

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

30 July 2021

Commenced: 11:00

Terminated: 12:50

Present: Councillors M Smith (Chair), Andrews, Cooney, Grimshaw, Jabbar, Joinson, Patrick, Sharif, Ricci, Wills, and Mitchell,

Mr Llewellyn,

In Attendance:	Sandra Stewart	Director of Pensions
	Euan Miller	Assistant Director of Pensions (Funding and Business Development)
	Paddy Dowdall	Assistant Director of Pensions (Local Investments and Property)
	Emma Mayall	Assistant Director of Pensions (Pensions Administration)
	Victoria Plackett	Head of Pensions Administration
	Mark Flannagan	Customer Services Section Manager
	Matthew Simensky	Employer Services Section Manager
	Jane Wood	Member Services Strategic Lead

Apologies for Councillors Cunliffe and Connor

Absence:

Mr Drury and Mr Flatley

Fund Observers: Councillors Pantall & Ryan

1. DECLARATIONS OF INTEREST

There were no declarations of interest.

2. MINUTES

The minutes of the Administration, Employer Funding and Viability Working Group meeting on the 16 April 2021 were approved as a correct record.

4 SCHEME ADDITIONAL VOLUNTARY CONTRIBUTIONS

Consideration was given to a presentation delivered by the Head of Corporate Pensions and Client Manager at Prudential, which updated the Working Group on the ongoing service issues at prudential and measures being undertaken to address these issues.

The Head of Corporate Pensions reported that in regards to service recovery, Prudential had continued to address payroll data issues and the backlog of files. However, delays were still being experienced on some claims and the consequent impact upon the delivery of Annual Benefit statements and statement of accounts continued to be managed.

It was explained that there had been a significant increase in staffing levels in key operational functions such as contribution processing claims and voice. It was stated that as a result call waiting times had fallen and the abandonment rate had improved by 50%. Further, claim processing was being completed in 10 days of receipt of all required documentation. It was stated that contribution processing for clean payrolls completed within 5 working days.

It was stated that there had been a number of challenges to overcome, this included the public health crisis in India which had affected the recovery programme as a number of colleagues were based there. In addition, there had been issues with files received from employers and contribution reconciliation.

In regards to next steps, process improvement opportunities were being investigated to speed up standard tasks, a recovery plan with executive oversight was already in place. It was stated that normal turnaround times were expected to be embedded in Q4 with improvement trajectory in the interim. This would mean a 5-10 day SLA for claims processing. Further, work would continue with payrolls for additional information and asking for protocols to be observed by employers in data and contribution submission.

Members of the Working Group were presented with a breakdown of the AVC claims and transfers as at July 2021. An amber RAG rating was given by Prudential to the status of AVC claims and transfers.

Members received an update on the Contribution Processing as at 28 July 2021. It was reported that there had been a material improvement in the cash position for historic and recent payroll submissions. Prudential had been proactive in contacting via email and telephony to assist employer payrolls with problem submissions. However, given the further improvement still required a red RAG rating was given by Prudential to the status of Contribution Processing.

It was reported that the number of complaints had been reducing, and that 45 additional staff had been made available to support the timely resolution of complaints. A green RAG rating had been given by Prudential to the status of Outstanding Complaints.

Members of the Working Group enquired on whether the additional staff would be a permanent addition to staffing and not just for recovery. It was explained that there was a need for additional staff to help recover, staff would be retained for as long as needed. Further, the additional staff were not contractors and it was hoped would be long term colleagues. It was stated that the operational resilience would be reviewed to prevent this situation arising again.

Discussion ensued on the progress of the platform change and whether the new platform had now had time to bed in. It was reported that Prudential had confidence in the system but there were operational challenges which had still to be fully overcome, but the system was now stable. Further, there was additional functionality that Prudential would be looking to switch on.

RECOMMENDED

That the report be noted.

