

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

20 January 2023

**Commenced:** 11:00

**Terminated:** 12:20

**Present:** Councillors North (Chair), Andrews, Butt, Cowen, Drennan, Grimshaw, Jabbar, Massey, Patrick, Ricci, Ryan, Taylor and Quinn

Ms Gale Blackburn, Mr Llewellyn, Flatley and Drury

Fund Observers John Pantall and John Taylor

**In Attendance:**

Sandra Stewart	Director of Pensions
Emma Mayall	Assistant Director of Pensions (Pensions Administration)
Victoria Plackett	Head of Pensions Administration
Mark Flannagan	Customer Services Section Manager
Georgia Ryan	Developments & Technologies Strategic Lead
Matthew Simensky	Communication & Engagement Strategic Lead
Jane Wood	Member Services Strategic Lead

**Apologies for Absence:** Councillor Cowen and Cunliffe

## 21 DECLARATIONS OF INTEREST

There were no declarations of interest.

## 22 MINUTES

The minutes of the Administration, Employer Funding and Viability Working Group 7 October 2022 were approved as a correct record.

## 23 ADMINISTRATION STRATEGIC SERVICE 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 strategic improvement administration projects or areas that were being worked on by the Administration, Funding and Accountancy teams.

Since the last meeting, the latest My Pension online processing enhancements had been used to improve the process for members with deferred benefits on hold to request payment. Work on this project continued to go well and the improved functionality would be rolled out to more processes over the coming months.

Work on the 2022 valuation had also continued over the last quarter, with the results having been calculated by the Actuary and the Funding Strategy Statement having been finalised after consultation and approved by the Management Panel at its December 2022 meeting.

It was reported that work on all IT projects continued to go well. Improvements to the disaster recovery and back up arrangements had now been made, with work also having progressed on the project to improve cyber security resilience and controls.

In regard to Administration Work and Performance, a performance dashboard for quarter 2 (July to September 2022) was attached to the report at Appendix 1. Most of the Annual Benefit Statements

for contributing members were issued in this quarter with all statements issued before the 31 August statutory deadline, except for those for around 18 members where there were ongoing queries with these members' employers. This was also the quarter when pension saving statements were produced for those members who had either exceeded, or who were close to exceeding, the annual allowance tax limit in 2021/22. All pension saving statements were issued by the 6 October statutory deadline.

The main area of ongoing work to ensure GMPF met the expectations of the current codes of practice was centred on ensuring GMPF employers meet their responsibilities. In addition, the Regulator's revised Code of Practice was also expected to be issued imminently. Officers had been carrying out a gap analysis based on the anticipated changes highlighted in the consultation documentation. This should help to ensure GMPF would be fully compliant with the new code once it was issued.

An update was provided on the Pensions Dashboard Project, it was explained that one of the first steps for pension schemes to take was to decide how they would connect their fund or scheme to the Dashboard. Most funds were likely to need to use an Integrated Service Provider (ISP) to do this, as connecting directly to the dashboard system would be a significant undertaking and require substantial IT and network expertise. The ISP would provide a middleware solution that should help to protect a fund against the impact of potential traffic from the Dashboard ecosystem on core systems.

As reported at previous meetings, one of GMPF's business plan objectives was to work to achieve PASA accreditation. Hymans Robertson was supporting the GMPF team with this process by providing project management support. Initial project meetings were held in August and September 2022 and a project management structure was in place and a gap analysis exercise had been carried out. From this, several workstreams had been identified and work was carried out last quarter on identifying all the actions that need to be undertaken. A project highlight report showing high level progress made so far is attached at Appendix 2.

It was reported that officers had been working on several ways to enhance the current support provided to those members who exceed or were close to exceeding the annual allowance pension tax limits. GMPF must send a pension saving statement to any member who had exceeded the annual allowance by 6 October following the end of the tax year. For the last few years, GMPF had worked with Mercer to assist members who were or could be affected by the annual allowance limits.

To further enhance the support available, officers had created a new member event about pension's tax to add to our events calendar and are holding several sessions in January 2023 to gauge interest and feedback. The team would then be looking to create several short, animated videos to accompany these sessions and to be available on the GMPF website. They would also be looking to work with several of our employers to develop employer events on this topic.

It was stated that a small number of GMPF employers were reviewing their pension provisions and as a result, were considering exiting GMPF for affordability reasons. Most of these employers did not have a guarantor or are not part of an actuarial pool, and therefore were considered to be in the high risk category of employers within the fund.

