

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

7 October 2022

Commenced: 11:00

Terminated: 12:10

Present: Councillors Ryan (In the Chair), Cowen, Drennan, Quinn, Taylor, Andrews, Massey, Ricci, Grimshaw

Mr Drury

Fund Observers John Pantall and John Taylor

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

Apologies for Absence: Councillor Cunliffe , Jabbar, Patrick and North

Ms Gale Blackburn, Mr Llewellyn and Flatley

11 DECLARATIONS OF INTEREST

There were no declarations of interest.

12 MINUTES

The minutes of the Administration, Employer Funding and Viability Working Group meeting on the 29 July 2022 were approved as a correct record.

13 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.

As mentioned at the last meeting, Heywood Pension Technologies, had developed new functionality that would further improve the member experience when using My Pension as well as reducing overall processing timescales. The benefits on hold into payment process was the first process where new functionality had been implemented and work to deploy the new features within other processes will follow in the coming months.

The valuation data was successfully submitted to the actuary in July 2022, and positive feedback had been received regarding the quality of the data. The Funding Strategy Statement was issued to employers for consultation on the 15 August 2022. The deadline for responses was 11 October

2022. Work with the actuary on finalising contribution rates would then begin early in November 2022.

The regulations and guidance on McCloud were still awaited. Therefore, the focus remained on working with the software supplier to identify where amendments were likely to be needed and on ensuring data can be captured and used to produce accurate benefit calculations. At the time of writing, no communication or further updates had been received about when to expect the Regulator's revised Code of Practice to be issued.

Work had recently been undertaken to improve the casework workflows within the Altair pension system that measure performance using target times. Therefore, the key performance indicators within the attached appendix 1 measured the full range of both statutory and internal key performance indicators.

It was reported that P60s and newsletters for pensioner members were issued in March and April 2022. Annual benefit statements to those with benefits on hold were then issued in May. The first annual benefit statements for contributors were issued in June, with the remaining statements issued in July and August.

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.

In regards to complaints, three of the eight complaints received over the quarter related to issues members were having with accessing or using My Pension. The other five were all for various reasons, including beneficiaries who found the processes for claiming dependants benefits difficult and members who were unhappy with delays in receiving information. All ten compliments received were from members wanting to acknowledge the good customer service provided by GMPF colleagues.

In regards to the Pensions Dashboard Project, a further update from the PDP was awaited on the progress of their alpha testing programme, with their last update being published in April 2022. However, the GMPF team had continued to work with Heywood Pension Technologies on various aspects relating to dashboards. The PDP carried out a consultation on the standards they had designed to ensure the safety, security, and effectiveness of pension dashboards over the summer. They have also confirmed that the staging date for LGPS funds had been delayed until September 2024 to allow for the expected increase in work for the LGPS linked to the McCloud remedy. The next stages of this project would involve preparing data to be 'dashboard ready' and continued to engage with the dashboard working groups.

The working Group were advised that one of GMPF's business plan objectives was to work to achieve PASA accreditation. PASA was the Pensions Administration Standards Association and aimed to promote and improve the quality of pensions administration services for UK pension schemes. GMPF was already a member of PASA. PASA had a set of standards that it believed defines high-quality administration. If an organisation could demonstrate that it met these standards, it could apply to undertake PASA's independently-assessed accreditation programme. GMPF would be able to show it was a high-quality administrator by gaining accreditation.

RECOMMENDED

That the report be noted.

14 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.

The work to produce and issue annual benefit statements for contributing members had been completed, with over 99% of all statements due having been uploaded to My Pension by the statutory deadline of 31 August 2022.

The project to move processes online had also progressed. The first phase of the project to move the benefits on hold into payment process online had now been completed and went live on 22 August 2022. Members who would like to request payment of their benefits on hold could now do so through their My Pension account. As mentioned at the last meeting, the Fund had seen a substantial increase in these requests over recent months, which has resulted in members experiencing much longer wait times than normal. This work, alongside other steps being undertaken to process requests already received, was already having a positive impact on turnaround times.

