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GREATER MANCHESTER PENSION FUND - LOCAL PENSIONS BOARD

Day:	**Monday**
Date:	**24 July 2017**
Time:	**2.00 pm**
Place:	**Guardsman Tony Downes House, Manchester Road, Droylsden, M43 6SF**

From: Democratic Services Unit – any further information may be obtained from the reporting officer or from Carolyn Eaton, Senior Democratic Services Officer, to whom any apologies for absence should be notified.

Item No.	AGENDA	Page No
	Report of the Head of Risk Management and Audit Services attached.	
11.	**RISK MANAGEMENT AND AUDIT SERVICES PLANNED WORK 2017/2018**	127 - 162
	Head of Risk Management and Audit Services attached.	
12.	**RISK MANAGEMENT AND AUDIT SERVICES 2017/18**	163 - 170
	Report of the Head of Risk Management and Audit Services attached.	
13.	**URGENT ITEMS**	
	To consider any additional items the Chair is of the opinion shall be dealt with as a matter of urgency.	

From: Democratic Services Unit – any further information may be obtained from the reporting officer or from Carolyn Eaton, Senior Democratic Services Officer, on 1061 342 3050 or carolyn.eaton@tameside.gov.uk to whom any apologies for absence should be notified.

GREATER MANCHESTER PENSION FUND

LOCAL PENSIONS BOARD

30 March 2017

Commenced: 3.00pm **Terminated: 4.40pm**

Present:	**Councillor Fairfoull (Chair)**	**Employer Representative**
	Councillor Cooper	**Employer Representative**
	Richard Paver	**Employer Representative**
	Paul Taylor	**Employer Representative**
	Dave Schofield	**Employee Representative**
	Catherine Lloyd	**Employee Representative**
	Pat Catterall	**Employee Representative**
	Chris Goodwin	**Employee Representative**
	Mark Rayner	**Employee Representative**
Apologies for absence:	**Jayne Hammond**	

29. DECLARATIONS OF INTEREST

There were no declarations of interest submitted by Members in relation to items on the agenda.

30. MINUTES

The Minutes of the meeting of the Local Pensions Board held on 15 December 2016, having been circulated, were signed by the Chair as a correct record.

31. SUMMARY OF GMPF DECISION MAKING

The Assistant Executive Director of Pensions, Funding and Business Development, submitted a report summarising the decisions made by the GMPF Management Panel at its meeting on 18 November 2016 and the recommendations made by the six GMPF working groups.

It was explained that Tameside MBC delegated its decision making in respect of GMPF to the Management Panel which in turn permitted the Executive Director of Pensions to implement its strategy via delegated powers. The Pension Fund Advisory Panel worked closely with the Management Panel, and advised them in all areas. Each local authority was represented on the Advisory Panel, and there were six employee representatives nominated by the North West TUC.

Four external advisors assisted the Advisory Panel, in particular regarding investment related issues. A key element was helping it to question the Fund's investment managers on their activities. GMPF also had six permanent working groups, which considered particular areas of its activities and made recommendations to the Management Panel. The Working Groups covered:

- Alternative Investments;
- Policy and Development;
- Employer Funding Viability;
- Investment Monitoring and Environmental, Social and Governance (ESG);
- Pensions Administration; and

- Property.

The Panels and Working Groups met quarterly and the recommendations of each of the working groups from the meetings that had taken place in Autumn 2016 were set out in the report.

RESOLVED
That the content of the report be noted.

32. 31 MARCH 2016 ACTUARIAL VALUATION

Consideration was given to a report of the Assistant Executive Director of Pensions, Funding and Business Development, which provided an update on progress of the Actuarial Valuation; summarised the high-level outcomes and set out the steps being taken in order to complete the valuation process.

Members were informed that previous reports to the Local Pensions Board had provided a provisional result for GMPF as a whole and provided a comparison of how the funding position of GMPF compared to other LGPS funds in England and Wales.

Over the period since the previous Pensions Board meeting, GMPF employers had been notified of their provisional contribution rates and GMPF officers and the Actuary had had detailed discussions with some employers.

Reference was made to the Funding Strategy Statement (FSS), which provided guidance to the Actuary in undertaking the actuarial valuation. An updated Funding Strategy Statement, setting out, amongst other things, the methodology for setting contribution rates, was reviewed at the meeting of the Management/Advisory Panel on 18 November 2016 and approval was given for this to be issued to employers for consultation.

It was reported that no substantive comments had been received on the draft Funding Strategy Statement and the proposed final version of the Funding Strategy Statement was adopted by the GMPF Management Panel at its meeting on 10 March 2017.

Provisional whole-fund results, as presented at previous Pensions Board meetings, were set out in the report and it was explained that a typical GMPF employer was likely to see an improvement in their funding level of around 5% from 2013, although this would differ between employers depending on liability profile and member experience.

It was explained that the majority of employers had acknowledged receipt of their new contribution rates (effective from 1 April 2017) and GMPF officers were conducting an exercise to ensure all employers were aware of their new rates. Further details on funding position and derivation of contribution rates had been provided to employers on request. If employers did not take any further action then they were assumed to be satisfied with the contribution rate that had been allocated.

The contribution rates for a small number of employers were the subject of ongoing discussion, which also involved the guarantor where applicable. GMPF officers and the Actuary continued to engage with these employers on a regular basis.

The report summarised that, whilst very few valuations had reached a conclusion, the expectation was that GMPF would maintain its position as one of the better funded local authority schemes and its employers' average employer contribution rate would again be at the lower end of the range. GMPF's major employers such as the ten GM Local Authorities and the National Probation Service, were likely to see minimal changes to their rates. This was also the case for a large majority of Scheduled Bodies such as Academy Schools and Further Education Colleges.

However, careful consideration was being given to the proposed contribution rate for each employer to ensure it reflected the risk that the employer posed to the Fund, whilst remaining affordable for the employer.

Discussion ensued with regard to the valuation results and the Executive Director of Pensions agreed to circulate the Actuary's report to Board Members.

RESOLVED
That the content of the report be noted.

33. INVESTMENT STRATEGY STATEMENT

The Assistant Executive Director of Pensions, Investments, submitted a report, which was considered and approved by the GMPF Management Panel at its meeting on 10 March 2017, informing Members that the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016, which came into force on 1 November 2016, required that the Fund publish an Investment Strategy Statement no later than 1 April 2017.

A copy of the GMPF's draft Investment Strategy Statement was attached to the report. This draft was adopted by the Panel.

The main differences between the draft Investment Strategy Statement and the current Statement of Investment Principles were outlined. It was explained that the draft Investment Strategy Statement largely mirrored the approach taken by the fund within the preceding Statement of Investment Principles with only relatively minimal amendments and may thus be considered to be an interim position, pending progress on pooling and developing the Fund's approach to certain areas

It was further explained that it was intended that officers would undertake a more detailed review of the Investment Strategy Statement in the next 6 to 9 months, the outcome of which may or may not require a revised Investment Strategy Statement being recommended for adoption by the Panel.

It was anticipated that a public consultation would be held in conjunction with the detailed review and it was also intended that the Fund would hold a Stakeholder Engagement event later in the year, at which the Investment Strategy Statement would be consulted upon. All Members of the Board would be invited to the event.

Discussion ensued in respect of voting activity delegated to the Investment Managers and Members were informed that such activity was currently reported to the Investment Monitoring and ESG Working Group and that this information would also be included in the Annual Report and Accounts for the first time this year, which would be submitted to the Management Panel for consideration at its meeting on 21 July 2017.

RESOLVED
That the content of the report be noted.

34. CONSOLIDATION OF LGPS INTERESTS

The Assistant Executive Director of Pensions, Funding and Business Development, submitted a report considered by the Policy and Development Working Group on 22 February 2017.

The Working Group considered the proposal of one of GMPF's largest private-sector employers to consolidate its two other LGPS arrangements into a single fund, with GMPF being the preferred host fund.

The benefits of consolidation to both the employer and to GMPF were detailed, as were the risks and challenges, including mitigating factors. A number of practical issues that would need to be addressed as part of agreement to proceed with the consolidation, were also outlined and discussed, for example, the importance of carefully managing the transfer of assets and data, to ensure that there was no negative impact on the membership and the service provided to other GMPF employers.

Board Members were informed that Hymans Robertson, Actuary to the Fund, had also provided a paper discussing the key funding and investment risks that GMPF would need to manage and the factors that the GMPF Management Panel would need to consider in reaching their decision.

The report concluded that, for the proposed consolidation to proceed, both the approval of the GMPF Management Panel and the Secretary of State was required. It was understood that the Secretary of State had indicated that he had no objections to the proposal subject to the consent of the receiving and ceding administering authorities.

The Working Group recommended to Panel that this be approved in principle, subject to reaching satisfactory agreement with the employer on contribution rates, investment strategy and the details of the admission agreements.

Members were further advised that GMPF officers were in regular dialogue with the employer and their advisors to ensure a smooth transition should the proposals be approved.

RESOLVED
That the content of the report be noted.

35. 2016/2017 EXTERNAL AUDIT PLAN

Consideration was given to a report of the External Auditor, Grant Thornton, which set out their approach to the 2016/17 audit.

RESOLVED
That the content of the report be noted.

36. RISK MANAGEMENT AND AUDIT SERVICES 2016/2017

A report was submitted by the Head of Risk Management and Audit Services summarising the work of the Internal Audit Service for the 49 weeks to 10 March 2017.

Details were given of final issued during the period as follows:

- Unitisation;
- Visits to Contributing Bodies – Manchester Airport, Greater Manchester Police and Crime Commissioner, Bolton Council and Rochdale Council;

Draft reports were also issued as follows:

- Debtors;
- Application review of the Altair Administration system; and
- Visit to the Property Fund Manager.

Details were also given of audits in progress as follows:

- The National Fraud Initiative Data Matching Exercise for 2016/17;
- Visits to Contributing Bodies – National Probation Service;
- Risk Management Review;
- Employer Agreements;
- VAT;

- Review and Advice re: the new process/monitoring of Payment of Employers Contributions in Advance;
- GM Property Venture Fund – Review of First Street Development;
- Transfer of Assets to Stone Harbor; and
- Review of Fund Manager (Investec).

RESOLVED
That the content of the report be noted.

37. INTERNAL AUDIT VISITS TO CONTRIBUTING BODIES – OUTCOMES AND LEARNING

Consideration was given to a report of the Head of Risk Management and Audit Services summarising the common themes that had emerged from Internal Audit visits carried out since the introduction of the 2013 LGPS Regulations and the action taken to address the issues.

It was reported that an allocation of days would be included in the Internal Audit Plan for 2017/18 to carry out further visits to Employers. There were still issues being found at the visits which needed to be addressed, to ensure that the correct contributions were being sent to the Pension Fund. Internal Audit would continue to work with officers of the Fund to identify improvements.

It was further reported that the Fund would continue to improve the resources available to employers for training and information purposes. The Executive Director of Pensions added that the Fund would help to support employers to ensure correct procedures in place.

RESOLVED
That the content of the report be noted.

CHAIR

Report To:	**GMPF LOCAL PENSION BOARD**
Date:	24 July 2017
Reporting Officer:	Sandra Stewart - Director of Pensions Euan Miller – Assistant Director of Pensions (Funding and Business Development)
Subject :	**EDUCATION SECTOR EMPLOYERS**
Report Summary:	Over recent years, changes in the education sector has increased administrative complexity for Local Government Pension Scheme (LGPS) Administering Authorities and increased resource requirements. The purpose of this report is to provide the Board with an update on national developments relating to education sector employers and recent initiatives designed to improve how academy schools and their contractors interact with LGPS Administering Authorities. Also provided is an overview of Greater Manchester Pension Fund's (GMPF) current administration and funding arrangements in relation to education sector employers.
Recommendation(s):	It is recommended that the Board note the information provided in the report.
Financial Implications: **(Authorised by the Section 151 Officer)**	There are no direct financial implications arising from this report. However, the PwC academies report highlights funding issues which may have an impact on contribution rates such as the operation of the Department for Education funding guarantee. Some of the approaches put forward in the PwC report may help develop long term operational cost savings.
Legal Implications: **(Authorised by the Solicitor to the Fund)**	There are no direct legal implications to consider. Any amendments to regulations that are made will be implemented accordingly.
Risk Management:	Increased academy admissions increase the administrative, legal, and funding risks which GMPF is exposed to. In particular poor quality data being provided to GMPF by academies could lead to statutory duties not being met, failure demand and reputational damage. The changes to the insolvency regime for the Further Education sector may also increase funding risks.
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:	For further information please contact Euan Miller, Assistant Director – Funding and Business Development on 0161 301 7141 email: euan.miller@tameside.gov.uk

1. INTRODUCTION

1.1 Education sector employers in the LGPS can broadly be categorised into 4 groups as follows:

- Academy schools;
- Sixth-form colleges;
- Further education colleges
- Universities

1.2 For the purposes of administering the LGPS, local authority schools are viewed as part of the local authority rather than employers in their own right. However, local authority schools can (and do) outsource functions and the contractors carrying out these outsourced functions often apply for admitted body status in the Scheme.