Officers were working with employers who were expressing an interest in exiting the fund to determine whether an exit was viable and if so, what the terms of the exit should be. It was important that in all cases, GMPF was satisfied that all members and other GMPF employers were protected should an employer exit the fund. The FSS details GMPF's policy regarding the terms of exit for employers and each case would be assessed in line with the terms of the FSS before an employer exits the fund.

Updates on this area of work would be provided at future meetings.

**RECOMMENDED**

**That the report be noted.**

## 24 ADMINISTRATION MEMBER SERVICES UPDATE

Consideration was given to a report of the Director of Pensions/Head of 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.

Work to produce and issue pension saving statements for contributors, members with deferred benefits on hold and pensioner members who have retired in the 2021/22 tax year was completed this quarter. All statements were issued by the statutory deadline of 6 October 2022. A total of 746 statements were issued to contributor members.

The project to move processes online continues to progress. The first phase of the project to move the benefits on hold into payment process online had been well received by members. Over half of members wishing to access benefits on hold were now able to process their benefits into payment completely online.

In addition to those members requesting payment of benefits, work was also underway to provide the online facility for those members who had not been in touch but whose benefits were due for payment.

At the last meeting, the Working Group reviewed all the overpayment cases that had been considered by the Member Overpayments Group and approved the recommendations made. These cases were all outstanding cases up to 31 March 2022. Attached to the report at Appendix 1a were details of all cases reviewed in quarter 1 and quarter 2 where the amounts had been deemed as unrecoverable, for the Working Group to review and approve. Confirmation of the total pension overpayment amounts attempting to be recovered as of 31 October 2022 could be found at Appendix 1b.

In regards to Member Feedback 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. Attached to the report, Appendices 2a, 2b and 2c provided details of the questions asked in the surveys and shows the responses received from members. Not all comments received were shown; just several that were typical of the comments received or that might help to provide useful feedback. All subsequent actions identified were added to a surveys action plan, a copy of which was provided at Appendix 2d.

All teams within Member Services were now using the individual Print Me solution, which enabled correspondence to be printed externally by the Funds print provider. The efficiencies made from implementing this change and from moving processes online had seen the level of printing done in house reduce significantly.

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 was now working through the final stages of the annual existence check exercise. 2,234 checks were made, with members being given the option to complete them in one of four ways. Members could either return a paper certificate, arrange a video call with a member of the team, use the "MyPensionID" app or log into their My Pension account. GMPF were notified of the death of 12 pensioners as part of this process. 123 pensioners had not completed the checks, nor had anyone been in touch to provide an explanation as to why the member was unable to complete them. Subsequently these pensions had been suspended following reminder letters being issued.

It was expected that most, if not all, of these members would have failed to notice their pension had been suspended because the size of the monthly payment was only small. However, it was also likely that a small number could be deceased.

## **RECOMMENDED**

**That the report be noted.**

### **25 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.

There continued to be a significant number of employers applying to join GMPF, with 41 cases currently being progressed. Within these, there were eight employers who could need to apply for admitted body status, however application forms had not yet been received. Work was ongoing with these employers.

In addition, there were 28 schools considering conversion to academy status, 10 possible free schools to be created in our region, and two Multi Academy Trusts that were transferring to new trusts. Many of these have contracts with companies providing cleaning and catering services at their schools or Multi Academy Trusts where admission agreements were likely to be needed to enable those staff with LGPS pensions to retain access to the Scheme.

GMPF had admitted 43 employers since the last Working Group meeting, 29 of which had backdated effective dates prior to 1 April 2022. There were still 21 cases in progress where the effective date was prior to 1 April 2022 and work was actively ongoing by both the Employer Admissions and GMPF Legal teams to ensure that these cases were progressed expediently.

In regard to Monthly Data Collection, the Employer Data team supported all employers to submit their monthly data return correctly and on time. The monthly returns contained pensionable pay and contribution information for GMPF contributing members. Employers should submit their returns in line with the deadline set in the Pensions Administration Strategy and the team monitors all employer submissions against this deadline.

The number of submissions received on time had been improving each month, with 85 per cent of employers meeting the deadline in October 2022. The team would continue to work with employers to ensure the deadlines are achieved and performance continues to improve.

The Employer Liaison team continued to hold regular quarterly meetings with all the Local Authorities and the National Probation Service to discuss any issues and to provide support. The team had now also commenced six monthly guided inductions with several new employers to ensure that they were fully aware of their obligations. The employers had been attending an initial overview session and then signing up for training events. These inductions had been well received and were particularly useful for those employers who are new to LGPS administration.

