

**GREATER MANCHESTER PENSION FUND  
ADMINISTRATION, EMPLOYER FUNDING AND VIABILITY WORKING GROUP**

**16 April 2021**

**Commenced:** 11:00

**Terminated:** 12:50

**Present:** Councillors M Smith (Chair), Andrews, Cooney, Grimshaw, Patrick, Sharif, Wills, O'Neill and Mitchell,

Mr Drury Mr Llewellyn, Mr McDonagh and Mr Flatley

**In Attendance:**

Sandra Stewart	Director of Pensions
Euan Miller	Assistant Director of Pensions (Funding and Business Development)
Steve Taylor	
Emma Mayall	Assistant Director (Pensions Administration)
Victoria Plackett	Head of Pensions Administration
Mark Flannagan	Customer Services Section Manager
Matthew Simensky	Employer Services Section Manager

**Apologies for Absence:** Councillors Cunliffe, Jabbar, Drennan, and Parkinson

Fund Observers: Councillors Pantall & Ryan

## **26 DECLARATIONS OF INTEREST**

There were no declarations of interest.

## **27 MINUTES**

The minutes of the Administration, Employer Funding and Viability Working Group meeting on the 22 January 2021 were approved as a correct record.

## **28 SCHEME ADDITIONAL VOLUNTARY CONTRIBUTIONS**

Consideration was given to a report of the Director of Pensions / Assistant Director for Funding and Business Development. The report provided information about GMPF members' AVC investments.

The Assistant Director for Funding and Business Development advised Members of the Working Group of Prudential's performance in administering LGPS in-house AVCs, which had become of increasing concern over recent months. A deterioration in performance had been observed by GMPF and a number of other LGPS funds and experiences had been shared at regional and national meetings of the LGPS Technical Group. A number of examples of the issues encountered and the impact on GMPF were highlighted in the report:

The Head of Corporate Pensions at Prudential delivered a presentation to the Working Group on the factors which had contributed to Prudential's performance and how Prudential intended to improve.

Members of the Working Group were advised that voice call centre service standards would return to normal by June. Additional staff from other areas of the business had been brought in to support transactions.

Members were assured that all claims would be settled in the best position taking the higher of the value when a claim should have been processed. Any contributions which were not invested into

the chosen funds at the intended date would be backdated to reflect the investment performance that would have been obtained. Further, payment of claims was taking priority over other day-to-day tasks. Going forwards, there would be a push to improve the quality of payment files from LGPS employers. It was also stated that there was daily monitoring of progress on resolving the service issues with oversight at Board level from M&G plc.

The Director of Pensions led a detailed discussion on the recent performance of Prudential and assurances given by Prudential. Members of the Working Group expressed their concern that Prudential had not been more forthcoming with the issues they had been experiencing and their approach on communicating with members. The Working Group agreed that further work and discussions should take place to determine what further actions GMPF should take to help address the issues discussed. The Working Group agreed that a further report on the Additional Voluntary Contributions would be brought to the meeting of the Working Group on the 30 July 2021.

## **RECOMMENED**

**That further work and discussions take place with Prudential and that a further report on the Additional Voluntary Contributions be considered at the meeting of the Administration, Employer Funding and Viability Working Group on the 30 July 2021.**

## **29 ADMINISTRATION STRATEGIC SERVICE UPDATE**

Consideration was given to a report of the Director of Pensions / Assistant Director for Funding and Business Development / Assistant Director for Administration. The report provided the Working Group with a summary of the strategic improvement administration projects or areas that were being worked on by the Administration, Funding and Accountancy teams.

It was stated that Work had continued this quarter on moving processes online so members could download and upload correspondence from and to their My Pension account. The retirement of contributing members was the latest process to be changed, the process for deferred members electing to bring their benefits into payment was one of the next to transition.

It was reported that the annual report and accounts for 2019/20 had now been signed off by the auditor. The project to produce the report and accounts for 2020/21 was underway.

Members of the Working Group were advised that The Pensions Regulator (TPR) had recently issued a consultation on the first phase of its Single Code of Practice including a draft code. This would become the code that was relevant for LGPS funds, replacing Code of Practice 14 and the parts of other codes that currently applied. TPR felt that the existing format of multiple separate codes created duplication, were difficult to navigate and created some confusion about which codes applied to which schemes. The consultation would close on 26 May 2021 and the new code was expected to come into force by the end of 2021.

Preparations had continued on remedy needed due to McCloud/Sargeant judgement. The proposals involved a new final salary underpin being implemented for members who were active members on 31 March 2012 and who transferred into the 2014 scheme. The underpin would be introduced for these qualifying members in respect of service from 1 April 2014 to 31 March 2022, affecting both contributing members and leavers since 1 April 2014.

In regards to the Governments initiative to deliver national pensions dashboards, the dashboard programme had issued an invitation to tender for providers to deliver the digital architecture. The project continued to be progressed, GMPF would continue to work with Aquila Heywood on the next stage of the project.

