

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

29 July 2022

Commenced: 11:00

Terminated: 12:45

Present:

Councillors North (In the Chair), Patrick, Quinn, Taylor, Andrews, Jabbar, Massey

Mr Drury, Llewellyn, Flatley

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
Georgia Ryan	Developments & Technologies Strategic Lead
Mark Flannagan	Customer Services Section Manager
Matthew Simensky	Employer Services Section Manager

Apologies for Absence:

Councillor Drennan, Ricci, Ryan, Cowen, Grimshaw, Cunliffe

Ms Gale Blackburn

Fund Observer John Pantall

1 DECLARATIONS OF INTEREST

There were no declarations of interest.

2 MINUTES

The minutes of the Administration, Employer Funding and Viability Working Group meeting held on the 8 April 2022 were approved as a correct record.

3 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 were being worked on by the Administration, Funding and Accountancy teams.

It was reported that as the need to manage the impact of the pandemic reduces, focus had switched to managing the transition to hybrid working. A draft framework for future working arrangements had been drawn up, covering office, home and other remote working, and workshops had been held with each team to finalise the guidance and changes needed.

During the first quarter of 2020, the migration to Exchange and Office 365 was completed and Microsoft Teams was also deployed. The transition of files to Microsoft SharePoint began in May 2021 and continued to date, with file migrations planned until the end of the year. In July 2021, new telephony infrastructure was deployed, with calls migrating to Microsoft Teams, and a new contact

centre that integrates with Microsoft Teams also deployed. Developments to the contact centre software from 1 April 2022 were made to provide more detailed reporting on the types of calls and emails received. Two other large IT projects were also underway. The first was to change and improve the disaster recovery and back up arrangements. The second was to improve cyber security resilience and controls.

In regards to administration work and performance, a performance dashboard for quarter 4 (January to March 2022) could be found attached at appendix 2. The first six months of this year had been particularly busy. Member newsletters were issued to contributors and those with benefits on hold in February to disclose pension transfer changes and provide a general update. These were closely followed by the issuing of P60s and newsletters for pensioner members in March and April. Annual benefit statements to those with benefits on hold were then issued in May.

Overall, levels of casework and performance against turnaround targets remained relatively consistent. Performance levels remained high and work on projects that support improving the service provided to members has continued. However, the significant increase in calls and emails received had led to longer response wait times.

The work to transition processes onto My Pension continued to increase steadily, with over 157,000 members now registered in total. Further My Pension promotion exercises were planned to get underway in the coming months.

In regards to compliance with the Pension Regulator's code of practice. Senior Officers continued to meet each month to review employer performance in line with the Pensions Regulator's expectations. In January 2022, notice of warning letters were sent to employers who had failed to meet their obligations under the Pensions Administration Strategy in respect of sending monthly returns on time for three or more occasions in the past twelve months. The letters informed these employers that fines will be issued from April 2022 onwards if their performance does not improve. The performance of many of those employers has improved.

RECOMMENDED

That the report be noted.

4 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 Pensions Administration.

Members of the Working Group were advised that casework across the Member Services section was measured against turnaround times. Throughout the pandemic up to 31 March 2022, seven internal key performance indicators were used to monitor and assess the workloads and performance of the service.

It was stated that the effects of the pandemic, particularly the increase in contact, the increase in deaths and the changes to ways of working, had a significant impact on our approach to ensuring casework standards were maintained. However, it also presented opportunities to do things differently in future and improve turnaround times.

Before the start of the pandemic, work had begun on changing the casework workflows within the Altair pension system that measure performance using target times. This work had to be put on hold while work linked to moving processes online was prioritised. However, work recommenced in quarter 4 and most workflows were amended with effect from 1 April 2022 so regular reporting could recommence across a wider number of areas.

One of the items of casework not measured here was the time taken to issue a member who had

benefits on hold with details of their options to bring those deferred benefits into payment. The regulations state that a member should give the Fund at least three months' notice if they want to request payment. Before the pandemic, GMPF had generally been able to respond to a request within two to four weeks, but this became on average four to eight weeks throughout the pandemic period due to demand and the changes to working arrangements. For the last six months, the team had been working towards moving this process online, which should significantly reduce the wait times.

