

GREATER MANCHESTER PENSION FUND - PENSIONS ADMINISTRATION WORKING GROUP

6 April 2018

Commenced: 9.00 am

Terminated: 9.35 am

Present: Councillors J Lane (Chair), Patrick, Brett and Grimshaw

In Attendance:

Sandra Stewart	Director of Pensions
Euan Miller	Assistant Director of Pensions (Funding and Business Development)
Emma Mayall	Pensions Policy Manager

Apologies for Absence: Councillor S Quinn

35. DECLARATIONS OF INTEREST

There were no declarations of interest.

36. MINUTES

The Minutes of the Pensions Administration Working Group held on 19 January 2018 were approved as a correct record.

37. SCHEME ADDITIONAL VOLUNTARY CONTRIBUTIONS

The Assistant Director of Pensions (Funding and Business Development) submitted a report, which provided an update on the Additional Voluntary Contribution review process.

The Working Group had received a report and presentation from a representative of benefit consultants JLT at the last Working Group meeting in January 2018. JLT had been commissioned to produce a report to assist the Fund in its review of Additional Voluntary Contribution arrangements, particularly within the context of defined contribution pensions and recent changes to legislation.

It was reported that the vast majority of GMPF Additional Voluntary Contributions were with Prudential. Prudential had made some reductions to their charges from March 2018, although this did not impact the 'With Profits' fund, which was the GMPF default fund and where most GMPF Additional Voluntary Contributions were invested. Members were told that West Midlands Pension Fund were currently reviewing their Additional Voluntary Contribution arrangements and there was maybe scope to undertake further discussions with Prudential on a joint basis.

RECOMMENDED:

That the report be noted.

38. DEATH GRANT PROCEDURE REVIEW

The Pensions Operations Manager submitted a report that updated the Working Group on the Death Grant Procedure review.

It was reported that during the first stage of the review a formal decision making framework had been introduced that included the formation of a Death Grant Discretion Board, which advised the Director of Pensions who was the decision maker. This had aided the decision making process and ensured that appropriate delegation was in place. The Board was formed in October 2017 and met on a monthly basis. It had considered 30 cases to date and there had been one verbal challenge to a decision from a potential beneficiary so far.

Work had begun on drafting a new set of payment guidelines and a decision making framework document to facilitate a more efficient and robust decision making process for cases that did not require referral to the Board. All letters and forms would be reviewed and updated to ensure they supported the decision making framework.

Members of the Working Group were notified that three in four members of the Fund had not made a nomination meaning that, in the event of their death, the Fund was required to make a decision as to who inherited any death grant due. Given the increase in complex family arrangements that existed this was an onerous task. Fund members were regularly encouraged to make nominations and to ensure they were kept updated. Reminders were included on Annual Benefit Statements and had been included in the Tameside Chief Executive's Weekly Brief.

It was intended with new online arrangements that were being developed for later in the year it should make nomination process easier.

RECOMMENDED:

That the report be noted.

39. ADMINISTRATION BUSINESS AND PROJECT PLANS

The Pensions Policy Manager submitted a report, which provided a summary of the progress made on the 2017/18 business planning objectives, confirmation of the objectives set for 2018/19, other strategic or service improvement projects currently being worked on, and regular or topical items of work currently being undertaken by the section.

It was reported that in March 2017 six key business plan items were established for the administration section as follows:-

1. Guaranteed Minimum Pension Reconciliation
2. Year-end Processes
3. Employer Support
4. Business Continuity Plan and Disaster Recovery Provision
5. Data Cleansing
6. Member Communication

Work continued on the Guaranteed Minimum Pension Reconciliation project and the 2017/18 year end process had been completed. With regard to Employer Support, regular meetings and conference calls had been held with all local authority employers, the National Probation Service and a number of other larger GMPF employers to identify problems with performance. Improvements had been made to areas of the employers' website and to systems, however, a number of areas had been identified for further development through the work already undertaken. Therefore the objective would continue into next year's plan.

In relation to Business Continuity Plan and Disaster Recovery Provision, meetings continued to be held with Tameside MBC IT department, a number of options had been explored and a business case was being finalised. Work had progressed on amending methods of Data Cleansing and a software improvement update had been made to the Data Analysis Reporting Tool. With regard to Member Communication, progress had been made on reviewing complaints and compliments,

including member feedback and developing a three year communications strategy. However, there was more work to do therefore the objective would be carried forward onto the 2018/19 plan.

The Working Group was informed that the section was also currently working on other strategic and service improvement projects such as Trivial Commutation, Death Grant Process Review, Data and The Pensions Regulator, Java Payroll, First Bus Transfer, General Data Protection Regulations, Annual Report 2018 and Pensions Administration Standards Association Accreditation.

The key business plan items and projects for 2018/19 were outlined as follows:-

1. Structure Review and Staff Engagement
2. Employer Support
3. Member Communication
4. Altair Developments and Workflow Reform
5. Move to Monthly Pay and Contribution Returns

The objectives linked to Employer Support and Member Communication were covered in the new Communication Strategy. A project team was established in January 2018 to begin work on the possibility of receiving monthly returns and representatives from Aquila Heywood visited GMPF to give a demonstration of the 'i-connect' system, which was the software that facilitates the receipt and processing of monthly return data.

A number of existing projects would continue into 2018/19, namely General Data Protection Regulation, Disaster Recovery and Business Continuity Planning, The Pensions Regulator and Data Quality and Guaranteed Minimum Pension Reconciliation. This was in addition to the establishment of three new projects: 2018 Year end Processing, Preparation for the 2019 Valuation and Tax and Pension Savings Statements.

With regards to regular work items the report contained a performance record of the Pensions Administration section for the 12 months ending February 2018, 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 completion date.

