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GREATER MANCHESTER PENSION FUND - LOCAL PENSIONS BOARD

Day: Thursday

Date: 14 December 2017

Time: 3.00 pm

Place: Guardsman Tony Downes House, Manchester Road,

Droylsden, M43 6SF

	•	
Item No.	AGENDA	Page No
1.	APOLOGIES FOR ABSENCE	
2.	DECLARATIONS OF INTEREST	
	To receive any declarations of interest from Members of the Board.	
3.	MINUTES	1 - 6
	The Minutes of the meeting of the Local Pensions Board held on 24 July 2017 to be approved as a correct record.	
4.	UPDATE FROM GMPF MANAGEMENT PANEL	7 - 14
	Report of the Assistant Director of Pensions, Funding and Business Development, attached.	
5.	LGPS POOLING UPDATE	15 - 42
	Papert of the Assistant Director Funding and Pusiness Development	

Report of the Assistant Director, Funding and Business Development, attached.

6. LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) 1985 - EXEMPT ITEMS

The Proper Officer is of the opinion that during the consideration of the items set out below, the meeting is not likely to be open to the press and public and therefore the reports are excluded in accordance with the provisions of the Schedule 12A to the Local Government Act 1972.

Item	Paragraphs	Justification
7 & 8	3&10, 3&10	Disclosure would, or would be likely to prejudice the
		commercial interests of the Fund and/or its agents which could in turn affect the interests of the beneficiaries and/or tax payers.

7. FINANCING ARRANGEMENTS FOR GUARDSMAN TONY DOWNES 43 - 54 HOUSE

Report of the Assistant Director, Local Investment and Property, attached.

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		
8.	FIRST BUS CONSOLIDATION	55 - 74	
	Report of the Assistant Director of Pensions, Funding and Business Development, attached.		
9.	ADMINISTRATION BUSINESS AND PROJECT PLANS	75 - 88	
	Report of the Pensions Policy Manager, attached.		
10.	GUARANTEED MINIMUM PENSION RECONCILIATION	89 - 116	
	Report of the Pensions Policy Manager attached.		
11.	RISK MANAGEMENT AND AUDIT SERVICES 2017/18	117 - 126	
	Report of the Head of Risk Management and Audit Services attached.		

12. 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, 0161 342 3050 or Carolyn.eaton@tameside.gov.uk, to whom any apologies for absence should be notified.

GREATER MANCHESTER PENSION FUND

LOCAL PENSIONS BOARD

24 July 2017

Commenced: 2.00pm Terminated: 3.55pm

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
Mark Rayner Employee Representative

Apologies Chris Goodwin and Jayne Hammond

for absence:

1. DECLARATIONS OF INTEREST

In noting that reports and minutes of Local Board meetings were submitted for information only and that no decisions were made, Board members declared their interests as follows, for transparency:

Member	Subject Matter	Type of Interest	Nature of Interest
Richard Paver	Agenda Item 4	Personal	Chair of a Multi-Academy Trust in
			Manchester and a member of the
			Finance Committee at MMU
Mark Rayner	Agenda Item 4	Personal	Spouse of Shadow Secretary of
			State for Education

2. MINUTES

The Minutes of the meeting of the Local Pensions Board held on 30 March 2017, having been circulated, were signed by the Chair as a correct record.

Mr Paver made reference to Minute 37, Internal Audit Visits to Contributing Bodies – Outcomes and Learning, and the most appropriate way forward to address issues found at the visits, to ensure the correct contributions were being sent to the Pension Fund.

The Director of Pensions assured Board Members that the Pensions Administration Team would continue to work with Internal Audit to identify 'themes' and agreed that a more systematic approach was required. She added that the Greater Manchester Authorities were giving consideration to designating a shared resource to work specifically with GMPF.

3. EDUCATION SECTOR EMPLOYERS

Consideration was given to a report of the Assistant Director of Pensions, Funding and Business Development, which explained that, over recent years, changes in the education sector had

increased administrative complexity for Local Government Pension Scheme (LGPS) Administering Authorities and increased resource requirements.

The report provided 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 interacted with LGPS Administering Authorities. The report also provided an overview of Greater Manchester Pension Fund's current administration and funding arrangements in relation to education sector employers.

Discussion ensued with regard to the above and in particular, the difficulties arising from the outsourcing of contracts by schools and Academies and the impact this has on the Pensions Administration team in respect of the quality of data received.

RESOLVED

That the content of the report be noted.

4. SUMMARY OF GMPF DECISION MAKING

The Assistant Director of Pensions, Funding and Business Development, submitted a report summarising the decisions made by the GMPF Management Panel at its meeting on 21 July 2017 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 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 five 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 since the last meeting of the Local Board, were set out in the report.

Members sought further information in respect of the Employer Funding Viability Working Group and the review of escalation procedures for employer related debt.

The Assistant Director explained that this would be discussed further at the next meeting of the Working Group on Friday 28 July 2017.

RESOLVED

That the content of the report be noted.

5. GMPF STATEMENT OF ACCOUNTS AND ANNUAL REPORT 2016-17

A report of the Assistant Director of Pensions, Local Investments and Property, was submitted explaining that the GMPF Statement of Accounts and Annual Report had been submitted to the GMPF Management Panel on 21 July 2017.

The report provided details of the governance arrangements for approval of GMPF accounts and a simplified accounts summary.

A copy of the Audit Findings report was appended to the report and a link was also provided to the Annual Report, as published on the GMPF website. It was noted that the Auditors had given a clean bill of health and the accounts were unqualified.

Members were also asked to note the Local Board Annual Report contained within the GMPF Annual Report, which summarised the activity of the Board over the past year.

RESOLVED

- (i) That the governance arrangement for approval of GMPF accounts be noted;
- (ii) That the Audit Findings Report from Grant Thornton be noted; and
- (iii) That the Annual Report and specifically the section on Local Board activities, be noted.

6. ASSESSMENT OF LOCAL BOARD TRAINING NEEDS

Consideration was given to a report of the Assistant Director of Pensions, Funding and Business Development, which explained that the 2015 Governance Regulations required employer and Member representatives to have the 'capacity' to represent employers and Members respectively. Board members were 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'.

Shortly after its inception, each member of the Board 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 the assessment were appended to the report.

The agreed areas for improvement of collective knowledge and understanding were identified as follows:-

- Internal Controls;
- Resolving disputes; and
- Funding and Investment.

These areas were the focus of the training programme during 2016. Details of forthcoming Trustee training opportunities were also detailed.

Board members were further informed that the Pensions Regulator had developed an online learning programme specifically to help meet the needs of Pension Board members. The programme was broken down into 7 different modules and an individual completion of the individual models was automatically logged. A link for the Pension's Regulator's Toolkit was provided.

Discussion ensued with regard to training needs.

RESOLVED

That all Board members sign up for the Pension's Regulator's Toolkit and complete the learning programme, in order to define training needs going forward.

7. MANAGER MONITORING REGIME INCLUDING MONITORING ESCALATION

A report was submitted by the Assistant Director of Pensions, Investments, explaining that, in 2016, the Fund's approach to Manager Monitoring, and the Management Information that was presented to the Panel, was identified as areas for review and enhancement.

Members were informed that the broad intention of the review were threefold. Firstly, to update the arrangements for Securities Manager attendance at meetings of the Panel and its Working Groups. Secondly, to develop a codified and more structured Securities Manager Monitoring Escalation Protocol. Thirdly, to enhance the Management Information presented to Panel, through the use of a 'dashboard' approach.

At the September 2016 meeting of the Management Panel, the Panel accepted the recommendations made regarding the changes to the arrangements for Securities Manager attendance at Panels and Working Groups and the Monitoring Escalation Protocol.

The report set out the basis upon which Securities Managers would attend future Panels and Working Groups and summarised the results from the Monitoring Escalation Protocol as at 31 March 2017.

It was noted that the Fund's approach to Manager Monitoring and Management Information may need to change over the next 12 – 18 months in light of developments in relation to pooling and experience of any revised arrangements implemented.

RECOMMENDED

That the content of the report be noted.

8. RISK MANAGEMENT AND AUDIT SERVICES - ANNUAL REPORT 2016/17

The Head of Risk Management and Audit Services submitted a report summarising the work performed by the Service Unit and provided assurances as to the adequacy of the Pension Fund's systems of internal control.

Key achievements of the service provided to the Pension Fund for 2016/17 were detailed.

The full year position of the audit plan was appended to the report. Actual days spent as at 31 March 2017 were 267.91 which equated to 93% and 89% of planned audits were completed in those days.

It was reported that audits were undertaken on a number of the financial systems used by the Pension Fund. Where issues were identified as part of the systems audit work, action plans were agreed with management and where not already done, these would be followed up in due course:-

- Pensions Benefits Payable; and
- Debtors.

Details were also given of post audit reviews carried out and it was reported that assurance had been given that systems were now operating more effectively and that where recommendations made had not yet been implemented, Internal Audit was satisfied with the reasons put forward to management.

With regard to anti-fraud work and irregularity investigations, Board members were informed that there had been no fraud cases notified to the Internal Audit team during the year, in relation to the Pension Fund.

In respect of the National Fraud Initiative, it was reported that work was ongoing in relation to the NFI 2016 Data Matching Exercise, which became available from January/February 2017. Updates would be provided to future meetings of the Local Board as the investigations were progressed.

With regard to Information Governance, a number of the Information Governance Framework documents were refreshed during the year and presented to the Tameside Audit Panel in November 2016 for approval.

Progress was delayed in terms of reviewing the risk management and business continuity processes for the Council as the Risk and Insurance Manager, who transferred to Greater Manchester Connect on secondment in October 2015 had his secondment extended and the Risk and Insurance Officer was on Maternity Leave from November 2016. This would be carried forward as a high priority for 2017/18.

Key Performance Indicators for 2016/17 applicable to the Pension Fund were detailed in the report and it was reported that performance indicators had been achieved.

The report concluded that, overall, the Head of Risk Management and Audit provided reasonable assurance that arrangements to secure governance, risk management and internal control, within those areas reviewed, were suitably designed and applied effectively.

RESOLVED

That the content of the report and the performance of the Service Unit during 2016/17, be noted.

9. ANNUAL GOVERNANCE REPORT 2016/17

The Head of Risk Management and Audit Services submitted a report which presented the Annual Governance Statement for 2016/17 to the Board, for information.

RESOLVED

That the Annual Governance Statement for 2016/17 be noted.

10. RISK MANAGEMENT AND AUDIT SERVICES PLANNED WORK 2017/18

A report was submitted by the Head of Risk Management and Audit Services presenting the planned work for the Risk Management and Audit Service for 2017/18.

RESOLVED

- (i) That the Internal Audit Plan for 2017/18 be noted;
- (ii) That the Internal Audit Strategy for 2017/18 be noted;
- (iii) That the Internal Audit Charter for 2017/18 be noted; and
- (iv) That the Quality Assurance and Improvement Programme for 2017/18 be noted.

11. RISK MANAGEMENT AND AUDIT SERVICES 2017/2018

Consideration was given to a report of the Head of Risk Management and Audit Services summarising the work of the work of the Risk Management and Audit Service for the 13 weeks to 30 June 2017.

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

- Debtors:
- Application Review of the Altair system;
- Review of the Management of Assets by LaSalle investment Management; and

• Pension Benefits Payable.

Draft reports were also issued as follows:

- Review of Fund Manager Investec; and
- Advance Contributions Scheme.

Details were also given of audits in progress as follows:

- Visits to Contributing Bodies National Probation Service;
- VAT;
- GM Property Venture Fund Review of First Street Development;
- Transfer of Assets to Stone Harbor;
- Private Equity;
- Transfer of First Bus to GMPF; and
- National Fraud Initiative (NFI)

RESOLVED

That the content of the report be noted.

12. DATE OF NEXT MEETING

The Director of Pensions explained that, due to the scheduling of the Stakeholder event, which was to take place on 19 October 2017, the next meeting of the Local Board would be re-arranged and Members would be notified of the new date in due course.

CHAIR

Agenda Item 4

Report To: GMPF LOCAL PENSIONS BOARD

Date: 14 December 2017

Reporting Officer: Sandra Stewart, Director of Pensions

Euan Miller Assistant Director of Pensions (Funding and

Business Development)

Subject: SUMMARY OF GMPF DECISION MAKING

Report Summary: A key focus of local pensions boards is to consider the decision

making processes of their administering authority.

This report summarises the decisions made by the GMPF Management Panel at its September and November meetings. Many of these decisions were approving recommendations made by the various Working Groups. Most of the working groups have met twice over the period since the most recent

local board meeting.

Recommendations: To note the report and provide comments on how this report can

be further adapted to better meet the objectives of the Board.

Financial Implications:

(Authorised by the Section 151

Officer)

The primary responsibilities of the administering authority include delivering the returns needed to pay scheme members' pensions, and to protect local taxpayers and employers from

high pension costs.

Legal Implications:

(Authorised by the Solicitor to

the Fund)

The LGPS Regulations specify Tameside MBC as the administering authority for Greater Manchester. Tameside MBC delegates its decision making in respect of GMPF to the Management Panel, which permits the Director of Pensions to

implement its strategy via delegated powers.

Risk Management One of the key objectives of GMPF's governance framework is

to minimise risk.

Access to Information: CONFIDENTIAL

Not for publication: This report contains exempt information relating to paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended). On balance, under paragraph 10 of Part 2 of Schedule 12A, it would not be in the public interest to disclose this information to the public because disclosure would, or would be likely to, prejudice the commercial interests of the Fund and/or its agents which, in turn, could impact upon the interests of the local taxpayer

and/or the beneficiaries of the Fund.

Background Papers: For any further information please contact Euan Miller, Assistant

Executive Director of Pensions (Funding and Business Development) email: euan.miller@tameside.gov.uk or tel 0161

301 7141.

1. INTRODUCTION

- 1.1 As discussed at previous Board meetings, a key focus of local pensions boards is to consider the decision making processes of their administering authority.
- 1.2 At previous Board meetings a report was presented setting out the recommendations made by the GMPF working groups and decisions made by the GMPF Management Panel during the previous quarter.
- 1.3 This report provides a summary of the recommendations made by the GMPF Working Groups over the period since the previous Local Board meeting.
- 1.4 A summary of the GMPF governance structure is provided in section 2 below for ease of reference.

2. GMPF GOVERNANCE STRUCTURE

2.1 The Governance structure of GMPF is set out in the Governance Policy Statement which can be accessed via the link below:

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

- 2.2 In summary Tameside MBC delegates its decision making in respect of GMPF to the Management Panel which in turn permits the Director of Pensions to implement its strategy via delegated powers. So far in determining these delegations the Director has put in place an Investment Committee to advise her in respect of all investment decision, which consists of all officers who undertake investment presenting to the Senior Management Investment team. The investment committee meets monthly and all decisions are recorded in minutes and executive decisions which are available to all members of the management committee and the Board on modern.gov. Additionally there is a Death Grant Board to deal with procedure and cases. This has met twice so far and is still developing.
- 2.3 The Pension Fund Advisory Panel works closely with the Management Panel, and advises them in all areas. Each local authority is represented on the Advisory Panel, and there are six employee representatives nominated by the North West TUC.
- 2.4 External advisors assist the Advisory Panel, in particular regarding investment related issues. A key element is helping it to question the Fund's investment managers on their activities.
- 2.5 GMPF also has six permanent working groups, which consider particular areas of its activities and make recommendations to the Management Panel. These working groups cover:
 - Alternative Investments
 - Policy & Development
 - Employer Funding & Viability matters
 - Investment Monitoring and Environmental, Social and Governance (ESG) issues
 - Pensions Administration
 - Property
- 2.6 The Panels and working groups typically meet quarterly. The recommendations of each of the working groups from their meetings that took place between the July 2017 Panel meeting and November 2017 are set out in sections 3 to 8 below.

3. PENSIONS ADMINISTRATION WORKING GROUP

- 3.1 At its 14 July 2017 meeting, this working group considered the following reports:
 - An update on the activities of Aquila Heywood, the provider of GMPF's administration systems
 - Communication activities undertaken with employers and members
 - A progress report on the administration aspects of the First Bus transfer
 - An LGPS regulatory and legislative update
 - Business and project plans of the Pensions Administration Section
 - A progress report on the reconciliation of Guaranteed Minimum Pensions information held by HMRC against data held by GMPF
 - An internal audit update in relation to access to the GMPF administration system and controls on the processing of pension benefits
 - An update on the review of procedures for determining the beneficiaries of death grants
 - An update on national initiatives to improve how academy schools interact with LGPS administering authorities and an overview of the Fund's current administration arrangements in relation to academy schools
- 3.2 No recommendations were made by the group. It was agreed that update reports on the progress of the project for the First Bus transfer be brought to future meetings.
- 3.3 At its 13 October 2017 meeting, this working group considered the following reports:
 - Business and project plans of the Pensions Administration Section
 - Communication activities undertaken with employers and members
 - A progress report on the administration aspects of the First Bus transfer
 - A progress report on the reconciliation of Guaranteed Minimum Pensions information held by HMRC against data held by GMPF
 - An LGPS regulatory and legislative update
 - The Pensions Regulator's 21st century trusteeship campaign and the work currently being undertaken by GMPF to review compliance with The Pensions Regulator's Code of Practice 14.
 - A summary of the membership of the GMPF Additional Voluntary Contributions ('AVC') scheme and the investment performance of the AVC funds.
- 3.4 No recommendations were made by the group.

4. INVESTMENT MONITORING AND ESG WORKING GROUP

- 4.1 At its 14 July 2017 meeting the working group welcomed UBS who presented on their corporate governance activity over the past 12 months. The role of Sustainable Investing at UBS Investment Management was outlined to the Group.
- 4.2 The group also received a report on UBS trading costs.
- 4.3 PIRC Ltd, GMPF's corporate governance advisors provided its regular update and it was recommended that a further report be sent to the GMPF Management Panel proposing a strategy and timescales for the Fund to achieve the highest standards. The working group also received reports for noting on underwriting, stocklending and commission recapture.
- 4.4 There was an update on active participation in shareholder class actions and it was **recommended:**

- (i) That the Fund appoints the specialist law firm Labaton Sucharow to provide portfolio monitoring services in relation to shareholder litigation to replace the current appointment of SRKW; and
- (ii) That where time permits, decisions as to whether to take an active role in litigation be brought to the Investment Monitoring and ESG Working Group, and/or Panel, and in exceptional circumstances, such decisions be at the discretion of the Executive Director of Pensions, in her capacity as Solicitor to the Fund, who has delegated authority to bring proceedings or to authorise the same, in consultation with the Chair of the Fund.
- 4.5 At its 13 October 2017 meeting the working group received a presentation from Investec in respect of activity in their mandate for the period to 30 June 2017.
- 4.6 The group also welcomed Capital International who attended the meeting to report on corporate governance activity (non-UK) for the past 12 months.
- 4.7 A report summarising proposed changes to the Investment Strategy Statement was submitted. The following changes had been made to the draft document, which was appended to the report:-
 - 1. The appointment of Stone Harbor as mulit-asset credit manager
 - 2. Additional wording around GMPF's polices on climate change.
 - 3. The adoption of PIRC's voting guidelines and the delegation of proxy voting rights to PIRC.
 - 4. An update to the appendix (table of limits on investments).

A public consultation on the draft statement would take place and a final version would be sent for adoption at a subsequent meeting of the Management Panel. The Working Group endorsed the proposed approach and draft Investment Strategy Statement.

