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GREATER MANCHESTER PENSION FUND MANAGEMENT/ADVISORY PANEL

Day: Friday
Date: 2 October 2015
Time: 9.45 am
Place: Guardsman Tony Downes House, 5 Manchester Road, Droylsden. M43 6SF

Item No.	AGENDA	Page No
1.	**CHAIR'S OPENING REMARKS**	
2.	**APOLOGIES FOR ABSENCE**	
3.	**DECLARATIONS OF INTEREST**	
4.	**MINUTES**	
a)	**ADVISORY PANEL MINUTES**	1 - 18
	To approve as a correct record the Minutes of the meeting of the Pension Fund Advisory Panel on 3 July 2015.	
b)	**MANAGEMENT PANEL MINUTES**	19-24
	To approve as a correct record the Minutes of the Meeting of the Pension Fund Management Panel held on 3 July 2015.	
c)	**URGENT MATTERS PANEL MINUTES**	25-26
	To note the Minutes of the meeting of the GMPF Urgent Matters Panel held on 2 September 2015.	
5.	**LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985**	
a)	**URGENT ITEMS**	
	To consider any items which the chair is of the opinion shall be considered as a matter of urgency.	
b)	**EXEMPT ITEMS**	
	The Proper Officer is of the opinion that during the consideration of the	

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.

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Item No.	AGENDA	Page No

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.

Items	Paragraphs	Justification
9, 10, 12, 15	3&10, 3&10, 1&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.

6.	**PENSION FUND WORKING GROUPS**	
a)	**INVESTMENT MONITORING AND ESG WORKING GROUP** To consider the Minutes of the meeting held on 16 July 2015.	27-30
b)	**PENSIONS ADMINISTRATION WORKING GROUP** To consider the Minutes of the meeting held on 17 July 2015.	31-32
c)	**ALTERNATIVE INVESTMENTS WORKING GROUP** To consider the Minutes of the meeting held on 24 July 2015.	33-36
d)	**PROPERTY WORKING GROUP** To consider the Minutes of the meeting held on 24 July 2015.	37-40
e)	**EMPLOYER FUNDING VIABILITY WORKING GROUP** To consider the Minutes of the meeting held on 24 July 2015.	41-46
7.	**MANAGEMENT SUMMARY** Report of the Executive Director of Pensions attached.	47-52
8.	**LGPS UPDATE** Report of the Executive Director of Pensions attached.	53-72
9.	**QUARTERLY REPORTS OF THE EXECUTIVE DIRECTOR OF PENSIONS**	
a)	**SUMMARY VALUATION OF THE PENSION FUND INVESTMENT PORTFOLIO AS AT 31 MARCH 2015 AND 30 JUNE 2015**	73-82
b)	**UNDERWRITING, STOCKLENDING AND COMMISSION RECAPTURE**	83-84
c)	**EXTERNAL MANAGERS PERFORMANCE**	85-90
10.	**PROPERTY INVESTMENT STRATEGY** Report of the Executive Director of Pensions attached.	91-144

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.

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ITEM NO: 4(a)

GREATER MANCHESTER PENSION FUND ADVISORY PANEL

3 July 2015

Commenced: 10.00am **Terminated: 12.30pm**

Present:	**Councillor K Quinn (Chair)**
	Councillors: Akbar (Manchester), Brett (Rochdale), Dean (Oldham), Dennett (Salford), Francis (Bolton), Grimshaw (Bury), Mitchell (Trafford), Pantall (Stockport) and Ms Herbert (MoJ)
	Employee Representatives:
	Ms Baines (UNISON), Mr Drury (UNITE), Mr Llewellyn (UNITE), Mr Allsop (UNISON), Mr Thompson (UCATT).
	Advisers:
	Mr Bowie, Mr Moizer and Mr Powers
Apologies for Absence:	**Councillor Halliwell**

1. DECLARATIONS OF INTEREST

There were no declarations of interest submitted by Members.

2. MINUTES

The Minutes of the proceedings of the meeting of the Pension Fund Advisory Panel held on 6 March 2015 were signed as a correct record.

The Minutes of the proceedings of the meeting of the Pension Fund Management Panel held on 6 March 2015 were signed as a correct record.

3. LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

(a) Urgent Items

The Chair announced that there were no urgent items for consideration at this meeting.

