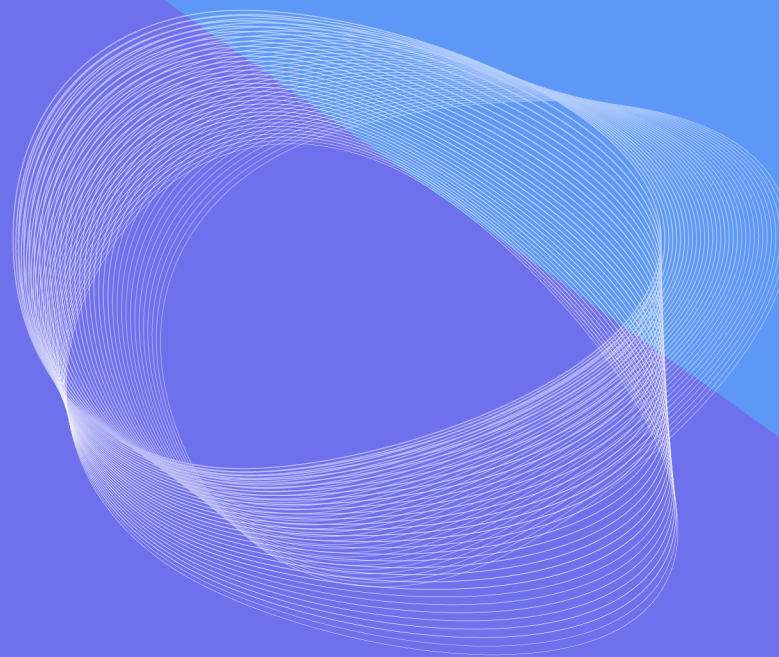


Version: 2024  
Relating to: 2023/24



# CEM Benchmarking exercise

## GMPPF'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 six 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 2023/24. It also highlights the progress made on projects being undertaken to maintain or improve the service provided in future.

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# 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 aims 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 2023/24

### *Peer Group used for comparisons*

GMPF's peer group comprised of 17 UK pension schemes who each had between 96,069 and 687,722 members. The peer median was 310,426 members, compared with GMPF's membership of 429,345. Eleven LGPS pension funds supplied data and were part of this peer group. Non-LGPS funds included the Royal Mail Pension plan, Railpen (Railway Pension Scheme), the Scottish Publish Pensions Agency and the Universities Superannuation Scheme.

### *GMPF's pension administration costs*

Our cost per member in 2023/24 was £20.23, being £8.42 below the adjusted peer average of £28.65.

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.

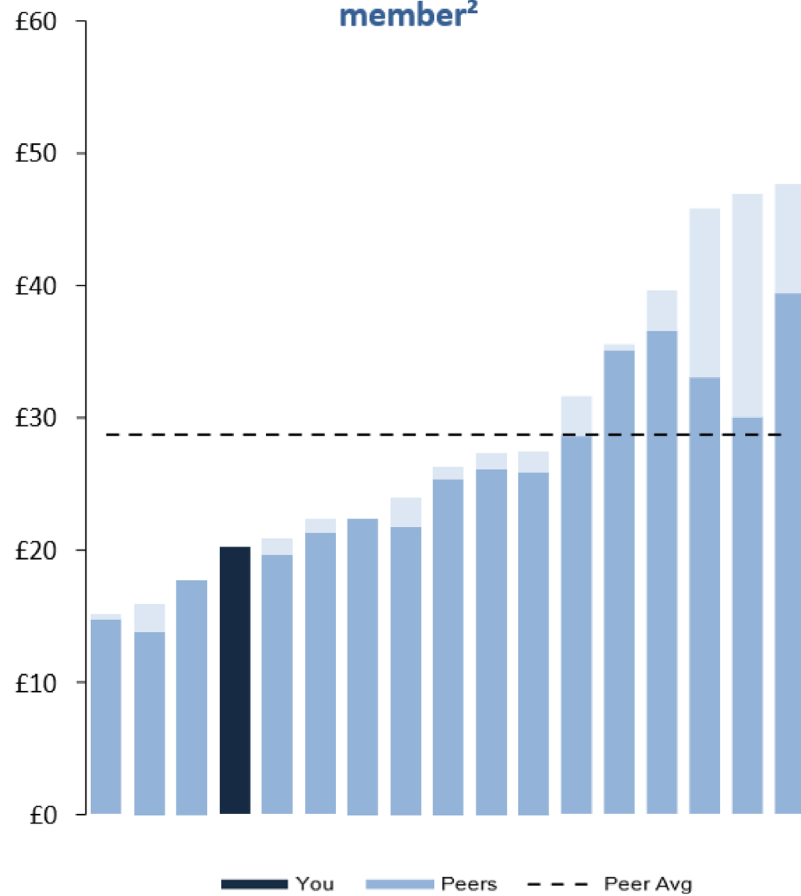
### *GMPF total member service score*

Our service score was 71 out of 100. This was above the peer median of 63.

