Group. It was stated that there had been a significant increase in staffing levels in key operations functions such as contribution processing, claims and voice. Call waiting times had fallen to an average of 4 minutes and abandonment rate had continued to improve. It was stated that contribution processing for "clean" payrolls were being completed within 5 working days and work continued on the backlog of files.

In regards to AVC claims / retirements, transfers as at 23 September 2021, it was reported that there were 45 cases outstanding in total, of which 43 were retirements, 2 were transfers. It was explained that further information was required on 25 of the cases and 20 were workable cases.

Members were provided with an update on contribution processing as at September 2021. A list of outstanding payrolls was being provided to the Fund. It was highlighted that some recent contributions are not showing on some member records, this was being investigated and would be resolved.

It was reported that outstanding complaints as at 23 September 2021 continued to fall, 7 complaints were in progress from April, August & September 2021.

The Working Group discussed with Prudential the outstanding claims and the work that was being undertaken to resolve these. Further, the Working Group requested that Prudential provide clarity on the different levels of compensation being given to members of the Fund effected by the service issues.

Members agreed to invite Prudential to give a further update on the service issues and steps being taken to resolve them at the next meeting.

## **RECOMMENDED**

**That the Working Group note the report and the presentation from Prudential.**

## **17 ADMINISTRATION STRATEGIC SERVICE UPDATE**

Consideration was given to a report of the Director of Pensions / Assistant Director for Funding and Business Development / Assistant Director for Administration. The report provided the Working Group with a summary of the strategic improvement administration projects or areas that are being worked on by Administration, Funding and Accountancy teams.

It was reported that at the July 2021 Management Panel, the Director of Pensions presented the proposed business plan for 2021/22, the plan was attached at Appendix 1. It was explained that the relevant key strategic business plan projects for the Administration, Funding and Accountancy teams were:

1. My Pension online improvements
2. Working differently
3. IT infrastructure, DR arrangements and cyber security
4. Ensuring good governance

Members were advised that business continuity plans and the approach being taken to manage the impact of the Coronavirus outbreak on service delivery remained largely unchanged. Changes relating to the receipt and scanning of post had been made to create a more robust and long-term way of dealing with this area of work and further strengthening business continuity plans. The transition to using My Pension online for all key processes continued, and officers had also been feeding into future system developments to My Pension through their participation in the CLASS group. Officers were now starting to consider what the longer-term working arrangements might look like and to begin engagement sessions with teams.

It was stated that the transition of files to Microsoft SharePoint began in May and would continue in a rolling programme over the coming months. New telephony infrastructure went live at the start of July, with the Microsoft Teams telephony system 'Phone System' being deployed alongside a new contact centre system for the Customer Services team. Progress had also continued on the cyber security project.

The Assistant Director for Administration reported that overall, administration workflow and performance remained consistent. The administration performance dashboard for quarter 4, January to March 2021 was attached at Appendix 2.

Members heard that the production of the annual report and accounts for 2020/21 had been a main

project for the last quarter. The accounts had been produced and the annual report was in the process of being finalised.

It was explained the annual project to issue annual benefit statements to members had been completed. However, one Local Authority had been unable to provide data on time to be able to issue annual benefits statements before the 31 August 2021. Whilst this data had now been received and the benefits statement had been issued, this was a breach of the law. It was further explained that a breach report had been submitted to the Pensions Regulator and the Local Pensions Board had been updated on the matter.

Members of the Working Group heard the difficulties that had been experienced by the Local Authority and the work undertaken by the audit team to ensure that the data was accurate.

#### **RECOMMENDED**

**That the content of the report be noted and approval be given to the changes made to the Data Management Strategy.**

### **18 ADMINISTRATION MEMBER SERVICES UPDATE**

Consideration was given to a report of the Director of Pensions / Head of Pensions Administration. The report provided the Working Group with a summary of the work and projects being carried out by the Member Services section of Pension Administration.

It was reported that the Annual Benefit Statement (ABS) exercise for contributing members had now been completed, with 95% of all statements having been uploaded to My Pension by the statutory deadline of 31 August 2021. Regarding the project to move processes online, the concurrent transfer process had now been moved online. The process for members who had an internal transfer option would be moved online before the end of September. Work was also underway for the benefits on hold into payment process to move online. The communication element of this process was being reviewed and then the remaining work would be undertaken

The Member Services Strategic Lead reminded Members that a review of the pension overpayment recovery process was being undertaken. It was explained that work on this had continued this quarter with officers reviewing all current outstanding debt and looking at procedures for the recovery of different types of debt. Work over the next quarter would focus on revising current procedures to ensure that debt recovery was maximised. Recommendations would be brought to the next working group for approval with a view to new procedures being implemented from January 2022. An analysis of all outstanding member related debt could be found attached at Appendix 1.

In regards to Member feedback, GMPF issues surveys to members to obtain a view of member experience for several key processes. Appendix 2 provided information on the survey responses received for the bereavements first stage process, retirement offers, deferred benefit offers and deferred refund processes for the period. Overall, feedback continued to be positive, with members generally indicating that the service provided was good.

