

Report To: **PENSION FUND MANAGEMENT PANEL**

Date: 20 July 2018

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

Subject : **PENSIONS ADMINISTRATION UPDATE**

Report Summary: This report covers the following key items of work affecting, or being carried out by, the administration section over the last quarter:

- LGPS (Amendment) Regulations 2018
- 'My Pension' upgrade
- GMP Reconciliation
- The Pensions Regulator
- PASA accreditation

Recommendation(s): It is recommended that the Panel note 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**

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 some of the items affecting the work of the Pensions Administration section over the last quarter and some of the key projects being undertaken, being:

- LGPS (Amendment) Regulations 2018
- 'My Pension' upgrade
- GMP Reconciliation
- The Pensions Regulator
- PASA accreditation

2. LGPS (AMENDMENT) REGULATIONS 2018

2.1 The Local Government Pension Scheme (Amendment) Regulations came into force on 14 May 2018. They contain various corrections and clarifications to The Local Government Pension Scheme (LGPS) Regulations 2013 that have been identified as being required following the introduction of those regulations on 1 April 2014. A consultation on the Amendment regulations took place in summer 2016.

2.2 There are two notable changes.

2.3 The first relates to regulatory alignments regarding the entitlement to the early payment of deferred benefits. Members who left the scheme between 01 April 1998 and 1 April 2014, and councillor members who left between 01 April 1998 and 31 March 2008 can now elect for payment of their deferred benefits at any time between their 55th and the eve of their 75th birthday. This brings them into line with those who left the scheme on or after the 1 April 2014.

2.4 Deferred members affected by this change were notified in the deferred annual benefit statement issued in May. A newsletter informing all active and deferred members of the changes will be issued shortly in line with disclosure requirements.

2.5 The second relates to a new provision that provides for the payment of an exit credit by the administering authority to an 'exiting' employer. An exit credit is an amount the administering authority is required to pay an employer that is exiting the fund if there is an excess of assets relating to that employer. The exit credit must be paid within 3 months of the date on which the employer ceases to be a scheme employer (or such longer time as agreed between the administering authority and the exiting employer).

An 'exiting employer' is an employer that:

- o Ceases to be a scheme employer (including ceasing to be an admission body participating in the scheme), or
- o Is or was a scheme employer, but irrespective of whether that employer employs active members contributing to one or more other funds, no longer has an active member contributing towards a fund that has liabilities in respect of benefits in respect of current and former employees of that employer.

2.6 Once an exit credit is paid, no further payments are due from the administering authority in respect of any surplus assets relating to the benefits of any current or former employees of the exiting employer.

2.7 Further advice and guidance is currently awaited regarding this new provision.

3. 'MY PENSION' UPGRADE

- 3.1 'My Pension' is a customer-facing module of the Altair pension administration software. It allows members of the Fund to view details that are held about them in relation to their pension. It is also designed to allow them to make real-time changes, such as updating their address or death grant nomination details, and has a suite of benefit projectors that can be used by members to assist them in assessing their pension provision.
- 3.2 GMPF subscribed to the previous version of this module and provided pensioner members of the Fund with on-line access. However, on 3 July 2018, GMPF upgraded to a new version of the module that continues to be available for pensioners, but that is now also available for active and deferred members.
- 3.3 This new module has a more modern look, easier navigation, accurate benefit projectors and more functionality in terms of real time updates. There is also the ability to upload documents in bulk, such as annual statements and P60s, and individual letters that would ordinarily be mailed to members. Use of this module presents a wide range of opportunities for the Fund to transform its processes to become more efficient and cost effective, providing members with a higher level of service and value for money.

4. GUARANTEED MINIMUM PENSION (GMP) RECONCILIATION

- 4.1 Work on completing the GMP Reconciliation project continues. Responses to queries raised from HMRC have slowed down, which was to be expected as all pension schemes endeavour to complete the project by the end of the year.
- 4.2 Graphs and commentary on the numbers of matches, mismatches, queries and estimates of potential cost savings can be found at **Appendix 1**.

5. THE PENSIONS REGULATOR (TPR)

- 5.1 The Pensions Regulator has been presenting at a number of LGPS workshops and events during the last quarter. Their presentations have covered a number areas including highlighting their expectations of scheme managers and local pension boards.
- 5.2 One of the key messages was that TPR believes they have seen "signs that process improvements have stalled in some local government schemes" and as such, TPR is expecting to focus their casework activities on this group in the coming year.
- 5.3 Officers are currently continuing their review of TPR related work and processes and report to the Local Board on progress made.

6. PENSIONS ADMINISTRATION STANDARDS ASSOCIATION (PASA) ACCREDITATION

- 6.1 At the March 2018 meeting, it was confirmed that the Fund had become a member of PASA and would be applying for PASA accreditation. PASA is an organisation that exists to promote and improve the quality of pension administration services for UK pension schemes.
- 6.2 Since then, officers have carried out some gap analysis work on the accreditation criteria and have held a conference call with PASA to begin work initiating the accreditation process. Work towards gaining the accreditation will continue this quarter.

7. RECOMMENDATION

7.1 As set out at the front of the report.