(b) Exempt Items

RESOLVED
That under Section 100 (A) of the Local Government Act 1972 the public be excluded for the following items of business on the grounds that:
(i) they involve the likely disclosure of exempt information as defined in the paragraphs of Part 1 of Schedule 12A of the act specified below; and
(ii) in all circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information for reasons specified below:

Items	Paragraphs	Justification
8, 9, 11, 12, 13, 16	**3&10, 3&10, 3&10, 3&10, 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.**

4. PENSIONS ADMINISTRATION WORKING GROUP

The Minutes of the proceedings of the meeting of the Pensions Administration Working Group held on 10 April 2015 were considered.

RECOMMENDED
That the Minutes be received as a correct record.

5. ALTERNATIVE INVESTMENTS WORKING GROUP

The Minutes of the proceedings of the meeting of the Alternative Investments Working Group held on 17 April 2015 were considered.

RECOMMENDED

(i) That the Minutes be received as a correct record;

(ii) With regard to Minute 21 – Private Equity – Review of Strategy and Implementation, That:-

(a) the medium term strategic allocation for private equity remains at 5% by value of the total Main Fund assets

(b) the target geographical diversification of the private equity portfolio remains as follows:

Geography	Target Range
EUROPE, inc UK	45% to 50%
USA	40% to 45%
ASIA	10% to 15%

(c) the investment stage diversification of the private equity portfolio remains as follows:

<table>
<tr><th>Geography</th><th>Large Buyout</th><th>Mid Market Buyout</th><th>Venture/Other</th></tr>
<tr><td>EUROPE, inc UK</td><td rowspan="2">35% to 45%</td><td>40% to 45%</td><td>15% to 20%</td></tr>
<tr><td>USA</td><td>30% to 35%</td><td>25% to 30%</td></tr>
<tr><td>ASIA</td><td>45% to 50%</td><td>45% to 50%</td><td>0% to 10%</td></tr>
</table>

(d) the scale of commitment to funds remains at £200m pa, to work towards achievement of the strategy over the next 6 years or so.

(e) the Fund continues to implement the private equity strategy via 3 year programmes as detailed below :-

Geography	Large Buyout	Mid Market Buyout	Venture/Other	Total Number Of Funds
EUROPE, inc UK	5 - Direct / FoF	4 - Direct	2 - FoF	8/9
USA		3 - Direct / FoF	3 - FoF	8/9
ASIA	3 FoF			3
				20

Geography	Large Buyout (£m)	Mid Market Buyout (£m)	Venture/Other (£m)	Total (£m)
EUROPE, inc UK	210	118	48	278
USA		81	68	247
ASIA	75			75
				600

(f) it continues to be recognised that the portfolio may not fall within the target ranges at (b) and (c) above for a period of 5 - 10 years, because of transitioning from the previous target ranges.

(g) in the event of assimilation of the MoJ assets, the nominal sterling amounts of new annual commitments specified in this report will be pro-rated upwards to take account of the increased scale of Main Fund assets (inc MoJ).

(h) in the event of assimilation of the MoJ assets, a one-off additional commitment of approximately £100m (the precise amount to be determined based on asset values at the point of assimilation) is proposed to a suitable fund opportunity (potentially a secondary fund);

(iii) With regard to Minute 23 – Infrastructure – Review of Strategy and Implementation, That:-

(a) the medium term strategic allocation to Infrastructure funds remains at 4% by value of Main Fund assets,

(b) the target geographical diversification of the infrastructure portfolio remains as follows:-

Geography	Target Range
EUROPE, inc UK	40% to 60%
N AMERICA	30% to 40%
ASIA-PACIFIC/OTHER	0% to 20%

(c) the split of total portfolio commitments remains as follows :-

Investment Stage	Relative Risk	Target Split
PRIMARY/EVERGREEN	HIGHER	67%
SECONDARY	LOWER	33%

(d) the scale of new fund commitments remains between £65m-£125m pa (averaging £95m pa) across between 2 and 4 new funds pa (averaging 3 new funds pa), to work towards achievement of the strategy over the coming years,

(e) it continues to be recognised that the portfolio may not fall within the target ranges at (b) and (c) above for a period of years, because of transitioning from the current portfolio composition.

(f) in the event of assimilation of the MoJ assets, the nominal sterling amounts of new annual commitments specified in this report will be pro-rated upwards to take account of the increased scale of Main Fund assets (inc MoJ).

(g) in the event of assimilation of the MoJ assets, a one-off additional commitment of approximately £40m (the precise amount to be determined based on asset values at the point of assimilation) is proposed to a suitable fund opportunity;

(iv) In respect of Minute 24 – Special Opportunities Portfolio – Amended Investment Mandate, that approval be given to the amended 'Special Opportunities Portfolio' Investment mandate, as set out in Appendix A to the report; and

(v) In respect of Minute 25 – Special Opportunities portfolio – Approval of Broader Investment Type, that approval be given to the making of investments from the 'Special Opportunities Portfolio' in the new investment type, as described in the report.