1.3 Over recent years, changes in the education sector has increased administrative complexity for Local Government Pension Scheme (LGPS) Administering Authorities and increased resource requirements.

1.4 The purpose of this report is to provide the Board with an update on national developments relating to education sector employers and recent initiatives to improve how academy schools and their contractors interact with LGPS Administering Authorities. Also provided is an overview of Greater Manchester Pension Fund's (GMPF) current administration and funding arrangements in relation to education sector employers.

2. ACADEMY SCHOOLS

2.1 The academy programme began with the Academies Act 2010 and the LGPS regulations were amended to allow academies to participate in the Scheme.

2.2 The Secretary of State for Education can enter into academy arrangements with organisations that wish to covert from maintained school or sixth form college to academy status; are new schools (including Free Schools and University Technical Colleges) or are required to convert to academy status (due to receiving an inadequate Ofsted inspection).

2.3 Academies are Scheme Employers as defined in the LGPS regulations (i.e. not admitted bodies) and are effectively required to offer membership of the LGPS to all employees not eligible for another public sector scheme.

2.4 Academies can either be:

- Standalone academies; or
- Multi Academy Trusts (MATs). Many MATs operate across different regions of England and Wales. Generally all staff are employed by the Trust which sits above the individual schools.

2.5 Under the regulations, the relevant LGPS Fund for the academy to join is normally determined by the geographical area in which the staff work, and the majority of academies are created by a conversion from a local authority clearly linked to a specific Fund.

2.6 In Greater Manchester, less than 30% of the approximately 1,000 schools have converted to academies. This is a lower conversion rate than many other parts of the country.

2.7 The last seven years has seen a proliferation of academisation in line with Government policy (which encourages conversion to academy status) and the increase in the number of academy admissions into the GMPF. A knock on effect of this is the trend for an academy to subsequently outsource groups of non-teaching support staff (such as catering and cleaning), which has resulted in increasing the number of commercial LGPS employers who become admitted bodies within the Fund. Many of these admission bodies have a very small number of members and only join for a short period of time. More admissions increase the administration and can increase the levels of professional fees incurred.

2.8 Schools (both local authority schools and academies) often also outsource their payroll function, or move away from using the local authority payroll. This can have a negative impact on the quality of data administering authorities receive.

2.9 Recently, there has also been an increase in the number of Free Schools being created. The LGPS Regulations apply to Free Schools in an identical manner to academies. The term ‘academy’ in this report is taken to mean either an Academy School or a Free School.

3. AN OVERVIEW OF GMPF’S CURRENT ADMINISTRATION ARRANGEMENTS IN RELATION TO ACADEMY SCHOOLS

3.1 There are currently 215 academies participating in GMPF as Scheme Employers and there are 54 new academy applications logged with GMPF.

3.2 **Outline of the application process for academies**

- Academies are classed as Scheme Employers and therefore no admission agreement is required.
- Prospective academies can apply to GMPF to join the Scheme by completing an application form.
- The prospective academy details on its application form whether it wishes to join an actuarial pool and how the academy’s opening funding position will be calculated. Both of these are generally subject to the agreement of the ceding local authority. Please see paragraphs 3.3 and 3.5 for further information about these arrangements.
- If employees are to transfer to the academy at outset (e.g. from the ceding local authority) then a staff list must be provided.
- If staff list appears complete (or is not required) then the actuary is asked to calculate a contribution rate.
- The new academy is then admitted and receives a document outlining the arrangements agreed.

Pooling arrangements

3.3 GMPF allow some employers to pool their contributions as a way of smoothing out the impact of experience on contribution rates. Contribution rates are determined by the aggregate funding position of the pool. The pooling options potentially available to academies are:

- Local authority pooling - Some local authorities will allow an academy to be pooled with them for pension purposes and the academy will pay the same employer contribution rate as the pool. Strain costs for any ill health retirements are generally treated as a pool charge
- MAT pooling - An academy that is to be part of a multi-academy trust, may wish to pool with the other academies within the trust. Unlike the above local authority pooling option, all costs incurred as a result of early retirements (including ill health costs) are to be paid for up front by the academy.
- Standalone – If an academy does not wish to be pooled or the local authority or relevant trust will not agree to pooling then the academy will be a ‘standalone’ employer. The actuary calculates an individual contribution rate and all costs incurred as a result of early retirements (including ill health costs) are to be paid for up front by the academy.

3.4 GMPF also has an academies pool. However, this was closed to new academies several years ago following a change to the method used to calculate the opening funding position of academies.

Calculation of opening funding position

3.5 If staff are transferring from an existing GMPF employer (such as a local authority) to a new academy school then the actuary is required to calculate the amount of assets transferred to the new academy's sub-fund within GMPF. This determines the opening funding position of the academy school

3.6 The options potentially available include:

i) Fully funded – an amount of assets equal to the current value of the liabilities transfers (i.e. 100% funded).
ii) Replicating the funding level of the ceding employer.
iii) Transferring whatever assets remain after fully funding the school's deferred and pensioner members (whose benefits will continue to remain liabilities of the ceding employer). In recent years, this method has tended to result in academy schools commencing with a relatively weak funding position (which can result in a high contribution rate) and is the method typically used by GM Local Authorities.

4. FUNDING CONSIDERATIONS FOR ACADEMY SCHOOLS

4.1 Following the introduction of academy schools, many LGPS funds tended to set higher contribution rates for academies than for other tax-payer backed employers. This was likely due to a perception that there was a material risk of an academy school closing and being unable to pay off any funding deficit at the point of exit.

4.2 To try and mitigate this DfE provided a guarantee for an academy schools' deficit on its closure, which took the form of a Parliamentary Minute. This guarantee is time limited, but it is believed that this is due to a technicality and it would be extended as required.

4.3 However, it is not clear how the guarantee would operate in practice. As a result, many LGPS funds continue to use a more prudent approach to funding academy school liabilities.

4.4 It is understood that the DfE guarantee also applies to Free Schools. In GMPF's experience, Free Schools are more likely to close unexpectedly than academies, although the accrued liabilities are generally lower.

4.5 There are a wide range of funding levels and contribution rates amongst GMPF's academy schools and free schools. This is largely as a result of the application of the method set out in 3.6i (iii) to determine the opening funding position, the results of which can be quite sensitive to market conditions. The lowest academy contribution rates are around 15% of Pensionable Salary with a small number of academy schools paying contribution rates of around 30%.

5. ACADEMIES INFORMATION NOTE

5.1 In April 2017, the Local Government Association (LGA) in conjunction with the Department for Education (DfE) and the Department for Communities and Local Government (DCLG) published a document providing information for academies on participating in the LGPS. Administering authorities were encouraged to pass this note on to their academy employers (or schools considering conversion).

5.2 One of the intentions of the document is to help ensure a more consistent treatment of academy schools across LGPS funds.

5.3 However, GMPF officers have concerns about the document's accuracy in certain aspects. For this reason GMPF has only given minimum publicity to this document, highlighting in a recent monthly employer bulletin, but not making it available on the employer section of the website.

5.4 Indications are that GMPF is not the only LGPS fund expressing concerns about the document and as a result the LGA are collating comments. Officers have provided feedback to the LGA and made recommendations on how the document could be improved.

5.5 The comments received by the LGA will be discussed with DCLG and DfE with a view to considering whether an updated version of the document needs to be issued.

5.6 The information note is attached at **Appendix 1.**

6. PWC ACADEMIES REPORT

6.1 In May 2017, the LGPS Scheme Advisory Board published the PwC report, “Options for Academies in the LGPS”. The report was commissioned by the Scheme Advisory Board in 2016 to look into the issues associated with the participation of academies in the LGPS.

6.2 The report does not make any recommendations, but draws together issues from PwC’s discussions with various stakeholders.

6.3 From the issues discussed three key themes emerged:

- Policy, governance and outsourcing – in relation to DfE’s overall policy for the academies programme, associated guidance to School Business Leaders, governance arrangements and the prevalence of outsourcing of academy functions;
- Administration and operations – the issues resulting from the participation of many academies and MATs in LGPS Funds, categorised broadly along the themes of the quality of data and payroll providers, interactions between parties and resourcing issues; and
- Contributions and finance – considering consistency in initially establishing and then regularly re-calculating contributions payable by academies and actuarial financing issues along the themes of pooling for funding, employer covenant, the role and value of the DfE guarantee to the LGPS and the legal definition of an LGPS employer.

6.4 The report sets out the three approaches agreed with the Scheme Advisory Board Secretariat to handling pension provision. These are:

- Improving LGPS processes and IT, and delivering effective guidance on supporting academies (this would effectively build on the document covered in section 5 above).
- Using new regulations within the LGPS to drive changes (this could mandate specific approaches to administering academies or consolidate all academies in a single LGPS fund).
- Implementation outside the LGPS (for example, moving academy support staff to the Teachers’ Pension Scheme).

6.5 Current understanding is that an “in-scheme” solution is preferred to resolve the identified issues and there are no plans to transfer all academies to a single LGPS fund, as had been rumoured. Although agreeing to focus on solutions within the Scheme at this stage, Ministers were also clear that should these not prove effective, more radical measures, potentially outside of the LGPS would not be completely ruled out.

6.6 Publication of the report will enable the Scheme Advisory Board to engage with key stakeholders including LGPS funds, actuarial firms and academy trusts as appropriate on the issues raised by those interviewed by PwC. The Scheme Advisory Board will continue to gather relevant evidence and then develop specific proposals for change before submitting its recommendations to Ministers for their consideration.

6.7 The report can be viewed on the Scheme Advisory Board website (http://www.lgpsboard/).

6.8 **Appendix 2** provides a commentary on the report from the Funds actuary, Hymans Robertson.

7. SIXTH-FORM COLLEGES

7.1 Up until the 2016 valuation, most of GMPF's sixth-form colleges were pooled together for the purposes of calculating contribution rates and for funding ill-health early retirement strain costs.

7.2 Due to some sixth-form colleges looking to convert to academy status and form MATs with schools the pool was broken up with effect from 1 April 2016 and each college has had an individual contribution rate calculated. Consideration is currently being given to whether the pooling of ill-health strain costs can continue.

7.3 The sixth-form college pool was relatively well funded (close to 100% at the 31 March 2016 valuation), therefore most sixth-form colleges contribution rates are towards the lower end of the range for GMPF employers. Contribution rates range from 15.4% of Pensionable Salary (Rochdale Sixth-form) to 21.2% + £40,000 per annum (Cheadle and Marple sixth-form, which was not part of the sixth-form college pool). Total liabilities at the valuation date were approximately £60m (around 0.3% of GMPF).

7.4 Whilst it has not been clearly communicated, current indications are that the DfE guarantee for academy schools also applies to sixth-form colleges.

8. FURTHER EDUCATION COLLEGES

8.1 Over the past couple of years, Government has undertaken area reviews of post-16 education. The reviews have often recommended mergers, although no mergers of Further Education (FE) Colleges have yet taken place in Greater Manchester. We are aware of one FE College which is due to merge with a university that also participates in GMPF.

8.2 During 2016 the Department for Business, Innovation and Skills undertook a consultation on developing an insolvency regime for the FE and Sixth-form college sector. It become clear that, despite FE Colleges being required by the LGPS Regulations to admit their employees to the Scheme, Government consider FE Colleges to be commercial entities rather than public bodies on the government's books (albeit operated on a non-for-profit basis), and therefore cannot be covered by explicit government guarantees of the type that cover academies' LGPS liabilities.

8.3 Current understanding is that the insolvency process for FE Colleges has not been tested in practice as struggling colleges have typically been subsumed by other local colleges, following Government intervention, with assets and liabilities transferring in full. However, a prudent approach from GMPF's perspective may be to assume the insolvency process would work in broadly the same way as for a limited company. There is therefore a risk that GMPF does not fully recover any deficit, should a college terminate its participation unexpectedly.

8.4 Most commercial entities participating in GMPF are required to obtain a guarantee from a tax-raising body as a condition of entry, however, given FE College's status as a Scheme Employer (rather than an admitted body) under the regulations, the view of GMPF's legal team is that it is not appropriate to make similar demands on FE colleges. However, GMPF would be willing to consider accepting some form of security as part of any discussion regarding contribution rates with colleges.

8.5 At the 31 March 2016 actuarial valuation there were10 FE colleges participating in GMPF. The total value of the liabilities of the 10 colleges was £438m (around of 2.5% of GMPF's total liabilities) and the average funding level was 94%. The funding levels ranged from 87% to 100%. Funding levels are likely to have improved since the valuation date.