5 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 reported that at the July 2021 Pension Fund Management Panel, the Director of Pensions presented the proposed business plan for 2021/22 and it was agreed that the Working Groups would consider the plan in more detail at their next meetings. The relevant key strategic business plan projects for the Administration Funding and Accountancy teams were:

1. My Pension online improvements
2. Working differently
3. IT infrastructure, DR arrangements and cyber security
4. Ensuring good governance

The Head of Pensions Administration stated that overall, administration workflow and performance

remained consistent. The administration performance dashboard for quarter 4, January to March 2021, was attached at appendix 2. The statistics relating to feedback were in line with the figures from previous quarters. The main themes of the complaints received related to either issues with logging into My Pension or to regulatory or policy decisions that members were unhappy with.

Members of the Working Group were advised that GMPF sent a response to the consultation on the Single Code of Practice, which closed on the 26 May 2021. The new code was expected to come into force by the end of 2021. Schemes would have 12 months from the effective date to ensure they were acting in accordance with the requirements and thereby demonstrating “an effective system of governance”. Officers had been reviewing the draft code and would be undertaking a gap analysis to determine what steps needed to be taken to ensure GMPF was fully compliant with the new Code.

It was stated that GMPF’s Data Management Strategy had recently been updated to reflect some minor changes in procedures and to update the data improvement plan with new projects to be undertaken to ensure that all data was kept as up-to-date and as accurate as possible. A draft copy of the Data Management Strategy was attached at appendix 3.

RECOMMENDED

That the report be noted.

6 ADMINISTRATION MEMBER SERVICES UPDATE

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

It was reported that in addition to the usual work items undertaken across the section, several other key work items had been progressed over the quarter. The Annual Benefit Statement exercise for members with benefits on hold had now been completed, with all statements having been uploaded to My Pension by 31 May 2021. Members who requested paper communications also received their Annual Benefit Statement by this date. Work had now commenced on producing Annual Benefit Statements for contributing members. The statutory deadline for Statements to be uploaded to My Pension accounts is 31 August 2021.

Regarding the project to move processes online, the process for retiring contributing members was now fully online and continued to work well for both members and the team. Work on the next processes to move online had already begun. The next key process to be changed was that for members who had benefits on hold who requested payment.

The Member Services Strategic Lead reported that the project to review pension overpayments and the recovery process of these had commenced. To date, small changes to procedures had been implemented, such as invoicing the personal representative of the deceased member, rather than the bank where payment was receipted. This had resulted in a significant amount of debt being recovered more expediently.

Members were advised that Member Existence Checks were carried out to ensure that members who live overseas were still alive and receiving their pension correctly, to ensure that no fraudulent activity was taking place. The project was split into phases. Phase 1 was completed at the beginning of the year, with 411 verification letter requests being sent to overseas pensioner members. Phase 2 was undertaken in the spring, with 1782 verification certificates being issued.

It was stated that in order to evaluate the effectiveness of the death grant decision making process and gain a better understanding of the work carried out by the team and the Death Grant Discretions Board, statistics were gathered for all cases where a decision was made in the period 1 April 2020 to 31 March 2021. As part of this annual review, the death grant payment guidelines were also reviewed with some minor changes being proposed to the wording, to ensure any

potential claimants find them clear and easy to understand. However, the principles of the payment guidelines remained unchanged. A copy of the revised payment guidelines was attached to the report at Appendix 3.

RECOMMENDED

That the changes to the death grant payment guidelines be approved and the report be noted.

7 ADMINISTRATION EMPLOYER SERVICES UPDATE

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

It was reported that 55 employer applications were being worked on. A further 61 enquiries had also been made by employers considering applying for admission. A list of all applications ongoing and those applications agreed or closed over the last quarter was attached at appendix 1.