- 4.8 The following reports were also received:
 - · Capital International report on trading costs
 - Review of Investment Strategy statement.
 - Comments from PIRC regarding the forthcoming Stakeholder Event on 19 October being held at Gorton Monastery
 - United Nations principles for responsible investment reporting framework
 - Stocklending, commission recapture and underwriting
 - Shareholder class action update
- 4.9 The group received its regular update from PIRC Ltd, GMPF's corporate governance advisor.

5. ALTERNATIVE INVESTMENTS WORKING GROUP

- 5.1 At its 20 July 2017 meeting this working group considered reports on the performance of the infrastructure funds and private equity portfolios.
- 5.2 The working group welcomed Permira who attended the meeting to present a report on their investment activities and those of the private equity industry generally. It was reported that GMPF had been an investor with Permira for over 30 years and had committed a total of £51 million to two funds raised by the firm in 2014 and 2016.
- 5.3 The working group considered a report on the Special Opportunities portfolio which was seeking a recommendation for approval of an investment type. It was reported that the 2017/18 Investment Strategy report suggested that Factor Based Investing could be an appropriate investment for the Special Opportunities Portfolio given that it would offer a

means to achieve the key twin aims of both increasing diversification and achieving enhanced long term returns for the Fund. All four advisors to the Fund were supportive of the Factor Based investment for the Fund's Special Opportunities Portfolio.

It was recommended that:

- (i) The support of a minimum of three of the four Advisors would constitute 'Advisor support' for any new type of investment for the Fund's 'Special Opportunities Portfolio'; and
- (ii) Approval be given for a new type of investment for the Fund's 'Special Opportunities Portfolio' (Factor Based Investing), with an investment size of between 0.5% and 1% of Main Fund.
- 5.4 At the meeting on 20 October 2017 Capital Dynamics Ltd attended to present the half yearly report of Greater Manchester Pension Fund's (GMPF) Private Equity portfolio for the period ending 30 June 2017. The half yearly review of Greater Manchester Pension Fund's (GMPF) Infrastructure Portfolio and Special Opportunities Portfolio for the period ending 30 June 2017 was also presented.
- 5.5 Advent International Advent attended the meeting to present an overview of the firm's investment activities and of private equity generally.
- 5.6 No recommendations were made by the Group at this meeting.

6. PROPERTY WORKING GROUP

- 6.1 At its 28 July 2017 meeting the working group considered the following reports:
 - Management Summary (an overview of property investments and commentary on issues and matters of interest arising over the last quarter)
 - Property related aged debt (as at 19 June 2017)
- 6.2 The working group also received presentations from GVA and La Salle Investment Management, the managers of the GMPF Main Property Fund and GMPVF respectively on the guarterly performance and activity in their portfolios.
- 6.3 There were no recommendations made by the working group at this meeting.
- 6.4 At its 28 October 2017 meeting the working group considered the following reports:
 - Management Summary (an overview of property investments and commentary on issues and matters of interest arising over the last quarter). It was reported that the team were scheduled to undertake a review of indirect investments and would work with the Fund's pooling partners with a view to adopting a medium term approach.

It was agreed that a report on the results of the review into indirect investments be brought to a future meeting of the Working Group.

- Property aged debt.
- 6.5 The working group also received presentations from GVA and La Salle Investment Management, the managers of the GMPF Main Property Fund and GMPVF respectively on the quarterly performance and activity in their portfolios.

7. EMPLOYER FUNDING AND VIABILITY WORKING GROUP

7.1 At its 28 July 2017 meeting the working group considered the following reports:

- GMPF aged debt (as at 19 June 2017)
- Bus Services Act and its potential impact on GMPF employers
- GMPF Administration expenditure monitoring statement for the 2 months to May 2017
- Employers' accounting for Pension Costs under IAS/FRS
- Current issues impacting education sector employers
- 7.2 There were no recommendations made by the working group at this meeting.
- 7.3 At its 28 October 2017 meeting the working group considered the following reports:
- 7.4 Next steps for facilitating bespoke employer investment strategies. It was reported that the GMPF actuary and investment consultant had undertaken asset-liability modelling exercises for representative groups of employers which aim to any highlight potentially beneficial changes in asset allocation compared to the GMPF Main Fund.
- 7.5 It was agreed that a further report summarising the results of the asset-liability modelling work and next steps for delivering Bespoke Employer Investment Strategies be brought to a future meeting of the Working Group.
- 7.6 Employer activity. The Working Group was informed that a number of GMPF's housing associations were seeking to become Community Benefit Societies. It was reported that some of the banks which lent money to housing associations, had concerns that this conversion may impact the priority order of creditors in an insolvency scenario (where GMPF would be a significant creditor) and had requested that GMPF sign a letter confirming that they remained subordinated behind the bank after the conversion.
- 7.7 It was recommended that the Fund should not enter into a contract with banks/building societies with regards to the conversion of Housing Associations employers to Community Benefit Societies, but will issue a comfort letter if requested to do so.
- 7.8 The group received a report on GMPF aged debt as at 19 September 2017.
- 7.9. A review had been carried out into how debt collection issues could be escalated and a number of recommendations had been made to amend GMPF's policies to improve the recovery of employer debt. It was **recommended that:**
 - (i) The GMPF Accountancy Team contact employers that have outstanding employer debts to discuss the reasons for late payment prior to issuing a second reminder letter;
 - (ii) The Fund offer a payment plan with an interest rate of 4.2% p.a. if an employer can demonstrate to the Fund's satisfaction that it has insufficient cash reserves to pay the debt immediately; and
 - (iii) The issue of non-payment be escalated to a higher level at the employer should an employer not wish to enter into a payment plan, with a reminder that the Fund may report late contributions to The Pensions Regulator.
- 7.10 A report was submitted comparing the administration expenses budget against the actual results for the five months to August 2017.

8. POLICY AND DEVELOPMENT WORKING GROUP

- 8.1 At its 5 October 2017 meeting the Policy and Development Working Group considered the following reports:
 - A presentation on investment management arrangements

- Manager monitoring regime including monitoring escalation
- 8.2 Consideration was given to a report providing progress on the Government's pooling agenda.
- 8.3 It was reported that, on 22 August 2017 pools had received a letter from DCLG, which was also signed by the Chief Secretary to the Treasury and the Cabinet Office, a copy of which was appended to the report. The letter reiterated the Government's previously stated objectives and confirmed that pools would be asked to submit further progress reports in October, covering the period up to the end of September 2017.

The following recommendations were made:

- (i) That the content of the report, including the letter received from Government and the template for the October progress report, be noted; and
- (ii) That governance arrangements for the Northern Pool be reported to the next meeting of the Working Group.
- 8.4 An update on progress with specific investment initiatives, including the Impact Portfolio and GLIL was given. Members were further asked to note certain specific actions which had been taken under delegated authority following consultation with the Chair.
 - It was recommended that the content of the report be noted, including the actions proposed on additional investment initiatives to be taken by officers in consultation with the Chair.
- 8.5 Consideration was given to a report detailing activity in the growth and management of the Fund's Impact Portfolio and recommended that the strategy of impact investing be continued, the suggested amendments to the Investment Guidelines be approved and that the 5 year pacing strategy be approved.
- 8.6 A housing investment progress update was given and it was recommended that a set of standards for size/dimensions of new build homes and building conversions be agreed with the joint venture partner and a report be submitted to the next meeting of the Working Group.
- 8.7 The group received a report advising Members that an opportunity existed for the Fund to 'sell' Guardsman *Tony Downes* House to the administering authority and for the Pension Fund to be the tenant on a long lease-type of arrangement.

The report explained how this could bring financial advantages to both parties.

It was recommended that:

- (i) The sale of Guardsman *Tony Downes* House for £7.0 million to the administering authority, Tameside Metropolitan Borough Council, be approved, and the Fund committing:
- (a) To the payment of an annual rent with effect from the 1 January 2018 to the Council of £384,250 per annum, with upward annual reviews linked to RPI, plus service charges for the running of the building and for cyclical maintenance of plant and equipment; and
- (b) That in the event that the Fund vacates the building before the expiry of 25 years, it will pay the Council a sum equivalent to the total annual passing rent for the period beginning on the date of vacation of the building to the 25th anniversary of the date the Council 'purchased' the building (currently assumed to be 1 January 2043 and discount rate for NPV purposed 5.2%).

9. GMPF MANAGEMENT AND ADVISORY PANELS

- 9.1 At its 22 September 2017 and 17 November 2017 meetings, following further discussion on some of these issues, the GMPF Management Panel adopted the recommendations of the six working groups shown above.
- 9.2 The Management Panel also made the following decisions at its 22 September meeting:
- 9.3 That support be given to progress the appointment of Councillor K Quinn as Chair of the Northern Pool Oversight Board.
- 9.4 The recommendations of the Fund's Investment Advisor, Hymans Robertson in part 2 of their investment review were approved. This included the continued appointment of UBS, L&G and Investec in their current mandates.
- 9.5 That the Panel adopt the PIRC shareholder voting guidelines, to extend PIRCs research and voting recommendation service to overseas companies and to delegate the proxy voting execution on GMPF's segregated accounts to PIRC.
- 9.6 In addition to adopting the recommendations of the six working groups shown above he Management Panel also made the following decisions at its 17 November meeting:
- 9.7 The recommendations of the Fund's Investment Advisor, Hymans Robertson in part 3 of their investment review were approved. This included the continued support for:
 - the implementation of a framework to offer bespoke employer investment strategies;
 - scenario triggers for making asset allocation changes in the Main Fund and;
 - a 5% long-term strategic allocation to the Special Opportunities Portfolio

Agenda Item 5

Report To: GREATER MANCHESTER PENSION FUND - LOCAL

PENSIONS BOARD

Date: 14 December 2017

Reporting Officer: Sandra Stewart, Director of Pensions

Euan Miller, Assistant Director of Pensions - Funding and

Business Development

Subject: LGPS POOLING UPDATE

Report Summary This report provides an update on recent developments relating

to the proposals for pooling investments across the LGPS in England and Wales and the recent activities of GMPF in this area

Recommendations: The Board is recommended to:

i) note the report and the progress update of the Northern Pool which has been submitted to DCLG:

ii) consider and comment on pooling developments

Policy Implications: None.

Financial Implications:

(Authorised by the Section 151 Officer)

The aim of pooling of assets is to improve net investment returns in the long term. GMPF is working with other like-minded funds to make pooled investments which facilitate this aim.

Legal Implications:

(Authorised by the Solicitor to the Fund)

Revised LGPS Investment Regulations were issued in 2016. The revisions are in part designed to facilitate the pooling of assets between LGPS funds and improve access to infrastructure investments. From a regulatory perspective, LGPS funds are required to pool their assets in order to meet Regulation 7(2)(d) of the 2016 LGPS Investment Regulations. This regulation requires administering authorities to set out their 'approach' to pooling investments, including the use of collective investment vehicles and shared services' in their Investment Strategy Statement. The accompanying statutory guidance to the 2016 Investment Regulations states that:

"All authorities must commit to a suitable pool to achieve benefits of scale. Administering authorities must confirm their chosen investment pool meets the investment reform criteria and guidance published in November 2015, or to the extent that it does not, that Government is content for it to continue."

The Northern Pool administering authorities will be asked in early 2018 to confirm that they believe the criteria and guidance has been met when formalising the governing documentation of the pool.

The LGPS Investment Reform Criteria and Guidance was issued by DCLG in November 2015. The 4 high-level criteria are:

- a) Scale (pools should be in excess of £25bn at 31 March 2015)
- b) Strong governance and decision making
- c) Reduced costs and excellent value for money
- d) Improved capacity to invest in infrastructure

Risk Management:

The Fund has been seeking appropriate financial and legal advice throughout where required on its pooling options to ensure it complies with the law, meets its fiduciary duties and to ensure achieving value for money.

ACCESS TO INFORMATION:

CONFIDENTIAL

This report contains exempt information relating to paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended). On balance, under paragraph 10 of Part 2 of Schedule 12A, it would not be in the public interest to disclose this information to the public because disclosure would, or would likely to, prejudice the commercial interests of the Fund and/or its agents which, in turn, could impact upon the interests of the local taxpayer and/or the beneficiaries of the Fund.

Background Papers:

For further information please contact Euan Miller, Assistant Director – Funding and Business Development,

Tel: 0161 301 7141,

Email euan.miller@tameside.gov.uk.

1 INTRODUCTION

- 1.1 As discussed at previous Board meetings, the Chancellor announced in the summer 2015 budget that he would be seeking proposals for LGPS funds to pool their assets in order to create improvements in the following four areas:
 - (i) Scale
 - (ii) Value for money
 - (iii) Governance
 - (iv) Facilitating infrastructure investment
- 1.2 GMPF, Merseyside Pension Fund ('MPF') and West Yorkshire Pension Fund ('WYPF') have developed pooling proposals to meet the above four criteria and have made submissions to Government setting out the operation of the 'Northern Pool'.
- 1.3 All pools are required to be operational by 1 April 2018. To oversee the implementation of the pool a shadow joint committee has been created, which has met every six weeks. This consists of the chairs of each of the participating funds. In early 2018 the Northern Pool Joint Committee will be formally established with Tameside MBC being the lead authority.
- 1.4 Pooling progress updates have featured on the agenda at all recent meetings of the GMPF Management Panel and Board members will have had access to these reports. This report provides an update for the Board on recent pool activity and summarises the next steps in developing the pool.

2. AUTUMN PROGRESS REVIEW

- 2.1 All pools were required to submit their pooling proposals to Government in July 2016 and progress updates on the delivery of these proposals were submitted in April 2017.
- 2.2 All pools received a letter from Government over the summer requesting submission of a further progress update covering the period to 30 September. DCLG issued a template for the autumn progress update, which was very similar to the template for the submission made by pools in April.
- 2.3 The Northern Pool's progress report and supporting documents are attached as **Appendices 1-3** to this report. These documents summarise the Northern Pool's progress in meeting each of the Government's 4 headline pooling criteria, as set out in paragraph 1.1 above.
- 2.4 The main ongoing workstreams for the Northern Pool are set out below and are progressing well.
 - Developing a vehicle to make private equity investments on a collective basis. The governance of this vehicle is expected to operate in a similar manner to the GLIL infrastructure vehicle.
 - Procurement of a FCA regulated custodian for the pool to ensure all listed assets of the pool (i.e. internally and externally managed equities and bonds) are held within a single permanent FCA regulated entity. The shortlist is now down to 3 bidders and site visits took place in the first week of November. The custodian will also manage the calls and distributions in the Northern Pool private equity vehicle.
 - Work is underway to procure an FCA regulated operator for the GLIL infrastructure vehicle. This would allow other pools to join. GLIL currently has commitments of £1.3bn to direct infrastructure in the UK, with investments of almost £300m made to date. There is currently little evidence of other pools having made significant progress on developing the capacity for direct infrastructure investment.

- The democratic services functions of each of the administering authorities are progressing the creation of the Pool joint committee, with Tameside MBC acting as lead authority. This joint committee will oversee the Pool and provide a democratic link back to the individual funds. The legal agreements setting out the governance framework of the Pool are not yet finalised as work is being undertaken to ensure that they are aligned with the governance framework of the private equity vehicle.
- 2.5 Other key points to note in the progress update are as follows:
- 2.6 In this progress update pools are asked to split out costs between
 - a) costs incurred to date;
 - b) expected costs between now and the date of implementation, and;
 - c) expected costs after implementation.

Northern Pool costs to date are approximately £200,000 compared to the original estimate of implementation costs which was £1.8m.

- 2.7 Details of GMPF's housing investments have been included in the infrastructure section of the response to demonstrate progress against the Pool's target of building 10,000 homes. Up to 30 September, GMPF has financed 284 completed homes, with a further 236 under construction. Due diligence is currently being undertaken on 9 further projects which would deliver another 3,863 homes. It is hoped that the rate of delivery can be increased via joint ventures with other funds in the Pool.
- 2.8 Following discussion with DCLG civil servants and Jeff Houston of the LGA (who attended part of the 24th October meeting of the Northern Pool Shadow Joint Committee), the progress update provides further clarity for Government on how the plans for the Northern Pool have evolved since the July 2016 submission was made to Government and how, in the opinion of the participating funds, the pooling Criteria and Guidance are met. This is set out on pages 2 and 3 of Appendix 2, with a summary of the key points provided in Section 3 below.

3. MEETING THE POOLING CRITERIA

- 3.1 From a regulatory perspective, LGPS funds are required to pool their assets in order to meet Regulation 7(2)(d) of the 2016 LGPS Investment Regulations. This regulation requires administering authorities to set out their 'approach to pooling investments, including the use of collective investment vehicles and shared services' in their Investment Strategy Statement.
- 3.2 The accompanying statutory guidance to the 2016 Investment Regulations states that:
 - "All authorities must commit to a suitable pool to achieve benefits of scale. Administering authorities must confirm their chosen investment pool meets the investment reform criteria and guidance published in November 2015, or to the extent that it does not, that Government is content for it to continue."
- 3.3 A strict interpretation of this paragraph suggests that it is up to administering authorities, rather than Government, to determine that they meet the investment reform criteria and guidance. The Northern Pool administering authorities will be asked to confirm that they believe the criteria and guidance has been met when formalising the governing documentation of the pool.
- 3.4 The LGPS Investment Reform Criteria and Guidance was issued by DCLG in November 2015. The 4 high-level criteria are:

- e) Scale (pools should be in excess of £25bn at 31 March 2015)
- f) Strong governance and decision making
- g) Reduced costs and excellent value for money
- h) Improved capacity to invest in infrastructure
- 3.5 The full criteria and guidance for pooling is available via the link below:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/479925/criterial and guidance for investment reform.pdf

- 3.6 Subsequent letters from Government have sought to clarify the criteria, in particular that Government expects a 'single legal entity' at the heart of each of the pools and that all pools should have a FCA regulated operator. However, these requirements are not explicitly stated in the Criteria and Guidance. It should also be noted that what does or does not constitute 'pooling' or 'a pool' is not clearly defined.
- 3.7 As has been discussed at previous meetings of the Board, the vast majority of the benefits of pooling for the funds in the Northern Pool are in respect of alternative assets where there is greatest scope to generate further economies of scale and to combine resources to make increasingly direct investments. Following detailed discussions with each of the fund's advisors and the professional advisors to the pool, it was agreed in March 2017 that in order to best meet the **Reduced Costs and Excellent Value for Money** criteria set by Government, the Northern Pool should focus resource on making collective investments in alternative assets (which will commence and start generating material cost savings from April 2018) rather than establishing an Investment Management Company established under the Alternative Investment Fund Managers Directive ('AIFM') as a pool operator in the short term.
- 3.8 The **Scale** and **Strong Governance and Decision Making** criteria can be met by appointing an FCA regulated common custodian for the Pool, which will have custody of all the pool's listed assets (i.e. internally and externally managed equities and bonds). Pooled vehicles for alternative assets will operate via joint-ventures, as per the current operation of the GLIL infrastructure vehicle, but are being designed in such a way that they can be converted to operate as FCA regulated entities as and when required.
- 3.9 Strategic asset allocation will be set by each fund's pension committee with the selection of individual investments and investment managers carried out by appropriately qualified and experienced individuals, operating under the legal framework of specialist investment vehicles where appropriate (i.e. GLIL, Northern Pool private equity).
- 3.10 This will be formally documented in the Terms of Reference of the Pool Joint Committee, the participating funds' pension committees and of the individual investment vehicles established.
- 3.11 It is clear that the Northern Pool and LPP via the GLIL vehicle continue to lead the way in the LGPS regarding direct infrastructure investment. It should therefore be relatively straightforward for the participating administering authorities to determine that the **improved capacity to invest in infrastructure** criterion is met.
- 3.12 Regulation 8 of the 2016 LGPS Investment Regulations sets out the action that Government could take should any authority not comply with the regulations and associated guidance. Such action includes the ability for the Secretary of State (following consultation with relevant stakeholders) to direct how a fund invests its assets.