8.6 The contribution rates of the FE colleges ranged from 16.8% of Pensionable Salary (Oldham College) to 23.8% (Trafford College). Bolton College pay a rate of 18.0% of Pensionable Salary plus additional contributions of approximately £250,000 per annum.

8.7 Most of the colleges have a relatively mature membership profile, broadly similar to the local authorities, with benefits paid out generally exceeding contributions paid in.

9. UNIVERSITIES

9.1 In a similar vein to FE Colleges, it is clear that Government views universities as commercial entities (with charitable status), but the insolvency process has not been tested.

9.2 The following universities participate in GMPF:

- Salford University
- Manchester Metropolitan University ('MMU')
- The University of Manchester
- The University of Bolton
- Liverpool Hope University

9.3 MMU and The University of Bolton are Scheme Employers under the LGPS Regulations and are therefore required to admit non-teaching staff to the Scheme, whereas the other universities listed above are admission bodies.

9.4 Most, if not all of the above will have significant liabilities in the Universities Superannuation Scheme in respect of their teaching staff. The University of Manchester also operates its own defined benefit scheme and Salford University and Liverpool Hope University may also have other defined benefit pension arrangements. Most, if not all of the above will also have borrowings secured against some of their assets.

9.5 Broadly speaking the funding approach at the 2016 valuation was to treat the universities which are Scheme Employers in a similar manner to FE Colleges. The funding approach for the universities that are admission bodies targets full funding by the universities' expected date of exit (i.e. when their last active member leaves or retires). The University of Manchester has not admitted any new entrants for some time and therefore full funding is being targeted over a relatively short period.

9.6 At the 2016 valuation the total liabilities of the 5 universities was £621m (around 3.5% of GMPF's total liabilities). Funding levels ranged from 92% to 95%. Contribution rates range from 19.1% of Pensionable Salary (Liverpool Hope) to 22.9% plus around £750,000 p.a. (The University of Manchester).

10. RECOMMENDATIONS

10.1 As set out on the front of the report.

Local Government Pension Scheme (LGPS) arrangements for academies

Information pages for schools, academy trusts and pension funds

April 2017

Department for Communities and Local Government
Department for Education
Local Government Association

This document/publication is also available on our website at www.gov.uk/dclg

If you have any enquiries regarding this document/publication, complete the form at http://forms.communities.gov.uk/ or write to us at:

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LOCAL GOVERNMENT PENSION SCHEME (LGPS) ARRANGEMENTS FOR ACADEMIES – INFORMATION PAGES FOR SCHOOLS, ACADEMY TRUSTS AND PENSION FUNDS

Information pages in the series:

INFORMATION PAGE 1: Introduction and background to LGPS and academies

Introduction

This is a series of information pages on the Local Government Pension Scheme (LGPS) as it affects academies in England. These pages are intended for schools considering conversion to academy status, academy trusts (AT), multi-academy trusts (MAT) and Administering Authorities (LGPS pension funds). The pages are not exhaustive but do contain advice as to where additional information can be obtained. The contents have been discussed and agreed between the Department for Education (DfE), Department for Communities and Local Government (DCLG) (who are responsible for LGPS and the LGPS Regulations) and the Local Government Association (LGA), who represent local authorities.

This document provides general clarification only and is not to be relied upon as advice in any specific instance. Where advice is required ATs and MATs should obtain it from independent professional advisers retained by them for the purpose.

Background

The Local Government Pension Scheme (LGPS) is a funded, statutory, defined benefits pension scheme. It is one of the largest pension schemes in the UK with over five million members and over 10,000 employers. In England, the LGPS is managed by 79[1] Administering Authorities, referred to from this point as LGPS funds.

Active members of the scheme (employees) pay the rate of contributions set out in Regulation 9 of the Local Government Pension Scheme Regulations 2013, www.lgpsregs.org.

Employer contributions are set locally every three years, as part of the LGPS fund triennial valuation. These valuations are carried out by the local fund actuary, appointed by each LGPS fund. Employer contribution rates reflect a number of factors including the employer's profile and the financial position and investment strategy of the particular LGPS fund, and ensure the scheme's long-term solvency so that pensions can be paid when they fall due. They must also be set to ensure long-term cost efficiency. The fund actuary will consult employers on the likely contribution rates; this employer consultation is confined to a small window and usually occurs in the autumn before publication.

[1] There are 81 administering authorities in England. 1 is closed to new members; 1 is restricted to a sole employer.

Employer contributions are generally split into those required to meet on-going cost of benefits as a % of pay (the "primary" rate) adjusted by a "secondary" rate (in respect of any deficit associated with the employer's liabilities) to arrive at the rate the employer is required to pay.

The latest triennial valuation that commenced at 1 April 2016 set new employer contribution rates for the three-year period commencing 1 April 2017.

Copies of 2016 annual reports can be found at:
http://www.lgpsboard.org/index.php/fund-annual-reports-2016

Copies of valuation reports for 2013 can be found at:
http://www.lgpsboard.org/index.php/fund-actuarial-valuations-2013

Academies and LGPS

The Secretary of State for Education can enter into academy arrangements with organisations that:

- wish to convert from maintained school to academy status
- wish to convert from sixth form college to academy status
- are new schools (i.e. schools that do not replace a converting or closing maintained school), including Free Schools, University Technical Colleges (UTCs) and Studio Schools
- are required to convert to academy status following an inadequate Ofsted inspection

The proprietor of an academy, commonly referred to as an academy trust (AT), or a multi-academy trust (MAT), automatically becomes a scheme employer in the LGPS under the 2013 Regulations, www.lgpsregs.org. This means that all non-teaching staff employed by academy trusts on conversion or afterwards are entitled to membership of the scheme.

The appropriate LGPS fund for an AT is determined by its geographical location, www.lgpsmember.org/contactfund.php. MATs with academies located across different geographical areas will have LGPS arrangements with a number of different funds; in this case the MAT can apply to move the LGPS arrangements for all their relevant staff into one fund. (See the information page on ***Transfer into a single Fund***.)

If you have any queries regarding the information set out through this series of LGPS information pages you may contact:

LGPensions@communities.gsi.gov.uk

INFORMATION PAGE 2: Academy trusts: preparing to be an LGPS employer

Academy trusts: preparing to be an LGPS employer

Academy trusts (ATs) are Scheduled Scheme employers in the LGPS. This means that all non-teaching staff employed by an AT on conversion, and any new members of staff who are employed post-conversion, are entitled to membership of the scheme.

Employees can opt out of the LGPS, and if they do so, the AT could offer alternative pension arrangements. However, whilst employees can opt out employers cannot, nor can they offer inducements to join an alternative scheme. To do so would be a breach of the Pensions Act 2008[2]. The AT should be aware that even if staff do opt out and accept another scheme they retain the right to re-join the LGPS at any time while in the employment of the academy trust.

We recommend that the sponsor/AT contacts the local LGPS fund as early as possible in the conversion process, to determine what the responsibilities as an employer in the LGPS will be. The local authority will be able to provide contact details for the fund.

The LGPS fund's actuary will carry out an assessment to determine that school's notional allocation of assets (investments held by the LGPS fund) and liabilities (immediate and projected benefits owed to scheme members) within the scheme. The fund actuary's fees in respect of this assessment will need to be paid by the school. These fees vary across the funds. The support grant given to the school by the DfE to help with the costs of converting to academy status can be used to cover this.

The LGPS fund manager will be able to provide the school/trust with an explanation of the methodology applied in making this assessment. This should also be set out in the LGPS fund's Funding Strategy Statement, which may be available on the internet. There is no standard methodology specified in regulations, and it is therefore important that the sponsor/AT seeks to understand the method adopted by their fund.

The LGPS fund will provide the school/trust with the detail of the proposed primary employer contribution rate, and any deficit repayment arrangements. (For further detail on deficits, see the information page on ***Understanding LGPS deficits***.) The fund's actuary sets the employer's contribution rate taking into account a range of information relating to the non-teaching staff within the academy; for example, pay, length of membership in the scheme, age and gender.

The resulting employer contribution rate is usually expressed as a percentage of pay for employees who are active members in the fund to cover future service entitlements. The employer may also have to make an additional contribution towards any deficiency that exists between assets and liabilities at the time of the valuation. The

[2] A breach of the Pensions Act 2008 could lead to action by the Pensions Regulator, including fines.

deficit element of the rate may comprise of a cash sum or may be expressed as a percentage of pay. The employer contribution rate and deficit repayment contributions are re-assessed at each triennial review.

The employer contribution rate that is set will not cover events such as ill-health retirement or deaths in service. Where these occur the AT will normally have to make an additional, possibly substantial, lump-sum payment to the fund. Trusts should therefore investigate insuring against these events, whether as individual trusts or as part of a group. Trusts should discuss this issue with the fund manager and, if necessary, seek independent professional advice.

The LGPS fund must act within the law and so under the general public law the requirements it makes of its employers must be reasonable and proportionate. Best practice would include LGPS funds keeping their employers informed throughout the triennial review process, and consulting them on workable and affordable solutions if a significant change in arrangements is necessary. If an employer feels the LGPS fund is not acting reasonably and proportionately, it should, in the first instance, set out their reasoning to the LGPS fund, and seek an agreed way forward. Any complaints that cannot be dealt with in this way should be directed to the Pension Ombudsman, **www.pensions-ombudsman.org.uk**. Employers considering this course of action would be advised to seek expert legal advice before progressing the case.

Successfully participating in the LGPS

As an LGPS employer, the AT will need to provide the LGPS fund with ongoing information about eligible staff members, for example, when staff leave or new staff are appointed. Additionally, under Regulation 80 of the 2013 Regulations, www.lgpsregs.org, scheme employers must provide their LGPS fund with basic information about all their members as at 31 March each year. This information must be provided within three months, so by 30 June each year.

Trusts should ask their pension fund to specify exactly what information is required and when. Some pension funds offer specific training and/or induction packs for academies. It is also important and helpful to establish working level contacts between the academy trust and the pension fund so that queries can be addressed quickly and easily.

The LGA have issued guidance for employers, including a single format specification which covers all the information employers need to provide to fulfil legislative requirements[3]. This is a voluntary code but LGA have stated that they would expect pension funds to accept information in this format. If a multi-academy trust has employees in different funds, and the funds are asking for information in different

[3] www.lgpsregs.org/index.php/guides/payroll-guide-to-the-2014-scheme?showall=&limitstart

formats, the multi-academy trust could encourage each of the funds to adopt LGA's specification.

Using a payroll provider

Pension fund/employer relationships can become more complex when trusts sub-contract payroll provision. It is important therefore to choose a payroll provider that has a good reputation and is competent to manage and share the level of data that the pension fund needs to collect from them. Contracts with a payroll provider should be managed by a Service Level Agreement, and the academy trust should ensure that there are effective communication channels in place between the payroll provider and the pension fund.

As new schools join a MAT, the MAT may find that they inherit a variety of payroll providers working in different ways. The MAT may wish to consider whether it can take advantage of break or notice clauses in these agreements to rationalise these.

INFORMATION PAGE 3: Multi-academy trusts (MATs) and LGPS

Multi-academy trusts

Where a multi-academy trust (MAT) is in place, it is legally the scheme employer for staff in all the academies in its trust. However, it is acceptable practice for LGPS funds to treat each academy in a MAT as a separate employer, because each academy has its own staffing profile. Employer contribution rates can therefore differ between academies within the same MAT.

Some MATs may want to request that the LGPS fund treat them as a single employer for relevant staff in all its academies. The benefits for a MAT to be considered as a single employer include:

- uniform contributions and employer rates across the MAT for that particular fund
- reduced annual administration costs/burdens e.g. in identifying/allocating employee costs for individual academies
- the MAT might be considered less of a risk than an individual academy, which could impact employer contribution rates and deficit repayment arrangements.

However, the MAT should be aware that being treated as a single employer will mean a sharing of assets and liabilities across all their academies. They may therefore incur extra costs to carry out the necessary calculations to share out those assets and liabilities each time a school enters or leaves the MAT.

Another option, and perhaps simpler to maintain, is for MATs to effectively pool contributions themselves, agreeing internally how to spread the LGPS costs across individual school budgets.

MATs should also discuss their employer arrangements and the potential advantages and disadvantages of each approach with the LGPS fund.

If MATs are considering being treated as a single employer, they should discuss with their auditors the appropriate disclosures in their accounts (FRS 102).

INFORMATION PAGE 4: Transfer into a single LGPS Fund

Transfer into a single LGPS fund

Some MATs operate across geographical areas, and therefore have pension arrangements with several LGPS funds. A MAT can apply to the Secretary of State of DCLG to have all its employees moved into a single LGPS fund.