In regards to Monthly Data Collection, all employers with the exception of one local authority and the other employers it provides payroll services for, had now transitioned to monthly data collection. The remaining employers were expected to be on-boarded to i-connect by the end of July 2021. The delays had been mainly due to complications at the authority with the migration to a new payroll system. Officers were working closely with colleagues at the authority to complete the on-boarding process to ensure they complete it in time for GMPF to produce Annual Benefit Statements and Pension Saving Statements before the statutory deadlines.

It was reported 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 three months' statistics was available, together with cumulative figures for the 12 months ending May 2021 and the number and age of employer queries were shown in Appendix 2.

It was also reported that a review of the employer monitoring process had been completed. Officers were reporting on more areas to provide a better understanding of an employer's overall performance level. Data was being reviewed each quarter and support offered to employers where required. The timeliness of contribution payments and other employer debts, such as those in relation to the costs associated with early retirements, was also collated. This data was reviewed at meetings held each month where senior officers discuss employer contribution payments, employer debt and employer performance and agree any action to be taken.

It was stated that officers are currently creating a new suite of employer training modules to be delivered online and to be made available to employers as recordings on the employer website. A number of sessions have already been developed with more to come. The intention was to have the full training suite available for employers by the end of September.

Members were advised that the Employer Admissions and Employer Liaison teams surveyed employers to obtain feedback on the employer admission process and the quality of support provided by the Employer Support section respectively. The results of these surveys were attached to the report at Appendix 4 and Appendix 4a.

It was reported that a full review of the Pensions Administration Strategy was undertaken in 2020. The PAS had now been updated to reflect recent changes in GMPF procedures due to the move to monthly postings and other processes being automated. A draft version of this was attached at Appendix 5.

RECOMMENDED

That the report be noted and the changes made to the Pensions Administration Strategy be

approved.

8. 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 being carried out by the Developments & Technologies section of Pension Administration.

It was reported that work this quarter had focussed on transferring GMPF data files to the Cloud using services hosted by Microsoft (SharePoint and OneDrive), and on implementing an integrated telephony solution and contact centre system. The planning phase for the migration of data to Microsoft SharePoint was complete and several teams had begun migrating their files to the cloud.

The Head of Pensions Administration stated that the project to upgrade GMPF telephony had progressed well and the migration to the new systems took place on 7 July 2021 as planned. All GMPF colleagues now had calls routed to them directly through Microsoft Teams, which meant they could access their calls from anywhere without the need for a physical handset or a separate login.

Following the approval by the Working Group of the draft cyber security policy and strategy earlier in the year, work had continued with the auditing of our current provisions and on identifying any gaps or potential weaknesses. A report following an audit on cyber controls was expected from the auditor shortly. Once received, the team would review the recommendations and create an improvement plan. Details of this would be brought to the next Working Group meeting. Cyber-attack statistics had been gathered since April 2021. The statistics available related to emails received and show both the number of emails that were blocked before reaching the recipient as they met some form of warning criteria and the number that were quarantined. Details of the statistics could be found attached at Appendix 1.

Members were advised that the Altair software release 21.3 was scheduled for release to all administrators from 6 September 2021. GMPF had volunteered to test the release with other CLASS Group colleagues. Testing was scheduled to take place between 2 August and 20 August 2021. The new release would deliver enhancements to automating GMP reconciliation work, P60 notifications for pensioner members and payment of tax and other deductions to third party providers through Altair payroll.

It was reported that in February 2021, Aquila Heywood was acquired by BlackRock's Long-Term Private Capital (LTPC) and an update statement issued by Aquila Heywood about the acquisition was attached at Appendix 2.

RECOMMENDED

That the report be noted.

9. 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 being carried out by the Communications & Engagement area of Pension Administration.

The report detailed the progress of the implementation of the new telephone and contact centre software. It was reported that the Enghouse system provided new functionality that was already being used to improve the member experience. This included the ability for the member to request a call back if they did not want to wait on hold and of having the option to complete a survey at the end of the call.