4. MEETINGS OF THE NORTHERN POOL SHADOW JOINT COMMITTEE

- 4.1 Minutes of the Northern Pool Shadow Joint committee meetings are attached as appendices to the pooling update reports to the GMPF Management Panel. After the joint committee is formally established it is expected that the minutes will be included alongside the GMPF working group and Local Board minutes at the start of the Management Panel agenda.
- 4.2 The minutes of the Northern Pool Shadow Joint committee meeting which took place on 12th September are attached for information at **Appendix 4** to this report. The Shadow Joint Committee also met on 24th October and the minutes of this meeting will be provided at a future meeting once finalised.
- 4.3 The Shadow Joint Committee is next due to meet on 5th December.

5. LGPS POOLING NATIONAL DEVELOPMENTS

- 5.1 There are 8 pools across the LGPS, which are made up as follows:
 - Northern Pool
 - London CIV (the 33 London Boroughs)
 - South West Funds + Environment Agency ("Brunel Pensions Partnership")
 - 'ACCESS' (Most of the South-East County Council funds)
 - Central Pool (most of the 'midlands' LGPS funds)
 - 'Border to Coast' (The remaining northern funds + a small number of others)
 - Wales
 - LPFA/Lancashire ('the Local Pensions Partnership LPP') + Berkshire
- 5.2 The eight pools are at different stages of development. Two of the pools, the London CIV and LPP, are currently operational and are in the process of transitioning assets into the pools. The London CIV has not yet pooled any alternative assets.
- 5.3 All pools are required to be fully operational by 1 April 2018, which is a very challenging timescale. The Secretary of State has been clear that all assets should be invested via the pool unless there is a 'strong value for money case for delay'.
- 5.4 With the exception of the Northern Pool and LPP, all of the other pools have at least 8 participating funds and therefore require their mandates for listed assets to be amalgamated in order to meet the scale criteria and for collective investments to be managed by a FCA regulated operating company in order to avoid being deemed to be operating an unauthorised collective investment scheme.
- 5.5 The number of participants in the Northern Pool is small enough to allow collective investments to be made in alternative assets via joint ventures, as each fund can be directly involved in the investment decision making process (this approach has worked well to date on the GLIL infrastructure partnership);
- 5.6 The ACCESS and Wales pools are in the process of procuring an FCA regulated operator for their pools. The other pools under development are typically 'building' their own operator.

6. RECOMMENDATION

6.1 As set out on the front of the report.



Guardsman Tony Downes House 5 Manchester Road Droylsden M43 6SF

Teresa Clay
Department of Communities and Local
Government
Fry Building
2 Marsham Street
London SW1P 4DF

[x] November 2017

Dear Ms Clay

Local Government Pension Scheme pooling: Autumn progress report

We are pleased to enclose an update on the Northern Pool's progress to 30 September 2017.

We fully support and endorse the pooling criteria and guidance issued by DCLG in November 2015 and each of the funds in the Northern Pool and their respective administering authorities are confident that the changes to investment management arrangements being implemented will achieve the Government's aims and the right outcomes for our members, employers and taxpayers alike.

The Northern Pool remains firmly on track to deliver immediate and long-term cost savings, a significant increase in investment in UK infrastructure and further strengthening of governance arrangements.

As reported in our April progress update, since the announcement of the Government's pooling objectives in summer 2015, the assets of the 3 funds in the Northern Pool have increased to over £42bn, over 50% above the Government's £25bn scale target.

In addition to maintaining our long history of excellent investment returns and low costs, the funds in the Northern Pool have already achieved the following:

- ✓ Established a £1.3 billion infrastructure pot (known as 'GLIL'), with £250m of this already invested in direct UK infrastructure. GLIL is in the process of appointing an operator authorised by the Financial Conduct Authority to enable others pools to join and provide fast, low cost access to infrastructure investment across the LGPS.
- ✓ Committed to allocate at least 10% of fund assets to infrastructure investment:
- ✓ Cost savings of c£10m p.a. as a result of making direct infrastructure investments via the GLIL vehicle and negotiating lower investment fees to reflect our increased scale.
- ✓ Alignment of responsible investment approaches at the fund level to enhance the stewardship of Pool assets.

In addition work is well underway to achieve the following in advance of the April 2018 deadline:

✓ Appointment of Pool custodian – An OJEU procurement exercise is in progress to appoint a single, permanent FCA regulated entity at the heart of the Northern Pool. The Pool









Guardsman Tony Downes House 5 Manchester Road Droylsden M43 6SF

- custodian will significantly enhance the Pool's reporting capabilities as well as increasing accountability and oversight.
- ✓ Establish a collective private equity vehicle similar in structure to GLIL. This vehicle will make all the Pool's private equity investments on a collective basis going forwards which will drive much of the Pool's projected cost savings.
- ✓ Further develop our simple democratic governance arrangements, which deliver Government's aims of accountability for the tax payer.

The Northern Pool remains firmly on track to achieve annual cost savings of over £28 million once the pool is fully established, primarily achieved via the increased resource of the Pool enabling alternative asset classes to be accessed in a more cost effective way.

We would like to take this opportunity to reaffirm our collective strong support for the principles the government has identified to deliver better outcomes, in particular your commitment to increase infrastructure investment in the LGPS. We would also like to highlight how the Northern Pool has developed since making its July 2016 submission, primarily in order to enable the enhanced delivery of the Value for Money and Infrastructure Investment criteria set out in the November 2015 Pooling Criteria and Guidance. This is explained in more detail in the enclosed progress update.

As you will be aware, the funds in the Pool have a long-history of making significant direct local infrastructure investments such as the Matrix Homes initiative referenced in the Government's Pooling Criteria. This initiative unlocked difficult brownfield sites to build hundreds of much needed houses. Building on the excellent work to date the Northern Pool has set itself the challenging target of financing the construction of 10,000 new homes over the next 3 years, using a wide range of funding approaches.

Significant progress has already been made towards meeting this target. Up to 30 September 2017, GMPF has financed 284 completed homes, with a further 1,738 under construction. Due diligence is currently being undertaken on 9 further projects which would deliver another 2,270 homes. Discussions are also underway to extend the Matrix Homes model via joint ventures with other funds in the Pool.

We are proud to be at the forefront of LGPS investments in these areas and firmly believe that such investment can meet the twin aims of providing superior risk adjusted pension fund returns and having a positive impact on the local and national economy.

We believe strongly that through collaboration, the local government pension sector can be a world leader in infrastructure investment, which is why we have been developing the GLIL platform and working with other institutional investors to finance homes.

We are also keen to share our knowledge and experience to work successfully with other Local Government Pension Schemes and large pension funds to deliver the best possible value for money.

As we have spoken about previously, we would be very happy to facilitate a meeting to demonstrate some of our work on housing. Firstly our Matrix Homes initiative, which through financial partnership with local authorities enables new homes to be built on brownfield sites that









Guardsman Tony Downes House 5 Manchester Road Droylsden M43 6SF

commercial developers acting alone would not develop. Secondly our provision of mezzanine finance to commercial developers that whilst providing a solid risk adjusted return, fills the funding gap left by banks to enable building of new homes to take place. This demonstration could include site visits to existing and future sites.

I hope that Ministers can accept this invitation and we look forward to the Northern Pool continuing to lead on meeting the Government's objectives in its reform of LGPS investments.

We will look forward to further discussion with Government and our stakeholders over the forthcoming months.

Yours sincerely,

Cllr Kieran Quinn **Greater Manchester Pension Fund** West Yorkshire Pension Fund

Cllr Andrew Thornton

Clir Paul Doughty Merseyside Pension Fund









Local Government Pension Scheme pooling: autumn progress report

Please report against each of the areas outlined below as at 30 September 2017, highlighting significant changes to your final proposal submitted in July 2016, and/or since the last progress update report submitted in April 2017.

The deadline for submission is Friday 20 October 2017. We will follow up any questions or concerns with individual pools as necessary.

Pool: Northern Pool

Date: 30 September 2017

Criterion A: Scale

For pools in development

 Scale – please state the estimated total value of assets included in your transition plan for investment through the pool structure, with date of estimate

No material changes to July 2016 submission – equivalent to approximately £42bn at 31 March 2017

 Assets outside the pool - please state the estimated total value of assets to be invested outside of the pool structure by participating funds

No material changes to July 2016 submission – approximately 1% of pool assets (c£400m at 31 March 2017)

- Progress towards go live by April 2018
 - please provide an updated high level project plan to achieve delivery by April 2018 including progress with operator procurement/build, design of sub funds, recruitment of core team, appointment of depository and FCA authorisation

Please see Appendix 1 attached which sets out the further work to be undertaken up to April 2018.

A Pool custodian will be in place before 1 April 2018 to ensure all listed assets of the pool (i.e. internally and externally managed equities and bonds) are held within a single permanent FCA regulated entity. Procurement of this custodian is progressing well with the shortlist down to 3 bidders and site visits taking place in the first week of November.

The scope of the FCA Regulated pool custodian will be extended beyond a LGPS custodian's typical remit, reflecting the particular challenges and opportunities of the pooling agenda. For example, the custodian will be used to manage the calls and distributions in the Northern Pool private equity vehicle which is under development (with an expectation that collective private equity investments will be made with

effect from 1 April 2018) and the custodian's analytical capabilities will be used to enhance the Pool's performance and risk reporting.

As set out in the Pool's July 2016 submission, for the time-being listed assets will continue to be held in segregated mandates as detailed analysis has demonstrated that due to the existing scale and relatively low costs of the participating funds it is not cost effective for the Northern Pool to establish and operate an Authorised Contractual Scheme. This will be regularly reviewed going forwards.

Further details of the plan for obtaining FCA authorisation for the Pool's GLIL infrastructure vehicle are provided under Criterion D: Infrastructure.

 please identify risks or issues which may delay delivery by April 2018, and any plans to mitigate risks and/or manage issues.

The Northern Pool is firmly on track to meet the pooling Criteria and Guidance as issued by DCLG In November 2015 by the April 2018 deadline.

Alongside and complementary to the Criteria issued by Government, the Northern Pool has agreed its own fundamental objectives which are:

- To maintain strong performance and low cost
- Simplicity
- Accountability
- Commitment to UK infrastructure investment, in particular the financing of new homes

One of the key challenges for the Northern Pool is to deliver all of these objectives whilst obtaining FCA authorisation at the appropriate level, as set out in letters issued by DCLG since the Criteria and Guidance was issued.

It is clear that there are several differences between the Northern Pool and the other LGPS pools. In particular;

- The Pool consists of 3 large funds with relatively simple and distinct
 management arrangements, which means that the scope for generating
 further economies of scale in respect of the management of listed assets is
 limited. There are however, significant economies of scale to be accessed in
 the management of alternative assets.
- On the basis of the legal advice received, the number of participants in the Pool is small enough to allow collective investments to be made in alternative assets via joint ventures, as each fund can be directly involved in the investment decision making process (this approach has worked well to date on the GLIL infrastructure partnership).
- The participating funds are aware of the risks of being deemed to be operating an unauthorised collective investment scheme and on the basis of the legal advice received and experience to date, are confident that this risk can be adequately managed via the investment management arrangements that will be in place from April 2018.

The vast majority of the benefits of pooling for the funds in the Northern Pool are in respect of alternative assets where there is greatest scope to generate further economies of scale and to combine resources to make increasingly direct investments. Following detailed discussions with each of the fund's advisors and the professional advisors to the pool, it has been agreed that in order to best meet the Reduced Costs and Excellent Value for Money criteria set by Government, the Northern Pool should focus resource on making collective investments in alternative assets (which will commence and start generating material cost savings from April 2018) rather than establishing an AIFM as a pool operator in the short term.

The Pool has been clear in discussions with DCLG that it will seek FCA authorisation at the appropriate level in order to maximise the benefits of pooling and meet the pooling Criteria and Guidance.

Each of the participating authorities are firmly of the view that the Scale and Strong Governance and Decision Making criteria will be met in full by appointing an FCA regulated common custodian for the Pool, which will have custody of all the pool's listed assets (i.e. internally and externally managed equities and bonds). Pooled vehicles for alternative assets will operate via joint-ventures, as per the current operation of the GLIL infrastructure vehicle, but are being designed in such a way that they can be converted to operate as FCA regulated entities as and when required.

It is clearly understood by each of the administering authorities that strategic asset allocation will be set by each fund's pension committee with the selection of individual investments and investment managers carried out by appropriately qualified and experienced individuals, operating under the legal framework of specialist investment vehicles where appropriate (i.e. GLIL, Northern Pool private equity).

This is in many respects little changed from how the funds currently operate, but will be formally documented in the Terms of Reference of the Pool Joint Committee, the participating funds' pension committees and of the individual investment vehicles established.

For operational pools

- Structure and scale please state the total value of assets to be invested via the pool together with the value of assets to be invested outside of the pool by participating funds
- Progress with transition please state the value of assets within the pool, and provide an updated high level transition plan

Criterion B: Governance

For pools in development

 Progress with governance arrangements - please provide an updated high level project plan for the implementation of governance arrangements

The Pool intends to take the quality and consistency of the scrutiny and reporting to a very high level

Governance milestones achieved to date include:

- Establishment of a shadow joint committee for the Pool which meets on a six-weekly basis, which will shortly convert to a formal joint committee.
- Agreement of trade union representation on the joint committee once formally established.
- Agreed approach for performance and cost reporting and benchmarking, which will be implemented prior to the formal establishment of the Pool.
- Alignment of approach between the 3 funds to exercising voting rights on listed equity assets.

The legal agreements setting out the governance framework of the Pool are not yet finalised as work is being undertaken to ensure that they are aligned with the governance framework of the private equity vehicle which is under development.

Please see Appendix 1 attached which sets out the further work to be undertaken up to April 2018.

For operational pools

 Changes to governance since final proposal [and/or Spring 2017 progress report] - briefly describe any changes to the governance structure, in particular please set out your plans for ensuring the pool can effectively implement the asset allocation and responsible investment strategy of each fund

Criterion C: Reduced costs and value for money

For all pools

 Update on costs estimates – please state current high level estimates for implementation costs to date, by go live and following go live.

Implementation costs to date are approximately £200k.

Overall implementation costs are expected to be materially lower than those estimated in the July 2016 submission, which estimated costs of £1.8m. The majority of the implementation costs are expected to be incurred prior to the go live date.

Update on annual savings estimates, including reductions in fees/mandates

We believe eventual savings will be higher than the £28.3m p.a. estimated in our July 2016 submission.

Since making the July submission the funds in the Pool have already achieved recurring cost savings of approximately £10m p.a. as a result of making direct infrastructure investments via the GLIL vehicle rather than 3rd party fund managers and by re-negotiating fees with external securities managers. We believe this is a particularly significant achievement given the already low costs of the funds in the Pool.

The Pool is using the CEM Benchmarking service to obtain a detailed comparison of costs and performance as at 31 March 2017 against relevant global comparators. This report is not yet available, but is expected soon and the Pool would be happy to share this with Government

 Plans for delivering savings – please set out your high level plan and timescales for delivering the annual savings above

The savings arise predominantly from the increased resource of the Pool enabling some alternative asset classes to be accessed in a more cost effective way. Over the implementation period it is assumed that the Pool will:

- Move from private equity fund of funds to single funds/co-investments
- Move from hedge fund of funds to single strategy funds.
- Reduce the proportion of indirect property relative to direct property
- Reduce the proportion of indirect infrastructure relative to direct infrastructure

The phasing of the costs savings over the period up to 2033 reflects the anticipated expiry dates of existing illiquid investments and realistic expectations of when the Pool will have the necessary capacity and capability where required. Direct

infrastructure investments are already being made via the GLIL vehicle and collective private equity investments are expected to be made from 2018 onwards.

Additional cost savings are anticipated (but not included in the figures above) from moving the management of a proportion of the equities and bonds which are currently externally managed to in-house management over a period of time as appropriate internal capacity is developed.

 Plans for reporting including on fees and net performance in each listed asset class against an index

It is expected that the investment performance of LGPS Pools will come under intense scrutiny. In this context, the Northern Pool, and the individual funds within the Northern Pool have decided to appoint their own independent, third party provider of core performance measurement calculations operating to relevant industry standards. This service may be provided by the Pool Custodian, when appointed.

The Northern Pool and the funds within the Northern Pool will also procure:

- an added-value performance analytics service
- a common provider of universe collation, analysis and research services. And
- a common provider of cost analysis, benchmarking and value-add analysis services.
- Plans for how the pool will report publicly on a fully transparent basis please confirm that the pool will adopt the Scheme Advisory Board Code of Transparency for reporting to participating funds

The Pool will publish, on at least an annual basis, its performance and cost data. This will also be published on the websites of the individual funds within the Pool.

The Pool will adopt the Scheme Advisory Board Code of Transparency in respect of its private market investment vehicles and will seek to ensure that all managers of listed assets also adopt Code of Transparency.

Criterion D: Infrastructure

For all pools

 Progress on infrastructure investment – please state your target allocation for infrastructure and committed funds at the pool level and/or across pools. Please also set out your plans for the platform/product/and/or external manager arrangements to achieve that target

As set out in its July 2016 submission, the Northern Pool has a target allocation to infrastructure of 10% of Pool assets (equivalent to £4.2bn at 31 March 2017), which will be delivered via the 'GLIL' direct infrastructure vehicle, allocations to infrastructure funds and extending the existing direct investment activities of the 3 funds in this area, for example GMPF's Matrix Homes which works in partnership with local authorities to finance the construction of new homes on sites that would not otherwise be developed.

As part of this commitment to infrastructure investment, the Pool has an objective of financing 10,000 new homes over the next 3 years.

Up to 30 September 2017, GMPF has financed 284 completed homes, with a further 1,738 under construction. Due diligence is currently being undertaken on 9 further projects which would deliver another 2,270 homes. Discussions are also underway to extend the Matrix Homes model via joint ventures with other funds in the Pool.

Committed infrastructure funds at 31 March 2017 are set out in the table opposite. Figures at 31 March 2015 are provided in brackets to illustrate the significant progress made by the pool in increasing infrastructure investment. Committed funds stand at over £2bn, with over £1bn already at work.

		GMPF	MPF	WYPF	Pool
Direct	Allocated 2017 (2015)	£1,050m (£250m)	£155m (£30m)	£270m (£0m)	£1,475m (£280m)
	Committed	£500m (£250m)	£155m (£30m)	£266m (£0m)	£921m (£280m)
	At Work	£101m (£90m)	£51m (£15m)	£55m (£0m)	£207m (£105m)
Funds	Allocated	£1,050m (£680m)	£368m (£320m)	£400m (£325m)	£1,818m (£1,325m)
	Committed	£654m (£469m)	£332m (£272m)	£378m (£366m)	£1,364m (£1,107m)
	At Work	£393m (£224m)	£241m (£220m)	£236m (£271m)	£870m (£716m)
Total	Allocated	£2,100m (£930m)	£523m (£345m)	£670m (£325m)	£3,293m (£1,600m)
	Committed	£1,154m (£719m)	£487m (£302m)	£644m (£366m)	£2,285m (£1,387m)
	At Work	£494m (£314m)	£292m (£235m)	£291m (£271m)	£1,077m (£820m)

GLIL

In December 2016 the original partners in GLIL Infrastructure welcomed their respective pooling partners into an expanded vehicle (referred to as GLIL 1.5). The new structure included each of the members of both Northern Pool and LPP and enjoyed increased capital commitments to £1.3bn. GLIL 1.5 has invested £280m in a combination of greenfield and brownfield UK direct infrastructure assets and is currently undertaking detailed due diligence/negotiation on a significant pipeline for investment. The current portfolio is generating income in excess of 5% per annum which is well ahead of schedule for a portfolio of this type.