Employer training on ill health, discretions, pensionable pay, retirements, leavers, topping up benefits and the Altair pensions administration software was all now available to employers. So far, 447 employer representatives have attended one or more training event. Two new training courses covering employer admissions and understanding the employer role were in development. Training on pension's tax was also planned to be developed shortly, to help employers to understand the implications of the Annual and Lifetime Allowance.

## **RECOMMENDED**

**That the report be noted.**

### **26 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.

Work on the project to replace and renew both the IT hardware and software infrastructure of GMPF had continued this quarter. Over the last 18 months, this project had continued with all departments and teams working on migrating their files and documents. The original goal was to have this work completed by the end of 2022, which had not been achieved. However, all migrations should be completed in the next six months. Although this work was ongoing, the value gained from taking a thorough approach was significant, and there were now much stronger controls in place for several risks linked to data management.

Progress had been made in the last quarter on enhancing the technology available within the office to support hybrid working and hybrid meetings. A contract was initiated in December 2022 for audio-visual equipment to be installed into several meeting rooms at Guardsman *Tony Downes* House. These solutions would be installed between January and March 2023.

During the last quarter, the Systems Maintenance team had loaded a new software image to all devices in the GMPF IT estate. This work was necessary to upgrade the operating system technology in use and to ensure all devices use the most up to date security software.

It was reported that since the Complaints and Issues Board was established in February 2019, GMPF had seen a decline in the number of formal disputes received each year. In 2022, there were half the number of formal disputes received compared to 2019. This was a significant improvement, indicating that the work undertaken by the Board and the subsequent feedback provided to Pensions Administration teams and employers to assist with the process of dealing with complaints is beneficial.

Attached at appendix 2 was the information about the objectives that were set for the 2022 calendar year. An update on each had been added to outline the progress that has been made. Work was underway to develop the objectives for 2023 and onwards, and these would be brought to the next Working Group meeting.

The Working Group received a presentation which provided an update on IT Risk and on the work being undertaken to improve back up and disaster recovery processes.

## **RECOMMENDED**

**That the contents of the report and the associated appendices be noted.**

## **27 CEM ADMINISTRATION BENCHMARKING**

Consideration was given to a report of the Director of Pensions/Assistant Director for Pension Administration. The report provided the Working Group with information about CEM's administration benchmarking process and the key outcomes for GMPF from the latest exercise completed for 2021/22. It also highlighted the current plans to ensure that more elements of GMPF's service levels could be measured in the future.

It was reported that GMPF's peer group comprised of 14 pension schemes whose membership ranged between 92 thousand and 640 thousand members. The peer median was 317 thousand, compared to GMPF's membership of 405 thousand. Nine LGPS pension funds supplied data and were part of this peer group. The CEM benchmarking report compares both costs and member service, with 'cost per member' and 'service score' being the two indicators of comparison

As mentioned, CEM's analysis shows that GMPF remains a high service, low cost provider relative to its peers. GMPF's total cost per member was £16.91, being £9.91 lower than the adjusted peer average of £26.82. GMPF's service score was 71 out of 100, being 3 points above the peer median

of 68. The total cost per member was slightly lower than last year (by 10p) and the service score was 4 points higher.

There were two main areas that officers intend to focus on in view of the outcomes of the report.

The first was around measuring casework tasks. This was a particularly difficult area due to the complexities of casework workflow and the limits of the current reporting tools available within the pension system. However, this was an area where GMPF scores lower than its peers and where change should be possible.

The second was to consider the value and benefit of providing a stewardship report to GMPF employers to provide feedback on how well GMPF's members are being served. Although this was not a measure that was reflected in the overall service score, there could be benefits to producing this type of report and officers intend to explore this further and liaise with those funds that already produced a stewardship report to see what they can learn.

## **RECOMMENDED**

**That the report be noted.**

## **28 SCHEME ADDITIONAL VOLUNTARY CONTRIBUTIONS**

Consideration was given to a report of the Director of Pensions/Head of Pensions Administration. The report provided information about scheme members' AVC investments as of 1 December 2022 and fund performance information. The vast majority of GMPF members' AVC accounts are administered by Prudential.