The Pension Payments team had been working with other teams in the service to implement new Altair software functionality that provides an automated transfer of data between the benefits and payroll modules of the system. This software development, known as EA2P, required some fundamental programming changes to be made by our software provider that required substantial testing to be carried out by all teams. This change also required revised internal payroll deadlines to be worked to in August to enable a smooth transition. The changes were successfully implemented at the beginning of September and will make the process of adding new payments to payroll more efficient.

Work to produce and issue pension saving statements to those members who had exceeded, or are close to exceeding, the annual allowance tax limits had been progressing well. 744 contributing members were initially identified as requiring a statement, and at the time of writing this report, 689 of these cases had been reviewed and tax allowance amounts calculated.

The Working Group were advised that in addition to measuring the performance using key performance indicators, GMPF issued surveys to members to obtain a view of member experience for several key processes. Three surveys were carried out in quarter 1 and the results were subsequently reviewed by the Complaints and Issues Board. In a change this year, emails had been sent to members to ask them to complete a survey as well as links to the survey being included in the correspondence provided to them. This approach had resulted in a higher response rate. The attached appendices 2a, 2b and 2c provided details of the questions asked in the surveys and showed the responses received from members.

Since the last update, the Contributing Members team had transitioned to using the automated printing solution, Print Me, for many of their letters. Work was underway to transition the printing for the two final teams within Member Services, being Retiring Leavers and Leaving Members. This work was going well and should be completed by the end of the year.

As part of our anti-fraud work, the Pension Payments team undertook an annual process to confirm pensioners that live overseas were still alive and due their pension, referred to as an existence check. The team had been working through the final stages of the annual existence check exercise. Members who had not returned their certificate or completed one of the validation options and had a pension of £300 or more per month had their pension payments suspended from September. 220 pensions were suspended.

RECOMMENDED

That the report be noted.

15 MEMBER OVERPAYMENTS REVIEW

Consideration was given to a report of the Director of Pensions / Assistant Director for Administration. The report provided a comprehensive review of all aspects of work relating to member overpayments that had been carried out during the last twelve months.

It was explained that the vast majority of overpayments that occur were due to the death of a pensioner.

The Working Group were advised that GMPF had controls in place to try to reduce the likelihood of an overpayment occurring or reduce the size of the overpayment if an overpayment was unavoidable.

It was reported that the recovery success rate was high, and most overpayments were recovered within one month. The report detailed how recovery is undertaken and set out the issues that can prevent or delay the recovery process taking place, which were:

- The next of kin was not known
- The person dealing with the estate was not known
- Mortality screening or existence checks failed to identify that a death had occurred in a timely way
- Banks failed to respond to the Funds requests for a payment to be returned or for information

When one or more of these issues occur, the case was reviewed by officers to establish what alternative steps could be taken to try to pursue recovery. If all avenues for recovery had been exhausted or if the cost of further attempts for recovery disproportionately outweighs the amount trying to be recovered, officers could deem the overpayment to be unrecoverable. There were then two avenues that can be taken. The amount could essentially be treated in the same way as a debt and be written off and removed from Tameside MBC's debtor's system. Alternatively, it could remain as an open case and reviewed periodically until the six-year limitation period had passed.

In autumn 2021, officers began a project to review the area of member overpayments as part of a continual improvement programme of work. The first step taken was to establish a Member Overpayments Group to carry out the review and to support the Member Services Strategic Lead with the work going forward. The second step was to review the existing policies and procedures and recommend an updated approach to recovering overpayments.

This recommended approach and confirmation of key principles was set out in the attached appendix 1.

In general, the principles and approach remained unchanged, as did the financial limits adopted. The team concluded that the procedures could be improved though by more clearly defining responsibilities and escalation points, and by improving some of the documentation. Most of the changes identified had either been put in place already or are in progress and would be in place shortly. This included issuing updated procedure notes to the teams involved, amending letters to be clearer and reflect the steps we intend to take, and creating new workflow procedures that would allow for the collection of better statistics going forward.