GLIL has already developed a template for successful sourcing and delivery through an experienced team of investment compliance, operational, risk and programme management professionals. It is becoming widely recognised as an established investor in the UK and international Infrastructure sectors and is very much on the radar for receipt of investment opportunities.

Moreover, in its current format, GLIL operates with extremely low running costs; aggregate ongoing staffing and management costs are less than 25bps per annum versus a typical infrastructure annual management fee of c.125bps per annum (plus performance). All fee savings flow directly to investors.

Each of Northern Pool and LPP are active participants in the LGPS Infrastructure cross pool group and we continue to support colleagues through sharing of best practice and ideas. To this end we have initiated the process of further evolving GLIL in order to make it available to all LGPS Funds/Pools. In order to achieve this wide availability and maintain GLIL's track record for delivery it will be necessary to broaden the routes to accessing the investment opportunities. Critically GLIL 2.0 will enable Funds/Pools without the relevant scale and/or internal expertise to participate passively and without the need to be involved in day to day investment management.

The fact that not all investors will be participating in the day to day management of GLIL 2.0 means that it will become classified as an "alternative investment fund" (AIF) for the purposes of the Alternative Investment Fund Managers Directive (AIFMD) and the UK regulatory system.

It would be possible for GLIL to establish a new entity which applies directly to become a "self-managed" AIF. However, the existing investors have considered this option and concluded this would be a costly and time consuming process which is better avoided. By using an existing alternative investment fund manager (AIFM) GLIL is able to significantly shorten the time before new investors can join and save material costs and uncertainty which would be associated with a new application process.

To this end GLIL is in the process of updating its legal form and appointing an AIFM to provide regulatory hosting services under a commercial contract to ensure compliance with the AIFM directive. The existing members of GLIL 1.5, together with relevant new members (i.e. those making significant capital contributions and with the requisite human resource), shall nominate representatives to the GLIL 2.0 governance structures with those involved in the Investment Committee being registered as carrying out Controlled Functions under its regulatory licence.

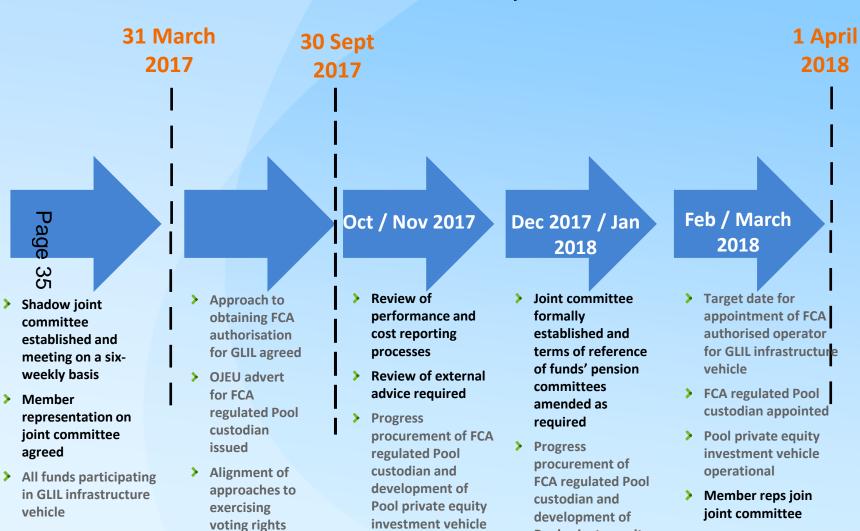
This is an interim solution aiming to deliver an infrastructure platform for as many participants as possible whilst implementation of pooling takes its course. Other regulatory solutions will be examined and during this process the funds in the Northern Pool will hold the majority of assets in GLIL and play a crucial part in the management of the assets.

 Timetable to achieve stated ambition - please provide a high level project plan for the implementation of the platform/product/and/or external manager arrangements described above

This new structure described above is expected to be operational by February 2018 and will allow any LGPS fund, no matter of commitment size or resources, to access direct infrastructure assets in a low cost and effective manner alongside the existing members of GLIL. The management costs of GLIL are charged on a cost recovery basis which will ensure it will be a cost effective vehicle for all participants regardless of the extent of their involvement.



ESTABLISHMENT OF NORTHERN POOL HIGH-LEVEL PROJECT PLAN



Pool private equity investment vehicle

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GREATER MANCHESTER PENSION FUND - NORTHERN POOL SHADOW JOINT COMMITTEE

12 September 2017

Commenced: 10.30 am Terminated: 11.45 am

Present: Councillor Kieran Quinn Greater Manchester Pension Fund

(Chair)

Councillor Paul Doughty
Councillor Andrew Thornton
Ian Greenwood

Merseyside Pension Fund
West Yorkshire Pension Fund
West Yorkshire Pension Fund

Rodney Barton Director - West Yorkshire Pension Fund

Joe Blott Managing Director - Wirral MBC

Sandra Stewart Director of Pensions - GMPF

Paddy Dowdall Assistant Director of Pensions (Local Investments

and Property) - GMPF

Euan Miller Assistant Director of Pensions (Funding and

Business Development) - GMPF

Steven Taylor Assistant Director of Pensions (Investments) -

GMPF

Tom Harrington Senior Investments Manager - GMPF Neil Cooper Senior Investments Manager - GMPF

Apologies for Absence: Peter Wallach - Director, Merseyside Pension Fund

1 MINUTES

The Minutes of the Northern Pool Shadow Joint Committee held on 25 July 2017 were agreed as a correct record.

2 RESPONSE FROM GOVERNMENT TO THE SPRING PROGRESS REVIEW

Consideration was given to a report of the Assistant Director of Pensions, Funding and Business Development, GMPF, setting out the Government's response to the Spring Progress Review of LGPS pooling developments.

It was reported that the Government had written to all LGPS pools in August 2017 regarding the progress updates provided in April 2017, a copy of the letter was appended to the report. The letter reaffirmed the Government's commitment to the pooling agenda and asked for a further update by 20 October 2017. The Department of Communities and Local Government had provided a template for the October progress update (as per appendix 2 of the report), which was similar to the template for the April submission.

The letter suggested that the update should include further details of savings achieved and planned as well as plans for reporting on fees and net performance by asset class. In addition, the letter made reference to achieving maximum savings and value for money.

It was again noted that the Northern Pool differed from other LGPS pools in that it consisted of three large funds with relatively simple management arrangements, which meant that the scope for savings was limited. The number of participants in the Pool was sufficient to allow collective investments to be made in alternative assets via joint ventures and each fund could be directly involved in the investment decision making process.

Appended to the report was a paper drafted for tabling at the combined authority meetings of each of the funds, which summarised the pooling agenda and sought support for the Northern Pool's agreed approach to meeting the pooling criteria. Comments on the draft report were received.

A discussion ensued and it was agreed that the Pool's progress update to Government should reiterate how the current vision for the Northern Pool met the Government's objectives in terms of maximising savings and providing value for money. In particular the Northern Pool continued to lead the way in the LGPS for direct infrastructure investment and was acting on behalf of the Local Authorities associated with each of the three funds in a cost effective way.

AGREED:

- (i) That the Shadow Joint Committee note the letter received from Government and the template of the October progress report;
- (ii) That the update reiterate that the current vision for the Northern Pool met the Government's objectives in terms of maximising savings and providing value for money and the Pool continued to lead the way in the LGPS for direct infrastructure investment; and
- (iii) The draft report for combined authorities be updated to reflect the comments received and updated.

3 GOVERNANCE ARRANGEMENTS OF THE NORTHERN POOL

Consideration was given to a report of the Director of Pensions, GMPF, which set out details of the proposed governance arrangements of the Northern Pool. It had been agreed at the previous meeting of the Shadow Joint Committee to formalise the structure and governance arrangements of the Committee, including the role of Chair.

A draft Terms of Reference for the Northern Pool Oversight Board was appended to the report and was considered by the committee. The document had been drafted based on the Memorandum of Understanding that had been signed as part of the Pool's February 2016 submission to Government and also incorporated the agreement reached regarding trade union representation in the Pool. It was proposed that each participating fund nominated two representatives and three trade union representatives also be appointed.

It was explained that once the Terms of Reference had been agreed a provisional date could be set for the establishment of the Northern Pool Oversight Board. Approval would be needed at the full Council meetings of the participating authorities for the proposed governance arrangements.

In relation to the Chair, it had previously been agreed that Councillor K Quinn be nominated as Chair of the Northern Pool Oversight Board (and the shadow board in the interim), for an initial period of one year. West Yorkshire and Merseyside Pensions Funds would formally nominate Councillor K Quinn as Chair at their Pension Fund Committee meetings.

It was noted that to date Tameside MBC had provided the costs associated with the running of the committee. It was agreed going forward that the associated costs be equally split between the three funds with each fund contributing one third, which could be reviewed periodically.

AGREED:

- (i) That the draft Terms of Reference of the Northern Pool Oversight Board be agreed; and
- (ii) That the administrative costs associated with the operations of the Northern Pool be equally split between the three funds with each fund contributing one third.

4 CONSULTATION ON CROSS-POOL INFORMATION FORUM

Consideration was given to a report of the Assistant Director of Pensions, Funding and Business Development, GMPF, which outlined the LGPS Scheme Advisory Board consultation, which was launched on 17 July 2017 and ran until 29 September 2017.

It had been agreed at the previous meeting of the Northern Pool Shadow Joint Committee that the three funds in the Northern Pool would submit consistent responses to the consultation and the draft GMPF response was appended to the report and considered by the committee. It was explained that the questions to the consultation were yes/no answers and it was suggested that additional comments in relation to 1.8 and 1.12 be included in the covering email.

AGREED:

That the three funds submit consistent responses to the consultation and the covering email contains additional comments in relation to 1.8 and 1.12.

5 NORTHERN PRIVATE EQUITY POOL - UPDATE REPORT

Consideration was given to a report of the Assistant Director of Pensions, Investments, GMPF, which provided an update on the progress that had been made to date in the Northern Private Equity Pool and the planned next steps.

It was reported that all three funds currently invested separately in private equity investments. As part of the Northern Pool's final submission to Government in respect of proposals for LGPS pooling, a commitment had been made to implement a pooled approach to private market investments. LGPS assets would commence migration into pooled structures from 1 April 2018.

The pooling objectives for private equity were outlined as follows:-

- To capture fee savings as a result of larger commitment sizes in private equity investment.
- To provide a platform that will enable a lower cost implementation of private equity investment strategy through greatly lessened use of fund of funds and pursuit of coinvestment opportunities.
- To increase the resilience and depth of the team and resources committed to private equity investment and broaden the scope of opportunities.

Squire Patton Boggs had presented a proposal to the three funds on 25 July 2017 to create an English Limited Partnership through which all three funds could channel their respective Private Equity commitments; each fund would own a proportion of the partnership. The partnership would be managed under a joint venture arrangement by a General Partner controlled by the three underlying local authorities in their capacity as shareholders in the General Partner company. A diagram showing the proposed private equity pool legal structure was detailed in the report and explained to the committee.

The operational aspects of how the pool would operate were outlined and eight areas had been identified that would require a level of service provision from either internal or external resource, as follows:-

- Banking
- Cash Management
- Accounting
- Reporting
- Tax Advice
- Legal Advice
- Investment Advice
- Secretariat

In relation to 'Accounting' and 'Reporting', the current practice across Northern Pool Funds was to use a combination of internal and external resource to capture appropriate data to enable accurate reporting and data analysis. A robust approach would need to be established for the Pool to achieve this and the pooling partnership would need to produce accounts to show how its assets and liabilities were divided between the three investing funds. There was discussion regarding the merits of using outsourced services that would be available from the jointly procured, pool-wide custodian. It was agreed to investigate this approach further reflecting a consensus view that this could well be a preferred approach.

With regard to 'Investment Advice', GMPF and Merseyside Pensions Fund currently received advice from a specialist adviser on certain aspects of private equity investing including manager selection. A decision was required on whether the pool needed the services of a specialist investment adviser or if there was sufficient experience and knowledge within the combined teams. Following discussion it was agreed that there was sufficient expertise amongst the pool-wide officers dedicated to Private Equity to make an ongoing, retained specialist advisor unnecessary. It was acknowledged, however, that officers ought to make use of specific research/advisory services as required on a case-by-case basis to address any specific requirements.

AGREED:

- (i) That the Committee endorses and supports the approach presented as the appropriate means to achieving Private Equity pooling;
- (ii) That the Northern Private Equity Pool need not engage the services of a specialist adviser on a retained, ongoing basis; and
- (iii) That the use of the joint custodian be further investigated as a potential preferred solution for the Northern Private Equity Pool's operating needs.

6 MIFID II: CLIENT CATEGORISATION

Consideration was given to a report of the Assistant Director of Pensions, Investments, GMPF, which outlined the upcoming changes to the client categorisation of local authorities in regulated markets for investment products and services.

It was reported that The Financial Conduct Authority's implementation of MiFID II would categorise Local Authorities as Retail Clients, a change from the current Professional Client status. This change would have the potential to have a significant adverse impact of the Northern Pool's ability to implement current investment strategies.

Provision had been made for Local Authorities to "Opt-up" to Professional Client status subject to meeting appropriate quantitative and qualitative criteria. This would enable funds to continue to operate in the way that they had done to date and to continue to access the full range of investment products and services necessary to implement Investment Strategies.

The change to client categorisation would commence on 3 January 2018 and it was confirmed that there were no transitional arrangements. A report, which was presented at an Urgent Matters meeting of GMPF's Pension Fund Management Panel on 23 August 2017, was appended and considered by the committee. It detailed the issues involved and the steps that needed to be taken to enable the "opt-up" to Professional Client status with regulated managers and service providers.

AGREED:

That the report be noted.

7 DATES OF FUTURE MEETINGS

It was noted that future meetings be held as follows:-

- Tuesday 24 October 2017 at 10.00am, Guardsman Tony Downes House, Droylsden
- Tuesday 5 December 2017 at 1.30pm, Guardsman Tony Downes House, Droylsden
- Tuesday 23 January 2018 at 10.00am, Guardsman Tony Downes House, Droylsden
- Tuesday 13 March 2018 at 10.00am, Guardsman Tony Downes House, Droylsden
- Tuesday 24 April 2018 at 10.00am, Guardsman Tony Downes House, Droylsden

CHAIR



Agenda Item 7

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



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



Agenda Item 8

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



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



Agenda Item 9

Report To: GMPF LOCAL PENSION BOARD

Date: 14 December 2017

Reporting Officer: Sandra Stewart - Director of Pensions

Emma Mayall – Pensions Policy Manager

Subject: ADMINISTRATION BUSINESS & PROJECT PLANS

Report Summary: This report provides the Local Board with a summary of the

following:-

- Progress made on the 2017/18 business planning objectives set by the Administration section

 A summary of the other strategic or service improvement administration projects being worked on currently

- Comment on regular and other items of work currently

being undertaken by the section

Recommendation(s): It is recommended that the Board note the information

provided within the report.

Financial Implications: (Authorised by the Section 151 Officer)

Some projects and business plan items will incur costs. These are highlighted within the report and wherever possible, provision for these costs has been made within the budget for the 2017/18 financial year.

Legal Implications: (Authorised by the Solicitor to the Fund)

Some business plan and project items are linked to statutory requirements. Carrying out the Guaranteed Minimum Pension reconciliation exercise is a HMRC requirement. Statutory requirements are also imposed by the Pension Regulator. For example, there is a requirement to formulate a data improvement plan (or similar) linked to data cleansing projects.

Risk Management: Good business and project planning is essential when trying

to deliver an excellent service at low cost. Failure to plan properly can lead to resources not being used effectively, additional costs being incurred and deadlines not being met.

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: The background papers used in this report are listed below.

Local Government Pension Scheme Regulations 2013

http://lgpsregs.webdigi.co.uk/schemeregs/lgpsregs2013/timeli

ne.php

The Pensions Regulator Code of Practice 14

http://www.thepensionsregulator.gov.uk/codes/code-governance-administration-public-service-pension-

schemes.aspx

Further information can be obtained by contacting Emma Mayall, Greater Manchester Pension Fund, Guardsman Tony Downes House, 5 Manchester Road, Droylsden

Telephone: 0161 301 7242

e-mail: emma.mayall@gmpf.org.uk

1. BACKGROUND AND INTRODUCTION

- 1.1 In March 2017, six key business plan items for the administration section were established. This report provides the Local Board with an update on the progress made so far.
- 1.2 In addition to these key business plan objectives, the section is working on a number of other projects. A brief summary of these is also provided, together with information about the work currently being undertaken.
- 1.3 Finally, comments on regular and other work items undertaken are also provided as part of this report.

2. 2017/18 BUSINESS PLAN OBJECTIVES

2.1 The six key business plan objectives set for the 2017/18 year are summarised in the table below.

Ref.	Summary Title	Objectives
1	Guaranteed Minimum Pension Reconciliation	To progress work relating to the Guaranteed Minimum Pension (GMP) reconciliation exercise
2	Year-end processes	To make further improvements to the year-end pay and contribution returns exercise, including the application of the new escalation process
3	Employer support	To improve the support provided to all fund employers, including improved communication, training, website and reference material and exchange of information
4	Business continuity plan and disaster recovery provision	To review and revise our disaster recovery provision and devise a new business continuity plan
5	Data cleansing	To make our data cleansing methods more efficient and cost effective
6	Member communication	To improve and develop our communication methods and increase our use of on-line tools (such as MSS and on-line videos)

- 2.2 The key items of focus for the first half of the year were objectives 1 and 2, being GMP Reconciliation and Year-end processing.
- 2.1 A separate report on GMP Reconciliation is being presented to the Local Board to provide a detailed update on this project.
- 2.3 The year-end return process is now at an end with only a small number of minor tasks to complete. The improvements made to the process, such as holding webinars and applying the new escalation procedure, resulted in an increased number of returns being received by the deadline. Whilst there remain a number of queries outstanding with employers, officers are continuing to work closely with employers to resolve these.
- 2.4 Before closing this year's exercise, a review of this year's process will be undertaken to highlight any improvements that can be made in advance of the 2017/18 exercise.

- 2.5 To assist with the review, a final bulletin providing details of year-end performance and a feedback questionnaire was sent to employers.
- 2.6 As item 1 is underway and item 2 is coming to a close, the intention is to focus on the remaining items for the second half of the year.
- 2.7 Some initial work has begun on the items 3 and 4, being Employer Support and Member Communication.
- 2.8 Meetings have been held with all Local Authority employers, or have been scheduled for early next year. Meetings with a number of other employers where issues were identified have also taken place. The main aim of these meetings has been to identify problems with performance or other barriers to service delivery and put plans in place to resolve them. These have proved successful and will continue going forward.
- 2.9 Work has also begun on formulating a new communications and engagement strategy to provide a clear approach and plan for engaging with all Fund stakeholders over the next three years from April 2018.
- 2.10 However, in order to deliver the further work needed relating to both these business plan items, it is clear that the structure of the section needs to be reviewed and changes made to ensure it is best placed to progress the tasks identified. Therefore, a review of the structure of the service is to be undertaken before any further work on these two business plan items is progressed substantially.
- 2.11 Item 4 covers the review of Disaster Recovery and Business Continuity plans. Work on this item began in November and initial meetings with Tameside MBC IT Service have been scheduled in order to establish the scope for review.
- 2.12 Item 5 on Data Cleansing has progressed, however not as quickly as initially planned due to higher priority tasks being undertaken. Work will continue as priorities allow.

