

Report To: **GMPF MANAGEMENT/ADVISORY PANEL**

Date: 22 September 2017

Reporting Officer: Sandra Stewart - Director of Pensions
Emma Mayall - Pensions Policy Manager

Subject: **PENSIONS ADMINISTRATION UPDATE**

Report Summary: This report provides an update on recent administration activities, in particular:-

- Key work and projects progressed over the last quarter
- Work planned for the next quarter
- Comments on current workloads and performance
- Relevant regulatory and legislative updates

Recommendation: It is recommended that the Panel note the report.

**Financial Implications:
(Authorised by the Section 151
Officer)** There are no direct financial implications arising from this report.

**Legal Implications:
(Authorised by the Solicitor to
the Fund)** There are no direct legal implications to consider.

Risk Management: There are no key risks to highlight.

ACCESS TO INFORMATION: **NON-CONFIDENTIAL**

This report does not contain information that warrants its consideration in the absence of the Press or members of the public.

Background Papers: Further information can be obtained by contacting Emma Mayall, Greater Manchester Pension Fund, Guardsman Tony Downes House, 5 Manchester Road, Droylsden

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1. BACKGROUND AND INTRODUCTION

- 1.1 This report provides a brief update on the work and projects being undertaken within the administration section over the second quarter of the year and those expected over the next quarter. It also provides some information about current workloads and performance levels, together with a brief summary of relevant legislative items.

2. WORK AND PROJECTS UNDERTAKEN OVER THE SECOND QUARTER

Year-end processing

- 2.1 The annual project of collecting and processing year-end pay and pension contribution information from all GMPF employers who have contributed during the year began in March.
- 2.2 A total of 541 year-end returns have been received from GMPF employers, with less than 10 still to be submitted. 65% of the returns submitted were received prior to the deadline of 8 May 2017. GMPF aim to process returns within 5 working days of receiving all the relevant information from employers and this target was achieved in 95% of cases.
- 2.3 A total of 6463 queries were raised with 324 employers following the submission of year-end returns. 2125 of these were relating to the submission of outstanding new starter information, 2733 of these were relating to the submission of outstanding leaver information with the remaining 1605 queries relating to pay and multiple job roles. There are currently 1348 queries outstanding with 95 employers.
- 2.4 A final year-end bulletin was issued in August along with a link to a questionnaire requesting feedback to enable further improvements to be considered for next year.

Annual Benefit Statements for Contributing Members

- 2.5 101,844 annual benefit statements for contributing members were also issued before the end of August. Around 3000 statements were unable to be produced in time due to unresolved queries with employers. The members concerned were sent a letter to explain why we were unable to provide them with a statement before the end of August deadline.
- 2.6 This means that the Fund issued 97% of statements before the tPR deadline of 31 August. Our inability to issue 100% of statements has been recorded on the internal breaches log.
- 2.7 A small number of employers informed the Fund that they had made errors in the calculation of pay for some members and that therefore some annual statements issued were incorrect. Work is being done with these employers to rectify the errors and issue revised statements to members.

Death Grant procedures - review project

- 2.8 An operational review of the procedures in place for processing casework where a death grant payment is due began in April. Work has continued during this second quarter and the first meeting of the Death Grant Decisions Board is due to be held in early October.
- 2.9 This project is expected to be completed during the next quarter and the Pensions Administration Working Group will receive an update report at their October meeting.

First Bus Transfer

- 2.10 Work on this project, which involves the transfer of members from West Yorkshire and South Yorkshire Pensions Funds to GMPF, has also continued over the last quarter.
- 2.11 The Secretary of State made his Direction Order in August to effect the transfer of responsibility for First Bus members to GMPF with effect from 1 November 2017. The two

work streams that are being managed by the administration section are 'implementation' and 'communication'.

2.12 Test data was taken from both transferring funds in August and used by our software provider, Aquila Heywood, to recreate records that can be added to the GMPF Altair database. Testing of this data transfer process is currently underway and is due to be completed by early October.

2.13 Letters and bulletins were sent to First Bus contributing members and pensioner members in August and September to inform them that the transfer of responsibility will be taking place. Deferred members will be written to in November once the transfer to GMPF has taken place.

Guaranteed Minimum Pension Reconciliation

2.14 This large-scale project involves comparing and reconciling Guaranteed Minimum Pension data that HMRC holds against the data that GMPF holds.

2.15 A project team to manage and carry out the work involved was set up in July and work began on reconciling data, creating mismatch lists and sending queries to HMRC in August.

2.16 This long-term project is expected to run until December 2018. Regular progress updates will continue to be provided to the Pensions Administration Working Group.

Communications Strategy

2.17 A review of the whole area of communications is a business plan item for the administration section for this year.

2.18 Work on developing a communications strategy in order to set out a vision of what the Fund wishes to achieve with its communications to members and other stakeholders is continuing and is expected to progress further during the next quarter.

Pension Savings Statements

2.19 Work began in August on providing pension savings statements to all those members who have exceeded the annual allowance during 2016/17.