The report detailed that as of 1 December 2022, the GMPF Prudential AVC scheme had 5,014 contributing members (which was approximately 4.2% of GMPF's contributing members) with total funds invested in excess of £70million. Most of the investments (£44.4m) were in the With-Profits Fund, which was historically the 'default fund' for members who choose not to make a fund choice. The default fund was changed in August 2019 to a bespoke lifestyle strategy option, designed to be appropriate for typical LGPS AVC members.

It was explained that a lifestyle strategy option aimed to match a person's life stage with an appropriate fund choice for that life stage. It works by setting a retirement date and automatically adjusting fund selection so that as a member got closer to their stated retirement age, the fund choice becomes progressively lower risk.

There were also a small number of AVC accounts administered by providers other than Prudential. These were inherited by GMPF from other LGPS funds because of member transfers from other LGPS funds that used alternative AVC providers. These providers include Scottish Widows, Zurich, and Standard Life.

As of 1 December 2022, over 62% of members' assets in the GMPF AVC Scheme were invested in the Prudential With-Profits Fund. The majority of GMPF AVC members were still invested in the Prudential With-Profits Fund but this figure had been steadily declining over the past few years.

The aim of a with-profits arrangement is typically to achieve above-inflation returns while maintaining security and stability. Returns are added to a member's with-profits account by way of a bonus system that helps to smooth out the ups and downs of investment performance. The bonuses were in two parts. Firstly, an annual rate of bonus was applied daily. Secondly, there was a terminal bonus that was added to a members' account at retirement.

## **RECOMMENDED**

**That the report be noted.**

## **29 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 Pensions Administration.

The Customer Services and Communications dashboard was attached to the report at Appendix 1. This dashboard provided some key statistics and information about general engagement from April to November 2022 on page 1, with other statistics for quarter 2 (July to September 2022) on the remaining pages.

Call volumes reduced towards the end of quarter 2, as the demand created from the issue of annual benefit statements and the peak retirement date of 31 August reduced. This pattern was consistent with previous years.

The GMPF Complaints and Issues Board meets each month to review all complaints, suggestions, compliments, and disputes received. Dashboards containing feedback and further actions for August, September and October 2022 were provided in Appendix 2. In total, there were 19 compliments and 14 complaints received. The complaints were varied and included problems with the overseas verification process and general delays.

In regard to the email routing implementation, the Customer Services contact centre system included a feature called email routing, which allowed member emails to be distributed to the team along with telephone calls. This feature had been used since April 2022 to manage emails received about My Pension. Work had been underway since then to use this feature to manage all email subject types that were received.

Member registrations for My Pension had continued to increase steadily each month. Current 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.

A promotional postcard had been created, aimed at encouraging members with benefits on hold who have not already done so to register. The first batch of these postcards will be sent out to the first group of members in January 2023, with further batches being sent each month thereafter.

An update was provided on changes and updates to the website. The [Contact Us](#) pages of the website had recently been updated to facilitate the use of email routing. As part of this work, the opportunity was taken to revise the priority order of information on the Contact Us page and to improve the content of the help text, based on feedback from the contact centre calls, website statistics and email analysis.

The ['You said, so we did'](#) page had also been updated following a review of the suggestions received over the last quarter. Wherever improvements had been made, these have been shared with members on this page.

The website cookie policy had also been updated to comply with the current UK online regulations. This meant that GMPF website visitors could now accept or decline non-essential cookies. Unfortunately, this affected the accuracy of the website statistics for website traffic, as visitors who decline non-essential cookies would no longer be recorded as visiting the website by the website analytics software currently used. Therefore, the team was currently looking at alternative website analytics software that would provide more accurate data.

It was reported that A 'dependant children' newsletter was issued in November to inform the child or their guardian that they can register for My Pension. Statistics would be provided to the next Working Group meeting to confirm how many of these members have registered.

Members of the Working Group were advised that objectives in the current Communications and Engagement Strategy were established up to the end of March 2023. Therefore, the team was currently working on producing a new strategy to incorporate the projects planned for the next two

years. This new strategy would be presented to the Working Group at the next meeting. The current strategy was available to view in Appendix 4 and contained the latest status updates.

The Communications Policy had been updated with some minor changes that reflect some of the work undertaken. While the 'digital first' approach remained key, the main amendment to the policy concerns meeting with members face to face. This service was temporarily withdrawn during the Covid-19 pandemic but had now been reinstated. The updated Communications Policy was in Appendix 5 and the Working Group was asked to approve this version.

**RECOMMENDED**

**That the content of the report be noted and the updates made to the Communications Policy be approved.**

**30 URGENT ITEMS**

There were no urgent items.

**CHAIR**