3. OTHER STRATEGIC AND SERVICE IMPROVEMENT PROJECTS

3.1 The section is currently working on a number of other projects. The table below provides brief details of these together with any key points of note.

Ref.	Summary Title	Update
PR1	Valuation	Although the 2016 Valuation has been completed and results have been issued to employers, a review of the project to identify learning points and tasks to be carried out in preparation for the next valuation is still to be completed. A meeting with the Fund's actuary was held recently to review the 2016 Valuation process and identify areas where improvements could be made for the 2019 Valuation process. Consideration was given to potential improvements, to data submitted to the actuary and amendments to processes. An aim will be to ensure that all employers are fully engaged with the process, and receive their contribution rates as early as possible.
PR3	APP Strategy	Some initial work has been undertaken relating to the area of assumed pensionable pay (APP), which includes reviewing and updating the information provided to employers through the GMPF employers website and putting together a training tool. Work on formalising an overarching strategy has not yet progressed but we anticipate that this will begin in the next quarter.

PR4	Trivial commutation	Work is being undertaken to put procedures in place that would enable us to offer members the option of taking their benefits as a one-off lump sum rather than receiving a very small monthly pension. Following changes to letters and procedures made, it is anticipated that all deferred members where this applies will soon be offered the option to commute their pension at the point of retirement. Work will then begin on setting up processes to enable trivial commutations to be offered to all active members at the point of retirement.
PR11	Death grant process review	Work is being undertaken to review and improve the process by which the beneficiaries of death grants are determined and paid. A framework of documents to support the Death Grant Discretion Board is in the process of being finalised.
PR12	Data and The Pensions Regulator (TPR)	Work is being undertaken to review and improve our data cleansing reports and processes. Following a Public Service Governance and Administration Survey, the Pensions Regulator advised that additional education would be provided in 2017, including guidance on developing a good data improvement plan. A quick Guide to Improving Data has recently been issued and we will now look to move the project forward, incorporating the Pensions Regulators advice.
PR16	Enhanced Admin to Payroll Interface (EA2P)	Work is being undertaken to investigate whether the EA2P software product available from Aquila Heywood will provide any time/cost efficiencies to GMPF if implemented. Current processes that would be affected have been reviewed and a workshop with Aquila Heywood has been held to assess whether the EA2P software is likely to be of benefit to GMPF.
PR19	Payroll sign-off	Changes in personnel have created an opportunity to review this area and ensure the procedures in place minimise any risk of error. This is a small project but has been delayed due to work on other projects and key business plan items. It is now intended that work will form part of the structure review work being carried out.
PR24	Benchmarking & KPI	It was agreed with MET Fund colleagues in May that we would look to draw up a new benchmarking framework. GMPF and Merseyside Pension Fund have agreed to take on this task and an initial meeting took place in August in order to discuss ideas on the way forward.
PR26	Java Payroll	The initial testing of this new Altair software module highlighted some issues that Aquila Heywood has now addressed. Implementation will take place during December and January.
PR32	First Bus Transfer	The project will be completed in November/early December. Members of First West Yorkshire and First South Yorkshire Buses were successfully transferred from their ceding fund to GMPF with effect from 1 November 2017. This has been the priority project for the section over recent months and has meant resource has been diverted from other work and projects in order to meet the required transfer date. The Pensions Administration Working Group has received regular reports on this project and a final update report confirming that all administration tasks have been completed will presented to the January meeting of the Group, together with details of the post project review outcomes.

PR33	GDPR	The General Data Protection Regulation (GDPR) applies from 25 May 2018 with the aim being to create a unified regulatory data protection regime that is fit for the digital age. New rules will strengthen data protection requirements by introducing new contractual obligations, increasing the amount of information that needs to be given to individuals and imposing heavier sanctions for non-compliance. The changes will affect pension schemes and employers. A project team has been set up to ensure that GMPF is ready for GDPR. Initial project documentation can be found in Appendix 1 . Progress has been delayed due to work on the First Bus Transfer and because specific guidance relating to how GDPR applies in the LGPS was only issued in November. However, it is expected that this will be the key
		, , , , , , , , , , , , , , , , , , , ,
		been delayed due to work on the First Bus Transfer and becaspecific guidance relating to how GDPR applies in the LGPS was issued in November. However, it is expected that this will be the

4. UPDATES ON REGULAR AND OTHER WORK ITEMS

- 4.1 All regular items of work completed by the section are measured using workflow analysis statistics and key performance indicators. The latest performance record of the Pensions Administration section for the 12 months is detailed in **Appendix 2**. Graphs illustrating workload changes over recent years are detailed in **Appendix 3**.
- 4.2 Performance has been steadily improving in a number of areas over the last twelve months. Where possible, additional resource is diverted to teams where backlogs are present or building.
- 4.3 Admissions work also continues, with over a hundred academy and admission body applications usually in progress at any one time.
- 4.4 During December, work will begin on identifying the business plan objectives for 2018/19, reviewing the 2017/18 budget and setting the budget for the 2018/19 year.
- 4.5 The next software release for the administration system, Altair, is due in the New Year. Pensions Increase testing and updating will then take place in February and March ready for April. Preparations for year-end processing will also begin in the New Year.

5. RECOMMENDATION

5.1 As set out on the front of the report.

GDPR 001

PROJECT OVERVIEW REPORT

GENERAL DATA PROTECTION REGULATION (GDPR)	Report Date	Report No:
Project team: Amanda Hyde, Stephen Budd, Malcolm Tyrer, Emma Mayall and Victoria Plackett	31/08/2017	1

PROJECT OB	PROJECT OBJECTIVES AND TIMESCALES										
Timeframe:	August 2017 – 30/06/2018										
Objectives:	 We are compliant with the new GDPR We have delivered the GDPR requirements We are assured that our employers, partners and contractors are also compliant with GDPR 										

MILESTONES	S AN	D NEXT STEPS			
Progress aga steps	inst	recent key milestones and / or next	Deadline	Leading Officer	Status
Work stream 1	PLA	ANNING AND PREPARATION			
Work Stream 1	Pro	ject team and resource plan	31 Oct 2017	Amanda Hyde	O In progress
	_	ablishing governance arrangements	30 Jun 2018	Emma Mayall	Awaiting start
		ject scoping and timeline	30 Sept 2017	Stephen Budd	Awaiting start
		keholder engagement plan and training	31 Oct 2017	Malcolm Tyrer	Awaiting start
Work stream 2		TA IDENTIFICATION AND ASSOCIATED CUMENTATION			
	Dat	a identification and scoping	28 Feb 2018	Victoria Plackett	Awaiting start
	Mar	nagement of policies, contracts and agreements	24 May 2018	Emma Mayall	Awaiting start
Work stream 3		ORMATION WE HOLD – DATA DISCOVERY, TENTION AND COMMUNICATION			
	Dat	a analysis	30 Apr 2018	Victoria Plackett	Awaiting start
	Ider	ntification of risks	30 Jun 2018	Stephen Budd	Awaiting start
	Cor	mmunication plan	30 Jun 2018	Malcolm Tyrer	Awaiting start
	Obt	aining assurance and consent	30 Jun 2018	Amanda Hyde	Awaiting start
Work stream 4	ASS	SURANCE AND REVIEW			
	Obt	aining external assurance	30 Jun 2018	Amanda Hyde	Awaiting start
		cess review plan	30 Jun 2018	Stephen Budd	Awaiting start
	Pro	ject sign off	30 Jun 2018	Emma Mayall	Awaiting start
lssues/high level risks	1.	Risk *			
arising and their	2.	Risk *			
impacts on the project	3.	Risk *			

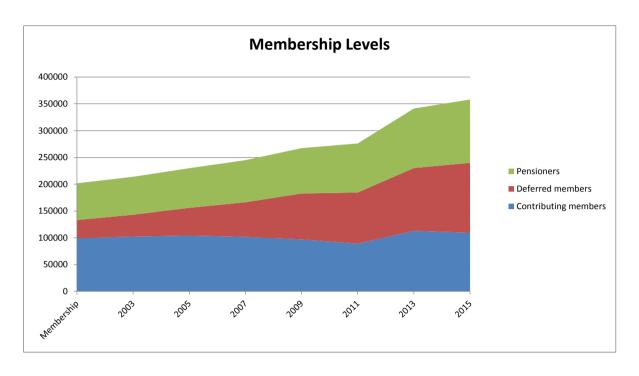


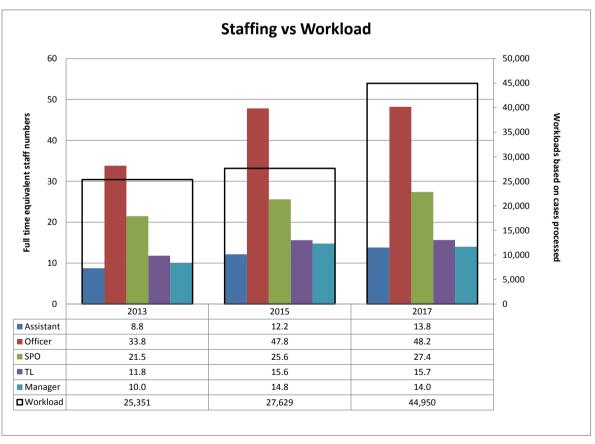
	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Total	2016-17	2015-16	2014-15
1. Written queries answe	red or ackı	nowledge	d													
Processed	523	360	658	663	615	525	645	644	517	616	655	547	6,968	7,006	6,863	5,068
Processed in time	495	334	636	641	587	511	618	623	505	603	637	534	6,724	6,585	6,463	4,727
Percentage on time	95%	93%	97%	97%	95%	97%	96%	97%	98%	98%	97%	98%	96.5%	94.0%	94.2%	93.3%
2. New starters processe	d															
Processed	2,164	1,047	1,824	1,407	1,274	1,083	1,257	1,613	1,456	1,004	1,435	0	15,564	18,990	18,619	15,098
Processed in time	2,134	1,046	1,815	1,405	1,257	1,082	1,256	1,612	1,433	995	1,435	0	15,470	18,846	17,034	12,990
Percentage on time	99%	100%	100%	100%	99%	100%	100%	100%	98%	99%	100%		99.4%	99.2%	91.5%	86.0%
3. Changes in details pro	cessed															
Processed	1,782	1.108	1,551	1.484	1,666	1,410	177	1,445	2,172	1,618	2,602	1,936	18,951	21,683	25,326	23,750
Processed in time	1,775	1,102	1,547	1,481	1,658	1,408	177	1,441	2,165	1,612	2,596	1,929	18,891	21,479	24,733	23,148
Percentage on time	100%	99%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	99.7%	99.1%	97.7%	97.5%
4. Helpline telephone cal	4,271	2,660	5,173	4,853	5,692	5,027	5,800	4,974	4,451	5,280	5,400	4,763	58,344	66,692	59,074	72,508
An@wered	3,884	2,446	4,819	4,475	5,165	4,385	5,031	4,295	3,968	4,518	4,656	4,304	51,946	56,421	51,666	58,769
Per entage answered	91%	92%	93%	92%	91%	87%	87%	86%	89%	86%	86%	90%	89.0%	84.6%	87.5%	81.1%
5. Pensions forecasts for	deferred r	nembers														
Processed	0	0	0	0	0	0	100,033	0	0	0	0	0	100,033	91,816	90,290	87,739
Processed in time	0	0	0	0	0	0	100,033	0	0	0	0	0	100,033	91,794	90,290	79,137
Percentage on time							100%						100.0%	100.0%	100.0%	90.2%
6. Pensions forecasts for	active me	mbers														
Processed	836	261	102	264	216	0	0	0	0	102,444	815	170	105,108	107,222	106,357	105,471
Processed in time	0	0	0	0	0	0	0	0	0	102,444	0	0	102,444	103,253	73,668	7,373
Percentage on time	0%	0%	0%	0%	0%					100%	0%	0%	97.5%	96.3%	69.3%	7.0%
7. Postings queries for e	mplovers is	ssued														
Processed	0	0	0	0	10	317	2,199	3,501	448	106	2	1	6,584	4,590	2,996	
Processed in time	0	0	0	0	10	317	2,199	3,495	436	106	2	1	6,566	1,619	1,276	
Percentage on time					100%	100%	100%	100%	97%	100%	100%	100%	99.7%	35.3%	42.6%	

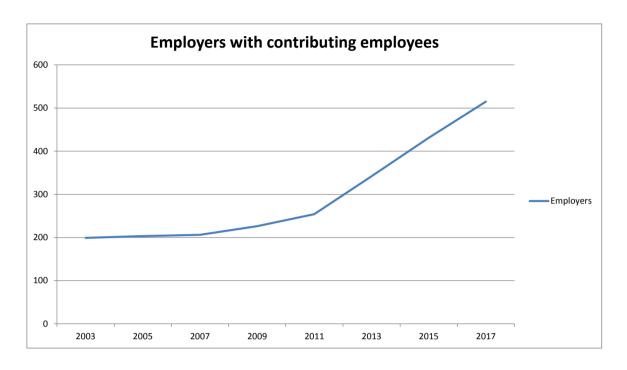
	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Total	2016-17	2015-16	2014-15
8. Technical guidance issu	ued to em	plovers														
Processed	3	1	2	3	0	1	1	0	1	5	1	1	19	18	7	7
Processed in time	3	1	2	3	0	1	1	0	1	5	1	1	19	18	6	7
Percentage on time	100%	100%	100%	100%		100%	100%		100%	100%	100%	100%	100.0%	100.0%	85.7%	100.0%
												<u>.</u>				
9. Pension savings statem	nents															
Processed	40	14	7	1	3	1	5	0	3	2	217	177	470	274	453	148
Processed in time	40	14	7	1	3	1	5	0	3	2	217	177	470	274	378	148
Percentage on time	100%	100%	100%	100%	100%	100%	100%		100%	100%	100%	100%	100.0%	100.0%	83.4%	100.0%
40 = 41 4 4 11																
10. Estimates for divorce		40	00	40	70	00	40	50	00	00	50		500	500	500	404
Processed	66	19	36	43	70	36	46	53	63	38	58	55	583	538	539	464
Processed in time	60	19	33	42	69	32	46	53	63	37	58	55	567	506	523	452
Percentage on time	91%	100%	92%	98%	99%	89%	100%	100%	100%	97%	100%	100%	97.3%	94.1%	97.0%	97.4%
11.Non LGPS transfers in	nrocesse	۸d														
Precessed	6	2	9	9	5	5	2	2	3	6	6	5	60	66	135	84
Processed in time	6	2	9	9	5	5	2	2	3	6	6	5	60	65	133	77
Percentage on time	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100.0%	98.5%	98.5%	91.7%
Ó	10070	100,0	100,0	100,0	10070	10070	10070	10070	10070	10070	10070	100,0	1001070	00.070	00.070	• , •
12. Non LGPS transfer out	t quotatio	ne proces														
Processed		15 010005	sed													
IL IOCESSER	116			150	115	110	151	130	130	87	135	102	1.420	1.215	1.048	875
Processed in time		101 94	93	150 150	115 115	110 110	151 148	130 127	130 129	87 87	135 135	102 102	1,420 1,406	1,215 1.014	1,048	875 845
	116 116 100%	101		150 150 100%	115 115 100%	110 110 100%	151 148 98%	130 127 98%	130 129 99%	87 87 100%	135 135 100%	102 102 100%	1,420 1,406 99.0%	1,215 1,014 83.5%	1,048 1,015 96.9%	875 845 96.6%
Processed in time	116	101 94	93 93	150	115	110	148	127	129	87	135	102	1,406	1,014	1,015	845
Processed in time	116 100%	101 94 93%	93 93 100%	150	115	110	148	127	129	87	135	102	1,406	1,014	1,015	845
Processed in time Percentage on time	116 100%	101 94 93%	93 93 100%	150	115	110	148	127	129	87	135	102	1,406	1,014	1,015	845
Processed in time Percentage on time 13. Non LGPS transfer out	116 100%	101 94 93% s process	93 93 100%	150 100%	115 100%	110 100%	148 98%	127 98%	129 99 %	87 100%	135 100%	102 100%	1,406 99.0%	1,014 83.5%	1,015 96.9%	845 96.6%
Processed in time Percentage on time 13. Non LGPS transfer out Processed	116 100% t payments	101 94 93% s process	93 93 100% sed 21	150 100%	115 100% 41	110 100%	148 98% 35	127 98%	129 99% 36	87 100% 30	135 100%	102 100%	1,406 99.0%	1,014 83.5%	1,015 96.9%	845 96.6%
Processed in time Percentage on time 13. Non LGPS transfer out Processed Processed in time Percentage on time	116 100% t payment: 19 19 100%	101 94 93% s process 9 9	93 93 100% sed 21 21 100%	150 100% 20 20	115 100% 41 41	110 100% 26 26	148 98% 35 35	127 98% 14 14	129 99% 36 34	87 100% 30 30	135 100% 19 19	102 100% 22 22	1,406 99.0% 292 290	1,014 83.5% 260 250	1,015 96.9% 216 212	845 96.6% 248 240
Processed in time Percentage on time 13. Non LGPS transfer out Processed Processed in time Percentage on time 14. Internal and concurrer	116 100% t payment: 19 19 100%	101 94 93% s process 9 9 100%	93 93 100% sed 21 21 100%	150 100% 20 20 100%	115 100% 41 41 100%	110 100% 26 26 100%	35 35 100%	127 98% 14 14 100%	36 34 94%	87 100% 30 30 100%	135 100% 19 19 100%	102 100% 22 22 21 100%	1,406 99.0% 292 290 99.3%	1,014 83.5% 260 250 96.2%	216 212 98.1%	845 96.6% 248 240 96.8%
Processed in time Percentage on time 13. Non LGPS transfer out Processed Processed in time Percentage on time 14. Internal and concurrer Processed	116 100% t payment: 19 19 100%	101 94 93% s process 9 9 100% s process 235	93 93 100% sed 21 21 100%	150 100% 20 20 100%	115 100% 41 41 100%	110 100% 26 26 100%	35 35 100%	127 98% 14 14 100%	129 99% 36 34 94%	87 100% 30 30 100%	135 100% 19 19 100%	102 100% 22 22 21 100%	1,406 99.0% 292 290 99.3%	1,014 83.5% 260 250 96.2%	1,015 96.9% 216 212 98.1%	845 96.6% 248 240 96.8%
Processed in time Percentage on time 13. Non LGPS transfer out Processed Processed in time Percentage on time 14. Internal and concurrer	116 100% t payment: 19 19 100%	101 94 93% s process 9 9 100%	93 93 100% sed 21 21 100%	150 100% 20 20 100%	115 100% 41 41 100%	110 100% 26 26 100%	35 35 100%	127 98% 14 14 100%	36 34 94%	87 100% 30 30 100%	135 100% 19 19 100%	102 100% 22 22 21 100%	1,406 99.0% 292 290 99.3%	1,014 83.5% 260 250 96.2%	216 212 98.1%	845 96.6% 248 240 96.8%