Further, the Enghouse contact centre software could also manage emails and webchats as well as calls. Once enabled, any incoming enquiry through either of these three channels would be distributed automatically to the next available agent. The implementation of managing emails

through the contact centre would be the next stage of the project and meetings had already been scheduled with the software provider, HybriT, to plan this change. Once complete, a second project would be initiated to explore how webchat and chatbots could be successfully deployed on the GMPF website. Updates on how both projects progress would be provided at future Working Group meetings.

It was reported that over 144,000 members had now registered for the online service, *My Pension*. Up to date statistics on the number of members signed up to *My Pension* and the number of members who had adopted for paper communications could be found attached at Appendix 1.

It was stated that the Customer Services report with statistics for the last quarter could be found set out in Appendix 2. The Communications team had completed work on the design of the 2021 annual statements for contributors. The benefits on hold statements were issued in May and queries relating to the statements and options increased slightly as a result.

In regards to complaints suggestions and compliments received a new feedback dashboard had been designed to enable the Board to better review and scrutinise the feedback received each month. A copy of the latest feedback dashboard was attached for information at Appendix 3. All feedback was managed through the corporate '*I casework*' system. The Board analysed the cases and looked to identify any further changes or learning points.

It was stated that the Communications and Engagement strategy had been revised and included seven new key objectives that would be the focus for the team in developing communications up to March 2023. These objectives focused on the adoption of new technologies, promoting *My Pension* and expanding stakeholder engagement. The Communications Policy had also been updated with minor amendments that reflected changes to the move to providing more communication online, including online events. Both documents were attached as appendices 4 and 5 and the Working Group was asked to approve the revised versions.

RECOMMENDED

That the report be noted and that the revised Communications Policy and Communications & Engagement Strategy be approved.

10 MCCLOUD UPDATE

Consideration was given to a report of the Director of Pensions / Assistant Director for Administration. The report provided the Working Group with an update on work relating to the proposed McCloud remedy.

Members were reminded that the Government introduced a new Local Government Pension Scheme in England and Wales with effect from 1 April 2014 and for all the other public service pension schemes a year later. Each scheme had transitional arrangements that were designed to protect those members who were within ten years of retirement as of 31 March 2012. It was explained that the transitional arrangements in respect of the Firefighters' and Judges pension schemes were the subject of court cases. In December 2018, the Court of Appeal found the transitional arrangements introduced in those schemes directly discriminated against younger members and therefore could not be objectively justified. The Government had now accepted the Court of Appeal's ruling. Consequently, it must provide a remedy for all public service pension scheme members who were discriminated against by the transitional arrangements.

The Government issued consultations on the proposed remedies for all public service pension schemes in 2020. The proposals would affect benefits that members had built up during the remedy period, which would be the time from the start dates of the CARE schemes to 31 March 2022. The intention was for all members of public service pension schemes who were active members on 31 March 2012 and built up CARE benefits during the remedy period to have their benefits reviewed. This included members who have ceased active employment during the remedy period as well as those who had remained active throughout.

It was explained that although the Government responded to the consultations for the unfunded public sector schemes in February 2021, MHCLG had not yet responded to the consultation on the changes to be made to the LGPS. This was not expected until later in the year. However, the Local Government Minister, Luke Hall MP, issued a written ministerial statement on McCloud and the LGPS on 16 May 2021. This statement confirmed that new regulations giving effect to changes were anticipated to be made after new primary legislation in relation to public service pension had completed its passage through Parliament. He also confirmed that it was the Government's intention that the regulations would come into force on 1 April 2023.

Members were advised that the 2014 Scheme introduced an underpin designed to protect those members who were within ten years of retirement as of 31 March 2012 known as a 'transitional protection'.

The Assistant Director for Administration delivered a presentation, which detailed how the new underpin was expected to apply and the complexities of the project. It was stated MHCLG proposed to remove the age requirements from the underpin qualification criteria. However, they also proposed introducing additional changes with the aim of ensuring that the revised underpin worked effectively and consistently for all members. From April 2022, it was proposed that the period of underpin protection would cease and all active LGPS members would build up benefits thereafter without a continuing final salary protection.