Alongside this project, individual cases where an overpayment had not been recovered or written off to date had also all been reviewed on a case-by-case basis to establish whether any new or further steps could be taken to recover the overpayment. Appendix 2 provided a summary of all the cases reviewed and appendix 3 contained the individual case sheets relating to each overpayment, with a recommendation from the Member Overpayments Group. The Working Group were asked to support and agree the approach and recommendations for write offs.

RECOMMENDED

That the Working Group:

- (i) Note the information and statistics provided within the report**
- (ii) Approve the changes to the policies and procedures identified during the review to improve the process and recovery success rate**
- (iii) Agree with the recommendations for the individual cases where an overpayment remains unrecovered**
- (iv) Note that the intention is to report individual cases to the Working Group on a**

- quarterly basis as part of the Member Services update report going forward**
- (v) **Note that officers intend to continue work on improving other aspects of the process once the relevant procedures have been changed in line with the recommendations**

16 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 Pension Administration.

It was reported that there continued to be a significant number of employers applying to join GMPF with 63 applications currently being progressed.

In regards to Monthly Data Collection the Employer Data team continued to monitor and support all employers regarding the submission of their monthly data return. In April 2022, 65% of employers submitted their return on time. In August 2022, this figure had increased to over 87%. All contributing members, apart from 18, had received their Annual Benefit Statement for 2022. The team was liaising with the employers of the 18 members where a statement could not be produced to resolve the issue and would issue a statement to these members as soon as possible.

Members were advised that an indication of the performance of GMPF's larger employers was gained by recording data about the timeliness of new starter and early leaver information, and the number and age of queries with those employers. Performance data was available in sections 2, 3 and 4 of Appendix 2. The timeliness of contribution payments and other employer debts, such as those in relation to the costs associated with early retirements, was also collated. 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 in Appendix 3.

It was reported that the latest employer survey covered employer satisfaction. The survey was sent to all employers and measured satisfaction regarding the services provided by the employer helpline and the employer website. The comments gathered in the survey were largely complimentary information about the survey could be found in Appendix 4.

Employer training on ill health, discretions, pensionable pay, retirements and leavers, topping up benefits and the Altair pensions administration software was available to employers. So far, 418 employer representatives had attended one or more of our events, which had been well received. New training courses covering employer admissions and understanding the employer role were currently in development.

RECOMMENDED

That the report be noted

17 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 Pension Administration.

It was reported that work on the review and development of enhanced backup and disaster recovery provision had progressed well this quarter. A partner had been appointed through which the necessary licences, software and hardware would be ordered to support the new solutions. The Systems Maintenance Team would be working with the Funds technical partner TechAlign and colleagues from IT Services to implement the solutions. It was expected this work would be completed by the end of October. The costs associated with this work had been built into the budget. The purchase of hardware and support to implement the changes was estimated to cost

£24,000. Annual licencing of the necessary products is approximately £13,000 including discounts applied for our commitment to a three-year licence term.

In regards to cyber security the team continued to monitor all attempted cyber-attacks and the statistics for quarter 1 (April to June 2022) could be found in Appendix 1. The Systems Maintenance team had been working with users of the Altair Pensions Administration system to roll-out multi-factor authentication. This included those individuals from some of our larger employers who had access to the Altair system to carry out their responsibilities. Once the implementation process was completed, multi-factor authentication would strengthen the access controls in place around the data held in this system, reducing risk and further protecting member data.

It was reported at the last meeting that work in relation to the procurement of cyber security support services had been delayed slightly so that the most suitable route to procurement could be identified. A request for quotation was released in August to nine suppliers identified through a Dynamic Purchasing System administered by Crown Commercial Services. Four bids were received and were, at the time of writing this report, currently being evaluated. It is expected that a supplier will be appointed before the end of September with a contract start date of 1 October 2023.

