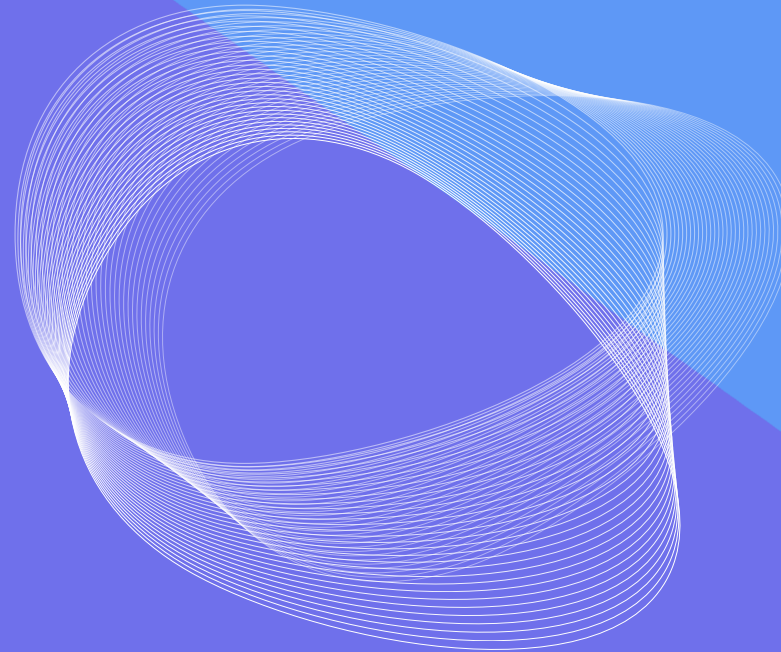


Version: 2023
Relating to: 2022/23



CEM Benchmarking exercise

GMPF's executive summary for employers



Introduction

CEM Benchmarking is an organisation that provides investment and administration benchmarking services to pension funds across the globe. They work with over 400 pension funds across 25 countries providing insight into how to maximise value for money in both investments and pension administration.

GMPF has participated in administration benchmarking through CEM for the past five years.

This report provides GMPF's employers with information about CEM's administration benchmarking process and the key outcomes for GMPF from the latest exercise completed for 2022/23. It also highlights the progress made on projects being undertaken to maintain or improve the service provided in future.

Contents

1. Background information
2. Key outcomes for 2022/23
3. Progress made on projects being undertaken to maintain or improve the service provided

1. Background information

For many years, GMPF used CIPFA benchmarking services to benchmark its administration costs against other LGPS pension funds. However, since 2010, the number of funds participating in the CIPFA process has continued to drop year on year with only around 20 funds participating in 2019/20. Therefore, little value was being gained from taking part. Subsequently, in 2019 many of the larger LGPS funds signed up to use CEM benchmarking instead, including GMPF.

There are two main benefits to using CEM compared to the CIPFA service. The first is that the CEM process enables GMPF to benchmark itself against other non-LGPS UK pension funds that are of a similar size. The second is that CEM benchmarks service alongside cost enabling a 'value for money' assessment to be made. There are also additional benefits as CEM facilitates numerous networking and learning opportunities for their clients to support funds as they seek to improve and learn from their peers.

GMPF first supplied data in 2019 for the 2018/19 year and has done so each year since. On each occasion, GMPF has been deemed a low cost, high service administrator when compared to its peers. CEM produces a detailed report of comparisons, enabling officers to identify where improvements to the current service could be made and what metrics need to be measured to ensure future benchmarking is effective and useful.

CEM asks their clients to provide data in July for the previous year and aim to issue reports in the autumn. They issue a questionnaire in the form of a multi-tab spreadsheet to collect the information. GMPF's Accountancy team provides cost data while the Administration Section Managers provide service delivery data. This data is provided for contributors, those with benefits on hold and those in receipt of a pension and covers a wide range of areas including online capabilities, telephone services, face to face meetings, turnaround times, provision of benefit statements and support for vulnerable members or those with additional needs.