It was explained that this would mean that more people would fall into scope and qualify for underpin protection. However, the protection would only trigger in a similar number of situations and so although the scope was greater, the likelihood of someone qualifying to receive an underpin addition remained very small.

The report detailed the key risks and issues to this project. At present administering authorities and software suppliers were only able to progress work on the project by using the information and proposals given in the consultation documentation. However, there were regular meetings taking place between all involved parties to try to establish what the regulations were likely to contain and thus mitigate some of this risk. Further, one of the biggest risks of this project related to the data collection part of the process.

It was further explained that uploading data in bulk retrospectively to member records was untried and untested. For almost all members in scope, the addition of missing hours and service break data would not lead to an underpin addition being payable. Therefore, the project team's preference was to only request data and amend records where necessary in order to minimise this risk, as well as minimising the amount of work employers needed to undertake. However, being able to identify specific members to collect data for with certainty would take time and may impact on the team's ability to meet any timescales for rectification. There was also the risk that a member could miss out on receiving an underpin addition if working hours data was missing from their records. Employers could also prefer to supply data for everyone rather than specified members if this was easier for them, so this also needed to be considered further.

RECOMMENDED

That the report be noted.

11 EMPLOYER FLEXIBILITIES POLICY

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

The Assistant Director for Funding and Business Development delivered a presentation on the progress of the GMPF's approach to implementing employer flexibilities. Members were reminded of the background of the Employer Flexibilities Policy. It was explained that when an employer last active member left active service it became an Exiting Employer. Previously an Exiting Employer

was required to pay an Exit Debt (assuming its section of GMPF was in deficit). However, amending regulations introduced in September 2020 now permitted administering authorities to spread payment of exit debts, enter into deferred debt agreements and revise contribution rates in between valuations.

In order to allow these flexibilities, administering authorities were required to create a formal policy. Members were advised that an employer flexibilities policy for GMPF was drafted prior to the March Management Panel meeting setting out how the Administering Authority would approach interim valuations and consider requests for deferred debt agreements and the spreading of exit payments. The implementation of the policy constituted a material amendment to the FSS and therefore required consultation with employers.

It was stated that GMPF notified all employers of the employer flexibilities consultation on 30 April 2020. The consultation subsequently closed on 25 June 2021. Four responses were received, the consultation responses received were attached as appendix 2 to the report with a table setting out each of the comments made and GMPF's proposed response attached as appendix 3 to the report.

Following the consultation process, an updated version of the policy was approved by the GMPF Management Panel at its 16 July meeting and the final policy was attached as appendix 1 to the report.

RECOMMENDED

That the report and the consultation responses be noted.

12 ACTUARY TENDER

Consideration was given to a report of the Director of Pensions / Assistant Director for Funding and Business Development. The report outlined the proposed procurement process for selecting a provider to deliver these services with effect from 1 January 2022.

Members were advised that GMPF's contracts for actuarial services and benefits consultancy with Hymans Robertson would be ending on 31 December 2021. The contracts had been in force since January 2015 and were procured using the National LGPS Frameworks managed by Norfolk County Council. Use of a framework typically reduced the resource required to undertake a procurement exercises and also reduces the expected timescales. The latest iteration of the National LGPS Frameworks' Actuarial, Benefits and Governance Consultancy Services Framework commenced on 1 July 2021 and it was proposed that this framework be used to retender the actuarial and benefit consultancy services.

The report set out a proposed high-level timeline for the procurement.

RECOMMENDED

That that approval be given for GMPF to operate 'mini-competitions' under Lot 1 (Actuarial Services) and Lot 2 (Benefits Consultancy) of the National LGPS Frameworks' Actuarial, Benefits and Governance Consultancy Services Framework to appoint a single provider across both lots.

13 URGENT ITEMS

There were no urgent items.

CHAIR