During the next quarter work would begin on sourcing a partner to work with the Fund on assessing and managing third party risk. This involved scrutinising the Cyber preparedness of third parties who held and processed the funds data to ensure that their processes were secure and robust, and also to ensure that we understand the risks and could implement additional mitigations where needed.

Altair software release 22.3 was tested by the CLASS Testing Working Party (TWP) between 25 July and 12 August 2022. As with previous system upgrades, GMPF tested the new release in advance of general testing. There were several Pensions Increase and bereavement calculation problem fixes implemented that would enhance efficiency reducing the number of manual adjustments required when benefits were calculated

At the last meeting, a report was submitted outlining the progress made by the Systems Compliance team on developing and improving the testing process for Altair system software releases. Since then, further improvements had been made in line with the feedback from the administration teams and based on the strategies that were proven during the previous testing cycles.

Earlier this year new functionality was developed in the Altair and Member Self Service systems to enable members to carry out tasks associated with retirement online. Preparation work and testing was carried out involving the sections within the Developments & Technologies department and Member Services teams, and the new process was launched for members with benefits on hold during August. Part of this development was a mechanism to automate notifications via email to members. Now that this functionality has been proven, the teams will look to identify processes where it can be used elsewhere to improve the member experience and create administrative efficiencies.

The Systems Compliance team had been involved in making a number of improvements to administration processes with developments to Altair Workflow. Some of the processes recently improved include facilitating the booking and management of member appointments and changes to child pension reviews. In addition to this, new tasks had been created to enhance the security checking procedure used by Pensions Administration teams which had been built into workflows for address and bank changes.

The Systems Compliance team led the latest phase in development of the annualised Enhanced Admin to Payroll (EA2P) functionality. Co-ordinated testing was undertaken between the benefit teams and payroll to ensure benefits were correctly calculated and paid. This work now allows the Bereavements team to utilise the efficiencies of the EA2P module without manual intervention. This amended software was successfully implemented into the live Altair system on 5 September.

It was reported that Tameside MBC and GMPF had now successfully launched a replacement

system that links financial transactions into the Bacs infrastructure, enabling payments and collections to be made by Bacs. All departments that rely on this system to make and receive payments, including Pension Fund Accountancy and the Pensions Payments team were now using the new system. The project focus will now turn to decommissioning the old system and progressing with developments to the new system. Developments being considered include bank account verification and the use of Faster Payments to make same day payments.

The Complaints and Issues Board continued to meet monthly, and all learning points are passed back to the relevant team. The Board reviews all disputes, complaints, compliments, and suggestions. Between July and September 2022, there had been two formal Stage one disputes, and three formal Stage two disputes received.

RECOMMENDED

That the report be noted.

18 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

The customer services and communications dashboard at Appendix 1 provided some key statistics and information about general engagement from April to August 2022 on page 1, and specific statistics for quarter 1, April to June 2022 on the remaining pages. April and May saw a higher number of unique visits to the website due to P60 emails and paper communications which were sent in April and the benefits on hold annual benefits statements communication which were sent in May.

Statistics for the first two months of quarter 2, so for July and August 2022, reflected an expected increase in engagement activity due to annual benefit statements for all contributing members being issued during this time, as can be seen on page 1 of the appendix. Call statistics show that the Customer Services team received approximately 20% more calls in August, and website visits also increased by 25%, demonstrating that members were engaging with the communications issued.

The GMPF Complaints and Issues Board, chaired by the Director of Pensions, continued to meet each month to review all complaints, suggestions, compliments, and disputes received. Copies of the feedback dashboard for each month in quarter 1, so for April, May, and June 2022, were attached at Appendix 2.

A consistent theme for complaints historically had been members struggling to access or register for My Pension. However, improvements made to the My Pension registration process last year appeared to have led to a reduction in the number of complaints received on this topic in recent months. Instead, complaints received have been on various issues from death grant decisions to the timescales involved in receiving benefits.