6. PROPERTY WORKING GROUP

The Minutes of the proceedings of the meeting of the Property Working Group held on 17 April 2015 were considered.

The Executive Director of Pensions gave an update to the Panel on lettings at 1 St Peters Square and the possible disposal of this investment. He outlined the process and key documents that would need approval for such a sale.

RECOMMENDED

(i) That the Minutes be received as a correct record.

(ii) That explicit approval and authorisation be given to the Executive Director of Pensions to progress the sale of 1 St Peters Square and sign all relevant documentation required to deliver the agreed outcome.

7. EMPLOYER FUNDING VIABILITY WORKING GROUP

The Minutes of the proceedings of the meeting of the Employer Funding Viability Working Group held on 24 April 2015 were considered.

RECOMMENDED

That the Minutes be received as a correct record.

8. POLICY AND DEVELOPMENT WORKING GROUP

The Minutes of the proceedings of the meeting of the Policy and Development Working Group held on 27 May 2015 were considered.

RECOMMENDED

(i) That the Minutes be received as a correct record;

(ii) In respect of Minute 3 – Assimilation of Probation Assets, that the Probation Assets be assimilated into the Main Fund via a straightforward merger on a single specified date (targeted to be 1 October 2015);

(iii) In respect of Minute 4 – Investment Strategy and Tactical Positioning 2015/16:

(a) that there be no material changes to the benchmark;

(b) that the level of internal tactical cash holding be moved to a neutral position;

(c) in respect of cash requirements, assuming assimilation of MoJ assets, that the majority of the cash be raised from the newly combined L&G passive portfolio; and

(d) That a work shop be arranged for Members of the Working Group and Advisers, later in the year, to discuss scenario planning.

(iv) In respect of Minute 7 – Housing Investment Fund, that progress, as detailed, be noted and that delegated authority be given to the Assistant Executive Director, Local Investment and property, to explore the possibility of funding up to £1 million of costs to develop mechanisms, to enable Matrix Homes to become a preferred partner in the utilisation of the £300 million Housing Investment Fund, administered by the GM Combined Authority.

9. LOCAL PENSIONS BOARD

RESOLVED
That the Minutes of the meeting of the Local Board on 16 April 2015 be noted.

10. WORKING GROUP TERMS OF REFERENCE

The Executive Director of Pensions submitted a report detailing the terms of reference of the Working Groups together with the individual Working Groups full terms of reference.

A change was proposed to the terms of reference of the Employer funding Viability Working Group giving it responsibility for accounting and financial matters.

RECOMMENDED
(i) That the Terms of Reference be approved; and
(ii) That the proposed change to the terms of reference of the Employer Funding Viability Working Group, giving it responsibility for accounting and financial matters, be approved.

11. WORKING GROUP APPOINTMENTS

Consideration was given to a report of the Executive Director of Pensions detailing the appointments to the Working Groups.

RECOMMENDED
That the appointments to the Working Groups be noted.

12. LOCAL PENSION BOARD

A report was submitted by the Executive Director of Pensions, informing Members of the intention to increase the size of the Board as it's work programme evolved and expanded. The Board's Terms of Reference stated that the size of the Board would be reviewed periodically.

It was reported that regulations required local boards to comprise an equal number of employer and scheme member representatives, with at least 4 members in total. The GMPF Board was established with a '2+2' structure to facilitate the Board being quickly established and operational and to ensure capacity and knowledge and understanding requirements were met.

From discussions with other large funds, the typical size of their local boards was either 4 employer representatives and 4 scheme member representatives, i.e. '4+4' or in some cases '5+5'.

The existing members of the GMPF Board were supportive of moving to an expanded structure with effect from September 2015, which would increase the range of skills and experience on the Board and reduce the risks of the meeting not proceeding through members being unavailable.

RECOMMENDED
That the following be supported:

(i) The increase in size of the Board from '2+2' to '5+5';

(ii) No organisation to have more than 2 members serving on the Board;

(iii) The appointment of the potential additional scheme member representative who has been proposed by the North West TUC;

(iv) A further proposal be sought from the North West TUC from a trade union that is not currently represented on the Board and a selection process be held for the remaining member representative;

(v) The additional employer representatives to be:
- **A second Councillor representative;**
- **A monitoring officer from another local authority employer;**
- **Another non-local authority employer.**

13. REPORTS OF THE MANAGERS

(a) UBS Global Asset Management

Ian Barnes, Head of UK and Ireland, UBS Global Asset Management, made reference to the market background and the portfolio performance to 31 March 2015. He commented on a good quarter, but a disappointing 12 month performance for the portfolio.

