

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

Date: 19 July 2019

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:

- Business planning objectives
- Other key projects and work areas
- The Pensions Regulator and compliance
- Administration section performance
- Anticipated future challenges

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 an update on the following items:

- Business planning objectives
- Other key projects and work areas
- The Pensions Regulator and other compliance activities
- Administration section performance
- Anticipated future challenges

2. BUSINESS PLANNING OBJECTIVES

- 2.1 Significant progress against the administration business plan objectives for 2019/20 has been made over the last quarter.
- 2.2 The transition to monthly data collection is progressing as planned. 96 employers have already on boarded to the monthly process and work is underway to on board those employers that are scheduled to transition during the next quarter.
- 2.3 The number of members who have now registered the online system *My Pension* continues to increase each month. Over 77,000 members have now registered for the service and all annual statements for deferred members were uploaded in May. Statements for contributing members will be uploaded during July and August. Notifications to those who have not yet registered will continue to be issued in batches each month over the next six months or so.
- 2.4 Work has been carried out on testing a new module of the Altair pension database known as 'Enhanced Admin to Payroll'. This module will streamline and enhance current processes used to add new pensioners to the payroll. The new module is scheduled to be implemented in the autumn.
- 2.5 The project to redevelop the funds websites is underway and the Fund is currently undertaking a procurement process to find a partner to work with on this project. The invitation to tender (ITT) was issued in April and an evaluation of the bids was undertaken in May and June to determine the winning bidder. The due diligence process for the winning bidder began at the end of June and will be followed by a stand-still period, in line with procurement procedures. The planned contract start date is August, when work with the appointed company will begin.

3. OTHER KEY PROJECTS AND WORK AREAS

- 3.1 The processing of year-end data for those employers who had not transitioned to monthly returns before April 2019 is almost complete. Work has also been progressing on testing the data files that are due to be provided to the actuary for the valuation.
- 3.2 A new Business Continuity Plan (BCP) has been drawn up in line with the new Tameside MBC standard BCP template. The first scenario testing of the new plan took place during the week commencing 1 July.
- 3.3 The process to gain PASA accreditation has continued this quarter. Feedback from independent assessors RSM Limited was received in April following a desktop review of GMPF's written submission and supporting evidence.

4. THE PENSIONS REGULATOR AND OTHER COMPLIANCE ACTIVITIES

- 4.1 Monthly meetings to review breaches and potential breaches of the law continue to take place. Steps are being taken to improve compliance, with procedures around the late payment of contributions and strain costs in particular having been strengthened. Work will continue to build on and further improve the escalation procedures around these areas over the coming months.
- 4.2 Three Complaints and Disputes Board meetings have taken place during the last quarter. The Board has considered 16 cases with complaints ranging from the change to benefits following the GMP reconciliation exercise to the decisions taken regarding ill health retirements.
- 4.3 The Local Government Association (LGA) published an updated version of its discretionary policies guidance in April 2019. This guidance contains an exhaustive list of mandatory policies that must be formulated, as well as non-mandatory policies that may be formulated and which must be published and kept under review by Scheme Employers and Administering Authorities. In order to ensure compliance, a review exercise is underway to compare GMPF's published policies with those required under the latest version of the guidance.

5. ADMINISTRATION SECTION PERFORMANCE

- 5.1 Performance levels have generally remained consistent across all measures over the last quarter. The changes introduced through amendment regulations and changes to actuarial factors have resulted in some delays for members. In particular, the changes to the regulations allowing deferred members to access their benefits from age 55 led to an increase in requests for benefits to be brought into payment being received. Response times were extended to allow for the increase in requests. Although response times continue to reduce, we have not yet returned to standard response times. Therefore, this area is continuing to be monitored closely.

6. ANTICIPATED FUTURE CHANGES AND CHALLENGES

- 6.1 On 20 December 2018, the Government lost a Court of Appeal ruling that found that the transitional protections introduced as part of the reforms to the Firefighters' and Judges Pension schemes were age discriminatory. In both schemes, members who on 1 April 2012 were within 10 years of their Normal Pension Age were protected so they would see no change to the level of benefits or when they could expect to receive them. This ruling has implications for all public service schemes that contained similar transitional protections, including the LGPS. Therefore the Government has announced a pause in the cost cap process for public service pension schemes whilst it appeals the judgement. On 8 February 2019 the Scheme Advisory Board (SAB) confirmed that it had no option but to suspend its own cost management process pending the outcome of the McCloud appeal process. On 27 June 2019, the Supreme Court denied the government's request for an appeal. Therefore, further news on the next steps in the process is currently awaited.

7. RECOMMENDATION

- 7.1 It is recommended that the Panel note the report.