2.20 Approximately 650 fund members exceeded the annual allowance limits in 2016/17 and statements need to be issued to these members by 6 October 2017. Members will need to self-assess if they are required to pay a tax charge in accordance with HMRC rules.

General Data Protection Regulations

2.21 These new regulations will come into effect in May 2018. Preparation and planning work for this project began in August, with the main aim being to ensure the Fund is compliant with these regulations before they come into force.

2.22 A core project team has been formed and initial work stream and milestone plans have been put together.

Business Continuity and Disaster Recovery Review

2.23 Initial meetings with colleagues in the Tameside MBC IT section are to be scheduled shortly in order to progress work on a review of the Business Continuity and Disaster Recovery provision in place. Work on this project is expected to progress over the coming months and regular progress updates will be provided to the Pensions Administration Working Group.

3. WORKED PLANNED FOR THE NEXT QUARTER

3.1 The main projects and key items of work for the next quarter are expected to be as follows:-

- Issue of any late or revised annual benefit statements to contributing members
- Issue of pension saving statements to those exceeding or close to exceeding the annual allowance
- Completion of the First Bus transfer
- Completion of the death grant procedural review
- Continuation of Guaranteed Minimum Pension reconciliation work
- Progress on the General Data Protection Regulations project
- Review of business continuity and disaster recovery arrangements
- Communications work
- Upgrade of Altair payroll module

4. COMMENTS ON CURRENT WORKLOADS AND PERFORMANCE

4.1 The volumes of casework received and performance against in-house targets during June and July has remained consistent.

4.2 The section continues to meet the majority of target standard times with all but four KPIs being within the 90% standard or higher in July (**Appendix 1**).

4.3 However, despite improvements, there are some areas where targets are not being met. This will be an area of focus for the next six months.

5. RELEVANT REGULATORY AND LEGISLATIVE UPDATES

Government to bring forward rise to State Pension Age

5.1 The Department for Work and Pensions confirmed that it intends to increase State pensionable age to 68 between 2037 and 2039, seven years earlier than was currently scheduled. The change will affect those born on or after 5 April 1970.

5.2 The Government has said that the next review of the State pensionable age, due to conclude in July 2023, will confirm the exact date of the increase to 68 so that the latest life expectancy projections can be taken into account.

5.3 As the LGPS retirement age is linked to State pensionable age, this will affect GMPF members' LGPS pension as well as their State pension entitlements.

Expected Finance Bill

5.4 It is expected that a new Finance Bill will be brought forward soon after the summer recess has ended. The Bill will reintroduce the tax measures that were excluded from the draft legislation when the general election was announced. This includes a reduction to the money purchase annual allowance, which is expected to reduce from £10,000 to £4,000. As drafted, these provisions are due to have retrospective effect to 6 April 2017.

5.5 This measure will affect those members who pay Additional Voluntary Contributions in the LGPS.

Ruling on same-sex survivor benefits

5.6 The Supreme Court has declared that UK legislation allowing the restriction of same sex survivors' benefits to those in respect of service since 5 December 2005 only is incompatible with EU law and must be dis-applied.

5.7 The Government will need to consider public-service pension scheme rules, including the LGPS, to determine what action needs to be taken because of this ruling.

Letter from DCLG on Brewster cases

5.8 DCLG recently circulated a letter to LGPS funds in England and Wales regarding the implications of the Brewster judgement. In this judgement, the Supreme Court found that the requirement of the LGPS in Northern Ireland for members to have completed a nomination form in order for a cohabiting partner to be entitled to payment of a survivor's pension constituted unlawful discrimination and was a breach of the European Convention on Human Rights.

5.9 The LGPS in England and Wales previously included a similar requirement meaning that:-

- Where a member had active membership in the 2008 Scheme, and
- That member died on or after 1 April 2008 and prior to 1 April 2014, and
- At the time of their death the member was in a relationship where their partner would have met the definition of a 'nominated cohabiting partner' under regulation 25 of the LGPS Regulations 2007, but
- No nomination had been made, then
- No survivor's pension would have been payable to that partner.

5.10 The letter from DCLG states that it is for LGPS funds to determine their approach in respect of claims arising from the judgement. It also states that DCLG's view is that it would be 'reasonable' for funds to rely on the judgement and section 3 of the Human Rights Act 1998 when dealing with any claims received.

5.11 Separately, DCLG have confirmed that they have sought legal advice and concluded that there is no requirement to amend the Benefits Regulations 2007 to reflect the Brewster Judgement and therefore have no plans to do so.

Update on exit payments

5.12 A fresh consultation on draft regulations governing the exit payment cap and exit payment recovery is expected to take place in the autumn. This would potentially mean an implementation for both reforms in the first half of 2018, subject to sufficient parliamentary time being found.

5.13 No update has been given on the third part (proposals looking at overall severance packages) of the Government's programme of public sector payment reforms, about which a DCLG consultation is still awaited.

6 RECOMMENDATION

6.1 It is recommended that the Panel note the report.