Work to produce Annual Benefit Statements for 2021/2022 for both contributing members and members with benefits on hold had been taking place. The statements for members with benefits on hold were all uploaded to member My Pension accounts by 31 May 2022. Statements for contributing members for two of the larger employers were completed as a pilot exercise in June 2022. The remaining statements for contributing members would be uploaded to My Pension accounts by 31 August 2022. All members who have requested paper communications or an alternative format for accessibility reasons will also receive a copy in their chosen format by 31 August.

During the pandemic, work was undertaken to use an individual printing solution provided by GMPF's print provider, Adare. GMPF already used the bulk printing service, but individual printing was still done in house. Since the last update, the Bereavements and Pension Payments teams have transitioned, and the Contributing Members team were in the process of doing so.

In regards to Member Existence Checks, existence check letters for this year's exercise were distributed on 1 June 2022 and sent to 2,271 members who currently reside overseas. Reminders would be issued but a pension was suspended if no response was received, and the case would be investigated to see if the member had died or just not responded for another reason.

RECOMMENDED

That the report be noted.

5 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.

It was reported that there continues to be a significant number of employers applying to join GMPF with 79 applications currently being progressed. A further 30 enquiries had also been made by employers considering applying for admission.

Members were advised that two large employers were behind with their iConnect submissions for April, May, and June 2022 due to payroll software issues. It was expected that both employers would be up to date by 31 July 2022.

The Employer Data team had been monitoring employers who had been sent a notice of warning letter during the last quarter. Employers that had not demonstrated an improvement in their performance were being escalated in line with the Pension Administration Strategy.

To ensure accuracy in this year's Annual Benefit Statements, extra data checks had been conducted on all iConnect submissions for March. This had resulted in 1,500 queries being generated, however most of these have now been resolved.

Attached to the report at Appendix 2 was information regarding the most recent employer audits that had taken place. 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. Senior officers discuss employer contribution payments, employer

debt and employer performance. Where contributions or other employer debts were not paid within the expected timescales, senior officers were actively engaging with these employers. The current position relating to employer debt could be found attached at Appendix 3.

It was stated that the employer year in review report had been distributed to the ten local authorities for 2021/2022. This report provided each employer with statistics and information relating to their GMPF members and highlights they were fulfilling their role as an LGPS employer. The intention was to help employers to identify where they could make improvements and where further benchmarking with their peers could help them drive forward efficiencies.

RECOMMENDED

That the report be noted.

6 ADMINISTRATION DEVELOPMENTS & TECHNOLOGIES UPDATE

Consideration was given to a report from 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.

Members were advised that work to migrate files and documents to SharePoint had continued, with all Administration teams having now migrated their structural team files. The focus had moved on to the migration of collaborative files where cross working between teams was needed. The Pensions Administration service was on track to complete the migration of all Administration teams' files to SharePoint by the end of the calendar year.

For other pension service areas, the migration process was more complex, as most teams currently still had accounts on the Tameside MBC IT domain, as well as a new account on the GMPF domain. The work needed to migrate these service areas was being scoped to establish a realistic timeframe for when they will fully reside on the GMPF domain.

The Pension Fund Legal team had an added complexity in that the main system used for managing their casework could only be accessed at present by users of the Tameside MBC domain and Tameside issued devices. Since the last Working Group meeting, discussions have continued with the system provider and colleagues from the GMPF Systems Maintenance Team and TMBC IT Services to determine possible solutions.

It was stated that one of the objectives set for the year was to replace out of date and unsupported hardware. Significant progress had been made on this objective, and the Systems Maintenance team were now working on migrating services to virtual servers on a host server they had now built. A plan was being formulated to migrate the contents of the file server to a new server, as it would reach end of life at the end of the calendar year.

Work has continued on the implementation of a revised and significantly more resilient back up and disaster recovery strategy.

