

# **GREATER MANCHESTER PENSION FUND - PENSIONS ADMINISTRATION WORKING GROUP**

**7 April 2017**

**Commenced:** 9.00 am

**Terminated:** 9.55 am

**Present:** Councillors J Lane (Chair), Middleton, Patrick, S Quinn, Brett and Stogia

**In Attendance:** Sandra Stewart    Executive Director of Pensions  
Emma Mayall        Pensions Policy Manager

**Apologies for Absence:** Councillor Grimshaw and Mr Flatley

## **27.    DECLARATIONS OF INTEREST**

There were no declarations of interest.

## **28.    MINUTES**

The Minutes of the meeting of the Pensions Administration Working Group held on 27 January 2017 were approved as a correct record.

## **29.    AQUILA HEYWOOD UPDATE**

The Pensions Policy Manager submitted a report, which provided the Working Group with an update report from the Fund's main pension software supplier, Aquila Heywood, for the period January to April 2017, a copy of the report was appended.

It was resolved at the previous meeting of the Working Group held on 27 January 2017 (Minute 20 refers) that regular update reports from Aquila Heywood would be presented. This would assist the Working Group with monitoring this area of work and Aquila Heywood's performance.

The Working Group were informed that successful testing of two software releases had been carried out by teams during January and February 2017, which had subsequently been installed into live service on 6 March 2017. The Executive Director of Pensions and the Pensions Policy Manager had met with representatives of Aquila Heywood to discuss a number of areas and issues. As a result of these discussions changes had been made to the hardware used to run Altair. Performance was being monitored to see if the changes resulted in improvements.

The Working Group were further informed that work would be undertaken to improve benefit calculations, which would eliminate unnecessary user input and improve efficiency in processing casework.

Three key projects were outlined in the report:-

- Recording Transactional Data for GAD
- Java Payroll; and
- Enhanced Admin to Pay.

The Fund would work with Aquila Heywood over the upcoming quarter on these projects and an update would be brought to a future meeting of the Working Group.

**RECOMMENDED:**

- (i) That the report be noted; and**
- (ii) That further update reports be brought to future meetings of the Working Group.**

### **30. COMMUNICATION ACTIVITIES**

The Pensions Policy Manager submitted a report detailing the communication activities undertaken by the Fund over the last quarter. Website Statistics, data on emails and telephone calls to the Helpline, Twitter statistics and information on roadshows and presentations over the period were appended to the report. The Fund's Twitter account was being promoted, which had seen an increase in the number of 'tweets'.

It was reported that the two main communications related tasks for the upcoming quarter were the issuing of P60s and 'Grapevine', a magazine for pensioners, and annual benefit statements for deferred members.

Members requested that further detailed analysis be carried out on the final destination of users on the GMPF website and that a communications strategy be included on the website. It was confirmed that a communications strategy was currently under review and would be brought to a future meeting of the Working Group for approval.

The Executive Director of Pensions commented that a review of the website was part of a wider review and it was of particular importance not only to update the information especially with regard to investment approaches and performance and governance but to ensure the necessary prominence was given to it currently the feel was weighted too heavily in favour of members taking their pensions.

**RECOMMENDED:**

- (i) That the report be noted; and**
- (ii) That a draft communication strategy be brought to a future meeting of the Pensions Administration Working Group.**

### **31. LOCAL GOVERNMENT PENSION SCHEME REGULATORY AND LEGISLATIVE UPDATE**

The Pensions Policy Manager submitted a report summarising recent items related to regulation or legislation linked to the Local Government Pension Scheme and wider pension environment.

The report detailed:-

- The Fund's response to recent Government pension consultations.
- A progress update on the Government's exit payment review project.
- Details of the pensions related measures announced in the 2017 Spring Budget.
- An update on pensions increase.

It was reported that the Fund had responded to two Government pension consultation exercises in February 2017 on Pensions Scams and Indexation and Equalisation of Guaranteed Minimum Pensions in public service pension schemes. An update was given on the May 2016 consultation on the Local Government Pension Scheme Amendment Regulations. The Local Government Pensions Committee had held discussions with the Department for Communities and Local

Government on the proposed amendments, which included Fair Deal and 'Freedom and Choice' for Additional Voluntary Contributions.

With regards to Exit Payments, the Enterprise Act 2016 (Commencement No. 2) Regulations 2017 came into force on 1 February 2017, which enabled regulation to restrict public sector exit payments to £95,000. Several measures relating to pensions had been announced in the Spring Budget such as State Pension Age Review, Money Purchase Annual Allowance and Qualifying Recognised Overseas Pensions Schemes. The Government had announced that the pensions increase and revaluation for April 2017 would be 1% and they had confirmed the revised contribution bands that would apply from 1 April 2017.

The Working Group was notified that the Supreme Court had handed down a unanimous decision in a judicial review case in relation to the refusal of the Northern Irish Local Government Pensions Scheme to pay a cohabitant's pension. There was potential for this judgement to have implications for deaths that occurred between 1 April 2008 and 31 March 2014 where no partner's pension was paid to a cohabiting partner where other qualifying criteria would have been met. The Government were awaiting advice on the terms and the possible implications of the judgement for public service schemes.

**RECOMMENDED:**

**That the report be noted.**

## **32. ADMINISTRATION BUSINESS AND PROJECT PLANS**

The Pensions Policy Manager submitted a report, which provided a summary of progress made on the 2016/17 business planning objectives, other current strategic and service improvements projects, items that had been identified for inclusion in the 2017/18 business plan and regular items of work currently being undertaken.