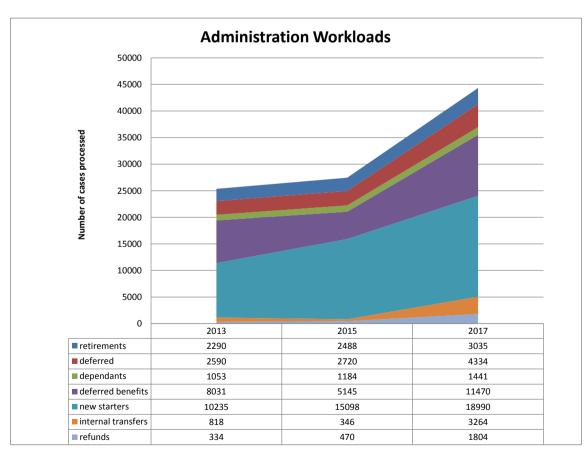
	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Total	2016-17	2015-16	2014-15
15. Refund payments mad	le															
Processed	165	186	386	195	212	189	169	148	175	204	137	141	2,307	1,804	1,328	470
Processed in time	158	175	366	166	195	176	145	129	171	193	129	138	2,141	1,522	1,138	409
Percentage on time	96%	94%	95%	85%	92%	93%	86%	87%	98%	95%	94%	98%	92.8%	84.4%	85.7%	87.0%
16. Deferred benefits calc	ulated															
Processed	957	872	1,091	951	935	867	692	947	834	1,138	804	1,076	11,164	11,470	10,010	5,145
Processed in time	566	380	611	494	488	541	436	563	455	816	595	887	6,832	4,088	667	3,196
Percentage on time	59%	44%	56%	52%	52%	62%	63%	59%	55%	72%	74%	82%	61.2%	35.6%	6.7%	62.1%
47 Appuitu quatations so	loulotoe ^l															
17. Annuity quotations cal	12	6	6	2	6	3	4	7	7	5	10	6	74	108	125	114
Processed in time	12	6	6	2	6	3	4	7	7	5	10	6	74	108	124	112
Percentage on time	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100.0%	100.0%	99.2%	98.2%
18. APC illustrations calcu	1	40	0.4	0.4	00		40	40	- 17		40	0.4	0.45	000	100	000
Processed	18	10	21	21	28	14	16	13	17	26	40	21	245	230	192	209
Processed in time	18	10	21	21	28	14	16	12	16	25	38	19	238	229	186	180
Percentage on time	100%	100%	100%	100%	100%	100%	100%	92%	94%	96%	95%	90%	97.1%	99.6%	96.9%	86.1%
1998VC amendments note	ed on ALT	AIR														
Processed	94	78	73	36	209	56	46	17	116	27	277	79	1,108	1,480	1,324	2,051
Processed in time	94	78	72	35	89	56	45	17	116	26	191	32	851	1,357	1,080	1,841
Percentage on time									110							
i ercentage on time	100%	100%	99%	97%	43%	100%	98%	100%	100%	96%	69%	41%	76.8%	91.7%	81.6%	89.8%
20. New retirements benef	10010	10070	99%		43%								76.8%			
	10010	10070	99% 251		43% 258								76.8% 2,679			
20. New retirements benef	fit options	sent		97%		100%	98%	100%	100%	96%	69%	41%		91.7%	81.6%	89.8%
20. New retirements benef	fit options 326	sent 175	251	97%	258	100% 217	98% 239	100% 226	100% 279	96% 235	69% 153	41% 126	2,679	91.7% 3,086	3,189	2,540
20. New retirements benef Processed Processed in time Percentage on time	326 326 326 100%	sent 175 173 99%	251 251	97% 194 193	258 246	217 115	98% 239 212	226 182	279 265	96% 235 218	153 144	126 120	2,679 2,445	3,086 2,736	3,189 2,934	2,540 1,846
20. New retirements benef Processed Processed in time	326 326 326 100%	sent 175 173 99% payment	251 251	97% 194 193	258 246 95%	217 115 53%	239 212 89%	226 182	279 265 95%	96% 235 218	153 144	126 120	2,679 2,445 91.3%	3,086 2,736 88.7%	3,189 2,934 92.0%	2,540 1,846 72.7%
20. New retirements benefit Processed Processed in time Percentage on time 21. New retirements processed in the Processed in time	326 326 326 100%	sent 175 173 99%	251 251 100%	97% 194 193 99%	258 246	217 115	98% 239 212	226 182 81%	279 265	96% 235 218 93%	153 144 94%	126 120 95%	2,679 2,445	3,086 2,736	3,189 2,934	2,540 1,846

	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Total	2016-17	2015-16	2014-15
22. Deferred benefits prod	essed for	payment														
Processed	393	287	379	345	414	287	357	424	400	394	375	381	4,436	4,334	3,379	2,720
Processed in time	387	286	377	341	408	279	355	421	399	393	372	379	4,397	4,282	3,246	2,582
Percentage on time	98%	100%	99%	99%	99%	97%	99%	99%	100%	100%	99%	99%	99.1%	98.8%	96.1%	94.9%
23. Notifications of death	processed	d														
Processed	306	221	465	417	367	297	293	364	333	279	318	282	3,942	3,882	3,820	3,166
Processed in time	193	126	348	383	329	269	271	302	278	267	303	274	3,343	3,184	3,442	3,032
Percentage on time	63%	57%	75%	92%	90%	91%	92%	83%	83%	96%	95%	97%	84.8%	82.0%	90.1%	95.8%
24. Dependant's pensions	nrocosso	d for nav	mont													
Processed	133	92	112	150	147	122	122	144	125	97	109	127	1,480	1,441	1,358	1,184
Processed in time	117	91	111	150	145	120	120	144	124	95	108	127	1,452	1,386	1,337	1,142
Percentage on time	88%	99%	99%	100%	99%	98%	98%	100%	99%	98%	99%	100%	98.1%	96.2%	98.5%	96.5%
25. Death grants processe	ed for payı	ment														
Precessed	48	49	39	48	66	64	34	48	54	86	64	45	645	608	592	440
Picessed in time	38	46	39	48	63	60	33	45	52	82	60	42	608	543	566	399
Percentage on time	79%	94%	100%	100%	95%	94%	97%	94%	96%	95%	94%	93%	94.3%	89.3%	95.6%	90.7%
26. Retirement lump sum	processed	d by payro	oll													
Processed	519	459	451	409	456	509	541	511	471	441	635	452	5,854	6,063	5,542	4,603
Processed in time	519	458	451	409	456	509	540	511	471	441	615	452	5,832	6,047	5,542	4,603
Percentage on time	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	97%	100%	99.6%	99.7%	100.0%	100.0%
27. Payments recalled due	e to death															
Processed	294	248	472	326	349	253	315	319	274	250	306	323	3,729	3,725	3,790	3,153
Processed in time	294	248	472	326	349	253	315	319	274	250	306	323	3,729	3,725	3,790	3,153
Percentage on time	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100.0%	100.0%	100.0%	100.0%
28. Changes to bank deta	ils made															
Processed	140	80	130	144	143	185	216	158	143	139	102	108	1,688	1,847	1,963	1,938
Processed in time	140	80	130	144	143	185	216	158	143	139	102	108	1,688	1,847	1,963	1,938
Processed in time																









Agenda Item 10

Report To: GMPF LOCAL PENSION BOARD

Date: 14 December 2017

Reporting Officer: Sandra Stewart - Director of Pensions

Emma Mayall - Pensions Policy Manager

Subject: GUARANTEED MINIMUM PENSION RECONCILIATION

Report Summary: This report provides the Local Board with background

information about GMP Reconciliation together with an update

on the progress made by GMPF on this project.

Recommendation(s): It is recommended that the Local 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, reconciling data will result in pension overpayments and underpayments being uncovered. This will be monitored and reported to future meetings.

Legal Implications: (Authorised by the Solicitor to the Fund) There is no direct legal obligation to carry out this reconciliation exercise. However, the fourth data principle under the Data Protection Act requires that 'personal data shall be accurate and, where necessary, kept up to date'. Section 249B of the Pension Schemes Act 2004 requires that '...a public service pension scheme must establish and operate internal controls which are adequate for the purpose of securing that the scheme is administered and managed in accordance with the scheme rules and with the requirements of the law'. Regulation 4 of the Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations 2014 also requires schemes to keep accurate member data.

Risk Management:

Failure to reconcile data may result in overpayments being made to future retirees or dependants, or being continued to be made to existing pensioners. In addition, there is a risk that HMRC may enforce schemes to be responsible for liabilities that they are not actually responsible where HMRC have not been notified by the fund of the error.

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:

The background papers relating to this report can be inspected by contacting Emma Mayall, Greater Manchester Pension Fund, Guardsman Tony Downes House, 5 Manchester Road, Droylsden

Telephone: 0161 301 7242

e-mail: emma.mayall@gmpf.org.uk

1. INTRODUCTION

- 1.1 In April 2017, the Fund began work on a project to reconcile guaranteed minimum pension information held by Her Majesty's Revenue and Customs against the data held on its own records.
- 1.2 This report provides the Local Board with background information about guaranteed minimum pensions and about the reconciliation process.
- 1.3 It also confirms how the project is being managed and resourced and details the work carried out to date.

2. BACKGROUND INFORMATION ABOUT GUARANTEED MINIMUM PENSIONS

- 2.1 In April 1978, the Government of that time introduced a new state pension system. It provided for a flat rate state pension, which was available for everyone regardless of his or her employment history, plus an additional amount of pension based on a person's national insurance contributions. This additional pension element was called the state earnings related pension scheme (SERPS).
- 2.2 Pension schemes, including the LGPS, were able to opt-out of SERPS. This was known as 'contracting out'. However, to do this a scheme had to guarantee to pay a benefit to a member that was equal to or better than that which they would have built up if they had been a member of SERPS. This amount is called a guaranteed minimum pension (GMP).
- 2.3 The Government removed the ability to build up an entitlement to a GMP on 6 April 1997. Therefore, only those who were members between 6 April 1978 and 5 April 1997 will have a GMP.
- 2.4 Her Majesty's Revenue and Customs (HMRC) holds details of a member's individual GMP entitlement based on their national insurance contribution records.
- 2.5 The rules that were introduced in 1978 when the new state scheme was brought in meant that any inflation increases to a GMP were to be paid to a person by the State as part of their state pension benefits.
- 2.6 On 6 April 1988, the rules were changed so that in most cases the contracted-out pension scheme became the body responsible for the increases on any GMP built up after 6 April 1988, up to a maximum limit of 3%. Any increases above 3% were paid by the State along with the state pension.
- 2.7 Employers and pension schemes were required to notify HMRC of various member events as part of administering a contracted-out scheme. HMRC would be notified when a member joined a pension scheme, transferred benefits in or out, left or retired, in order to maintain correct GMP entitlement details.
- 2.8 When the new State Single Pension was introduced in April 2016, this ended the 'contracted out' status of pension schemes.
- 2.9 HMRC used to send paper notifications of GMP entitlements to pension schemes up until April 2016 each time a member left, reached state pension age or if details were requested by the scheme. Since April 2016, schemes have been able to access information using an on-line system.

3. BACKGROUND INFORMATION ABOUT GMP RECONCILIATION

- 3.1 The end of contracting-out in April 2016 meant that HMRC no longer had to track a person's GMP entitlement. Therefore, HMRC decided to embark on a reconciliation project with all schemes. Their intention was to issue closure schedules containing contracted-out and GMP entitlements to each scheme and for schemes to carry out a reconciliation exercise, comparing the data provided by HMRC against their own records.
- 3.2 The deadline that has been set by HMRC for completion of the reconciliation project with all pension schemes is December 2018. HMRC originally intended to issue a notice to those individuals who have not yet reached state pension age to provide them with details of their contracted-out history. They have recently confirmed that they will no longer do so and instead will make this information available to individuals through the Pensions Dashboard system that is under development.
- 3.3 There is no specific legal requirement to carry out a GMP reconciliation exercise. However, in light of other legislation such as the Data Protection Act that relate to ensuring all data kept is accurate and up-to-date it is good practice for pension schemes to undertake reconciliation work.
- 3.4 HMRC decided to issue the GMP data they hold to funds in two separate files. The first file was available from 2015 and contained GMP and contracting-out details for members that HMRC had recorded as leavers (either with deferred benefits or being in receipt of a pension). The second file is for those who are still paying into the scheme. This file was originally due to be issued in 2016 but actually only became available in summer 2017.
- 3.5 On 2 February 2016, HMRC wrote to the Department for Communities and Local Government (DCLG) regarding the GMP reconciliation exercise. Within the letter were a number of suggestions for criteria that HMRC wished all public service sector pension schemes to adopt. DCLG issued this letter for consultation to all LGPS funds and it was agreed the criteria outlined would be adopted by the LGPS. A copy of this letter can be found at **Appendix 1**. On 2 February 2017, the Local Government Association sent out a follow-up communication confirming their proposed approach for reconciling post April 1997 data. A copy of this correspondence can be found at **Appendix 2**.

4. DECISIONS TAKEN BEFORE EMBARKING ON THE PROJECT

- 4.1 In 2015, Fund officers explored the various options available to tackle the reconciliation exercise. A number of companies were offering a reconciliation service to help funds tackle the project. Aquila Heywood had also developed a product to help mismatch HMRC data against fund records.
- 4.2 GMPF took the decision to tackle the work in-house and bought the Aquila Heywood product to assist with this. The first file available from HMRC containing information for leavers was obtained and an initial mismatch exercise was carried out early in 2016. Work began on tackling some of the basic errors identified through this. However, work was then put on hold. This was primarily for two reasons. The first being that year-end and valuation work took priority as the 2016 triennial valuation got underway. Secondly, it become apparent that the second reconciliation file for active members was needed in order to reconcile the data correctly, and this was not being made available by HMRC until Easter 2017.
- 4.3 Some LGPS funds have taken the decision to tackle the project in-house and others have chosen to outsource some or all of the work. Information has been shared by funds and therefore there has been, and still is, the opportunity to learn from peers when completing this project.

5. PROGRESS MADE SINCE APRIL 2017

- A core project team was established to manage the project in April 2017 and carried out a number of initial tasks in order to establish a project plan. These included testing the Aquila Heywood mismatch tool, reviewing existing procedures and calculations linked to GMPs and speaking to HMRC to clarify information and check the proposed approach.
- 5.2 A project milestone plan was then formed, together with a risk log and a decisions log. The current versions of these documents can be found at **appendices 3, 4 and 5**.
- 5.3 In addition, an approach document was drawn up. The basis of this was linked to the priority levels allocated to each query type that could potentially be generated by the data analysis. Queries were categorised initially into two categories, being those needing further analysis or those that 'matched' or could be ignored. Those needing further analysis were then categorised into 'high', 'medium' or 'low' priority groups. The priority criteria was then compared with that set by another LGPS fund to provide comfort that the Fund's approach to determining priority levels was reasonable.
- 5.4 At this stage, assurance from Internal Audit was sought and received on both the proposed creation method for baseline files and the reconciliation approach.
- 5.5 The actual data analysis was then carried out on the two reconciliation files. The baseline files from which all reconciliation work would be done were created and this then enabled a resource plan to be finalised.
- 5.6 A GMP Reconciliation team was then formed to assist with completing the reconciliation work. The team started to investigate mismatches and raise queries with HMRC in mid-August and this work continues.
- 5.7 Project update meetings are currently taking place once a fortnight in order to monitor the progress made and to determine whether work is being completed in line with expectations.
- 5.8 In August, members of the GMPF project team met with colleagues at Merseyside Pension Fund to discuss GMP reconciliation work and identify learning points.

6. RECONCILIATION STATISTICS

- 6.1 Graphs showing both the initial and current numbers of matches, mismatches and queries can be found at **Appendix 6**. The current statistics are those as at mid-November.
- 6.2 Progress reports have been provided each quarter to the Pensions Administration Working Group. It is intended to continue to produce quarterly reports until the end of the project in December 2018.
- 6.3 The resource needed to ensure tasks are completed in time will continue to be monitored on a fortnightly basis for the near future. The intention is to vary the resource on team depending on the tasks being undertaken at each stage of the project. A number of fixed term appointments have been, or are in the process of being made, in order to provide cover for those working on the GMP Reconciliation team.

7. COMMUNICATION FROM HMRC

7.1 HMRC have issued regular bulletins to assist pension schemes since the requirement for GMP Reconciliation was made. This has helped when creating procedures and setting priorities for the different query types.

7.2 However, understandably with a project of this size and complexity, HMRC have amended their approach or changed their requirements as the project has progressed and as other developments in the wider pension landscape have been made. Therefore, the Fund's view on the priority value attached to certain queries, or the requirement for completion of a particular task may change as HMRC guidance changes. This has been included as a risk within the project risk log.

8. SUMMARY AND CONCLUSIONS

- 8.1 GMP Reconciliation is a large-scale and reasonably long-term project. Work is underway and tasks are being completed in-line with the target dates set.
- 8.2 There are a number of risks and issues to be managed as part of carrying out this project. These include addressing the underpayments and overpayments that will be uncovered.
- 8.3 The project team are aware of the possibility for HMRC to change their guidance around GMP Reconciliation and this could affect decisions already taken or potentially cause the Fund to revise its approach going forward.
- 8.4 Progress updates will continue to be taken to future Pension Administration Working Group meetings until the project is completed in December 2018.

9. RECOMMENDATIONS

9.1 As set out at the front of the report.





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02/02/16

Dear Chris,

I am writing to you with regards to the data reconciliation exercise which all public service pension schemes (PSPSs), including the Local Government Pension Scheme (LGPS), are undertaking between now and December 2018. The purpose of this exercise is to ensure that records held by your scheme and by HMRC, in relation to periods of contracted-out employment, are correct. As you'll be aware, this is a necessary step to ensure that both scheme records are up to date and that the data held by HMRC, which will be used in the calculation of an individual's new State Pension starting amount, are also correct.

As you'll know, a small working group has been looking at this issue and they have arrived at a number of collective decisions in relation to this exercise on (i) which data should be reconciled and (ii) what options are available to PSPSs to simplify the reconciliation exercise.

Schemes have expressed a preference for consistency in treatment where feasible across the PSPSs and so I am writing to you in order to suggest that the LGPS adopts these criteria as guidelines for the reconciliation exercise. Ensuring this exercise is taken forward robustly and consistently, where feasible, is clearly very important in ensuring members are treated fairly across the schemes.

This reconciliation exercise highlights the importance of precise data; we are separately developing a programme to improve data across the public service schemes. The aim of this programme is to improve efficiency of administration, give Treasury assurance around liabilities and payments, and better support future change.

The remainder of my letter sets out the collective decisions reached by the working group.

(i) Which data should be reconciled:

The working group recommends that the following members' data should be reconciled:

- Active and deferred members with any service between 6 April 1978 and 5 April 1997;
- Non-members for whom the PSPS believes it has already discharged its liability;

¹ 'Deferred members' as per the HMRC definition. This includes members who may have reached normal pension age in the scheme and taken retirement but have not yet reached their State Pension age.

- Members whom PSPS believe are still in the scheme, but HMRC believe otherwise; and
- All pensioner members with active service between 6 April 1978 and 5 April 1997.

For pensioners that have been underpaid, the working group recommend these individuals receive their pension arrears in full, with interest in accordance with the scheme rules. For pensioners who have historically been overpaid, the working groups recommend that you wait for evidence from the reconciliation exercise on the extent of overpayments. This would give more information on whether there will be value for money in recouping the overpayments.

The working group recommends that the following members' data should *not* be reconciled:

Deceased members where there is no surviving dependant.

The working group and DWP are still considering whether it is necessary to reconcile the data of:

• Members with service beginning after 5 April 1997 (the date at which members ceased to accrue a GMP).

The working group is liaising with officials in DWP and HMRC to resolve this point, and PSPSs should defer reconciling this data until a decision is made. The Treasury will communicate decisions on these issues in due course.