It was reported that since the previous meeting of the Working Group officers had held meetings with all ten Greater Manchester local authorities and had further meetings planned in June and November 2018, which were key periods in the year. Areas of discussion would include year-end, annual allowance, annual benefit statements, audit reports and any current regulatory changes. Feedback continued to be positive and there had been a positive effect on performance – there were just over 500 outstanding tasks compared to over 1800 in September 2016.

RECOMMENDED:

That the report be noted.

40. GUARANTEED MINIMUM PENSION RECONCILIATION

The Pensions Policy Manager submitted a report, which provided the Working Group with an update on the Guaranteed Minimum Pension Reconciliation project, including statistics on the reconciliation matches and mismatches as at mid-March 2018.

It was reported that work on the project was progressing well and was in line with the timeframe. The project team had completed their work on investigating mismatches and had submitted all phase 1 queries to HMRC. There were almost 500,000 records that required reconciliation, 253,000 of which needed further investigation and over 77,000 queries had been raised with HMRC. Low priority errors had been assessed and decisions made on those that could be worked on now and those that could be considered at a later date. To date, benefits for 2,065 members had been

identified as needing recalculation. Work commenced on this in March in addition to preparation steps on forming plans and procedures to deal with the HMRC responses.

An updated project milestone plan and statistical analysis of the number of matches, mismatches and queries were appended to the report and explained to the Group. Project update meetings continued to take place fortnightly in order to monitor progress.

RECOMMENDED:

That the report be noted.

41. TRIVIAL COMMUTATIONS

The Pensions Policy Manager submitted a report updating the Working Group on the Trivial Commutations project that commenced in October 2017 following the introduction of the Taxation of Pensions Act 2014.

It was explained that when a person became entitled to a pension many providers offered as standard the opportunity to convert the whole amount of a 'small' pension into a one off cash payment, known as a trivial commutation. The cash received was a trivial commutation lump sum. Prior to 6 April 2006 the LGPS regulations permitted administering authorities to commute a pension if a member had attained state pension age and the pension under the scheme did not exceed £195 per annum. The Finance Act 2004 introduced overriding rules governing the commutation of trivial pensions which, although they raised the limit of payment of a lump sum, also introduced a series of onerous requirements that had to be complied with.

The LGPS 1997 Regulations were amended to comply with the legislation from 6 April 2007, however, the payment of trivial commutation lump sums was at the discretion of the administering authority. GMPF adopted a policy of not supplying information about commuting their pensions as standard, instead supplying information only on request. On 6 April 2015, the Taxation of Pensions Act 2014 introduced further changes to pension legislation to accommodate 'Freedom and Choice' in Defined Contribution schemes. As a result, GMPF saw a marked increase in the number of requests from members asking to commute their pensions.

A review into this area commenced in October 2017. One consideration was whether GMPF should begin to offer trivial commutation as an additional retirement option at the point that benefits become payable. It had been agreed that GMPF could facilitate this and was supportive of the Government's drive to increase awareness of 'Freedom and Choice' in pensions and would provide applicable members with details of all options available to them.

RECOMMENDED:

That the report be noted.

42. PENSION ADMINISTRATION STRATEGY

The Pensions Policy Manager submitted a report, which confirmed that the GMPF Pension Administration Strategy was due for review. The last review took place in 2015 and a copy of the current Strategy was appended to the report.

It was reported that a number of areas had been identified for improvement, as follows:-

- Greater reference be made to The Pensions Regulator's Code of Practice 14 and the Regulator's role in ensuring Public Sector Pension Schemes were managed effectively.

- Reference be made to the role of the Local Board in monitoring the Fund's and its Scheme employers' performance and compliance with the Regulator's standards.
- The objectives of the Strategy be clarified within the document so all parties were clear on what the aims of the Strategy were intending to achieve.
- Data requirements from employers be updated, ensuring the timescales that employers were required to work to were clear and correct.
- Expected service and performance levels by the Fund be updated, so employers were clear about what levels of service would be delivered.
- Details of the employer issues escalation procedure, which was introduced last year, be included.
- Greater clarity be given on when costs and fees might be incurred.
- More detail be provided around the Fund's expectations when Scheme employers were outsourcing services and making admission agreements.
- Obligations of all parties in respect of data protection and confidentiality are clear, including any changes as a result of the new General Data Protection Regulations.
- Information be included about how an employer can provide feedback to the Fund.

The proposed timeframe for updating, consulting and finalising the revised Strategy was outlined to the Group.

RECOMMENDED:

- (i) That the report be noted;**
- (ii) That a revised Strategy be implemented; and**
- (iii) That an eight week consultation period with employers and other interested stakeholders take place.**

43. COMMUNICATION ACTIVITIES

The Pensions Operations 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. In addition, further information had been gathered regarding the nature of the calls to the Helpline, which provided a greater understanding of the questions that members had regarding their pension and could help to improve the Fund's communications to its members and employers.

Following recent feedback, it had been identified that there was a lack of awareness regarding the Fund's processes and timescales for member events, therefore a number of process 'road maps' had been developed, which were appended to the report.

The main communication related tasks for the next quarter were outlined and related to preparations for the Annual Report and deferred member Annual Benefit Statements to be issued in May 2018.

It was reported that work on finalising a new communication and engagement strategy had continued over the last quarter and a final version of the document was appended to the report.

The document outlined the key objectives to be undertaken in order to achieve the aims of the strategy.

A continual improvement team was examining customer service and feedback. The team had finalised and begun piloting the employer and member feedback questionnaire. The focus for the coming quarter would be to collate the results, publish feedback and determine a programme of surveying activity for the next 12 months.

RECOMMENDED:

That the report be noted.

44. URGENT ITEMS

There were no urgent items.