Members were reminded that on 12 February 2021, the government issued the Exit Payment Cap Directions 2021, which disapplied parts of the Restriction of Public Sector Exit Payments Regulations 2020 in England with immediate effect. HM Treasury had issued guidance on the Directions. The guidance set out HM Treasury's expectation that employers should pay the

additional sums that would be paid had the cap not applied for employees who left between 4 November 2020 and 12 February 2021. The guidance also confirmed that the government would revoke the exit cap regulations in due course, but that they would legislate again to tackle unjustified exit payments. The LGA understand that the revocation of the exit cap regulations would not be retrospective.

It was stated that GMPF had taken part in CIPFA benchmarking for many years and CEM benchmarking for the last two years. One of the drivers for taking part in CEM benchmarking was that the numbers of LGPS funds taking part in the CIPFA process had reduced significantly in recent years to less than 30 funds, providing limited value when carrying out comparisons to peers. More of the larger funds were choosing to undertake the CEM process and were ending their participation in the CIPFA exercise, reducing participation further still. The work involved in completing both processes was onerous and therefore, particularly given current workloads it was felt it would be better to focus solely on the CEM process this year and to end participation in the CIPFA exercise for the foreseeable future.

### **RECOMMENDED**

**That the content of the report be noted and approval be given to withdrawing GMPF's participation in the annual CIPFA benchmarking exercise for the foreseeable future.**

## **30 ADMINISTRATION EMPLOYER SERVICES UPDATE**

Consideration was given to a report of the Director of Pensions / Head of Pensions Administration. The report provided the Working Group with a summary of the work and projects being carried out by the Employer Services area of Pensions Administration.

The Employer Services Section Manager stated that there continued to be a significant number of employers applying to join GMPF with 62 applications currently being progressed. A further 27 enquiries had also been made by employers considering applying for admission.

All employers, except for Oldham MBC, had now transitioned to monthly data collection. Oldham MBC were expected to be on-boarded to i-Connect by the end of April 2021. There had been some delays due to Oldham MBC implementing a new payroll system and the current coronavirus pandemic.

Members were advised that an indication of the performance of GMPF's larger employers was gained by recording data about the timeliness of new starter and early leaver information and the number and age of queries with those employers. Performance data for the latest four months' statistics were available, together with cumulative figures for the 12 months ending 28 February 2021 attached at Appendix 2. Further, Officers were also looking into providing employers with performance data in the form of a yearly report. The employer representatives who made up the employer focus group had been consulted on this and had completed a survey on what data they would find the most useful to receive feedback on.

The GMPF Communications team were looking into the visual design of the report with the aim of making it clear, vibrant and simple to read. Survey results were attached at Appendix 3.

It was stated that due to the success of the new GMPF employers' section of the website and the effectiveness of Microsoft Teams to deliver training for employers, officers were carrying out a review of all employer training and were looking to put in place a new online employer training programme from April 2021.

### **RECOMMENDED**

**That the report be noted.**

## **31 ADMINISTRATION MEMBER SERVICES UPDATE**

Consideration was given to a report of the Director of Pensions / Head of Pensions Administration. The report provided the Working Group with a summary of the work and projects being carried out by the Member Services section of Pension Administration.

The Head of Pensions Administration reported that work had commenced on producing Annual Benefit Statements for 2020/2021 for both contributing members and those members with benefits on hold. The design of the statements had changed this year to bring it in line with the Fund's new branding. Statements for those members with benefits on hold would be uploaded to their My Pension accounts by 31 May 2021.

In regards to the project to move processes online, a pilot exercise was run for contributing members who were retiring at the beginning of March. This pilot proved to be successful and so the new processes had now seamlessly moved to being business as usual. Some minor changes were made to improve the process following feedback from members, the Customer Services Helpline and the Retiring Members team. It was stated that the process was working well, and the number of forms and certificates being received at Guardsman *Tony Downes* House had fallen significantly.

It was reported that the review of Key Performance Indicators was continuing and Altair workflows were in the process of being amended in order to match the revised performance standards. However, the work to move processes online had taken priority over this project because of the benefits it brought to members and GMPF due to the issues caused by the pandemic. This meant that the original timescales for completing the performance indicators review would be extended. In the interim period, six key indicators were being monitored. Further information on these performance statistics were attached at Appendix 2.

Members were advised that the process for dealing with incoming post was being looked at with a view to outsourcing this work to GMPF's print and post partner, Adare. The area of paper post had changed significantly due to the transition to online processes, the availability of My Pension and the use of other secure data transfer tools used by employers and partner organisations. It was explained that this project was in the early stages a further update would be provided at the next meeting.

### **RECOMMENDED**

**That the report be noted.**

## **32 ADMINISTRATION DEVELOPMENTS & TECHNOLOGIES UPDATE**

Consideration was given to a report of the Director of Pensions / Assistant Director for Administration. The report provided the Working Group with a summary of the work and projects carried out by the Developments & Technologies section of Pension Administration.