The MAT should consider any effect on their employer contribution rate following transfer. It should also weigh the benefits of any administrative savings with the cost of the actuarial assessments required to consolidate all its employees and any former employees into one fund and the potential impact on any separate employer arrangements it currently has in place (see the information page on ***Multi-academy trusts***). The MAT should discuss these implications with each of the relevant LGPS funds before making any approach to the Secretary of State of DCLG.

If, after taking all the potential implications into account, the MAT wishes to move all their employees (and any former employees) into one LGPS fund, they should submit an application for a Direction to DCLG. DCLG will carry out statutory consultation with interested parties, which usually takes at least 2 months to complete. Please contact DCLG at the email address below for details:
LGPensions@communities.gsi.gov.uk

Providing proper arrangements have been made with each LGPS fund for the transfer of liabilities, exit payments should not be required.

The DfE has provided a Departmental guarantee (see the information page on the ***Departmental guarantee***) to all LGPS administering authorities in England that in the event of the closure of an academy trust or MAT any outstanding LGPS liabilities that cannot be met by the Trust's assets will be met by the DfE and will not revert to the fund. Academies therefore present no greater risk to funds than local authorities. Arrangements for the transfer of liabilities and exit payments should not treat academies as higher risk employers.

INFORMATION PAGE 5: Pooling arrangements within LGPS

Pooling arrangements for academies within LGPS

Some LGPS funds allow or may determine that employers within their fund can pool together, to generate stability across the group. However, LGPS funds are not obliged to offer any pooling arrangement within their fund of any kind.

Pooling can be beneficial for scheme employers as they can share risk (for example, ill-health retirement payments) across the group. Variations in the cost of future benefits (the primary employer contribution rate) caused by changes in the age and pay profile of staff can also be reduced when part of a larger pool.

However, pooling also carries disadvantages as it involves cross-subsidy across the pool. This means that a decision made in one school within the pool, for example on salary awards or early retirements, may affect the contributions required of other schools within the pool, in order to ensure all liabilities across the pool can be met.

When pooling arrangements are implemented, individual assets and liabilities are no longer tracked by the fund actuary and therefore it is not readily possible to revert back to assessment/treatment as an individual employer.

If MATs are considering being treated as a single employer, they should discuss with their auditors the appropriate disclosures in their accounts (FRS 102).

Employers should contact their LGPS fund to find out if pooling arrangements are available, and whether participating in a pool would be suitable for them.

INFORMATION PAGE 6: Understanding LGPS deficits

Understanding LGPS deficits

Like many funded occupational pension schemes, the LGPS has recently been in deficit because the value of the assets held at the time of fund valuations is less than the amount assessed by the actuary to be required to meet all current and future pension payments when they fall due.

When an academy trust (AT) becomes a scheme employer under the LGPS Regulations, it takes on a responsibility to meet the liabilities for the employees (active members) at the point of conversion. The calculation to determine how assets and liabilities are allocated between the local authority (the previous scheme employer) and the academy trust on conversion is very complex, and is carried out locally by the LGPS fund's actuary. The LGPS fund manager will be able to provide the school/trust with an explanation of the methodology applied in making this assessment, which should also be set out in the LGPS fund's Funding Strategy Statement.

In all cases, liability for pre-conversion pensioner and deferred members remains with the local authority. However, the methodology used for the allocation of assets may result in the AT not inheriting a sufficient share of assets to meet the liabilities of the active members who are transferred. Where this is the case, the AT will immediately have a deficit on conversion.

Deficit recovery arrangements are set out by the LGPS fund in its Funding Strategy Statement. The contribution needed in respect of the deficit could be expressed as either a percentage of pay or a monetary amount depending on the LGPS fund's policy. The statement will determine the period over which the deficit is to be recovered and these periods can vary across and within each different LGPS fund to reflect their different circumstances and the view of funding risk taken by the fund. ATs will want to satisfy themselves that they are able to pay the employer contributions, including those associated with any deficit, as they become due.

LGPS funds have a legal duty[4] to ensure that their deficit repayment arrangements achieve their fund's solvency and long term cost efficiency. Long-term cost-efficiency implies that the rate must not be set at a level that gives rise to additional costs. For example, deferring costs to the future would be likely to result in those costs being greater overall than if they were provided for at the time. Solvency means that the rate

[4] Section 13 of the Public Service Pensions Act

should be set at such a level as to ensure that the scheme's liabilities can be met as they arise. This has particular implications for how LGPS funds address their deficit[5].

The local authority, and all other scheme employers will, if applicable, (i.e. if there is a deficit associated with their members)[6] also make payments against the deficit. The local authority's deficit repayment contributions will cover local authority maintained schools, as their scheme employer.

The Department for Education (DfE) has provided a departmental guarantee (see the information page on the ***Departmental guarantee***) to all LGPS administering authorities in England that in the event of the closure of an AT or MAT any outstanding LGPS liabilities that cannot be met by the trust's assets will be met by the DfE and will not revert to the fund. Academies therefore present no greater risk to funds than local authorities. Administering authorities should not treat academies as higher risk employers when establishing deficit repayment arrangements.

[5] It should be noted that the amount of ongoing deficit calculated every three years by the LGPS fund is neither the same nor comparable to the amount the trust is required to report on its balance sheet under current accounting standards. See www.gov.uk/guidance/academies-accounts-direction.
[6] Some employers may not have a deficit because they have already paid it off.

INFORMATION PAGE 7: LGPS arrangements when outsourcing services

LGPS arrangements when outsourcing services

If an academy trust (AT) or multi-academy trust (MAT) chooses to outsource particular services (e.g. catering or cleaning services) to another provider, and that involves transferring employment of individuals, the contracted provider must also offer access to LGPS to those employees who are transferring, under Fair Deal[7]. To do this, the AT or MAT must ensure the contractor body has Admitted Body Status, governed by an admission agreement, with the relevant LGPS fund. The agreement will apply to all transferring staff. However, the contractor is not bound to offer LGPS to new staff and therefore a 'closed' agreement restricted to transferring staff only is usual practice.

A scheme employer who is outsourcing a function is known as the "letting authority". If outsourcing, the AT or MAT should remember that if an admission agreement ends (for example, if the contract with the AT is terminated) any outstanding employer contributions required to meet pension liability obligations, may ultimately revert to them, as the letting authority. Trusts should discuss the implications of outsourcing services with their LGPS fund manager.

Where a MAT is outsourcing services, LGPS funds should not require a separate admission agreement for each individual academy if the MAT:

(i) is treated as the employer (as opposed to each individual academy within the MAT having its own LGPS arrangements);
(ii) has one contract with the Admitted Body to provide services at several of its academies; and
(iii) all those academies are located within one LGPS fund area.

If the MAT is operating in only one LGPS fund area, but with individual arrangements for each of its academies, the fund may require an individual admission agreement for each contract in relation to each academy. Separate agreements can add greatly to academy costs. A MAT may therefore wish to consider combining all agreements for the same supplier in the same fund.

Where a MAT has a contract with a contractor body that relates to employees of academies that sit in different LGPS fund areas, a separate admission agreement would be required for all affected LGPS funds.

These requirements are in order to ensure that the liability chain is clear and transparent, i.e. to know where the liability is going to fall back to when a contract ends or if the contractor body gets into financial difficulty.

7 www.gov.uk/government/publications/fair-deal-guidance

INFORMATION PAGE 8: The Departmental guarantee for academies

The Departmental guarantee for academies

The Department for Education (DfE) has provided a Departmental guarantee to all LGPS administering authorities in England that in the event of the closure of an academy trust (AT) or multi-academy trust (MAT) any outstanding LGPS liabilities that cannot be met by the trust's assets will be met by the DfE and will not revert to the fund. Academies therefore present no greater risk to funds than local authorities and should not be treated as higher risk employers. The guarantee applies also to sixth form colleges that have changed their status to become an academy.

In the guarantee the DfE commits to ensuring that where an AT or MAT closes, the closure is effectively managed. Normally the liabilities will be met from the trust's assets on closure, but the Secretary of State has the power to determine how the assets of a trust are disposed. Any remaining outstanding LGPS deficit would then be met by the DfE in full.

The Parliamentary Minute states that the DfE and HM Treasury reserve the right to withdraw the guarantee. This is a standard condition for all government guarantees where there is no specific end date; there is absolutely no expectation that the guarantee would be withdrawn. Before any withdrawal of the guarantee the DfE would consult all relevant parties and give reasonable notice to allow funds to undertake new risk assessments.

The guarantee is not time bound. The liabilities set out in the parliamentary minute have been projected over a seven-year period and the DfE will continue to project future academy numbers and assess potential liabilities on a rolling programme.

Closure of an academy trust

It is very unusual for an academy to close. If there are significant issues with an academy, a plan will be put in place by the DfE, aimed at keeping the school open, including educational, governance and financial interventions. If necessary, re-brokerage (transferring the academy from one academy trust to another) will occur and the academy will become part of another trust. (This process should trigger no requirement for immediate payment of a deficit, as the liabilities will transfer to another LGPS employer. See the information page on ***Re-brokerage***.)

Only once these interventions have been fully explored and exhausted, will closure be considered. The likely LGPS exit payment will be taken into account as part of this process, and early conversations between the AT and the pension fund are advised. In the rare case that a closure is deemed necessary, the Regional Schools Commissioner would seek approval from DfE Ministers.

In the unusual event that an academy needs to be shut, along with a deactivation of its AT (or MAT), the LGPS deficit will crystallise. Payment of the LGPS liabilities must be met, where possible, from the AT's (or MAT's) assets. If, after the trust's assets have been allocated to meet the liabilities, there is still a deficit, then a claim can be made for the remaining liabilities to be met through the guarantee, as outlined below:

- SoS agrees to closure of the academy
- The closing AT or MAT should contact the Pension Fund to inform them that they are closing, and request an exit valuation
- The Pension Fund provides the exit valuation; the AT or MAT share this with the Education and Skills Funding Agency (ESFA)[8]
- DfE carry out due-diligence on the exit valuation, and commission the Government Actuary's Department to review the reasonableness of the approach taken (further info may be requested as part of the review)
- ESFA prepare submission to DfE Minister to formally approve payment under the guarantee
- ESFA communicate approval of payment to the pension Fund, who should then send an invoice for the approved amount to ESFA
- Payment from ESFA directly to the pension Fund, by way of lump sum

Any general queries relating to payments under the guarantee should be directed to academies.questions@education.gov.uk. Queries relating to specific closures should be directed to the nominated ESFA territorial lead.

The guarantee came into force in July 2013, and as at the time of publication of these information pages in April 2017 it has been utilised in only two claims, both of which have been paid in full. In no case has the guarantee rejected or been unable to pay out for a claim.

[8] Formerly the Education Funding Agency. www.gov.uk/government/organisations/education-and-skills-funding-agency

INFORMATION PAGE 9: Academy re-brokerage and LGPS

Academy re-brokerage

When an academy transfers from one academy trust (AT) or multi-academy trust (MAT) to another (a process known as 're-brokerage'), an actuarial valuation will be required to determine the value of assets/liabilities at the time of transfer. Discussions with the LGPS fund manager should be instigated at the earliest opportunity by either the existing or new trust. The actuarial costs incurred will be met by the new trust as part of the re-brokerage process in transferring the staff between employers.

Responsibility for the liabilities will vary depending on the circumstances surrounding the re-brokerage, but, generally, will be as set out below:

When a MAT transfers one of its academies to another sponsor, but remains in business the liabilities and associated deficit for the transferring academy staff would be passed on to the new academy trust.

When a MAT is wound up, and all of its academy schools are moved to another sponsor the liabilities and associated deficit for transferring academy staff would be passed to the new academy trust. The assets of the closing academy trust would be used to meet any liabilities arising in respect of trust employees not transferring – e.g. those working in an academy trust head office. If the assets are not sufficient to meet these liabilities, then the closing MAT/LGPS fund should make a submission to DfE to enact the guarantee.

When an academy closes but the MAT continues to operate the MAT would retain responsibility for the liabilities as it would remain as an employer in the LGPS fund.

The intention is that in all cases, there should be no crystallisation of the deficit, and therefore no scheme exit payment needed, as responsibility for the liabilities will continue to be met by an LGPS scheme employer. It is possible that the employer's contribution rate could be revised depending on the administering authority's risk assessment of the new sponsor.

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Sixty second summary

"A level" understanding of academies in the LGPS

Douglas Green
Partner and LGPS Actuary

In this subject it feels we are collectively moving from basic examinations and testing, into a more rounded and in-depth "A level" understanding. This is only to be welcomed.

Heading for a win-win solution

Just as the word "academisation" was introduced to the English language within the last few years, so academy school employers have introduced their own issues into the English Local Government Pension Scheme Funds. No-one can doubt the amount of discussions with various parties, added workload for pension officers, steep learning curve for academy representatives, and required governance time with Councillors.