Work on the project to use the email routing functionality that was available within the new Enghouse telephony system had continued. Emails that related to My Pension were the first to be routed through the system, and since then preparation work had been taking place to route all the remaining email channels through the system. This required changes to be made to the GMPF website and to the way emails are routed from the website to the Enghouse system. Most of the changes were now ready for testing, and if successful, would be deployed in the coming weeks. Once made, these improvements should improve both response times and the consistency and quality of email responses sent.

It was reported that the take up rates for My Pension continued to progress steadily each month. 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 in Appendix 3. Over 50% of all

contributing members were now registered online. The Working Group were advised that not all members could use or have access to the internet or their My Pension account. Others had access but require extra help to use them. Any member could ask to receive a paper copy of correspondence, either as a matter of course or just in one instance. All alternative format requests are recorded on the members pension record and this is used to ensure we provide their correspondence in the format they require. Further, the GMPF website had an inbuilt accessibility tool called Recite Me that allowed all visitors to the website to customise it in a way that suits them.

In regards to website updates, a new video had been added to the member area of the GMPF website that explains in detail how to upload documents to My Pension using an I Phone. Some other updates included annual benefit statement frequently asked questions webpages for both contributing and benefit on hold members.

In August 2022, newsletters were issued to all adult dependant members that included articles on tax, pension increase and responsible investment. Newsletters to dependent children would be issued in the coming weeks.

Another large item of work carried out by the Communications team had been to produce the 2022 GMPF Annual Report. Throughout the summer months, the team has been working with each section to gather content and create the document ready for the Pension Fund Management Panel meeting in September 2022.

RECOMMENDED

That the report be noted.

19 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 detailed progress to date on the valuation project and highlights some of key issues which were discussed at the recent meeting of the Management Panel and due to be discussed at the forthcoming meeting of the Administration, Employer Funding and Viability Working Group.

The Funding Strategy Statement ('Funding Strategy Statement'), which set out valuation methodology and actuarial assumptions (see section 3 below), was out for consultation with employers.

It was reported that over the last two months, the GMPF Actuary had been undertaking calculations using the actuarial assumptions set out in the draft FSS. Steven Law of Hymans Robertson delivered a presentation at the September 2022 Management Panel meeting summarising changes in membership data over the inter-valuation period and preliminary whole-fund valuation results. Preliminary results for individual employers were not yet available (expected early November).

At a whole fund level, the funding position of GMPF had improved slightly since the 2019 actuarial valuation. Using the assumptions set out in the draft FSS, GMPF's funding level as at 31 March 2022 is 104%. The table below summarised the preliminary whole-fund funding level. Full details can be seen in Hymans' presentation, which was attached as Appendix 1.

It was explained that both the value of GMPF's assets and the value placed by the actuary on the past service liabilities had increased by over 20% since 31 March 2019. This was mainly due to strong investment returns increasing the value of the assets and an increase in expected future CPI inflation increasing the value placed on the liabilities. Full analysis of inter-valuation experience and the impact of changing actuarial assumptions had been attached as Appendix 2 and would be summarised at the meeting.

The Working Group were advised that Draft results for the Local Authority pools were expected to be available by 14 October 2022, with individual results for most Main-Fund employers due to be

discussed with the GMPF Actuary on 4 November 2022. Subject to the responses to the Funding Strategy Statement consultation, results were due to be issued to employers during November and December.

The valuation process was required to be completed by 31 March 2023, which involved a valuation report being issued by the Fund Actuary including a rates and adjustments certificate setting out contributions rates to apply for each active employer for the 3-year period starting 1 April 2023.

RECOMMENDED

That the Working Group:

- (i) Note the report and the appended slides which were presented by the GMPF Actuary at the recent Management Panel; and**
- (ii) Note progress on the valuation;**

20 URGENT ITEMS

There were no urgent items.

CHAIR