The report contained a table listing the ten business plan objectives for 2016/17 alongside closing comments on the progress made against these objectives throughout the year. It was reported that the Actuarial Valuation project had been completed, good progress had been made with clearing backlogs and the Guaranteed Minimum Pension Reconciliation project had progressed further. A number of other strategic and service improvement projects had been undertaken including year-end processing, death grant process review, data cleansing, internal governance management, payroll sign-off and GAD transactional data.

The Working Group was informed that work had commenced on items for the 2017/18 business plan as follows:-

- Guaranteed Minimum Pensions Reconciliation
- Year-end Processes
- Employer Support
- Business Continuity Plan and Disaster Recovery Provision
- Data Cleansing
- Member Communication

With regards to regular work items the report contained a performance record of the Pensions Administration for the 12 months ending February 2017, performance of the ten Local Authorities in respect of notification of new starters and early leavers and a table of outstanding tasks, which detailed the age of the tasks in relation to their target date. The number of outstanding tasks was at a low level, which reflected the effort that had been placed to help employers understand issues.

It was reported that officers had met with representatives from Bolton MBC, Oldham MBC and Salford City Council over the last quarter to discuss any issues with their performance and any

challenges they face. Positive feedback had been received following these meetings and Fund officers had undertaken a data matching exercise to resolve issues and pre-empt errors that could arise from the year-end process.

It was further reported that there were 31 academy admissions being progressed and 26 admission body applications at various stages in the process.

**RECOMMENDED:**

**That the report be noted.**

### **33. DEATH GRANT PROCEDURE REVIEW**

The Pensions Operations Manager had submitted a report detailing the need to review and enhance the area of determining beneficiaries of Death Grant payments. This would aid the decision-making process and ensure that appropriate delegation was in place for all decision makers. It was also proposed to establish an advisory panel for the most complicated decisions.

The Pensions Policy Manager advised the Panel that under Local Government Pension Scheme rules a death grant payment was due when an active or deferred member died before reaching retirement age or died within ten years of retiring. The Fund's policy relating to death grants had been approved in February 2016, a copy of which was appended to the report, and the internal administrative procedures to support the death grant decision-making process had been revised in 2014.

It was reported that there had been an increase in the complexity of cases, in particular where the deceased member had children from more than one relationship, which had resulted in an onerous decision making process. In addition, The Pension Ombudsman had recently published guidance for pension schemes on their decision-making responsibilities. Therefore it was an appropriate time to review existing internal procedures and revise associated documentation to ensure internal processes were effective, to incorporate the principles of the Ombudsman and use resources efficiently.

The current decision making process was outlined to the Group. It was proposed to introduce a two-stage delegation process. The first stage would be to ensure that for straightforward cases the Executive Director's delegation was undertaken efficiently and effectively and there were formal records of the delegation. It was proposed for the Executive Director to deal with more complex cases advised by a Death Grant Discretions Panel.

The Executive Director of Pensions stressed the importance of a systematic approach to dealing with death grant payments and for a formal decision-making framework to ensure consistency. She commented that once the new procedures were in place, the Working Group would receive details on the number of cases considered at each stage of the process.

**RECOMMENDED:**

- (i) That approval be given for the Executive Director of Pensions to use their delegation in respect of determining death grants; and**
- (ii) That an update report be brought to a future meeting of the Working Group.**

### **34. GUARANTEED MINIMUM PENSION RECONCILIATION**

The Pensions Policy Manager submitted a report, which provided background information on Guaranteed Minimum Pensions. An 18 month reconciliation project would be undertaken to reconcile information held by Her Majesty's Revenue and Customs against data held on the Fund's records.

It was explained that a new state pension system was introduced in 1978 by the Government that provided a flat rate state pension available to everyone with an additional amount of pension based on a person's national insurance contributions, known as State Earnings Related Pension Scheme. Pension Schemes were able to opt-out of the scheme however they had to guarantee to pay a benefit to a member that was equal or better than that which they would have built up had they been a member of the State Earnings Related Pension Scheme. The Government removed the ability to build up an entitlement to this guaranteed minimum pension on 6 April 1997. Therefore those who were members in-between 6 April 1978 to 5 April 1997 would have a guaranteed minimum pension.

The Working Group were informed that Her Majesty's Revenue and Customs holds details of members individual guaranteed minimum pension based on their national insurance contributions records and sent this information to pension schemes until April 2016. The introduction of the new State Single Pension in April 2016 allowed schemes to access this information using an on-line system. Her Majesty's Revenue and Customs had embarked upon a reconciliation project with all pension schemes; the deadline for completion of the project was December 2018.

It was reported that Her Majesty's Revenue and Customs decided to issue their guaranteed minimum pension data in two separate files the first of which was available from 2015 and contained information for 'leavers'. The second file, which was expected to become available in June or July 2017, would include data for those still paying into a scheme.

The reconciliation project would be undertaken by officers within the Fund and Aquila Heywood had developed a product to assist with this. A new project team had been formed and were currently working on testing the system, reviewing existing procedures and calculations linked to guaranteed minimum pensions and clarifying any points with Her Majesty's Revenue and Customs. A project plan would be finalised and update reports would be presented at future Working Group meetings.

**RECOMMENDED:**

- (i) **That the report be noted; and**
- (iii) **That progress reports be brought to future meetings of the Working Group.**

**35. URGENT ITEMS**

There were no urgent items.