

**Report To:** **PENSION FUND MANAGEMENT/ADVISORY PANEL**

**Date:** 1 December 2023

**Reporting Officer:** Sandra Stewart – Director of Pensions  
Emma Mayall – Assistant Director for Administration

**Subject:** **PENSIONS ADMINISTRATION UPDATE**

**Report Summary:** This report provides an update on the following key items:

- Performance and engagement activities
- Compliance activities
- Employer funding activities
- Key projects updates

**Recommendation(s):** It is recommended that the Panel notes the report.

**Financial Implications:**  
**(Authorised by the Section 151 Officer)** One of the key objectives of the administration section is to provide value for money, delivering a service that is both meeting its member's needs and its legal obligations whilst doing so in an efficient and cost-effective way.

**Legal Implications:**  
**(Authorised by the Solicitor to the Fund)** Whilst striving to deliver a value for money service, GMPF must ensure compliance with the LGPS regulations and other relevant statutory guidance. It must also have regard to The Pension Regulator's Code of Practice and guidance.


**Risk Management:** There are no key risks to highlight.

**ACCESS TO INFORMATION:** **NON CONFIDENTIAL**

**Background Papers:**

<b>APPENDIX 15A</b>	<b>Q2 Performance Dashboard</b>
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## 1. INTRODUCTION

- 1.1 Each LGPS administering authority has a legal responsibility to manage and maintain their LGPS fund. This role is referred to as the scheme manager in the Public Sector Pensions Act 2013. Although these legal responsibilities lie with the organisation as a whole, they are usually delegated to committees, subcommittees and/or senior officers. The local pension board has a legal responsibility to assist the scheme manager in securing compliance with its obligations, many of which focus on efficient and effective administration.
- 1.2 Consequently, senior officers, committee and board members have a collective responsibility for the proper governance of a fund, including administration and communication matters. Key responsibilities include ensuring that:
- Legal and statutory duties are being met
  - Breaches of the law and errors are recorded, monitored, and remedied, with the correct actions being taken
  - Workloads are being monitored and adequate resources are in place to manage them
  - Internal performance targets are being met and are being regularly monitored
  - Data is being managed effectively and in line with data protection requirements
  - Employers are being supported and their performance is being monitored and managed effectively
  - Business plan items are being delivered and risks are being managed effectively
- 1.3 For GMPF, the Administration and Employer Funding Viability Working Group is the subcommittee that focuses on ensuring the Fund is meeting its responsibilities regarding administration and communication matters.
- 1.4 This report provides the Management Panel with a summary of some of the key items of work relating to the above responsibilities, covering:
- Performance and engagement activities
  - Compliance activities
  - Key project updates

## 2. ADMINISTRATION PERFORMANCE AND ENGAGEMENT ACTIVITIES

- 2.1 A performance dashboard for quarter 2 (July to September 2023) can be found at **Appendix A**.
- 2.2 Overall, levels of casework and performance against turnaround targets remain relatively consistent. Performance levels in almost all areas remain high and work on projects that support improving the service provided to members has continued. The number of recalculations required due to backdated pay awards had impacted on some internal target achievement rates, however performance measured against statutory targets remains consistency high.
- 2.3 The main area that experienced a change to expected workloads during this quarter was pension transfers, due to transfer calculations having to be put on hold while new factors were produced by GAD, causing a disruption to normal workloads. In addition, this quarter saw the production and issue of annual benefit statements, pension saving statements and overseas pensioner member existence checks, plus the expected increase in retirements at 31 August.
- 2.4 The team continued to focus on making improvements to the workflows and processes to improve the customer experience, with the online retirement processes being the main one of these. Work on several other projects progressed well during the quarter, particularly the work on the issue of annual benefit statements and pension saving statements, which were all issued before the statutory deadlines.

- 2.5 My Pension registration figures continue to increase, with over 182,000 members now registered to access their online account. As expected, visits to the My Pension pages on Annual Benefit Statements and the calculator increased during the quarter due to correspondence being issued letting members know that their statement was available to view on their My Pension account.
- 2.6 There was a slight increase in the number of complaints received compared to the previous quarter, with 28 complaints having been received. Six related to the overseas existence check process, but almost all were for different reasons and there were no trends or key issues identified. All complaints, compliments and suggestions are reviewed monthly by the Director of Pensions and other members of the Complaints and Issues Board.
- 2.7 Member events continue to be popular and very well received. Eight member events were held in quarter 2 with 729 members attending. The events programme included LGPS overview presentations, pre-retirement presentations and sessions for members about annual benefits statement and ways to top up your benefits. Twenty-one employer events were also held with 179 attendees. The most popular events were those held to cover McCloud, employer focus groups, plus ones on pensionable pay and retirements and leavers.