Since Guardsman *Tony Downes* House was opened, a contract has been in place with a provider of specialist audio-visual solutions used within the conference rooms. This contract had elapsed, and the camera equipment was no longer in use. A review of requirements has been carried out and a new contract for the supply, maintenance and support of audio-visual solutions will be sought. A budget for this had been allocated to cover the cost of the contract as well as any supporting work needed such as soundproofing.

It had been twelve months since the Cyber Security audit was conducted for GMPF. Since this time, the Systems Maintenance team and other colleagues have been working through the recommendations made and implementing changes where necessary to increase the cyber resilience of the Fund. The final audit review is now due to take place which will assess progress

made against the recommendations outlined in the audit.

The most significant improvement made following these recommendations was the implementation of multi-factor authentication across GMPF's Microsoft 365 tenancy, strengthening cyber defences in this area and protecting the data held there more effectively.

Members of the Working Group were advised that Objective 8 of the Developments and Technologies Strategy for 2022 was to transform the Altair release testing process to maximise the benefits and create efficiencies to reduce the burden of this area of work on teams across Pensions Administration. This objective had been the responsibility of the Systems Compliance team who have worked closely with all teams involved in release testing to formulate and implement a plan for change. The success of the first and most significant part of this project had been detailed in Appendix 2 attached to the report.

A new version of the member My Pension portal is being developed by GMPF's pension software provider. It is anticipated that user acceptance testing will commence later in the year with implementation expected during 2023. In addition, a reporting solution had been developed by Heywood that aims to enable more extensive and detailed reporting functionality and to present data in a better way. The system was called Altair Insights and it had been developed to include functionality to support the collection and comparison of data gathered for the McCloud remedy from employers.

Members were advised that Tameside MBC had a contract in place for a system that linked payments into the BACS infrastructure, enabling payments and collections to be made by BACS. The system currently in use was reaching end of life later this year. This system was critical for the payment of pension benefits and other payments the Fund makes to suppliers and contractors.

It was reported that a decision was made by the Council to transition to a new cloud-based system for a period of two years. A project board was established by Tameside MBC Finance, which included the Strategic Lead for Developments and Technologies to ensure GMPF was represented and included in the project. The contract for the new system was now in place and work was underway to build the system and the infrastructure at the Council needed to support it. Shortly, training for users will be provided, closely followed by testing.

RECOMMENDED

That the report be noted and that the proposal to proceed with the procurement of a contract to replace and renew audio-visual solutions within Guardsman Tony Downes House to meet the new demands of the service be approved.

7 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.

It was reported that in July 2021, the Customer Services team began using a new telephony system. This system provides several functions and reports that can be used to monitor call volumes and agent activity. The dashboard attached at Appendix 1 collated some of this information, highlighting statistics on call queues, call length and the reasons why members were contacting GMPF.

Since 21 March 2022, the Customer Services team had been answering emails received about My Pension using the new telephony system. As a result, there was clear improvement in the time taken to respond to these emails, almost all of which were now being answered within two working days. The reporting function was also providing greater oversight of agent activity. The remaining two email queues will be integrated into the system over the coming months and an update on the

benefits of this will be provided in the next report.

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 can be found attached at Appendix 2. Registrations for My Pension continued to steadily increase. Annual benefit statement notification emails were due to be emailed to all contributing members that GMPF holds an email address for in the next quarter.

It was highlighted that in readiness for routing all emails through the new system, changes had been made to the way in which members can submit queries through their My Pension accounts. The changes aimed to help and encourage members to use the functions within My Pension to check and update their personal details, run calculations, and initiate processes. The aim of this work was to provide members with the information or answers they were looking for in a clear and easy way.

In regards to complaints, suggestions and compliments received, the consistent theme for complaints was members having trouble registering or accessing My Pension. These were mostly down to user issues rather than system issues. Recent communications had created a welcome increase in those accessing My Pension, but this often resulted in more users experiencing difficulties, which was then reflected in the statistics. A new video would be created next month which would focus on helping members through the registration process.

RECOMMENDED

That the report be noted.