Much of this has arisen because the DfE, DCLG, Funds and academies have all come at the issue from different angles, with different priorities. It is therefore heartening to see the Scheme Advisory Board (SAB) try to grab the bull by the horns, and commission a report (click here) on the topic. The SAB has announced that it intends to resolve the identified issues internally within the LGPS, rather than going outside the LGPS. If internal solutions are not found to be effective, external solutions may be sought.

Overall this "crash revision" report is a comprehensive and balanced piece of work, albeit doesn't say much we didn't know already. However its main value is that it provides a third party perspective on this issue, which recognises three key principles which we've always said:

(1) There are conflicting stakeholder requirements, so some form of balance is needed…

Who pays for non-teaching staff's pensions? Everyone agrees that somebody should (it is a funded scheme after all), but Funds think academies should, academies think the Councils and/or DfE should (in part at least), and DfE seems a bit bemused about why the discussion is taking place at all.

There's clearly some history here among the various parties, which has largely arisen from the age-old problem that pensions is about the last thing to be considered, if at all, when major changes are being planned. However, that history seems to be smoothing out because…

(2) … different stakeholders' perspectives have changed over time as the academies have become embedded into the LGPS…

Once upon a time there were frequent academy complaints that they were being asked to pay much higher contributions than their ceding council. That issue has largely gone away, in our experience of advising nearly half the Funds affected, and the report agrees with that perspective.

The DfE has a better handle now on this whole issue, the Funds are generally even-handed and transparent in contribution-setting, and academies are benefitting from greater engagement with the LGPS. Overall, it seems that the stakeholders are coming out of previously entrenched positions, and are beginning to appreciate that…

(3) … a suitably balanced approach can be achieved within the LGPS, without the disadvantages of regulation or forced consolidation

There are two important points here: firstly, that a balanced solution won't give everyone everything they'd ideally want, but it will give something to everyone. In other words it's a potential "win-win", not a "zero-sum game" where there must be a loser for every winner.

Secondly, the SAB report details how different approaches can deal with many of the issues, and importantly that most of this can be done with the lightest touch approach. The LGPS has had its fill of regulations in recent years, so it's good to see a reflection that sensible solutions can be found which avoid the inevitable cost, uncertainty and delays of regulatory approaches.

What else does the report say?

It highlights:

- continuing issues due to the lack of pensions knowledge or awareness by the academies: no doubt the DfE can do more here, but this is an example of something which is less of a problem than it used to be, in our experience;
- Problems arising from academies moving between Multi Academy Trusts, and the associated operation of the DfE guarantee: the funding issues this creates could be simplified by the use of academy/MAT pools, which we are seeing more of;
- Complications caused by contracting exercises: the costs and complexity around these can be largely removed by the use of online self-service tools and/or pass-through arrangements which Funds may make available. Online tools can allow cost-effective calculations where such exercises involve only a handful of members, thus simplifying and speeding up the process;
- Academy funding can be disadvantaged if there is a high proportion of non-teaching staff and hence LGPS costs: this is a DfE issue which the LGPS itself cannot address, but it is good for Funds to be aware of.

Conclusion

It feels like everyone has moved on from the initial testing period for this complex topic. From the earliest study periods, then on to more formal examination… and we are all now entering an "A level phase" of knowledge and application: this can only be welcomed.

This also avoids the extreme action of removing the academy membership from their local LGPS fund to the considerable detriment of all parties. We know that the intention is to protect members, Funds and other employers, whilst improving efficiencies for the academies.

Our view is that there is little to be gained by trawling through the history, neither will we succeed by attempting to "win" against other stakeholders. A genuinely balanced and acceptable solution can be found, within the existing LGPS framework, if everyone pulls together on this.

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Agenda Item 5

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Report To:	**GMPF LOCAL PENSIONS BOARD**
Date:	24 July 2017
Reporting Officer:	Sandra Stewart, Director of Pensions Paddy Dowdall Assistant Director (Local Investments and Property)
Subject:	**GMPF STATEMENT OF ACCOUNTS AND ANNUAL REPORT 2016-2017**
Report Summary	The GMPF Statement of Accounts and Annual Report was submitted to GMPF Management Panel on 21 July and Board Members are asked to note the governance arrangements previously reported to the Board. It should be noted that the Auditors have given a clean bill of health and the accounts are unqualified. The Board are also asked to note specifically the Local Board Annual Report contained within the GMPF Annual Report, which summarises the activity of the Board over the past year. This can be found at pages 11 and 12.
Recommendations:	The Board is asked to note (i) The governance arrangements for approval of GMPF accounts (ii) The Audit Findings Report from Grant Thornton (iii) The Annual Report and specifically the section on the Local Board activities
Policy Implications:	None.
Financial Implications: **(Authorised by the Section 151 Officer)**	As the administering authority, Tameside MBC has important responsibilities in relation to the Greater Manchester Pension Fund. As the largest fund in the Local Government Pension Scheme, the Fund also has significant resources it deploys to meet those responsibilities. The assumptions used for valuing assets will have an impact on the value of assets reported in the accounts. In most circumstances the impact is unlikely to be material. For equities and bonds a bid basis is used that results in a more prudent outcome (compared to mid or offer prices).
Legal Implications: **(Authorised by the Solicitor to the Fund)**	The administering authority must produce an annual report and accounts in line with statutory provisions.
Risk Management:	GMPF's accounts are used to provide information to a variety of users and for a variety of purposes. The accuracy of the statements is critical in the determination of employer costs and there are clearly reputational issues relating to the validity of the accounts. The audit process provides reassurance on the integrity of the statements and mitigates against the possibility of material misstatement

ACCESS TO INFORMATION:	**NON-CONFIDENTIAL**
	This report does not contain information which warrants its consideration in the absence of the Press or members of the public.
Background Papers:	For further information please contact Paddy Dowdall, Assistant Executive Director – Local Investments and Property, tel 0161 301 7140, email paddy.dowdall@tameside.gov.uk.

1. INTRODUCTION

1.1 This report covers four sections:
- Governance Arrangements for the approval of the accounts;
- Audit Findings Report
- Simplified summary of the accounts for the year.
- Annual Report

2. GOVERNANCE ARRANGEMENTS

2.1 The Management Panel approves the GMPF accounts and formal letters required by the external auditor. It also receives external audit reports.

2.2 The key decision making bodies for the Council are the Audit Panel which receives accounting policies reports for both GMPF and the Council and the Overview (Audit) Panel which receives the report of the external auditor following the audit of the accounts. The Council retains overall responsibility for the accounts of both, and the follow-up on the audit reports received for both, but in practice delegates the responsibility for GMPF to the GMPF Management Panel.

2.3 The timetable for approval of the accounts and audit reports by these bodies for 2016/17 is outlined in the table below.

Date	Group	Stage
21 April 2017	Employer Funding Working Group	Noting of continued key assumptions and updated governance arrangements (GMPF)
30 May 2017	Audit Panel	Approval of key assumptions and noting of governance arrangements (Tameside MBC and GMPF)
21 July 2017	GMPF Management Panel	Approval of final accounts, annual report and audit report (GMPF)
31 July 2017	Overview (Audit) Panel	Approval of final accounts, annual report and audit report (GMPF and Tameside MBC)

2.4 This year, in preparation for the legal requirement from 2017/18, the pre-audit accounts of both Tameside MBC and GMPF were signed off by the S151 officer of the Council by 31 May 2017.

2.5 The review by the external auditors commenced thereafter. Grant Thornton LLP provide the external audit contract for both, but a separate team conduct the GMPF audit due to the specialist and technical demands of LGPS accounts.

2.6 The intention is to comply with the post 2017/18 arrangements a year early so the aim is for the process to be complete by 31 July 2017.

2.7 The audit process will be completed from a GMPF perspective at the 21 July Management Panel meeting (subject to Management Panel agreement), with the acceptance of the audit report and signing of the letters of assurance by management and the Chair.

3. AUDIT FINDINGS REPORT

3.1 The report from Grant Thornton is attached for information as **Appendix 1.** The report is very positive and no material issues were raised by the auditors. Their report is attached as an appendix to this report.

4. SIMPLIFIED ACCOUNTS SUMMARY

4.1 The table below shows the key financial movements during the financial year to 31 March 2017 taken from the accounts:

	£m	£m	£m
Fund Value at 31 March 2016			**17,325**
Contributions and Benefits			**(133)**
Employee contributions	139		
Employer contributions	473		
Pension benefits Paid		(726)	
Net Transfers		(19)	
Management Costs			**(30)**
Investment		(23)	
Administration		(5)	
Oversight		(2)	
Investments			**4,109**
Income	361		
Change in market value	3,748		
Total change in value of Fund			**3,946**
Fund Value 31 March 2017			**21,271**

5. ANNUAL REPORT

5.1 The annual report is attached at the link below:

http://www.gmpf.org.uk/AR/

Select the document 2017.pdf

6. GMPF LOCAL BOARD ANNUAL REPORT

6.1 The guidance for establishing and operating local pensions boards issued by the LGPS Scheme Advisory Board recommends that it is good practice for local boards to publish an annual report of their activities. As such a Local Board annual report has been included in this year's GMPF Annual Report and this can be found at pages 11 and 12.

7. RECOMMENDATIONS

7.1 To note the governance arrangements for the approval of GMPF's accounts.

7.2 To note the Audit Findings Report from Grant Thornton.

7.3 To note the GMPF Annual Report and the GMPF Local Board annual report in particular.

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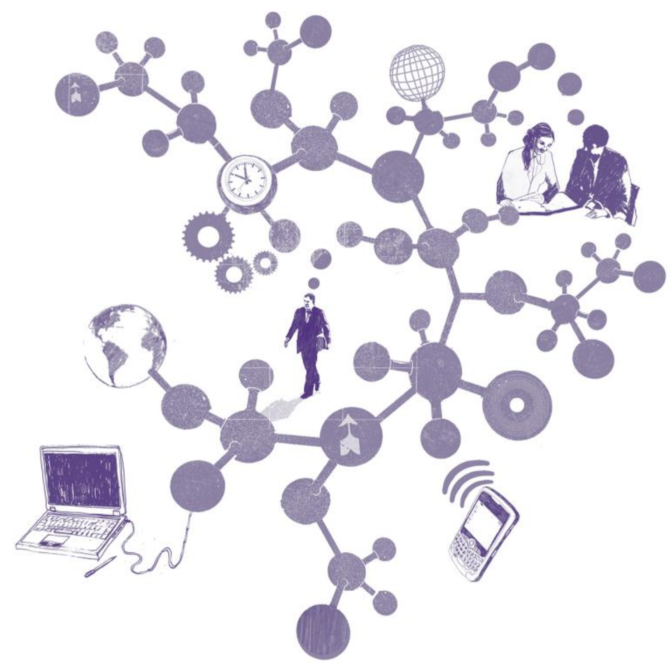
This version of the report is a draft. Its contents and subject matter remain under review and its contents may change and be expanded as part of the finalisation of the report.

Grant Thornton

The Audit Findings for Greater Manchester Pension Fund

Year ended 31 March 2017

July 2017



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July 2017

Dear Members

Audit Findings for Greater Manchester Pension Fund for the year ending 31 March 2017

This Audit Findings report highlights the key findings arising from the audit that are significant to the responsibility of those charged with governance (in the case of Greater Manchester Pension Fund, the Overview (Audit) Panel of Tameside MBC), to oversee the financial reporting process, as required by International Standard on Auditing (UK & Ireland) 260, the Local Audit and Accountability Act 2014 and the National Audit Office Code of Audit Practice. Its contents have been discussed with Management and presented to the Greater Manchester Pension Fund Management Panel.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK & Ireland) ('ISA (UK&I)'), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed primarily for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify any control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

We would like to take this opportunity to record our appreciation for the kind assistance provided by the finance team and other staff during our audit.

Yours sincerely

Mike Thomas

Engagement lead

Contents

Section 1: Executive summary

Purpose of this report

This report highlights the key issues affecting the results of Greater Manchester Pension Fund ('the Fund') and the preparation of the Fund's financial statements for the year ended 31 March 2017. It is also used to report our audit findings to management and those charged with governance in accordance with the requirements of ISA (UK&I) 260, and the Local Audit and Accountability Act 2014 ('the Act').

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion, the Fund's financial statements give a true and fair view of the financial position of the Fund.

Introduction

In the conduct of our audit we have not had to alter or change our audit approach, which we communicated to you in our Audit Plan dated 23 February 2017.

Our audit is substantially complete although we are finalising our procedures in the following areas:

- review of the final version of the financial statements
- review of the final version of the annual report
- completion of our internal review procedures
- obtaining and reviewing the management letter of representation and
- updating our post balance sheet events review, to the date of signing the opinion

We received draft financial statements on 5 June 2017 and accompanying working papers at the commencement of our work on the 12 June 2017, in accordance with the agreed timetable.