### **3. COMPLIANCE ACTIVITIES**

- 3.1 Employer performance issues continue to be monitored closely each month. The monthly data statistics for the quarter showed that most employers are continuing to submit their monthly data returns on time. Work to encourage further improvements continues.
- 3.2 Regular support meetings are also continuing with those employers who have unresolved issues highlighted in a recent audit report, with the aim of ensuring these are rectified as soon as possible. Quarterly meetings are also held with all larger employers to ensure regular communication is maintained and that GMPF are made aware of any employer issues at an early stage.
- 3.3 All customer feedback received is logged in the TMBC iCasework monitoring system, which enables detailed management information to be obtained about all complaints, compliments and suggestions being received. The Complaints and Issues Board continues to meet monthly to consider all items logged, and all learning points are passed back to the relevant team. Regarding formal disputes received over the quarter, there were no stage one formal disputes but two stage two formal disputes were received. Both appeals related to employer decisions linked to ill health benefits.

### **4. EMPLOYER FUNDING ACTIVITIES**

- 4.1 As mentioned at previous meetings and in the separate Employer Exit Credit Determinations report on the agenda, a small number of GMPF employers have recently been reviewing their pension provisions. Following these reviews, a small number of employers have terminated their admission agreements and exited GMPF.
- 4.2 Officers worked closely with the exiting employers and their advisors to assist them in determining whether an exit was financially viable. GMPF officers also provided support with employee consultation processes, in terms of providing accurate and relevant information to the affected members so that they were better informed when making decisions regarding their pension.
- 4.3 There is one employer that has terminated their admission agreement with GMPF and where a surplus was reflected in the employer's sub-fund at the termination date. Officers are continuing to work with the Fund's actuary and legal advisors on this case to determine

whether an exit credit payment is due to the employer.

- 4.4 At the last Management Panel meeting, it was reported that First Group were reviewing their pension provision. The report to the Management Panel confirmed that First Group were looking to terminate their admission agreement with GMPF and exploring ways in which they could mitigate the risk of an exit payment arising, which would prevent them proceeding with the termination.
- 4.5 Following a consultation with staff, First Group terminated their admission agreement with GMPF with effect from 31 October 2023. All GMPF members became deferred members and were offered membership of an alternative pension scheme.
- 4.6 Prior to the termination, officers had obtained an estimate of the assets and liabilities associated with First Group which indicated that First Groups sub-fund reflected a surplus. As this was only an estimate of the position prior to termination, which was subject to change, First Group approached GMPF to discuss ways in which they could mitigate the risk of an exit payment being due to GMPF.
- 4.7 After discussing this with the Fund's actuary and assessing the risk of First Groups sub-fund moving to a deficit position, GMPF entered into an agreement with First Group which stipulated that irrespective of the funding position at the termination date, a zero-exit position would be the final outcome. This meant that in the event of a surplus being calculated upon exit, GMPF would not be required to pay an exit credit to First Group. Similarly, should First Groups sub-fund be in a deficit position, First Group would not be required to pay a deficit payment to GMPF.
- 4.8 At the termination date, First Groups sub-fund was in a surplus position, but GMPF were not required to make an assessment of the case or pay an exit credit due to the agreement in place.
- 4.9 While First Group have now exited GMPF, further work is to be done to ensure that the assets associated with First Group are invested in a way which will match the liability profile and ensure there are sufficient funds to pay all of the pension benefits that are or will become due to GMPF members.
- 4.10 As detailed in the LGPS Update report, Scottish LGPS funds were required to undertake their triennial actuarial valuations as of 31 March 2023, a year later than LGPS funds in England and Wales.
- 4.11 Hymans Robertson have produced a [high-level summary](#) of trends they are seeing from the currently ongoing Scottish LGPS actuarial valuations. Early indications are that funds are seeing around a 50% increase in their overall funding levels with some funds substantially decreasing employer contribution rates. It is possible that these positive valuation outcomes in Scotland could lead some employers to request interim valuations in England and Wales.
- 4.12 GMPF is working with the Fund's actuary to understand the options for and implications of considering interim valuations, should any GMPF employers approach us regarding this matter.

## **5. OTHER KEY PROJECTS AND WORK AREAS**

- 5.1 Work relating to the McCloud project has been one of the main work areas being focussed on, and this work will continue over the coming months.
- 5.2 Work on the roll out of the new staff development software began in in quarter 2 and work to deploy all the basic functionality will continue over the coming months.

- 5.3 Progress continues to be made on several IT projects related projects. These include the migration programme for files to be transferred to Microsoft, work linked to cyber security and the installation of new audio-visual equipment in office meeting rooms. One of the main projects has been to transfer the GMPF website to a new platform and to make some functionality improvements, all of which is on track.

**6. RECOMMENDATION**

- 6.1 It is recommended that the Panel notes the report.