8 2022 ACTUARIAL VALUATION

Consideration was given to a report of the Director of Pensions / Assistant Director of Pensions for Funding and Business Development. The report set out progress to date on the valuation project. The valuation methodology and actuarial assumptions were set out in the Funding Strategy Statement, which would be consulted on with employers as part of the valuation process.

Members of the Working Group were advised that the actuarial valuation process would determine the funding position of GMPF at 31 March 2022 and contribution rates for each participating employer from 1 April 2023. All LGPS funds in England and Wales were undertaking actuarial valuations at this time. Traditionally actuarial valuations in the LGPS had been undertaken every 3 years. At the time of the 2019 valuation Government consulted on aligning the local valuation cycle in the LGPS with the 4-yearly valuation cycle for other Public Service Pension Schemes. Government confirmed in its response that it would not be changing the valuation cycle at the 2019 valuation but did not rule out a change in future. The most likely outcome was that the contribution rates set at this valuation will also apply for a 3-year period.

Preliminary indications are that GMPF will disclose a broadly similar funding level at the 2022 valuation compared to 31 March 2019. GMPF's investment returns have exceeded the assumption made at the 2019 valuation, but an increase in future expected price inflation was likely to increase the present value of the Fund's liabilities, offsetting much of the asset gains.

Members of the Working Group received a presentation which detailed the valuation timetable, how employer contribution rates were calculated and the experience since the 2019 valuation. The Assistant Director detailed the key 2022 valuation assumptions which were set out in the FSS, including investment returns, CPI, life expectancy and salary growth.

Members were advised that the Funding Strategy Statement ('FSS') provided guidance to the Actuary in undertaking the actuarial valuation. Given the focus on the affordability and sustainability of public sector pensions, the FSS had become a key document in defining how an administering authority will meet its responsibilities in managing an LGPS fund. Management Panel had agreed initial methodology and actuarial assumptions for consultation with employers. The FSS explained

how the actuarial assumptions, which would be used to calculate draft results for consideration at the autumn meetings of the Management Panel and the Administration, Employer Funding and Viability Working Group had been derived.

A draft version of the updated FSS was attached as **Appendix 1** to the report. The updated FSS incorporated GMPF's policies on the usage of 'Employer Flexibilities' and assessing exit credits which could be payable to employers, which were created during the inter-valuation period.

It was highlighted that a key area for consideration at this valuation was whether there would be any material benefits from a change in approach to how GMPF structures Multi Academy Trust ('MAT') participations. Officers have held discussions with a variety of MATs to understand their views.

RECOMMENDED

That the report be noted.

9 SCHEME ADDITIONAL VOLUNTARY CONTRIBUTIONS

Consideration was given to a report of the Director of Pensions / Assistant Director for Funding and Business Development. This report summarised the ongoing issues, the measures being undertaken to address these issues and implications for GMPF's administration service.

Members of the Working Group were advised that Additional Voluntary Contributions ('AVCs') allow Scheme members to pay more to build up extra savings for their retirement. When members make AVCs they pay money into a separate AVC plan and build up a pot of money, which would then be used to provide additional benefits on retirement.

As reported at previous meetings, Prudential's performance in administering LGPS in-house AVCs had been a cause of some concern. A deterioration in performance in late 2020 and early 2021 was observed by GMPF and a number of other LGPS funds and experiences were shared at regional and national meetings of the LGPS Technical Group.

Whilst the deterioration in performance observed in the first half of 2021 appeared to have stabilised; Prudential had made slower progress than expected in returning service standards to an appropriate level and in recent months progress had stalled or even deteriorated. GMPF officers continued to meet regularly with Prudential to monitor performance and feedback service issues being experienced.

Further, Prudential did not meet GMPF's deadline for providing information as at 31 March 2021 for inclusion in GMPF's accounts and did not provide 31 March 2021 annual benefit statements until June 2022.

Accounting information and benefit statements as at 31 March 2022 had not yet been received. Detailed timescales had not been provided by Prudential, but there did not appear to be any reason why provision of this information should be materially delayed.

RECOMMENDED

That the report be noted.

10 URGENT ITEMS

There were no urgent items.

CHAIR