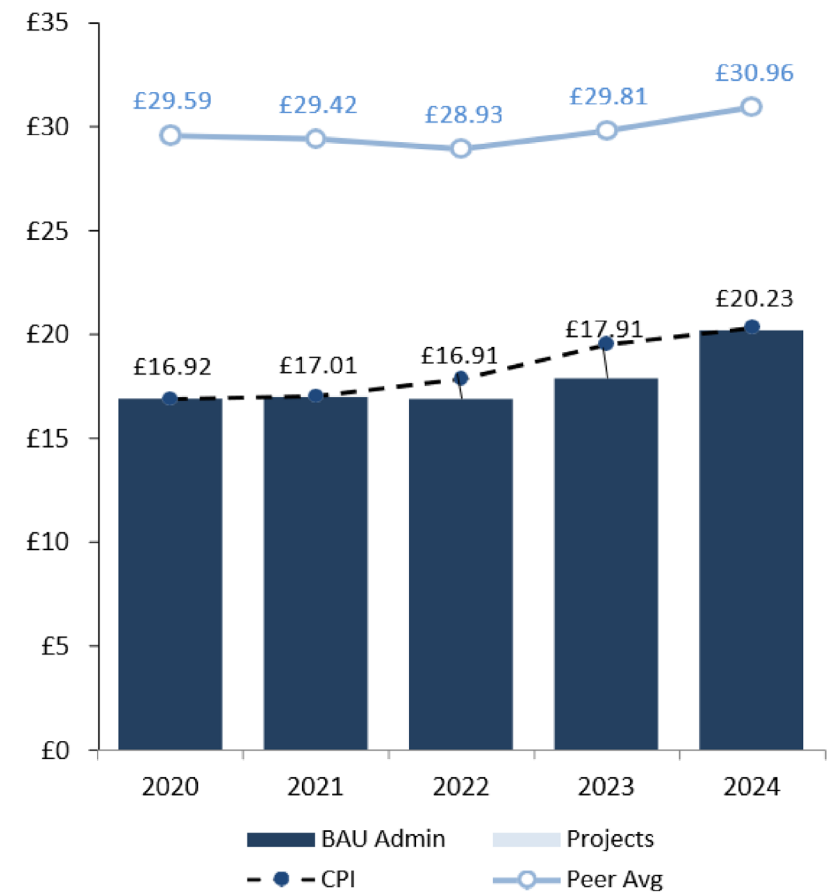
Service is defined from a member's perspective. Higher service means more channels, faster turnaround times, more availability, more choice, better content, and higher quality.

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

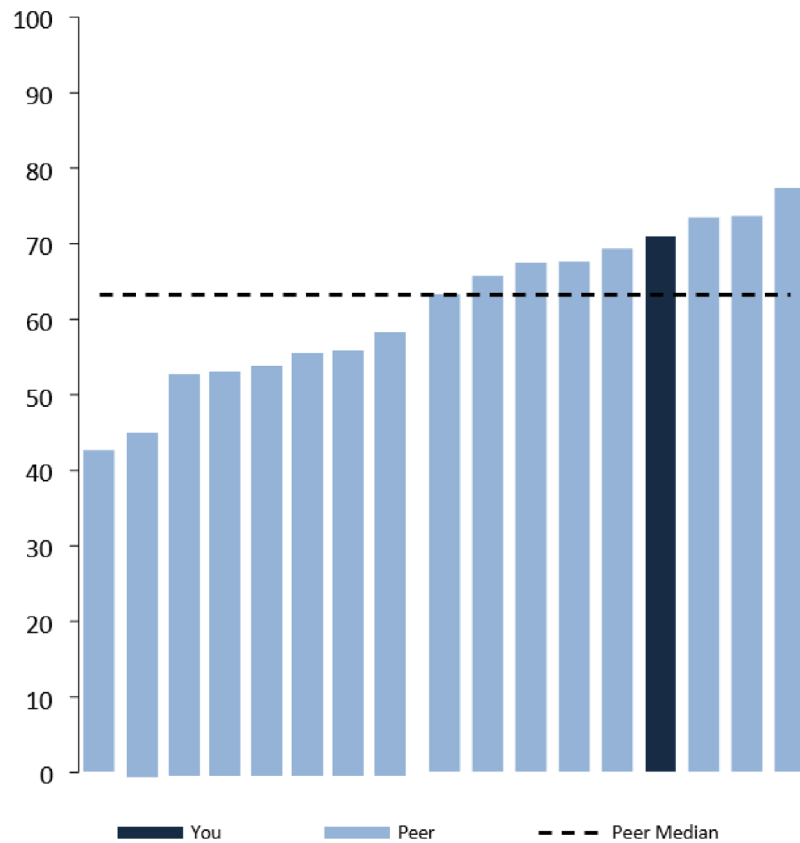
**Total pension administration costs per member<sup>2</sup>**