However, as with any benchmarking exercises, there are some caveats to consider when assessing the outcomes. It is very difficult to be

sure you are collecting like-for-like data across all areas and there will inevitably be differences in interpretation of the questions when funds complete the benchmarking questionnaires. As all staffing structures are different, it can be difficult to know if you are measuring the same stages in processes. Separating out governance and project costs is challenging, and because the questions aim to cover all CEM clients, some just do not apply to or 'fit' with the LGPS or the way it is run. Additionally, it is not particularly easy to see the direction of improvement from the summary analysis, as, because everyone is improving each year and because many improvements take time to be realised in the data, your relative position amongst the group tends to stay the same or be similar over the short term.

2. Key outcomes for 2022/23

Peer Group used for comparisons

GMPF's peer group comprised of 15 UK pension schemes who each had between 94,044 and 660,537 members. The peer median was 306,619 members, compared with GMPF's membership of 417,961. CEM selected the peer group based on the availability of data, scheme size and membership mix.

GMPF's pension administration costs

Our cost per member in 2022/23 was £17.91, being £6.71 below the adjusted peer average of £24.62.

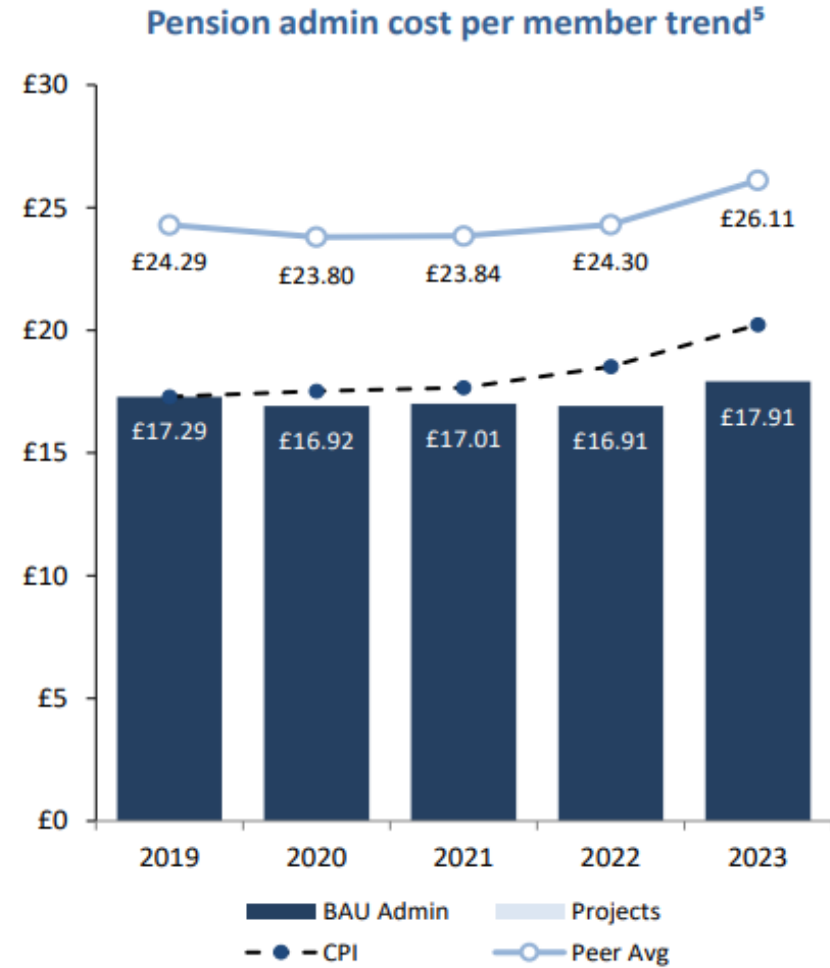
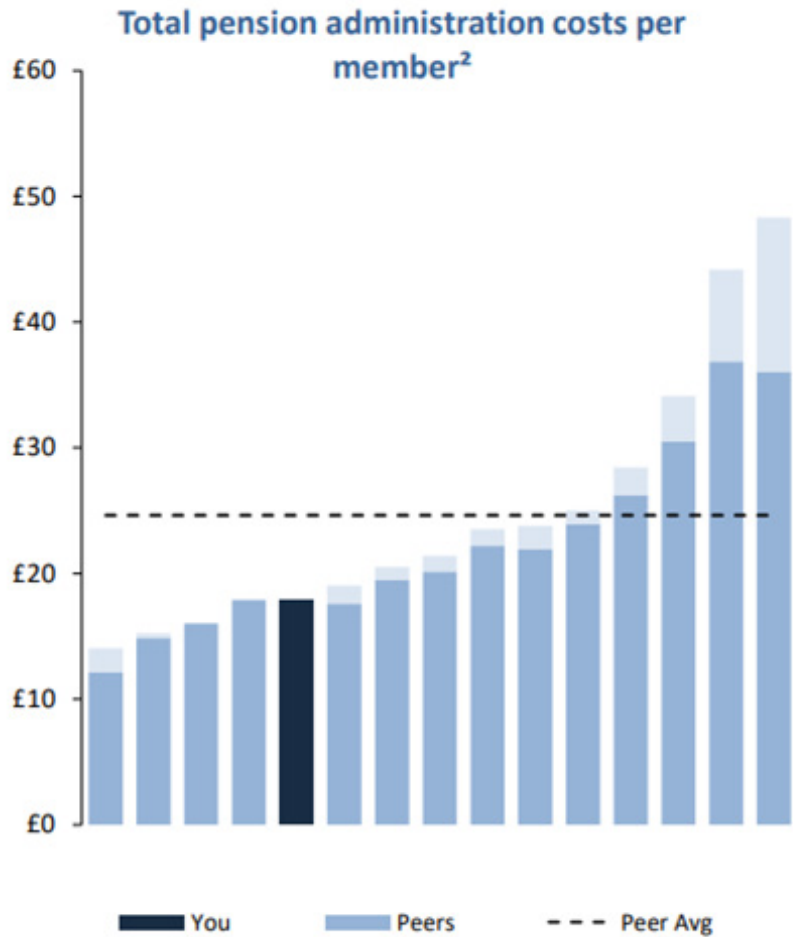
The costs included are those that are directly related to pension administration (such as staff costs) plus attribution of IT, accommodation, HR, support services and professional fees. The costs associated with investment operations, investment management and the governance of the scheme are specifically excluded.