Key audit and financial reporting issues

Financial statements opinion

We have identified no adjustments affecting the Fund's reported financial position (details are recorded in section two of this report). Both the draft financial statements and the audited financial statements for the year ended 31 March 2017 recorded net assets of £21,271,060k

There were no significant issues arising from our work. The draft financial statements provided to audit were of a high quality and supported by good working papers. The finance team responded promptly and knowledgably to audit requests and queries. We have recommended a very small number of adjustments to improve disclosure and the presentation of the financial statements, further details of which can be seen within section two of this report.

We anticipate providing an unqualified opinion in respect of the Fund's financial statements.

Controls

Roles and responsibilities

The Fund's management is responsible for the identification, assessment, management and monitoring of risk, and for developing, operating and monitoring the system of internal control.

Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify any control weaknesses, we report these to the Fund.

Findings

Our work has not identified any control weaknesses which we wish to highlight for your attention.

The way forward

Matters arising from the financial statements audit of the Fund have been discussed with the Assistant Executive Director of Pensions.

Acknowledgement

We would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff during our audit.

Grant Thornton UK LLP
July 2017

Section 2: Audit findings

This section summarises the findings of the audit, we report on the final level of materiality used and the work undertaken against the risks we identified in our initial audit plan. We also conclude on the accounting policies, estimates and judgements used and highlight any weaknesses found as part of the audit in internal controls. As required by auditing standards we detail both adjusted and unadjusted misstatements to the accounts and their impact on the financial statements.

Materiality

In performing our audit, we apply the concept of materiality, following the requirements of ISA (UK&I) 320: Materiality in planning and performing an audit. The standard states that 'misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements'.

As we reported in our audit plan, we determined overall materiality to be £173,426k (being 1% of net assets from the prior year audited statements). We have considered whether this level remained appropriate during the course of the audit and recognised the increase in net assets and revised our overall materiality to £212,711k (being 1% of net assets reported in the draft financial statements at 31 March 2017).

We also set an amount below which misstatements would be clearly trivial and would not need to be accumulated or reported to those charged with governance because we would not expect that the accumulated effect of such amounts would have a material impact on the financial statements. We have defined the amount below which misstatements would be clearly trivial to be £10,636k. Our assessment of the value of clearly trivial matters has been adjusted to reflect our revised materiality calculation.

As we reported in our audit plan, we identified the following item where we decided that a separate materiality level was appropriate.

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Balance/transaction/disclosure	Explanation	Materiality level
Related party transactions	Due to public interest in these disclosures	£20,000

Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements; Judgments about materiality are made in light of surrounding circumstances, and are affected by the size or nature of a misstatement, or a combination of both; and Judgments about matters that are material to users of the financial statements are based on a consideration of the common financial information needs of users as a group. The possible effect of misstatements on specific individual users, whose needs may vary widely, is not considered. (ISA (UK&I) 320)

Audit findings against significant risks

In this section we detail our response to the significant risks of material misstatement which we identified in the Audit Plan. As we noted in our plan, there are two presumed significant risks which are applicable to all audits under auditing standards.

Risks identified in our audit plan	Work completed	Assurance gained and issues arising
The revenue cycle includes fraudulent transactions Under ISA (UK&I) 240 there is a presumed risk that revenue may be misstated due to the improper recognition of revenue.	Having considered the risk factors set out in ISA240 and the nature of the revenue streams at Greater Manchester Pension Fund, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because: • there is little incentive to manipulate revenue recognition; • opportunities to manipulate revenue recognition are very limited; and • the culture and ethical frameworks of local authorities, including the Pension Fund's administering Authority (Tameside MBC), mean that all forms of fraud are seen as unacceptable.	Our audit work has not identified any issues in respect of revenue recognition.
Management over-ride of controls Under ISA (UK&I) 240 it is presumed that the risk of management over-ride of controls is present in all entities.	In accordance with our audit plan we: • reviewed entity-level controls – including journal environment • performed a walkthrough review of journal entry processes and controls • tested a sample of journal entries to supporting documentation • reviewed accounting estimates, judgements and decisions made by management • reviewed any unusual significant transactions.	Our audit work has not identified any evidence of management over-ride of controls. In particular the findings of our review of journal controls and testing of journal controls and testing of journal entries has not identified any significant issues. We set out later in this section of the report our work and findings on key accounting estimates and judgements.

"Significant risks often relate to significant non-routine transactions and judgmental matters. Non-routine transactions are transactions that are unusual, due to either size or nature, and that therefore occur infrequently. Judgmental matters may include the development of accounting estimates for which there is significant measurement uncertainty." (ISA (UK&I) 315) . In making the review of unusual significant transactions "the auditor shall treat identified significant related party transactions outside the entity's normal course of business as giving rise to significant risks." (ISA (UK&I) 550)

Audit findings against significant risks continued

We have also identified the following significant risks of material misstatement from our understanding of the entity. We set out below the work we have completed to address these risks.

Risks identified in our audit plan	Work completed	Assurance gained and issues arising
Level 3 Investments (Valuation is incorrect) Under ISA 315 significant risks often relate to significant non-routine transactions and judgemental matters. Level 3 investments by their very nature require a significant degree of judgement to reach an appropriate valuation at year end.	In response to the risk we have: • updated our understanding of your process for valuing Level 3 investments. • performed walkthrough tests of the controls identified in the investments process. • tested a sample of indirect property investments valuations to valuation reports and/or other supporting documentation. • tested a sample of private equity investments valuations to Fund Manager valuations and/or obtained and reviewed the audited accounts at latest date for individual investments and agreed these to the fund manager reports at that date and reconciled those values to the values at 31st March with reference to known movements in the intervening period. • reviewed the qualifications of the fund managers as experts to value the level 3 investments at year end and gained an understanding of how the valuation of these investments has been reached. • reviewed the nature and basis of estimated values and consider what assurance management has over the year end valuations provided for these types of investments.	Our audit work has not identified any issues around the valuation of the Level 3 Investments reported at year end

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Audit findings against other risks

In this section we detail our response to the other risks of material misstatement which we identified in the Audit Plan.

Transaction cycle	Description of risk	Work completed	Assurance gained & issues arising
Investment Income	Investment activity not valid. Investment income not accurate. (Accuracy)	We have undertaken the following work in relation to this risk: • updated our understanding of processes and key controls for investments. • undertaken walkthrough of the key controls to assess whether those controls operated in line with our understanding. • for investments held by fund managers, reviewed reconciliation between JP Morgan, fund managers, HSBC and Pension Fund records, following up any significant variance and gain appropriate explanations/evidence for these. • for other investments (eg direct property), agreed a sample to supporting documentation.	Our audit work has not identified any significant issues in relation to the risk identified
Investment purchases and sales	Investment activity not valid. Investment valuation not correct	We have undertaken the following work in relation to this risk: • updated our understanding of processes and key controls for investments. • undertaken walkthrough of the key controls to assess whether those controls operated in line with our understanding. • for investments held by fund managers, reviewed reconciliation between JP Morgan, fund managers, HSBC and Pension Fund records, following up any significant variance and gain appropriate explanations/evidence for these. • For direct property investments rationalised income against supporting documentation for expected rental income.	Our audit work has not identified any significant issues in relation to the risk identified

"In respect of some risks, the auditor may judge that it is not possible or practicable to obtain sufficient appropriate audit evidence only from substantive procedures. Such risks may relate to the inaccurate or incomplete recording of routine and significant classes of transactions or account balances, the characteristics of which often permit highly automated processing with little or no manual intervention. In such cases, the entity's controls over such risks are relevant to the audit and the auditor shall obtain an understanding of them." (ISA (UK&I) 315)

Audit findings against other risks continued

Transaction cycle	Description of risk	Work completed	Assurance gained & issues arising
Investment values – Level 2 investments	Valuation is incorrect. (Valuation net)	We have undertaken the following work in relation to this risk: • updated our understanding of the Pension Fund's procedures for investments • performed a walkthrough test to gain assurance that the in-year controls were operating in accordance with our documented understanding. • reviewed the reconciliation of information provided by the fund managers, the custodian, the Accounting partner (HSBC) and the Pension Fund's own records and seek explanations for variances.. • for a sample of direct property investments agreed values in total to valuer's report and undertaken steps to gain reliance on the valuer as an expert.	Our audit work has not identified any significant issues in relation to the risk identified.
Contributions	Recorded contributions not correct. (Occurrence)	We have undertaken the following work in relation to this risk: • performed a walkthrough to gain assurance that the in-year controls were operating in accordance with our documented understanding. • tested a sample of contributions to source data to gain assurance over their accuracy and occurrence. • rationalised contributions received with reference to changes in member body payrolls and numbers of contributing pensioners and ensured that any unexpected trends were satisfactorily explained.	Our audit work has not identified any significant issues in relation to the risk identified.
Benefits payable	Benefits improperly computed/claims liability understated. (Completeness, accuracy and occurrence)	We have undertaken the following work in relation to this risk: • performed a walkthrough to gain assurance that the in-year controls were operating in accordance with our documented understanding. • performed controls testing over completeness, accuracy and occurrence of benefit payments. • tested a sample of pension payments, lump sums, and refunds • rationalised pensions paid with reference to changes in pensioner numbers and increases applied in the year and ensured that any unusual trends were satisfactorily explained.	

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Audit findings against other risks continued

Transaction cycle	Description of risk	Work completed	Assurance gained & issues arising
Member Data	Member data not correct. (Rights and Obligations)	We have undertaken the following work in relation to this risk: • performed a walkthrough to gain assurance that the in-year controls were operating in accordance with our documented understanding. • performed a reconciliation of member numbers. • tested a sample of changes to member data for new member, leavers and new pensioners made during the year to source documentation.	Our audit work has not identified any significant issues in relation to the risk identified.

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Accounting policies, estimates and judgements

In this section we report on our consideration of accounting policies, in particular revenue recognition policies, and key estimates and judgements made and included with the Fund's financial statements.

Accounting area	Summary of policy	Comments	Assessment
Revenue recognition	The financial statements include policies for recognition of the following: • Contributions • Investment income • Transfers in to the scheme Contributions and Investment Income are recognised on an accruals basis, whilst transfers in are recognised on a cash basis, with the exception of bulk transfers, which are accounted for on an accruals basis in accordance with the terms of the transfer agreement.	Review of your policies for revenue recognition confirms they are in line with the requirements of the CIPFA Code of Practice and cover all the expected areas in accordance with the Fund's activities. Our testing has confirmed that these policies have been correctly and consistently applied.	● Green
Judgements and estimates	Key estimates and judgements include: • Pension Fund Liability – present value of future retirement benefits • Valuation of investments - unquoted equities, infrastructure and special opportunities.	Our review of your key judgements disclosed in the draft financial statements has confirmed they are complete in accordance with our understanding of the Fund. Our testing has confirmed that the accounting policies in relation to these areas are in accordance with the CIPFA Code of Practice and have been correctly and consistently applied.	● Green
Going concern	Officers have a reasonable expectation that the services provided by the Fund will continue for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.	We have reviewed the Fund's assessment and are satisfied with management's assessment that the going concern basis is appropriate for the 2016/17 financial statements.	● Green

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Assessment

- ● Marginal accounting policy which could potentially attract attention from regulators
- ● Accounting policy appropriate but scope for improved disclosure
- ● Accounting policy appropriate and disclosures sufficient

Other communication requirements

We set out below details of other matters which we, as auditors, are required by auditing standards and the Code to communicate to those charged with governance.

	Issue	Commentary
1.	**Matters in relation to fraud**	• We have previously discussed the risk of fraud with officers and members and have not been made aware of any incidents in the period and no other issues have been identified during the course of our audit procedures.
2.	**Matters in relation to related parties**	• From the work we carried out, we have not identified any related party transactions which have not been disclosed.
3.	**Matters in relation to laws and regulations**	• You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
4.	**Written representations**	• A standard letter of representation has been requested from the Fund, which is included in the papers for the Overview (Audit) Panel.
5.	**Confirmation requests from third parties**	• We obtained direct confirmations from your fund managers, custodian and accountancy partner for investment balances and from your bank for your cash balances (outside of the cash held by your fund managers). All of these requests have been returned with positive confirmation.
6.	**Disclosures**	• Our review found no material omissions in the financial statements.
7.	**Matters on which we report by exception**	• We are required to give a separate opinion for the Pension Fund Annual Report on whether the financial statements included therein are consistent with the audited financial statements. We have not identified any issues we wish to report.

Internal controls

The purpose of an audit is to express an opinion on the financial statements.