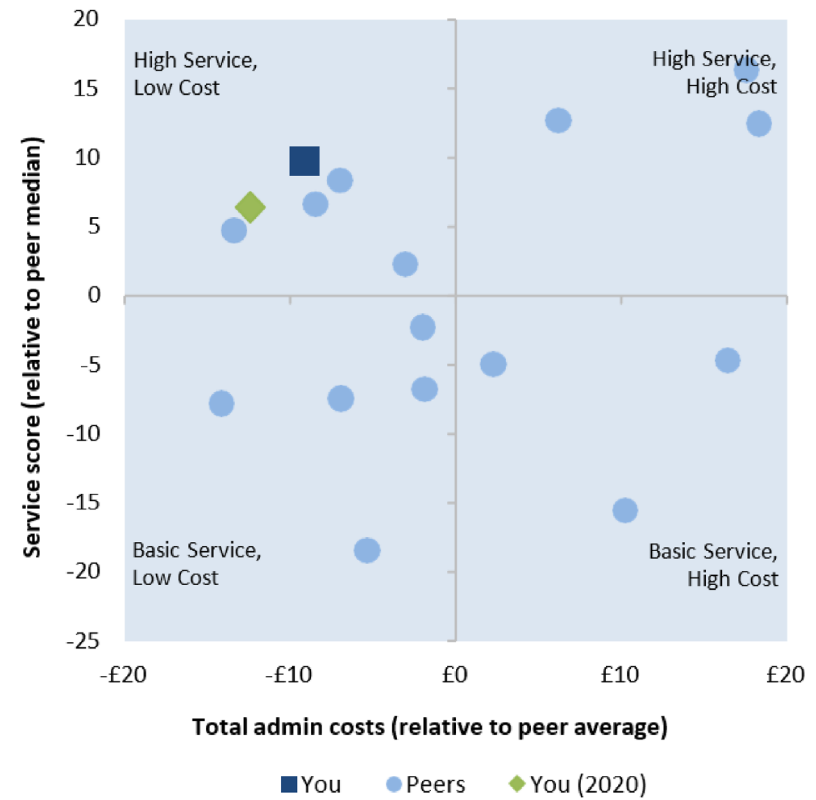
**Pension admin cost per member trend<sup>5</sup>**



**Total member service score<sup>1</sup>**



**Total service score vs. total admin cost<sup>1</sup>**



### *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:

- Transactions – The processing of member transactions relating to lump sum payments and transfers.
- Online access – The level of functionality of the My Pension member portal enabling members to generate their own pension estimates and the ability for members to retire online.
- Surveys – The broad coverage of our surveys, checking member satisfaction at most touch points.
- Providing extra support – The identification of our vulnerable members and the support we offer to 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, leading to an increased wait time and abandonment rates. Our first contact resolution was lower than our peers as well as our call quality monitoring. However, it should be noted that our call centre metrics had improved from the previous year.
- Death Benefits – Our processing times for death benefits take longer than our peers and we are unable to track the time taken to set up a dependant's pension from the point of notification using our current system workflow functionality.



### 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.
- Improving how we survey our members, enabling us to gain a greater understanding of members needs and to improve processes because of the feedback received.
- Improvements made to casework workflow and to the process of measuring casework tasks.
- The introduction of 'Year in Review' feedback reports, a project that has been recently expanded and where reports are now issued to 91 of GMPF's largest employers.
- The development of a dedicated Management Information team to help us understand our data better and to enable resources to be focused effectively, improving the member and employer experience.

Work has been undertaken in recent months to improve telephone and email response times and to review the frequency of newsletters and 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. We are already seeing a positive impact on call wait times and abandonment rates because of this recruitment.

We have also established a project to review all aspects of our work relating to bereavements, which will be completed in six months.

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.

- We are transitioning our My Pension portal onto a new platform which is a significant piece of work that will need to be managed effectively. However, the scope to improve online functionality will provide a better service and experience for the member.
- 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).