GMPF total member service score

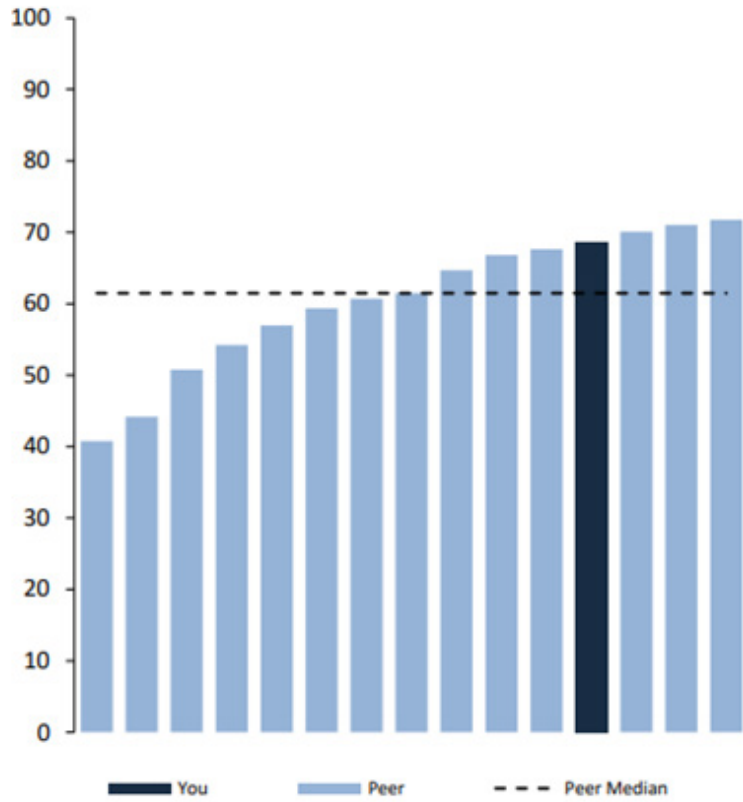
Our service score was 69 out of 100. This was above the peer median of 61.

Service is defined from a member's perspective. Higher service means more channels, faster turnaround times, more availability, more choice, better content, and higher quality.