(ii) Options for simplifying the reconciliation exercise:

The working group recommends that scheme managers may allow for minor discrepancies between their data and that held by HMRC, in reference to the contracted-out dates and GMP amount. In particular, where:

- the contracted-out dates fall within the same tax year or +/- one year, 6 April to 5 April inclusive:
- the weekly GMP amount held by PSPSs and HMRC is within a £2 per week tolerance level,

the scheme should default to HMRC data for active and deferred members (as per HMRC definition).

When reconciling pensioner members, PSPSs should default to scheme data where the GMP is within the £2 per week tolerance level, as this is the mechanism through which pensioners are already being paid. Further, with regards to a member with multiple gaps in service during that person's total period of contracted out employment, a tolerance of +/- 1 year (6 April to 5 April inclusive) at the start and end of each gap should apply.

This will ensure those members most significantly affected by any errors in the data will see corrections to their data but at the same time, the scale and cost of the exercise for each scheme is managed, supporting completion of this exercise by the December 2018 deadline.

Where a case falls outside the date or amount tolerance levels PSPSs need to investigate and correct data as necessary (but see the information earlier in this letter regarding any overpayments).

Given the views of the schemes and the agreement from HM Treasury Ministers that consistency across the schemes in this exercise is important, I am keen that, where feasible, scheme managers are consistent in their treatment of members throughout this exercise. These guidelines have been agreed across departments via the working group and at MOCOP and I'd welcome your support of this approach to the exercise. Nevertheless, should the LGPS choose not to adopt them, I would be grateful if you could please set out to me the reasons behind this decision and continue to work closely with us to ensure any learning or alternative approaches which may be beneficial to all schemes is effectively shared.

Yours Sincerely,





Post 97 contracted-out reconciliation – LGPS England & Wales

On 2 February 2017 the Secretariat sent out the following communications to LGPS funds in England & Wales. We understand that SPPA are currently considering their approach with regards to LGPS funds in Scotland and guidance may be issued in due course.

"Dear Colleagues

On the 10 February 2016 the attached letter, concerning contracted-out reconciliation, was distributed to LGPS Funds. A couple of questions were not addressed within the letter and this email seeks to address the requirement to reconcile the data of members with service beginning after 5 April 1997 (the date at which members ceased to accrue a Guaranteed Minimum Pension (GMP)). The contents of this email have been discussed and agreed by DCLG.

The LGPS is a funded scheme with variable and locally set individual employer contributions based on triennial valuations. As such, and unlike the other public service schemes, the accuracy of individual employer contribution rates relies heavily on correct data at a very granular level. Allowing records to go uncorrected has a direct impact on contribution levels for the employer and therefore extensive resource hungry data checks are completed annually and at each valuation.

For this reason, the LGPC recommend that the LGPS pursue an alternative to automatic reconciliation of all post 5 April 1997 records with HMRC data. This alternative would, we believe, address the primary objectives for the scheme as well as providing valuable data to HMRC without potentially duplicating the extensive work already undertaken. Whilst the expressed desire for consistency across public service pension schemes is understandable it is not a principle that has always been applied and therefore should not necessarily be followed in this instance. The application of Freedom & Choice to the LGPS alone amongst the public service schemes because of its funded nature is a recent example of such.

The LGPC recommend to approach post 5 April 1997 contracted-out reconciliation of data in the following ways:

- Where contracted-out records appear on HMRC records but no corresponding LGPS pension records exist within its fund, LGPS Administering Authorities should investigate all cases.
- 2. Where the dates of contracted-out service differ, each LGPS Administering Authority should only investigate those cases where in its view there is a significant risk to LGPS benefits or process.
- 3. Where contracted out records do not appear on HMRC records but an LGPS pension record exists within its fund, each LGPS Administering Authority should notify HMRC of the discrepancy but only investigate those cases where in its view there is a significant risk to LGPS benefits or process.

This approach represents a cost effective means of minimising risk of incorrect benefits while avoiding unnecessary and cost duplication of the work already undertaken to ensure records are accurate and correct employer contribution rates are levied.

The contents of this email are merely a recommendation and Administering Authorities may wish to pursue an alternative local solution to contracted-out reconciliation"



GMP RECONCILIATION 001

PROJECT OVERVIEW REPORT

GMP RECONCILIATION	Report Date	Report No:
Project team: Emma Mayall, Victoria Plackett, Georgia Ryan, John Carroll, Caroline Daniel	23.11.2017	3

PROJECT OBJECTIVES AND TIMESCALES								
Timeframe:	1 February – 31 December 2018							
Objectives:	- For all member records and HMRC file entries to be reconciled in respect of GMP information							
	- For all errors to be corrected							

MILESTONES	S AN	D NEXT	STEPS			
Progress aga	inst	recent k	xey milestones and / or next	Deadline	Leading Officer	Status
Work stream 1	DA	TA ANALY	SIS AND PLANNING		Georgia Ryan	
	Tes	ting and da	ata analysis	16 Jun 2017		Achieved
	Dec	cisions nee	ded identified and log created	23 Jun 2017		Achieved
	App	roach doc	ument formed	30 Jun 2017		✓ Achieved
	Tim	elines conf	irmed and resource allocated	30 Jun 2017		Achieved
	Pro	ject meetin	gs scheduled and carried out	30 Jun 2017		Achieved
	НМ	RC notified	of our estimated timescales	30 Jun 2017		Achieved
	Fold	der protecti	ons and access levels put in place	21 Jul 2017		Achieved
	Pro	cedure not	es and guidance created	28 Jul 2017		✓ Achieved
Work stream 2	SRS	S (LEAVEF	R FILE) RECONCILIATION		John Carroll	,
	Bas	eline file ci	reated and unique references added	7 Jul 2017		✓ Achieved
			s worked on and issued	31 Dec 2017		In progress
	Sta	ge 2 guerie	es worked on and issued	30 Mar 2018		Awaiting start
		• •	performed	31 Aug 2018		Awaiting start
		olies dealt v		31 Aug 2018		Awaiting start
	Any	follow-up	tasks concluded	30 Sep 2018		Awaiting start
Work stream 3	CLO	OSURE SC	AN RECONCILIATION	·	John Carroll	
	Bas	eline file ci	reated and unique references added	30 Sep 2017		Achieved
	Sta	ge 1 querie	s worked on and issued	31 Dec 2017		In progress
	Sta	ge 2 querie	s worked on and issued	30 Apr 2018		Awaiting start
	Red	alculations	performed	30 Sep 2018		Awaiting start
	_	olies dealt v	•	30 Sep 2018		Awaiting start
	Any	follow-up	tasks concluded	30 Sep 2018		Awaiting start
Work stream 4	FIN	AL RECON	NCILIATION AND SIGN OFF	·	Georgia Ryan	
	Red	conciliation	of SRS (leaver) file	31 Oct 2018		Awaiting start
	Red	conciliation	of Closure Scan file	31 Nov 2018		Awaiting start
	Inte	rnal Audit	sign off	31 Dec 2018		Awaiting start
lssues/high level risks	1.	Risk 4	There is not enough resource to compagreed deadlines, potential for errors	plete the work need / complaints / incor	ed – would impact rect payments, imp	on our ability to meet the pact on morale
arising and their	2.	Risk 3	Movement of resource to the project in targets, performance levels and project	mpacts on other wo	orkloads – would a	ffect our ability to meet other
impacts on the project	3.	Risk 5	Deadlines are missed - potential for a liability being assigned, impact on mo		ors / complaints / ir	ncorrect payments / incorrect



				Pro	obabi	ility			Ir	npac	t								
			1	2	3	4	5	1	2	3	4	5	This month						
No.	Category / Area of the project	Description	L	L	М	Н	Н	L	L	М	н	н	Rating (2xP+3xI)	Responsible	Action	Date action due	Mitigation	Status	Open/ Closed
1	Resource	Key individuals (e.g. work stream leads) unavailable			3						4		18	Emma / Victoria	Ensure all project documentation is up-to- date and team members are properly briefed on progress.	Ongoing	Contingency: Another individual appointed to take over lead Contingency: All project team should be aware of process and progress to date Contingency: Project documentation in place and accessible on shared drive ready for someone to pick up	Ongoing	Open
2	Resource	Key individuals from one GMP DQT team unavailable			3						4		18	Emma / Victoria	Consider cover and training when deciding who is to work on th team	Ongoing	Reduction: Ensure that contingency training is carried out throughout the project Contingency: Consider if assistance from other fund or partner organisation might be feasible	Ongoing	Open
3	Resource	Movement of resource impacts on our ability to complete other workloads and projects		2								5	19	Emma / Victoria	Ensure there are clear priorities for the teams to work to and that likely impacts are communicated	Ongoing	Reduction: Look to implement effciencies in order to recoup resource Reduction: Look to redefine target times or reallocate workloads Acceptance: Communicate the impacts to all stakeholders	Ongoing	Open
4	Poource G O	There is not enough resource to complete the work required		2								5	19	Emma / Victoria	Investigate ways to generate additional resource	Ongoing	Reduction: Recruit additional resource Reduction: Offer overtime / additional hours Reduction: Ask for assistance from colleagues at other funds or partner organsiations	Ongoing	Open
5	Seadlines	Failure to meet the query deadline dates agreed with HMRC			3						4		18	Emma / Victoria	Discuss with our contacts at HMRC	Ongoing	Reduction: Ensure close monitoring of progress against timeframe and make adjustments as needed on a regular basis Acceptance: Look to agree revised timeframe with HMRC	Ongoing	Open
6	Software / IT issues	There are issues with the Heywood tool		2						3			13	Emma / Victoria	Work with Heywood to resolve issues	Ongoing	Reduction: Carry out testing and checks to ensure the tool is working as we would expect Reduction: Liaise with our colleagues at other funds to ensure they are also confident that the tool is working correctly Contingency: Consider using other methods, such as spreadsheets, to carry out the work needed	Ongoing	Open
7	Decsion-making	Wrong or mis-informed decisions are made		2							4		16	Emma / Victoria	Ensure that there is a clear process for decision-making	Ongoing	Reduction: Carry out testing whenever changes are made and ask Internal Audit to review the process Reduction: Carry out regular spot checks or similar tests to provide assurance	Ongoing	Open
8	Decsion-making	HMRC revise their guidance or approach			3						4		18	Emma / Victoria	Ensure that all decisions and approach assumptions are reviewed	Ongoing	Acceptance: Consider and make amendments to our approach or decisions if needed and adjust resources accordingly	Ongoing	Open

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GMP RECONCILIATION PROJECT Decisions Log

Ref number	1
Date requested	21 June 2016
Decision required	In respect of the leaver file only — Whether or not to ignore status 7 members with no widow/er, or where the widow/er is also deceased, for the purposes of reconciling the GMP amounts or dates.
Background/additional information	There are approximately 24,000 status 7 members with no widow/er entitlement that mismatch on the GMP reconciliation. This is where HMRC have the member recorded as deceased and have no record of a widow/er state pension being claimed, and where we have
	the member recorded as deceased. We will perform a check to ensure that we are not paying a widow/er a
	pension before categorising as 'ignore'.
Stakeholders/teams involved	Bereavements
Recommendation	Where this is the case, the recommendation is that we ignore all these mismatches for GMP reconciliation purposes.
Decision made	Agreed
Date of decision	21 June 2017
Lead officer for implementation	John Carroll
Date for review if applicable	N/A

GMP RECONCILIATION PROJECT

Decisions Log

Ref number	2
Date requested	21 June 2016
Decision required	In respect of the leaver file only – Where there is a 'start' date mismatch only (so, all other data matches including the GMP amounts)
Background/additional information	There are approximately 9828 members where, other than the start date, there is an exact match with the HMRC file. The reconciliation programme ignores mismatches of start dates where the start date is within the same tax year – this is a HMRC recommendation. The start dates differs as follows: • 5449 members are within 365 days • 1860 members over 365 days difference have no GMP liability (all post 1997 starters) • 2520 members over 365 days difference have GMP liability The letter from HMRC recommends dates +/- 1 year are not investigated.
Stakeholders/teams involved	All teams
Recommendation	 Mismatch within 365 days – do not investigate (we will overwrite HMRC dates with the details GMPF hold so there is a 100% match recorded) Mismatch over 365 days and no GMP liability – do not investigate (we will overwrite HMRC dates with the details GMPF hold so there is a 100% match recorded) Mismatch over 365 days and GMP liability – investigate why there is a difference and query if necessary
Decision made	1 and 2 agreed. 3 – It was agreed that a sample number of these mismatches are to be investigated and the results brought back for the group to revisit the decision.
Date of decision	21 June 2017
Lead officer for implementation	John Carroll
Date for review if applicable	TBA once a sample of mismatch type 3 have been investigated

GMP RECONCILIATION PROJECT

Decisions Log

Ref number	3
Date requested	21 June 2016
Decision required	In respect of the leaver file only – Where there is an 'end' date mismatch only (so, all other data matches including the GMP amounts)
Background/additional information	There are approximately 11,736 members where, other than the end date, there is an exact match with the HMRC file. The reconciliation programme ignores mismatches of end dates where the end date is within the same tax year – this is a HMRC recommendation. The end dates differ as follows: • 5092 members are within 365 days • 2218 members over 365 days difference have no GMP liability (all post 1997 starters) • 4426 members over 365 days difference have GMP liability The letter from HMRC recommends dates +/- 1 year are not investigated.
Stakeholders/teams involved	All teams
Recommendation	 Mismatch within 365 days – do not investigate (we will overwrite HMRC dates with the details GMPF hold so there is a 100% match recorded) Mismatch over 365 days and no GMP liability – do not investigate (we will overwrite HMRC dates with the details GMPF hold so there is a 100% match recorded) Mismatch over 365 days and GMP liability – investigate why there is a difference and query if necessary* *Taking into consideration how HMRC record dates when a member reaches 'NPA'
Decision made	1 and 2 agreed. 3 – It was agreed that a sample number of these mismatches are to be investigated and the results brought back for the group to revisit the decision.
Date of decision	21 June 2017
Lead officer for implementation	John Carroll
Date for review if applicable	TBA once a sample of mismatch type 3 have been investigated

GMP RECONCILIATION PROJECT

Decisions Log

Ref number	4					
Date requested	21 June 2016					
Decision required	In respect of the leaver file only –					
	Weather we agree with the HMRC recommendation that any difference in amounts that are +/- £2.00 a week or less are treated as an exact match.					
	We would use the HMRC amounts for status 4 members and any status 5 members who are under NPA in future calculations.					
	We would retain the GMPF amounts for any status 5 members over NPA and status 6 members and not perform any corrections or recalculations to pensions in payment. (We currently estimate the number of members where the total GMP is within this tolerance but the member might be being underpaid to be approximately 296).					
	The letter from HMRC recommends this approach.					
Background/additional information	This fall's into 3 categories within the GMP reconciliation: • Total GMP within tolerance • Post 88 GMP within tolerance • Both GMP within tolerance The member status split across the 3 categories are: • 2190 Status 4 • 903 Status 5 (under NPA) • 3753 Status 5 (over SPA) • 348 Status 6					
Stakeholders/teams involved	All teams					
Recommendation	To follow the approach recommended and use HMRC amounts for status 4 members and any status 5 members who are under NPA in future calculations, and retain the GMPF amounts for any status 5 members over NPA and status 6 members and not perform any corrections or recalculations to pensions in payment					
Decision made	Agreed					
Date of decision	21 June 2017					
Lead officer for implementation	John Carroll					
Date for review if applicable	N/A					



GMP RECONCILIATION PROGRESS REPORT 21 NOV 2017

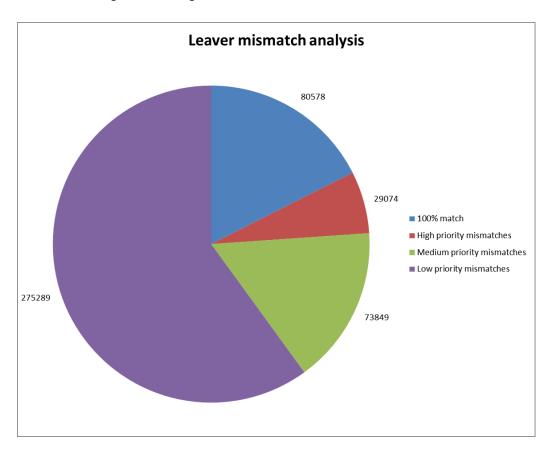
Summary of progress

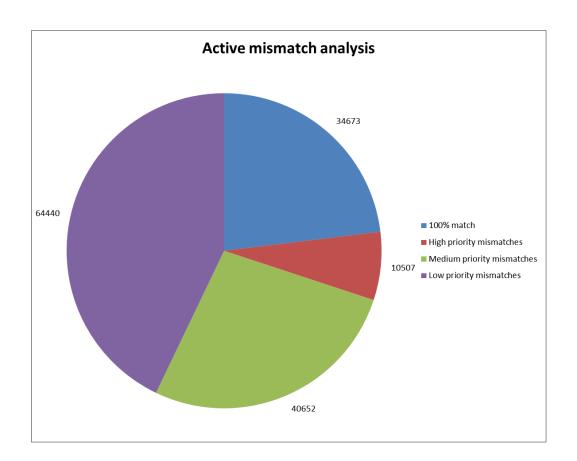
Since beginning the project, the team have investigated mismatches between HMRC data and GMPF data for 34,022 records. In total they have raised queries for 9582 of these records with HMRC. In addition to this, a further 25,719 queries have been raised as automated queries for either a scheme or HMRC orphan record.

There are still 120,329 mismatches to be investigated. Around 14,000 of these may be automated queries. This leaves around 105,000 that are likely to need investigating manually. We are aiming to have all mismatches investigated and initial queries raised with HMRC by the end of February 2018.

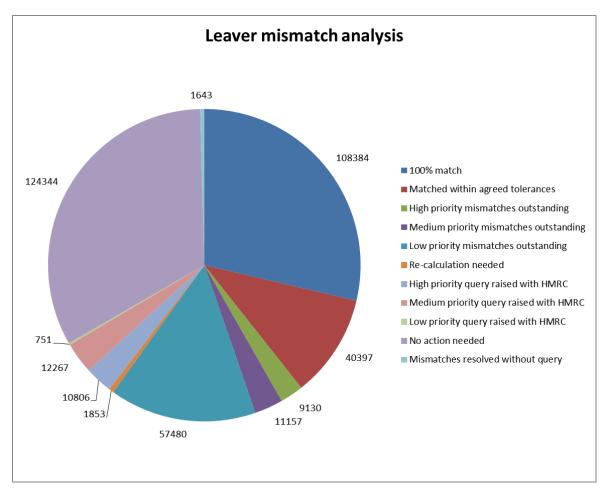
Below are some charts that show the initial, baseline position, together with charts that show the current position for both the leavers and actives.