Our audit included consideration of internal controls relevant to the preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. We considered and walked through the internal controls for Investment Purchases and Sales, Investment Valuations – Levels 2 and 3, Contributions, Benefits Payable, and Member Data as set out on pages 10 to 13 within this report.

The controls were found to be operating effectively and we have no matters to report..

Adjusted and unadjusted misstatements

We are required to report all non-trivial misstatements to those charged with governance, whether or not the financial statements have been adjusted by management. There were no adjusted or unadjusted misstatements identified as a result of our procedures.

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Misclassifications and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

	Adjustment type	Value £'000	Account balance	Impact on the financial statements
1	Disclosures	N/A	Various	Minor typographical changes to disclosure notes
2	Disclosures			

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Section 3: Fees, non-audit services and independence

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We confirm below our final fees charged for the audit and provision of audit related and non-audit services.

Fees

	Proposed fee £	Final fee £
Pension fund audit	56,341	56,341
IAS 19 fee variation	5,996	TBC
Total audit fees (excluding VAT)	**62,337**	**TBC**

The Pension Fund audit fee for the year is in line with the scale fee set by Public Sector Audit Appointments Ltd (PSAA).

The IAS 19 fee for our responsibilities in providing written assurance (on controls over information over information provided by GMPF to the actuary) to PSAA appointed auditor of admitted bodies has yet to be approved by the PSAA.

Grant Thornton UK LLP also provides audit services to:

- Matrix Homes GP and Partnership for audit fees totalling £11,000;
- Plot 5 GP and Partnership for audit fee of £12,000
- Greater London Infrastructure Limited Partnership (GLIL) for audit fee of £8,740;
- GLIL CH Ltd for audit fee of £2,500

These are separate engagements outside the remit of Public Sector Audit Appointments Limited.

Independence and ethics

- We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Auditing Practices Board's Ethical Standards and confirm that we are independent and are able to express an objective opinion on the financial statements.
- We confirm that we have implemented policies and procedures to meet the requirements of the Auditing Practices Board's Ethical Standards.
- For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Fund. The table below summarises all non-audit services which were identified.

Fees for other services

Service	Fees £
Audit related services:	**TBC**
Non-audit services (see next page)	**TBC**

Independence and non-audit services

We have considered whether non-audit services might be perceived as a threat to our independence as the Fund's auditor and have ensured that appropriate safeguards are put in place.

	Service provided to	Fees	Threat?	Safeguard
IFRS 102 services	TBC	TBC	No	Separate team
Tax compliance services	TBC	TBC	No	Separate team
Accountss prep and IXBRL tagging	TBC	TBC	No	Separate team
	TOTAL	£ TBC		

The above non-audit services are consistent with the Fund's policy on the allotment of non-audit work to your auditor

Section 4: Communication of audit matters

Communication to those charged with governance

ISA (UK&I) 260, as well as other ISAs, prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table opposite.

This document, The Audit Findings, outlines those key issues and other matters arising from the audit, which we consider should be communicated in writing rather than orally, together with an explanation as to how these have been resolved.

Respective responsibilities

The Audit Findings Report has been prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by Public Sector Audit Appointments Limited (http://www.psaa.co.uk/appointing-auditors/terms-of-appointment/)

We have been appointed as the Fund's independent external auditors by the Audit Commission, the body responsible for appointing external auditors to local public bodies in England at the time of our appointment. As external auditors, we have a broad remit covering finance and governance matters.

Our annual work programme is set in accordance with the Code of Audit Practice ('the Code') issued by the NAO (https://www.nao.org.uk/code-audit-practice/about-code/). Our work considers the Fund's key risks when reaching our conclusions under the Code.

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	✓	
Overview of the planned scope and timing of the audit. Form, timing and expected general content of communications	✓	
Views about the qualitative aspects of the entity's accounting and financial reporting practices, significant matters and issues arising during the audit and written representations that have been sought		✓
Confirmation of independence and objectivity	✓	✓
A statement that we have complied with relevant ethical requirements regarding independence, relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged Details of safeguards applied to threats to independence	✓	✓
Material weaknesses in internal control identified during the audit		✓
Identification or suspicion of fraud involving management and/or others which results in material misstatement of the financial statements		✓
Non compliance with laws and regulations		✓
Expected modifications to auditor's report, or emphasis of matter		✓
Unadjusted misstatements and material disclosure omissions		✓
Significant matters arising in connection with related parties		✓
Significant matters in relation to going concern	✓	✓

Appendices

A. Audit Opinion

A: Audit opinion

We anticipate we will provide the Fund with an unmodified audit report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TAMESIDE METROPOLITAN BOROUGH COUNCIL

We have audited the pension fund financial statements of Greater Manchester Pension Fund ("the pension fund") for the year ended 31 March 2017 under the Local Audit and Accountability Act 2014 (the "Act"). The pension fund financial statements comprise the Fund Account, the Net Assets Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

This report is made solely to the members of Tameside Metropolitan Borough Council "the Authority", as a body, in accordance with Part 5 of the Act and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Assistant Executive Director, Resources (Section 151 Officer) and auditor

As explained more fully in the Statement of Responsibilities, the Assistant Executive Director, Resources (Section 151 Officer) is responsible for the preparation of the Authority's Statement of Accounts, which includes the pension fund financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17, which give a true and fair view. Our responsibility is to audit and express an opinion on the pension fund financial statements in accordance with applicable law, the Code of Audit Practice published by the National Audit Office on behalf of the Comptroller and Auditor General (the "Code of Audit Practice") and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the pension fund financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the pension fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Assistant Executive Director, Resources (Section 151 Officer); and the overall presentation of the pension fund financial statements.

In addition, we read all the financial and non-financial information in the Authority's Statement of Accounts to identify material inconsistencies with the audited pension fund financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the pension fund financial statements

In our opinion:

- the pension fund financial statements present a true and fair view of the financial transactions of the pension fund during the year ended 31 March 2017 and of the amount and disposition at that date of the fund's assets and liabilities; and
- the pension fund financial statements have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 and applicable law.

Opinion on other matters

In our opinion, the other information published together with the audited pension fund financial statements in the Authority's Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the audited pension fund financial statements.

Mike Thomas
Director
for and on behalf of Grant Thornton UK LLP, Appointed Auditor

4 Hardman Square
Spinningfields
Manchester
M3 3EB

July 2017

B: Audit opinion on the Annual Report

We anticipate we will provide the Fund with an unmodified audit report

INDEPENDENT AUDITOR'S STATEMENT TO THE MEMBERS OF TAMESIDE METROPOLITAN BOROUGH COUNCIL ON THE PENSION FUND FINANCIAL STATEMENTS INCLUDED IN THE GREATER MANCHESTER PENSION FUND ANNUAL REPORT

The accompanying pension fund financial statements of Greater Manchester Pension Fund for the year ended 31 March 2017 which comprise the fund account, the net assets statement and the related notes are derived from the audited pension fund financial statements for the year ended 31 March 2017 included in Tameside Metropolitan Council's ('the authority')Statement of Accounts. We expressed an unmodified audit opinion on the pension fund financial statements in the Statement of Accounts in our report dated 31 July 2017

The pension fund annual report, and the pension fund financial statements, do not reflect the effects of events that occurred subsequent to the date of our report on the Statement of Accounts. Reading the pension fund financial statements is not a substitute for reading the audited Statement of Accounts of the Authority.

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 paragraph 20(5) of the Local Audit and Accountability Act 2014 and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our work has been undertaken so that we might state to the members of the Authority those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

The Assistant Executive Director, Resources (Section 151 Officer) responsibilities for the pension fund financial statements in the pension fund annual report

Under the Local Government Pension Scheme Regulations 2013 the Assistant Executive Director, Resources (Section 151 Officer) is responsible for the preparation of the pension fund financial statements, which must include the fund account, the net asset statement and supporting notes and disclosures prepared in accordance with proper practices. Proper practices for the pension fund financial statements in both the Authority Statement of Accounts and the pension fund annual report are set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

Auditor's responsibility

Our responsibility is to state to you whether the pension fund financial statements in the pension fund annual report are consistent with the pension fund financial statements in the Authority's Statement of Accounts in accordance with International Standard on Auditing 810, Engagements to Report on Summary Financial Statements.

In addition we read the other information contained in the pension fund annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the pension fund financial statements. The other information consists of the Chair's Introduction, Top 20 Equity Holdings, Investment Report, Financial Performance Report, Actuarial Statement, Scheme Administration, Funding Strategy Statement, Governance Compliance Statement, Statement of Investment Principles and Communications Policy

Opinion

In our opinion, the pension fund financial statements in the pension fund annual report derived from the audited pension fund financial statements in the Authority Statement of Accounts for the year ended 31 March 2017 are consistent, in all material respects, with those financial statements in accordance with proper practices as defined in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17and applicable law.

Mike Thomas
Director
for and on behalf of Grant Thornton UK LLP, Appointed Auditor

Grant Thornton UK LLP
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Report To:	**GMPF LOCAL PENSIONS BOARD**
Date:	24 July 2017
Reporting Officer:	Sandra Stewart, Director of Pensions Euan Miller, Assistant Director of Pensions (Funding and Business Development)
Subject:	**ASSESSMENT OF LOCAL BOARD TRAINING NEEDS**
Report Summary	Local pensions board members are required to acquire appropriate “knowledge and understanding” of pension matters, under the Pensions Act 2004. The degree of knowledge and understanding must be *“appropriate for the purposes* of enabling the individual to properly exercise the functions of a member of a local board”. Shortly after its inception, each member of the Board at that time undertook an individual assessment of their knowledge and understanding in order to identify the training needs of the Board as a whole. The results of this assessment are attached as Appendix 1 to this report. The Board are asked to consider whether and how they wish to assess their current levels of knowledge and understanding which will help form a training plan for the forthcoming year.
Recommendations:	Board members are recommended to: i) Note the knowledge and understanding requirements of their role as a Board member; ii) Consider whether and how they wish to assess their current levels of knowledge and understanding, which will help form a training plan for the forthcoming year.
Policy implications:	None.
Financial Implications: **(Authorised by the Section 151 Officer)**	None.
Legal Implications: **(Authorised by the Solicitor to the Fund)**	The responsibilities of local boards in the LGPS are set out in the Local Government Pension Scheme (Amendment) (Governance) Regulations 2015. The 2015 Governance Regulations require employer and member representatives to have the “capacity” to represent employers and members respectively. Board members are also required to acquire appropriate “knowledge and understanding” of pension matters, under the Pensions Act 2004.
Risk Management:	The purpose of the Local Board is to oversee compliance type activities and to support effective and efficient governance of the Fund. Thus its role is likely to focus on mitigating risks.

ACCESS TO INFORMATION:	**NON-CONFIDENTIAL**
	This report does not contain information which warrants its consideration in the absence of the Press or members of the public.
Background Papers:	For further information please contact Euan Miller, Assistant Executive Director – Funding and Business Development.

Telephone: 0161 301 7141

e-mail: euan.miller@tameside.gov.uk

1. INTRODUCTION

1.1 The responsibilities of local boards in the LGPS are set out in the Local Government Pension Scheme (Amendment) (Governance) Regulations 2015, which can be accessed via the link below:

http://www.legislation.gov.uk/uksi/2015/57/pdfs/uksi_20150057_en.pdf

1.2 In summary the role of the Board is to assist Tameside MBC in its role as a scheme manager of the Scheme: Such assistance is to:

(a) secure compliance with the Governance Regulations, any other legislation relating to the governance and administration of the Scheme and any requirements imposed by the Pension Regulator in relation to the Scheme and;
(b) to ensure the effective and efficient governance and administration of the Scheme.

2 REQUIREMENTS OF BOARD MEMBERS

2.1 The 2015 Governance Regulations require employer and member representatives to have the “capacity” to represent employers and members respectively. Board members are also required to acquire appropriate “knowledge and understanding” of pension matters, under the Pensions Act 2004. The degree of knowledge and understanding must be *“appropriate for the purposes* of enabling the individual to properly exercise the functions of a member of a local board”.

2.2 In general terms, Board members’ breadth of knowledge and understanding should be sufficient to allow them to understand fully and challenge information or advice they are given. Members should be able to identify and where relevant challenge any failure to comply with regulations, other legislation and the requirements of the Pensions Regulator.

2.3 The Pensions Regulator’s Code of Practice on the governance and administration of public service pension schemes came into effect on 1 April 2015. Pages 12 to 17 of this document set out the knowledge and understanding required of Board members. The code of practice can be accessed via the link below:

http://www.thepensionsregulator.gov.uk/docs/draft-code-14-governance-administration-public-service-pension-schemes.pdf

2.4 As a minimum, Board members must be conversant with:

a) The rules of the Scheme (which are set out in the LGPS regulations)
b) Any document recording policy about the administration of the Scheme.