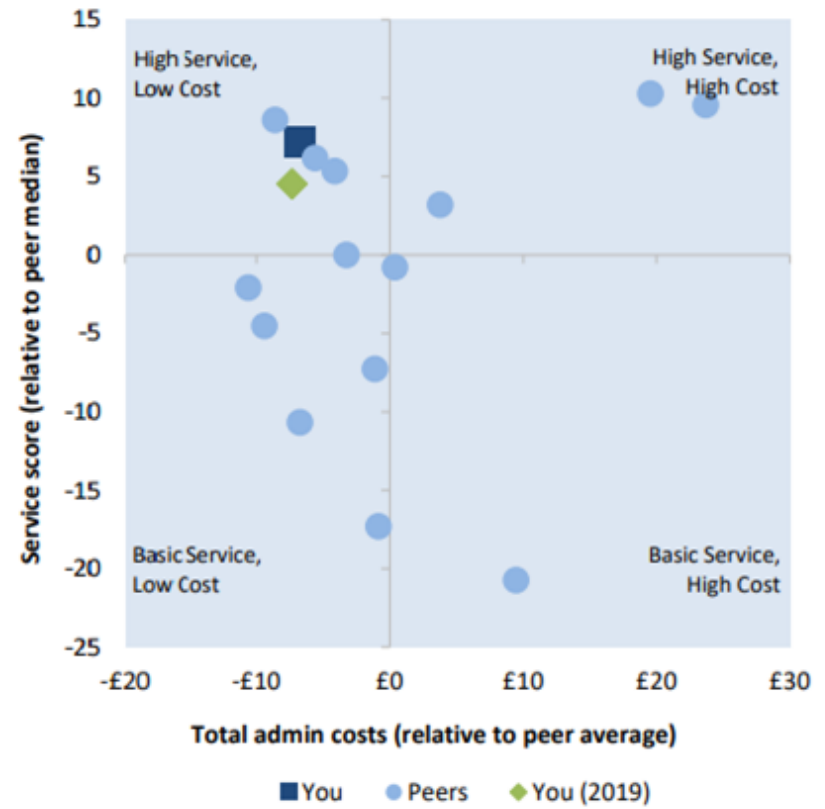
Charts and graphs to illustrate, as extracted from the full report



Total member service score¹



Total service score vs. total admin cost¹



Key outliers influencing our total member service score relative to our peers

CEM confirmed that the areas where we scored higher than our peers were:

- Estimates - The ability for almost all members to generate their own estimates online using My Pension and obtain the figures instantly.
- Online access - The number of members who are registered for My Pension and are accessing it to view information and make changes to their personal details.
- Surveys – The broad coverage of our surveys, checking member satisfaction at most touch points.
- Providing extra support – The support we offer to vulnerable members and those who need extra help.
- Events – The number of member events we hold, attendance levels, and the fact that we offer both online and face-to-face support.

The areas where we scored lower than our peers were:

- Calls - Our ability to handle the number of calls we receive, particularly when we receive unexpected increases in calls.
- Annual Statements – We include less content in our annual benefit statements than many of our peers.
- Campaigns – We do not run as many campaigns as some of our peers.
- Tracking payments on retirement – We are not able to track payments (so the gap between last salary payment and first pension payment) as easily as those schemes that are single employer schemes.

3. Progress made on projects being undertaken to maintain or improve the service provided

Since 2019, there have been numerous projects undertaken and changes made that have resulted in an improved service to members, and that are subsequently reflected in the service score achieved. These include, but are not limited to:

- Improvements to the GMPF website and My Pension online functionality.
- Improvements made to casework workflow and to the process of measuring casework tasks.
- The introduction of 'Year in Review' feedback reports, now issued to GMPF's largest employers.

Work has been undertaken in recent months to improve telephone and email response times and to review the frequency of newsletters or other communications. Recruitment has also been undertaken to increase the size of the Customer Services team with the aim of improving the service delivery metrics linked to calls in future.

It is worth noting that there are several items that are likely to affect the cost of administration going forward, including the following:

- There is a continuing growth in the governance and support aspects of administration. In particular, the ever-increasing cyber security risks will have continuing and increasing cost implications.
- Transitioning services to be online requires resources but it also changes how support is provided to members, and members have different customer experience expectations from online services compared to traditional ones.
- The costs of connecting to the Pension Dashboard infrastructure and administering the resulting work are likely to be significant and are currently largely unknown.

Some of these costs will be offset or neutralised (for example, postage and printing costs will offset somewhat the online related costs, and better IT will enable efficiency gains for new ways of working). Work by GMPF's Accountancy team is currently underway to change cost recording and reports so better analysis of these costs can take place and so future budgets can be more accurately predicted.