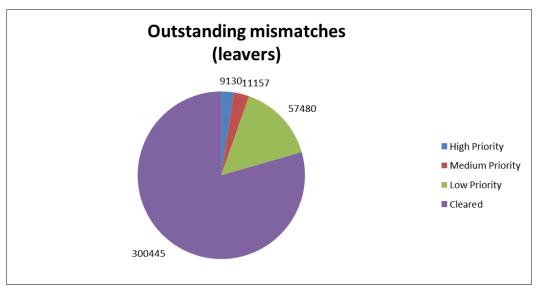
Charts showing baseline figures

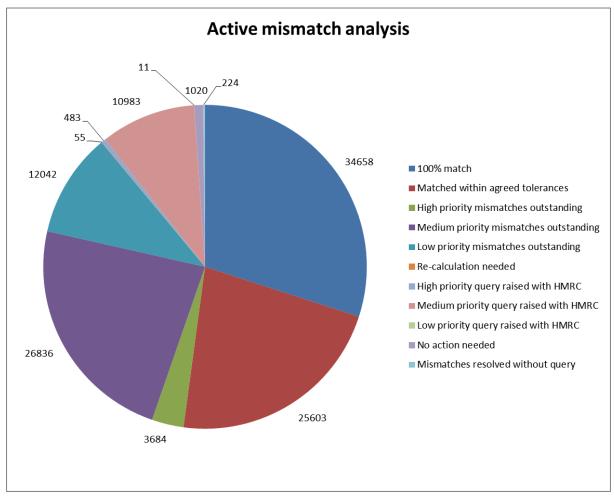


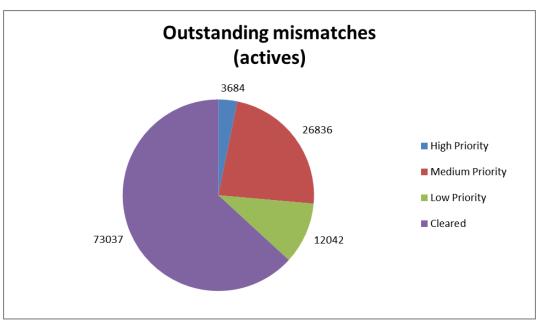


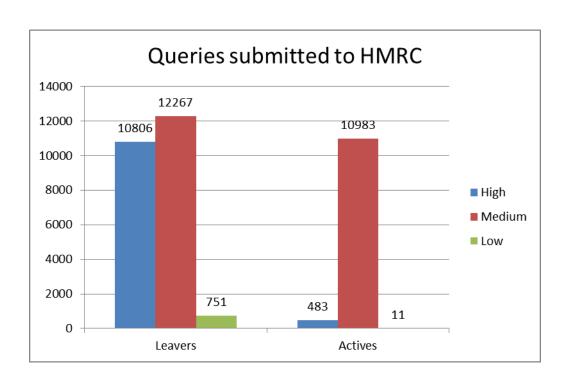
Charts showing current figures as at mid-November 2017













Agenda Item 11

Report To: LOCAL PENSIONS BOARD

Date: 14 December 2017

Reporting Officers: Kathy Roe – Director of Finance

Wendy Poole – Head of Risk Management and Audit Services

Subject: RISK MANAGEMENT AND AUDIT SERVICES 2017/18

Report Summary: To summarise the work of the Risk Management and Audit

Service for the period to November 2017.

Recommendations: Members to note the report.

Links to Community Strategy: No direct link but supports the individual operations within the

Community Strategy.

Policy Implications: Effective Risk Management and Audit supports the

achievement of Pension Fund objectives and demonstrates a

commitment to high standards of corporate governance.

Financial Implications: (Authorised by the Section 151

Officer)

Effective Risk Management and Audit assists in safeguarding assets, ensuring best use of resources and the effective

delivery of services.

Legal Implications:(Authorised by the Solicitor to the Fund)

Demonstrates compliance with the Accounts and Audit

Regulations 2015.

Risk Management: Assists in providing the necessary levels of assurance that the

significant risks relating to the Pension Fund's operations are

being effectively managed.

Access to Information CONFIDENTIAL

This report contains exempt information relating to paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended). On balance, under paragraph 10 Part 2 of Schedule 12A, it would not be in the public interests to disclose this information to the public because disclosure would nor would be likely to, prejudice the commercial interests of the Fund and/ or its agents which, in turn, could impact upon the interests of the local tax payer and/or the beneficiaries of the Fund.

Background Papers: The background papers can be obtained from the author of the

report, Christine Weston, Principal Auditor by contacting:

🍑 Telephone:0161 342 2356

e-mail: christine.weston@tameside.gov.uk

1 INTRODUCTION

- 1.1 This progress report covers the work carried out for the period April to November 2017.
- 1.2 The progress report for the 2017/18 Plan is attached at **Appendix A**. The details of the work carried out are explained further in the sections below.

2 REPORTS ISSUED IN THE PERIOD

2.1 The reports issued during the current period are detailed in Table 1 below.

Table 1 - Reports Issued

Report Title	Level of Assuranc e
Final Reports Issued	
Review of Fund Manager – Investec	HIGH
Advance Contributions Scheme	N/A - Advice
Visits to Contributing Bodies – National Probation Service (NPS)	MEDIUM
Private Equity	HIGH
Draft Reports issued	
GM Property Venture Fund – Review of First Street Development	
VAT	

3 FINAL REPORTS ISSUED

Review of Fund Manager – Investec

- 3.1 The Greater Manchester Pension Fund entered into an Investment Management Agreement (IMA) with IAM in February 2015, and initially placed £650m with IAM, a further £240m was also placed under their management in December 2016. The value of the assets managed for the Greater Manchester Pension Fund as at 31 March 2017 was £1,086m, which represented 5.1% of the Pension Fund's assets.
- 3.2 A visit to the London offices of Investec Asset Management was carried out in June 2017, where senior managers provided assurance and evidence of internal controls in place. Also, assurance has been taken from the IAM Report on Internal Controls which has been written in accordance with the Institute of Chartered Accountants in England and Wales Technical Release (AAF01/06) for the year to 31 March 2016, prepared by the Directors of the company and reviewed by their external auditors, KPMG, who tested that the internal controls were suitably designed and operating effectively, and gave an unqualified opinion on the report.

The risks examined in the review were as follows:

- The Investment Fund Manager may not have the most appropriate organisational structure or control framework to ensure that services are delivered to clients in the most effective or ethical manner;
- Negligence or fraud by the Investment Fund Manager may result in losses to the Pension Fund;
- All risks to the integrity of data and appropriate disaster recovery may not have been identified, evaluated and managed;
- Investment decisions and portfolio management may not maximise client returns or be performed in accordance with agreements, guidelines and policies set by the client;
- All investment transactions may not be properly authorised, executed and allocated in a timely, cost effective and accurate manner; and

- Pension Fund investments may not be accurately valued.
- 3.3 Investec is authorised and regulated in a global environment by different regulatory authorities depending on the country, for example the Financial Conduct Authority (FCA) in the UK, and the US Securities and Exchange Commission in the US, who require the organisation to comply with regulations, rules and guidance. The organisation, as a result, has a very tight control framework in place, and compliance monitoring is undertaken by their Compliance Team. All of the expected controls for each of the six risks examined in this review were found to be in place, and operating effectively.
- 3.4 Due to the good control environment in place, and those controls operating effectively, no recommendations were made.
- 3.5 The overall audit opinion was a **High** level of assurance.

Advance Contributions Scheme

- 3.6 A scheme was introduced from 1 April 2017 whereby Local Authority employers are able to pay their employer contributions in advance, which can potentially benefit both the Pension Fund and the employers concerned. The Pension Fund is expected to generate additional investment returns as a result of early receipt of the contributions, which is reflected via a reduced contribution rate for the employer making the advance payment. The aim of the scheme is to provide the employers with the option of paying some or all of their employer contributions that will fall due over the period 1 April 2017 31 March 2020 before they would ordinarily fall due.
- 3.7 At the time of the review, five Local Authorities had made a decision to sign up to the Advance Contributions Scheme. Four Local Authorities have opted to pay three years contributions in advance (Oldham, Stockport, Tameside and Trafford), with Salford opting to pay one year's contributions in advance. This resulted in advance contribution payments totalling £189,178,000 being received in April 2017.
- 3.8 The overall objective of the review was to examine the proposed procedures for introducing and monitoring the scheme to ensure that adequate systems and controls are/were in place to ensure that the risks are controlled are minimised.
- 3.9 This piece of work was undertaken as advice, although there were several recommendations made, which were included in an action plan, and have been responded to by management. The scheme will be reviewed as part of the Contribution Income audit which will be carried out in the final quarter of 2017/18.

Visits to Contributing Bodies – National Probation Service (NPS)

- 3.10 The Greater Manchester Pension Fund became responsible for the administration of the Local Government Pension Scheme for the National Probation Service with effect from 1 June 2014; as such this is the first time that they have been audited. During the financial year 2016/17 the National Probation Service paid employee and employer contributions totalling approximately £90,611,265 to the Pension Fund, and there were 9,497 members contributing to the Fund.
- 3.11 The Payroll and HR services for the National Probation Service are outsourced to Shared Services Connected Limited (SSCL), who have provided the data and information to us to enable us to carry out this audit.
- 3.12 The risks covered in the review were as follows:
 - Failure to correctly apply Auto Enrolment procedures;
 - Failure to administer starters, leavers and changes to hours correctly;
 - Incorrect Employee and Employer contributions are paid to the Pension Fund;

- Failure to give accurate information to the Pension Fund in respect of leavers and retirees:
- Failure to provide a correct and timely year end return, and
- Failure to comply with the new Pension Fund Regulations.
- 3.13 This audit was carried out as a desk top review, and the recommendations made have been incorporated into an action plan which both NPS and SSCL have responded positively to.
- 3.14 The audit was given a **Medium** Level of Assurance due to a number of issues being highlighted that need addressing, to improve control around the pension processes.

Private Equity

- 3.15 The Greater Manchester Pension Fund's (GMPF) first investment in Private Equity was made in 1981. Since then GMPF has invested in numerous private equities through pooled vehicles raised by specialised management teams. Since 1 July 2014, the target allocation for Private Equity has been 5% of the Main Fund.
- 3.16 As at 31 March 2017, GMPF has commitments totalling £1,366m across 101 "live" funds. The portfolio of 101 funds is varied in terms of the stage of investment (from early stage investments to very large buyout investments) and also geographic locations across the UK, Europe, the US and Asia. The current net asset value as at 31 March 2017 was £589m.
- 3.17 The overall objective of the audit was to ensure that adequate financial controls are in place in relation to the Private Equity investments in order to ensure that the following risks are controlled and minimised:
 - Appropriate due diligence not having been undertaken prior to selecting the investment:
 - Appropriate governance not being in place;
 - Failure to minimise the risk of fraud to the Fund;
 - Incorrect or incomplete accounting for the investments;
 - Inadequate monitoring of performance of the investments;
 - Investments are incorrectly valued;
 - All risks to the integrity of data and appropriate disaster recovery may not have been identified, evaluated and managed.
- 3.18 There are good systems and controls in place for the acquiring and monitoring of the Private Equity Funds. The sample reviewed as part of the audit consisted of a range of old and new investments. It was apparent that over the years, further internal controls have been introduced to ensure that the investments are acquired and monitored appropriately.
- 3.19 The most recent change to the process is that a more formal report analysis is now produced for the approval of each new investment; this is provided to the Director of Governance and Pensions for authorisation at the Investments Committee.
- 3.20 The overall audit opinion was a **High** level of assurance.

4 DRAFT REPORTS ISSUED

- 4.1 Draft reports have been issued for the following audits:
 - GM Property Venture Fund Review of First Street Development
 - VAT

The detail of these audits will be reported to the next meeting of the Local Board.

5 POST AUDIT REVIEWS ISSUED

- 5.1 The following Post Audit Reviews have been completed in the period:
 - Visit to contributing Bodies Manchester Airport
 - Visit to contributing Bodies Stockport College
- 5.2 All agreed actions have either been implemented, are in the process of being implemented, or there is a valid reason for them not having been implemented as previously agreed. No follow up Post Audit Reviews are required.

6 OTHER WORK CARRIED OUT

6.1 Advice and support continues to be given, on request, to officers of the Fund. The following are the main subjects of advice in this period:

Transfer of First Bus to Greater Manchester Pension Fund

6.2 Internal Audit worked closely with staff within the Systems Team in respect of the First Bus Transfer to ensure the smooth transmission of the transfer and to ensure that the risks to the Pension Fund were minimised. This transfer was particularly complex due to the ceding funds using the UPM system, which does not easily transfer into Altair. The Pension Fund involved Internal Audit at every key stage, particularly in respect of ensuring that the User Acceptance testing was robust and fit for purpose. We also were able to assist with confirming that no changes had been made to the existing Pension Fund data by using our Internal Audit data analysis software IDEA. The timescales in respect of this project were very tight; however, the transfer has been undertaken successfully. There are still some data quality issues that exist as a result of this transfer and Internal Audit will continue to work with the Pension Fund to ensure that all issues are appropriately resolved.

7 WORK IN PROGRESS

- 7.1 The following audits/work are currently in progress:
 - Transfer of Assets to Stone Harbor (New Credit Manager)
 - National Fraud Initiative (NFI) Matches identified from the National Fraud Initiative (NFI) 2016 Exercise were received in January/February 2017 and some of the key matches identified and comments are shown below in Table 2:

Table 2 - NFI Data Matches

	Total Number	Number	Comments				
NFI Data Set	of Matches	of Rec'd Matches	Processed	In Progress	No. of Error/Frauds and Value		
Pensions to DWP Deceased Persons	849	483	845	4	1 (F) £16,641		
Pensions to Payroll	2,123	614	1,233	890	-		
Deferred Pensions to DWP Deceased	87	76	87	-	1 (E)		

The expectation from the Cabinet Office in relation to the above matches is that all "Recommended Matches" are investigated.

8 LOCAL AUDIT AND ACCOUNTABILITY ACT 2014

- 8.1 A report was taken to Council on 10 October 2017 providing an update on the appointment of the External Auditors. The Council agreed that it is satisfied with the proposed appointment of Mazars LLP to audit the accounts of Tameside Metropolitan Borough Council for five years from 2018/19, following the procurement process undertaken by Public Sector Audit Appointments Limited (PSAA).
- 8.2 Official notification will be received in December confirming the appointment of Mazars.
- 8.3 Mazars is a large global audit and accounting firm with over 18,000 professionals in 79 countries worldwide. In the UK the firm ranks in the top ten with 1,700 employees and 140 partners working out of 19 offices, and UK fee income in 2016 of £160m. The firm's dedicated public sector audit team has significant experience in providing external audit to public sector bodies. It comprises individuals with experience of auditing councils, combined authorities, police bodies, fire and rescue authorities, local government pension funds and other public bodies. In addition to its audit contract with Public Sector Audit Appointments Limited, the firm also has a substantial portfolio of NHS audits and is one of the National Audit Office's framework suppliers for central government audit.
- 8.4 Once officially appointed officers within the Council will work with both Grant Thornton and Mazars to ensure a smooth transition takes place.
- 8.5 PSAA has well-established arrangements for handover of audits between firms, currently set out in Appendix 12 of the Terms of Appointment. It is recognised that rotating the appointment of an auditor can present difficulties for the audited body and both the outgoing and incoming auditors if not properly managed. In order to minimise disruption to all parties, and maximise the transfer of the outgoing auditor's knowledge of the audited body, in summary Public Sector Audit Appointments Limited expects the following:
 - Co-operation between the outgoing and incoming auditor to ensure that the incoming auditor is fully briefed on the specific audit issues facing the audited body;
 - Co-operation between the outgoing and incoming auditors to determine responsibility for undertaking specific pieces of audit work in the lead up to, or period immediately following, handover and advise the audited body accordingly;
 - Where appropriate, co-operation between the outgoing and incoming auditor to ensure that the incoming auditor is fully briefed on the wider issues facing the audited body; and
 - Timely communication by the incoming auditor to the audited body, as soon as possible after formal appointment, of the contact details of the audit team and future audit arrangements, requirements and expectations.

9 REVIEW OF INTERNAL AUDIT PLAN 2017/18

9.1 Discussions have taken place with managers in relation to the audits remaining in the Audit Plan, whether the timing is still appropriate for this year's plan and whether there are any new emerging risks, and hence audits that need to be added.

As a result of the discussions, the following adjustments have been made to the Plan:

- 10 days allocated for Pooling of Investments are to be carried forward into next year's plan;
- 10 days have been added to this year's plan to review the Agresso upgrade in quarter
 4, which will also be carried out on the Tameside Audit Plan as well;
- 3 days have been added to the allocation already in this year's plan for the Altair Payroll System upgrade to Java;
- 10 days allocated to a review of Benchmarking/KPI's is to be carried forward into next year's plan;

- An allocation of 5 days has been added to this year's plan for the Altair Administration to Payroll upgrade;
- 10 days have been allocated to this year's plan to carry out a review of ICT Device Management. This audit will be carried out by Salford Computer Audit Services;
- 5 days have been allocated to this year's plan to review the asset transfers in relation to First Bus; and
- An additional 5 days have been allocated to the Risk Management allocation in this
 year's plan, and it will be a review of the compliance with the Pensions Regulator
 Code of Practice 14 specifically the Risk Management and Administration sections
 of the Code.
- 9.2 The status report at **Appendix A** details the days spent against the 2017/18 Internal Audit Plan up to 17 November 2017, and the above adjustments to the Plan.

10 RECOMMENDATION

10.1 As set out on the front of the report.



GREATER MANCHESTER PENSION FUND INTERNAL AUDIT PLAN 2017/18

STATUS REPORT - NOVEMBER 2017

AUDITABLE AREA	PLAN DAYS	ACTUAL DAYS	VARIANCE	PLAN ADJUSTMENTS	REVISED PLAN	STATUS
	DATO	DATO	77 H. I. J. H. L.			
LOCAL INVESTMENTS AND PROPERTY			T T			
Pooling of Investments	10	0.00	10.00	-10.00	0.00	Carry forward to next year's plan
Local Investments - Impact Portfolio	15	0.00	15.00		15.00	To commence in December
INVESTMENTS						
Private Equity	15	14.88	0.12		15.00	Final Report issued
Transfer of Assets to New Credit Manager	5	0.56	4.44		5.00	Work in progress
ACCOUNTANCY						
Contribution Income (including processing of Year End returns)	15	0.00	15.00		15.00	To be done in Q4
Treasury Management	10	0.00	10.00		10.00	To be done in Q4 - joint audit with Tameside
Agresso Upgrade				10.00	10.00	
ADMINISTRATION						
Calculation and Payment of Benefits	15	0.00	15.00		15.00	To be done in Q4
Guaranteed Minimum Pension (GMP) Reconciliations	5	7.90	-2.90		5.00	Work in progress - advice
Visits to Contributing Bodies	65	3.08	61.92	-18.00	47.00	Work in progress. Reduced days to accommodate other audits
Altair Payroll System upgrade to Java	5	3.18	1.82	3.00	8.00	Work in progress - postponed. To recommence in Dec/Jan
Benchmarking /KPI's	10	0.00	10.00	-10.00	0.00	Carry forward to next year's plan
New BACS process	3	2.41	0.59		3.00	Completed

GREATER MANCHESTER PENSION FUND INTERNAL AUDIT PLAN 2017/18

STATUS REPORT - NOVEMBER 2017

AUDITABLE AREA	PLAN DAYS	ACTUAL DAYS	VARIANCE	PLAN ADJUSTMENTS	REVISED PLAN	STATUS
Altair Administration to Payroll upgrade				5.00	5.00	Q4
ICT Device Management				10.00	10.00	New audit added - to be carried out by Salford ICT Auditors Q4.
CROSS CUTTING/AUDIT MANAGEMENT						
Transfer of First Group to GMPF	20	22.75	22.75		20.00	Advice - Data verification checks completed.
First Bus Asset Transfers				5.00	5.00	Q4
Risk Management	5	0.00	5.00	5.00	10.00	Changed audit to be a review of Compliance with TPR Code of Practice 14 - re Risk Management and Administration sections.
Planning and Control	15	10.89	4.11		15.00	Ongoing
Advice and Support	20	9.33	10.67		20.00	Ongoing
Post Audit Reviews	15	8.64	6.36		15.00	Work in Progress
Days required to complete 2016/17 Work	52	74.90	-22.90		52.00	Work completed
TOTAL PLANNED DAYS	300	158.52	166.98	0.00	300.00	