2.5 Being conversant with these documents means having a working knowledge so that they can be used effectively by Board members when carrying out their duties.

2.6 As the LGPS is a funded scheme, documents which record policy about the administration of the Scheme will also include those related to funding and investment matters.

2.7 **Appendix 2** to this report lists the documents with which Board members should be conversant and contains links to the relevant documents.

3 ACQUIRING, REVIEWING AND UPDATING KNOWLEDGE AND UNDERSTANDING

3.1 Training is a very important part of the role of Board members and will help to ensure that they have the necessary knowledge and understanding to effectively meet their legal obligations and add value in their role. Tameside MBC officers will support Board members in acquiring the relevant training.

4 ASSESSMENT OF CURRENT LEVELS OF KNOWLEDGE AND UNDERSTANDING

4.1 Shortly after its inception, each member of the Board at that time undertook an individual assessment of their knowledge and understanding using a template provided in order to identify the training needs of the Board as a whole. The results of this self-assessment are attached as Appendix 1 to this report.

4.2 This document was designed to assess where the gaps in the Board's knowledge and understanding may lie and where particular focus should be given in the training plan. Board members were asked to score their existing level of knowledge and understanding a mark of between 1 and 5, with a score of 1 being no existing knowledge and a score of 5 being highly-skilled.

4.3 Individual Board members are not expected to be an expert in all areas, however the Board needs to target a training plan towards ensuring there is the necessary knowledge and understanding across the Board as a whole.

4.4 At the previous review, the areas where it was agreed the collective level of knowledge and understanding should be improved were:

Internal controls – including how scheme members' data is kept and how employer and employee contributions are monitored and recorded.

Resolving disputes – How disputes between members, employers and the Fund are raised, documented and resolved.

Funding and investment – including the purpose of the actuarial valuation process and how contribution rates are set, the purpose of the Fund's Statement of Investment Principles and Funding Strategy Statement and the role of the Fund's custodian.

4.5 These areas were the focus of the training programme during 2016.

4.6 The Board is asked to consider whether and how it wishes to assess its current levels of knowledge and understanding, which will help form a training plan for the forthcoming year. One potential option is for Board members to retake the self-assessment which most of the members undertook previously and for the results to be analysed at the next meeting.

5 OTHER TRAINING MATERIALS

5.1 The Pensions Regulator has developed an online learning programme specifically to help meet the needs of pension board members. The programme is broken down into 7 different modules and an individual completion of the individual modules is automatically logged. Members can register for the Pensions Regulator's Toolkit via the following link:

https://education.thepensionsregulator.gov.uk/login/index.php

5.2 Board members are invited to the two annual training days provided by the Fund's investment managers, which several of the Board members have been attending.

5.3 Board members are encouraged to attend meetings of the Management Panel as observers.

5.4 Board members will be notified of other training events which are considered appropriate. Expenses of attending external events will be reimbursed.

5.5 Trustee Training opportunities shared with panel members. Further information/details can be obtained by contacting Loretta Stowers on 0161 301 7151.

UBS Trustee Training Day **Hilton Hotel, Deansgate, Manchester**	**9 August 2017**
LGC Investment Summit **Celtic Manor, Newport**	**7-8 September 2017**
Fundamentals Training Day 1 **Park Plaza Hotel, Leeds**	**4 October 2017**
Fundamentals Training Day 2 **Park Plaza Hotel, Leeds**	**1 November 2017**
Fundamentals Training Day 3 **Park Plaza Hotel, Leeds**	**5 December 2017**
PLSA Annual Conference **Manchester Central**	**18–20 October 2017**
LAPFF Annual Conference **Highcliffe Marriott, Bournemouth**	**6-8 December 2017**

6 RECCOMENDATIONS

6.1 As set out on the front of the report.

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GMPF Local Board: Training needs analysis - Results		
It is important that the Board has the necessary level of knowledge and understanding in order to carry out their role effectively. Individual Board members are not expected to be an expert in all areas, however we need to target a training plan towards ensuring there is the necessary knowledge and understanding across the Board as a whole. This document was designed to assess where the gaps in the Board's knowledge and understanding may currently lie. **Members were asked to mark their current knowledge on a scale of 1 to 5 in each of the areas set out below, with 1 being no knowledge and 5 being highly skilled. The consolidated responses of the Local Board members are set out in the document below.**		
1 – My role, responsibilities and duties as a pension board member		
Do I know...?	1 – no knowledge 5 – highly skilled Ave	**Where to find information**
• What my role, responsibilities and duties are as a Local Board member	**1 2 3 4 5 3.25**	GMPF Local Board Terms of Reference Introduction to public service pension schemes: www.tpr.gov.uk/PS-introduction
• How to record my training	**1 2 3 4 5 3**	Knowledge and understanding duty on pension board members: www.tpr.gov.uk/PS-knowledge
• My requirements to disclose potential or actual conflicts of interest	**1 2 3 4 5 4**	'Conflicts of interest' course in the Public Service toolkit: www.pensionseducationportal.com

2 - Internal controls		
Do I have an understanding of...?	Av	**Where to find information**
• The internal controls the Fund operates • How scheme members' data is kept • How employer and employee contributions are monitored and recorded	**1 2 3 4 5 3** **1 2 3 4 5 2.5** **1 2 3 4 5 2.75**	'Managing risk and internal controls' course in the Public Service toolkit: www.pensionseducationportal.com GMPF's Annual Report and Accounts: http://www.gmpf.org.uk/publications/annualreport.htm 'Maintaining accurate member data' course in the Public Service toolkit: www.pensionseducationportal.com GMPF's Pension Administration Strategy: http://www.gmpf.org.uk/documents/policies/administrationstrategy.pdf 'Maintaining member contributions' course in the Public Service toolkit: www.pensionseducationportal.com
3 – Communication with members		
Do I know...?		**Where to find information**
• What information must be provided to members about the administration of the scheme and their benefits • How information is provided to members	**1 2 3 4 5 3** **1 2 3 4 5 3**	'Providing information to members and others' course in the Public Service toolkit: www.pensionseducationportal.com GMPF's Communication Policy: http://www.gmpf.org.uk/documents/policies/communications.pdf

4 – Resolving disputes		
Do I know...?	**Av**	**Where to find information**
• How disputes between members, employers and the Fund are raised, documented and resolved	**1 2 3 4 5 2.75**	'Resolving internal disputes' course in the Public Service toolkit: www.pensionseducationportal.com 'How to Complain' section of GMPF Website: http://www.gmpf.org.uk/complaints.htm
5 – Reporting breaches of the law		
Do I know...?		**Where to find information**
• How to identify and assess potential breaches of the law	**1 2 3 4 5 3**	'Reporting breaches of the law' course in the Public Service toolkit: www.pensionseducationportal.com
• How breaches of the law likely to be of material significance to the regulator are reported	**1 2 3 4 5 3**	
• What my responsibility is to report breaches and who else is under a duty to report breaches	**1 2 3 4 5 3.25**	

6 - Background and Understanding of the Legislative Framework of the LGPS		
Do I have a high level understanding of...?	**Av**	**Where to find information**
• The main differences between the LGPS, the other public service pension schemes and private sector trust-based schemes	1 2 3 4 5 **3.25**	
• The recommendations of the Hutton Review and the key provisions of the Public Service Pensions Act 2013	1 2 3 4 5 **2.5**	DCLG Discussion Paper on New Governance Arrangements: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/208064/LGPS_Governance_discussion_paper_15pg.pdf
• The structure of the LGPS and the main bodies involved including DCLG, administering authorities, the Scheme Advisory Board, local pension boards and LGPS employers	1 2 3 4 5 **3.75**	LGPS Advisory Board Website: http://www.lgpsboard.org/index.php/about-the-board
• Local authority law and how administering authorities are constituted and operate	1 2 3 4 5 **3.25**	Tameside MBC Website: http://www.tameside.gov.uk/democracy?corporategovernance
• LGPS Regulations (including Investment Regulations)	1 2 3 4 5 **2.5**	LGPS Regulations Website http://www.lgpsregs.org/
7 - Role and responsibilities of the administering authority		
Do I have a high level understanding of...?		**Where to find information**
• GMPF's governance structure and how decisions are made	1 2 3 4 5 **3.25**	GMPF's Governance Policy Statement: http://www.gmpf.org.uk/documents/policies/governance.pdf
• The criteria for employers and members to be admitted to the Fund	1 2 3 4 5 **3.5**	GMPF's policy on employer admissions: http://www.gmpf.org.uk/documents/policies/employeradmissions.pdf

• How benefits are administered and paid	1 2 3 4 5 3.5	GMPF's Pension Administration Strategy: http://www.gmpf.org.uk/documents/policies/administrationstrategy.pdf
• Decisions and discretions relating to member benefits	1 2 3 4 5 3	List of administering authority discretions: http://www.gmpf.org.uk/documents/policies/discretions.pdf
8 - Funding and investment		
Do I have a high level understanding of...?		**Where to find information**
• The purpose of the actuarial valuation process and how contribution rates are set	1 2 3 4 5 2.5	GMPF's Funding Strategy Statement: http://www.gmpf.org.uk/documents/policies/fundingstrategy.pdf
• How the Fund's assets are invested and the range of investment options available	1 2 3 4 5 3	GMPF's Statement Of Investment Principles: http://www.gmpf.org.uk/documents/policies/investmentsprinciples.pdf
• The purpose of the Fund's Statement of Investment Principles and Funding Strategy Statement	1 2 3 4 5 2	GMPF's Annual Report and Accounts: http://www.gmpf.org.uk/publications/annualreport.htm
• The Role of the custodian	1 2 3 4 5 2.5	
9 - Role and responsibilities of Scheme Employers		
Do I have a high level understanding of...?		**Where to find information**
• The different types of employers participating in the Fund (designating bodies, admitted bodies etc…)	1 2 3 4 5 3.25	GMPF's Guide for Prospective Employers: http://www.gmpf.org.uk/documents/employer/prospective.pdf
• How contributions are deducted and paid	1 2 3 4 5 3.75	GMPF's Pensions Administration Strategy:

• The role of the employers in the administration of the Fund • Relevant employment law, (such as TUPE, Fair Deal etc.) and the impact of changes in service delivery on the Fund	**1 2 3 4 5 3** **1 2 3 4 5 3.25**	http://www.gmpf.org.uk/documents/policies/administrationstrategy.pdf Best Value Authorities Staff Transfer (Pensions) Direction 2007 http://webarchive.nationalarchives.gov.uk/20120919132719/www.communities.gov.uk/documents/localgovernment/pdf/pensions-direction-2007.pdf
10 - Key bodies connected to the LGPS		
Do I understand the role of….?		**Where to find information**
The Pensions Regulator, The Pensions Ombudsman, The Pensions Advisory Service, The Local Government Association, CIPFA, NAPF	**1 2 3 4 5 3.5**	http://www.thepensionsregulator.gov.uk/about-us.aspx https://www.pensions-ombudsman.org.uk/about-us/ http://www.pensionsadvisoryservice.org.uk/about-us http://www.local.gov.uk/ http://www.cipfa.org/services/networks/pensions-network http://www.napf.co.uk/

APPENDIX 2

GMPF Local Board – Key documents relating to the administration of Greater Manchester Pension Fund as at July 2017

Local Government Pension Scheme (LGPS) Regulations

The LGPS Regulations 2013

http://www.legislation.gov.uk/uksi/2013/2356/contents/made

The LGPS (Administration) Regulations 2008

http://www.legislation.gov.uk/uksi/2008/239/contents/made

LGPS Governance Regulations 2015

http://www.legislation.gov.uk/uksi/2015/57/pdfs/uksi_20150057_en.pdf

The LGPS (Offender Management) (Amendment) Regulations 2014

http://www.legislation.gov.uk/uksi/2014/1146/resources

Key GMPF Documents

2016 Report and Accounts

http://www.gmpf.org.uk/documents/annualreport/2016.pdf

Appendices to the Report and Accounts

Funding Strategy Statement

http://www.gmpf.org.uk/documents/policies/fundingstrategy.pdf

Governance Policy Statement & Governance Compliance Statement

http://www.gmpf.org.uk/documents/policies/governance.pdf

Core Belief Statement

http://www.gmpf.org.uk/documents/policies/corebeliefs.pdf

Statement of Investment Principles

http://www.gmpf.org.uk/documents/policies/investmentsprinciples.pdf

Communications Policy

http://www.gmpf.org.uk/documents/policies/communications.pdf

Pension Administration Strategy

http://www.gmpf.org.uk/documents/policies/administrationstrategy.pdf

2016 Actuarial Valuation Report

http://www.gmpf.org.uk/documents/policies/actuarialvaluation/2016.pdf

Procedure for reporting breaches of the law to the Pensions Regulator

http://www.gmpf.org.uk/documents/policies/breaches.pdf

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