Members were advised that GMPF had contracted with the print provider, Adare, for them to manage the opening and scanning of incoming post. The SmarterScan solution was being tested during September and was expected to take two weeks to complete. If testing was successful, the process would go live from the beginning of October. The process of printing and sending correspondence would also be reviewed, to further use the individual printing solution that Adare also provided. This project was in the initial stages but would further reduce the level of printing being carried out from Guardsman Tony Downes House. These changes would provide further efficiencies with members of the administration section no longer having to open and scan the post or print and mail out letters enabling them to focus on other work. It would also enhance GMPF's business continuity plans and increase resilience

It was reported that the member existence check work had continued this quarter, with 373

reminders sent to members who had not responded to the initial correspondence. Where members did not complete the verification process, member's pensions were suspended. As part of this exercise, 2,254 existence checks were issued in two tranches, with members being given several options for verification.

It was highlighted that pensions were suspended for 49 members where they failed to complete the verification process. Since suspension, 13 members had completed the verification process and had their pension benefits reinstated. The remaining suspended pensions would be investigated to ensure that benefits were reinstated where these were due.

#### **RECOMMENDED**

**That the report be noted.**

### **19 ADMINISTRATION EMPLOYER SERVICES UPDATE**

Consideration was given to a report of the Director of Pensions / Head of Pensions Administration. The report provided the Working Group with a summary of the work and projects being carried out by the Employer Services area of Pensions Administration.

The Head of Pensions Administration reported that 73 employer applications were being progressed, a further 42 enquiries had also been made by employers considering applying for admission. A list of all applications ongoing and those applications agreed or closed over the last quarter was enclosed at Appendix 1.

In regards to monthly data collection, all employers except for newly admitted employers had been on-boarded onto iConnect monthly data collection. One Local Authority on-boarded in August 2021 with March 2021 data. The GMPF team was working closely with the Local Authority to ensure their monthly data collection files are brought up to date by 31 October 2021.

It was reported that performance data for the latest four months statistics was available in Appendix 2 together with cumulative figures for the 12 months ending 30 June 2021. The timeliness of contribution payments and other employer debts, such as those in relation to the costs associated with early retirements, was also collated. This data was reviewed at meetings held each month. The current position relating to employer debt could be found in Appendix 3.

It was stated that due to the success of the new GMPF employers' section of website and the effectiveness of Microsoft Teams to deliver training for employers, officers were carrying out a review of all employer training and were developing an employer training suite covering all essential areas of pension's administration.

Members heard that a survey was sent to all employers to gather feedback on the employer website. The results of the survey could be found attached at Appendix 4. Overall the feedback was positive and several areas for improvement, particularly around improving content and functionality, had been identified for further investigation.

#### **RECOMMENDED**

**That the content of the report be noted.**

### **20 ADMINISTRATION DEVELOPMENTS & TECHNOLOGIES UPDATE**

Consideration was given to a report of the Director of Pensions / Assistant Director for Administration. The report provided the Working Group with a summary of the work and projects being carried out by the Developments & Technologies section of Pensions Administration.

It was reported that work on the project to replace and renew both the IT hardware and software infrastructure of GMPF continued. Work this quarter had focussed on two main areas. The first

was the migration of pension legal data from a Tameside MBC (TMBC) managed case management system to a cloud-based version. The second area was that of system backup and Disaster Recovery arrangements. Both projects continued to progress well despite delays to the anticipated timescales. 2.3 Work had also continued with the project to migrate files and documents to SharePoint, with two new structural teams now ready to move their data to the cloud. Work on this project would continue throughout the year with several structural or collaborative team data migrations taking place each month.

It was explained that following the approval by the Working Group of the draft cyber security policy and strategy earlier in the year, work had continued with the assessment of existing controls and to identify gaps or potential weaknesses. This work included undertaking an internal audit of cyber security carried out by colleagues at Salford City Council.

It was further explained that the auditor's report was received recently with several recommendations. Responses to the recommendations made have been identified and an action plan has subsequently been created. GMPF did not have the necessary resources in place on the existing team to deliver some of the recommended improvements. As such, a specification for third-party cyber support and services had been drawn up and a route to procurement had been identified under the Crown Commercial Services (CCS) framework, which would allow cyber support services to be procured in an efficient and compliant manner. The report proposed that GMPF procures a contractor that could review and analyse its existing practices and policies in the area of cyber security and offer recommendations on the improvements to make.

It was stated that the intention now was to carry out a soft market test with a list of suppliers from the mechanism provided by CCS. A copy of the document they would be asked to respond to can be found at Appendix 1.

It was reported that Altair software release 21.3 was tested by the CLASS Testing Working Party between 2 August and 20 August 2021. As with previous system upgrades, GMPF tested the new release in advance of general testing. Members were advised that Altair release 21.4 would also include some of the McCloud remedy tools developed by Heywood to assist with the identification and recording of members who may be affected. Enhancements to the Member Self Service (MSS) registration process, MSS document upload facility for members and the ability to delete workflow items in bulk would also be included.