It was reported that work this quarter had continued on the IT replacement programme, work had focused on how GMPF data files could be transferred to the Cloud using services hosted by Microsoft. The planning phase of this project was almost complete, and work would be moving to the implementation stage. The focus for the coming weeks would be to finalise all aspects of the Data Retention Plan and linked Microsoft policies. Work had also been undertaken around guest access and external file sharing policies and settings.

Members were advised that some GMPF colleagues have Tameside MBC email accounts, which are to be transitioned to GMPF accounts as part of the IT infrastructure changes. The preparation and planning for this has now begun. It was also reported that the GMPF Telephony Project was well underway. Microsoft Azure licensing was now in place to host the new telephony software and work was being undertaken by the IT partner, TechAlign, to build and configure servers. Work to set up a site to site VPN tunnel would be completed next week by an external contractor, after which work to set up and configure the contact centre system could begin.

In regards to Cyber Security Work was still ongoing to produce statistics for the Working Group and Local Board in relation to cyber-attack activity. New data collection processes would be adopted in April 2021 and reported quarterly thereafter.

It was stated that the GMPF Altair live service was updated on 23 February 2021. Along with several other developments, the new release provided enhancements for members accessing the My Pension online facilities, aggregation and bulk retirement processing, which would reduce processing times and increase efficiency. Aquila Heywood were working on developing tools within the Altair system to assist with the remedy needed due to the McCloud/Sargeant judgement. GMPF were represented on the CLASS Joint Pensions Group, which was currently working with Aquila Heywood to prioritise needs and develop these tools.

#### **RECOMMENDED**

**That the report be noted.**

### **33 ADMINISTRATION COMMUNICATIONS & ENGAGEMENT UPDATE**

Consideration was given to a report of the Director of Pensions / Assistant Director for Administration. The report provided the Working Group with a summary of the work and projects that were being carried out by the Communications & Engagement area of Pension Administration.

Members were reminded that a preferred contact centre solution, called Enghouse, had been selected to replace the existing system and a compliant route to procurement had been identified. It was reported that the procurement phase of the project had progressed and was expected to be completed by mid-April. The implementation phase of the project would commence shortly after and was expected to take 6-8 weeks to complete. The first stage of implementation would focus on telephone calls, with further stages incorporating emails and webchat. The project would be completed alongside a wider telephony project that would see all telephony integrated with Microsoft Teams.

It was stated that a new webpage containing promotional materials for employers to use to promote My Pension and LGPS membership would be available from April 2021 for scheme employers in the employer's section of the website. This would include email templates, intranet wording and posters that employers could use to promote My Pension and the LGPS to employees. Details would be regularly promoted through bulletins to raise awareness and encourage employers to use the materials.

It was reported that Complaints, suggestions and compliments were received through the I-casework system. The most common source of complaint was in respect of issues encountered when registering or accessing the My Pension system.

The Customer Services Section Manager explained that progress had been made against several objectives set out in the current Communications & Engagement Strategy. Appendix 4 contained a summary of all nine objectives set, together with a status update on the progress made. The Strategy was a three-year plan that comes to an end in March 2021. A revised strategy be brought to the next Working Group meeting.

#### **RECOMMENDED**

**That the report be noted and approval be given to the Director of Pensions to proceed with the purchase of the new contact centre system.**

### **34 EMPLOYER FLEXIBILITIES**

Consideration was given to a report of the Director of Pensions / Assistant Director for Funding and Business Development. The report provided an update on the progress of GMPF's approach to implementing employer flexibilities.

The Assistant Director for Funding and Business Development stated that the employer flexibility powers that were introduced to the LGPS via amending regulations in September 2020 allowed the Fund to conduct an Interim Valuation for an employer, spreading of Exit Payments and the ability to enter Deferred Debt Arrangements.

It was explained that Deferred Debt Arrangements would give administering authorities the power to allow an employer with no active employees to delay its exit from the Scheme and to pay regular deficit contributions until it reached a fully funded position. Previously when an employer's last active member left employment, the employer became an exiting employer under the LGPS Regulations. This typically led to an exit debt being incurred by the employer.

Members of the Working Group were advised that the draft GMPF Employer Flexibilities Policy had been drafted setting out how the Administering Authority would approach interim valuations and consider requests for deferred debt agreements and the spreading of exit payments. The policy made clear that the Administering Authority's default position would be to continue to use established approaches unless it could be demonstrated that allowing use of the flexibilities in respect of an employer was to the benefit of the Fund as a whole. It was explained that a balance had been sought between providing employers with enough detail to reduce the number of unsuccessful applications and retaining enough flexibility to assess each case according to its particular circumstances.

It was stated that following the Management Panel meeting on 19 March, GMPF officers met with the actuary to further refine the draft policy. The current draft was attached at Appendix 1.

Consultation with employers was expected to begin in mid-April with a final version of the policy to be brought to the 16 July 2021 Management Panel meeting for approval. It was envisaged that the consultation exercise would be undertaken over a period of around 2 months, commencing in mid-April, with a final version presented at 16 July Management Panel for approval.

#### **RECOMMENDED**

**That the report be noted.**

#### **35 URGENT ITEMS**

There were no urgent items.

**CHAIR**