## **RECOMMENDED**

**That updates provided in the report be noted and the Director be supported in setting aside necessary budget for spending on cyber security support services which are to be procured as outlined in the report and associated appendices.**

## **21 ADMINISTRATION COMMUNICATIONS & ENGAGEMENT UPDATE**

Consideration was given to a report of the Director of Pensions / Assistant Director for Administration. The report provided the Working Group with a summary of the work and projects being carried out by the Communications & Engagement area of Pension Administration.

Members were advised that in July 2021, the Enghouse contact centre software was implemented across the Customer Services and Employer Liaison teams. In the three months prior to going live, the Customer Services team answered an average of 71% of calls offered. Since implementation, this has increased to 87%. This was likely to be due to the system configuration being more intuitive, and the use of a call back option callers now have. 1,229 call backs had been requested so far, which amounted to around 8% of the total calls answered since implementation. General feedback received from members had been positive.

It was explained that the new software offered greater reporting functionality, which would provide the team with a better understanding of the reasons why some calls are missed. The reports would include more detailed information about the duration of calls, wait times, peak calling times and so

on. This knowledge would help to identify where efficiencies could be made and where the service provided to members can be improved. The next development would be integrating emails within the Enghouse system. Testing of this new functionality commenced in September and updates on the progress made would be provided in future reports.

It was stated that up to date statistics on the number of members signed up to My Pension and the number of members who had opted for paper communications could be found in Appendix 1. Regular meetings with Aquila Heywood about registration and device compatibility issues had been ongoing since April 2021. Some software changes were implemented in the last Altair release and early statistics suggest that less errors have been occurring during member activity, resulting in a better user experience. This area would continue to be monitored and further updates would be provided in future reports.

In regards to communication and engagement activities, the Communications report including call and email statistics for the last quarter was attached at Appendix 2. It was highlighted that the exercise of issuing of annual benefit statements for members would normally trigger an increase in call and email activity. However, for 2021, the scale of the increase appeared to be much less than in previous years. This was likely to be due to members using both My Pension and the new website to obtain the information they need. In addition, the Communications team had been assisting with the work to move more processes online for both employers and members, by creating several new online forms and had also produced a new 'Pension Transfer' video which was now available to view on the GMPF website.

## **RECOMMENDED**

**That the report be noted.**

## **22 INTERNAL ILL HEALTH INSURANCE ARRANGEMENTS**

Consideration was given to a report of the Director of Pensions / Assistant Director for Funding and Business Development. The report sought to analyse the experience to date and assess whether any changes to the arrangements should be considered at the forthcoming 2022 actuarial valuation.

Members of the Working Group were advised that under the LGPS Regulations, an active member whose employment was terminated on the grounds of ill health, or infirmity of mind or body, before that member reaches Normal Pension Age, was entitled to, and must take, early payment of a retirement pension if that member satisfies the relevant criteria regarding future gainful employment.

The Assistant Director for Funding and Business Development explained that health retirements were split into three 'Tiers'. Under Tier 1 ill-health retirement a member would receive an unreduced pension calculated assuming the member had remained in Pensionable Service until Normal Pension Age. For younger members in particular, this pension is expected to be much more costly to provide than was assumed at the previous actuarial valuation, with the difference in expected cost being what was known as an ill-health 'strain cost'. These strain costs fell due on the members' employer.

It was further explained that ill-health strain costs could be very large. It was not uncommon to see ill-health strain costs of over £500,000. There was an allowance in employers' contribution rates for the expected costs of ill-health retirement and larger employers were able to have this element of their contribution rate allocated into an early retirement budget, which could be used to meet the strain costs as they were incurred. However, for smaller employers a large ill health strain cost could threaten the ongoing viability of the employer, with GMPF potentially needing to enter into a long-term payment plan with the employer.

Members were advised that it was recognised that some form of insurance cover was needed to protect smaller employers from large ill health strain costs. After careful consideration, an internal ill health insurance arrangement was proposed to be introduced as part of the 2019 actuarial valuation. The design of this arrangement was approved by Management Panel at its 12 April 2019

meeting and began operation on 1 April 2020.

The report set out the operation of the insurance arrangement. The GM Local Authorities were given the choice of whether their actuarial pool would participate in the internal ill health insurance arrangement over the period to 31 March 2023. Two of the 10 GM Local Authorities chose for their actuarial pools to participate in the ill health insurance arrangement, joining all of the other employers who sat outside the local authority and Probation Service pools. In total there were 330 employers participating in the internal ill health insurance arrangement as at 31 March 2021.

The report compared the total costs of the ill-health early retirements covered by the arrangement against the notional 'budget'. Even with a significant number of employers participating in the arrangement, there was likely to be some variation in experience from year to year, and the costs in 2020/21 were not considered by Hymans or by officers to be a cause for concern.

It was explained that the creation of the internal insurance arrangement had materially reduced the administrative time required to invoice and collect payment of ill health early retirements strains and to calculate and monitor any payment plans that may be required. This reduction in workload was offset to an extent by the work required to establish and operate the monitoring regime for the insurance arrangement. In addition the insurance arrangement had also materially reduced the amount of employer debt outstanding.

#### **RECOMMENDED**

**That the report be noted.**

#### **23 URGENT ITEMS**

There were no urgent items.

**CHAIR**