He made reference to the areas currently driving performance returns, in particular Japanese and European markets, which were performing strongly.

Mr Barnes made further reference to Greece and the portfolio's overweighting in Europe.

Tom Digenan, Head of US Intrinsic Value Equity, then gave information with regard to North American equities and explained UBS's long history of price-to-intrinsic value investing and its adherence to the same fundamental investment philosophy over 30+ years and detailed how intrinsic value investing added value over time.

Mr Digenan also outlined North American equities performance and portfolio positioning.

The Advisers were then asked to comment.

Mr Powers queried UBS's focus on certain sectors such as consumer staples with Chinese exposure and hydrocarbons. Steve Magill, Head of UK Value Equities, explained that individual company valuations were fundamental as to whether a company was included in the portfolio.

Mr Moizer made reference to intrinsic value investing and sought assurances in respect of how UBS managed to identify mistakes. Mr Digenan acknowledged that the 'sell' decision was more difficult than the 'buy' decision and that an underperforming stock would have its place in the portfolio re-challenged.

Mr Bowie sought UBS views on US stocks and their ability to outperform. Mr Digenan made reference to the strength of the US economy and that performance would depend on the interest rate environment.

(b) Capital International

Stephen Gosztony, President, Capital International, commented on portfolio returns for the quarter, which underperformed the benchmark. This was primarily due to underperforming stocks in Europe and Emerging Markets.

He outlined asset allocation and commented on the positive impact of the portfolio's overweighting in North America and strong, absolute returns from equities.

Richard Carlyle, Investment Specialist, Capital International, made reference to the investment objective; to achieve a real return of 2.5% - 3.0% per annum and added that Capital estimated that GMPF's strategic benchmark had a 70-85% probability of meeting the investment objective over the long term.

He further commented on future portfolio performance and compared the last ten years actual annualised returns to the next ten years expected annualised returns.

Mark Brett, Fixed Income Portfolio Manager, Capital International, made reference to real yields and explained that they needed to remain low for many years to help the debt adjustment process.

Mr Gosztony concluded as follows:

- Capital estimated that GMPF's strategic benchmark had a 70-85% probability of meeting the investment objective of 2.5-3.0% real return per annum over the long term;
- Equities continued to have the highest expected returns;
- Real yields needed to remain low for many years to help the debt adjustment process;
- Higher yields were already priced in; and
- All markets were being distorted to some extent by aggressive easy monetary policy.

The Advisers were then asked to comment.

Mr Moizer made reference to a disappointing performance over the last 12 months and sought Capital's views on the reasons for this.

Mr Gosztony explained that Emerging Markets had underperformed and that Capital were taking an integrated approach to research in order to address this.

Mr Powers commented on inflation and risks taken by central banks and the reasons for the lack of credit demand.

Mark Brett explained that banks were trying to get the credit supply growing again but that companies were very nervous about making investments in the current climate.

14. ASSIMILATION OF PROBATION ASSETS

A report was submitted by the Executive Director of Pensions, which considered the potential assimilation of the Probation Asset into the Main Fund and the short/medium term arrangements for the ongoing investment management of a proposed enlarged Main Fund. These issues were being considered in parallel with the Main Fund Strategy Review (Minute 15 refers).

The report outlined the decisions to be considered with regard to a possible merger of assets and further detailed proposals regarding alternatives and property.

The report concluded that it was believed that there was great merit in crystallising a straightforward merger of the Probation Assets into the Main Fund on a single specified date (currently targeted to be the 1 October 2015) and thereafter treating the new 'merged' Main Fund as we have treated the current Main Fund in the past (and would have treated in the evolving future) in terms of routine standard reviews and governance going forward etc.

Panel Members were informed that the next routine standard review was due to commence towards the end of 2015 and covers all manner of fundamental structural aspects of the Fund's Investment Management. This review would seem to be the ideal opportunity for giving further detailed consideration to some of the implications of the merger, to the extent that such implications were not already reduced by withdrawals of cash (e.g. from the passive portfolio) determined in discussion around the next agenda item (Minute 15 refers).

RECOMMENDED

(i) That the straightforward merger of the Probation Assets into the main Fund, as described in the report, with a target implementation date of 1 October 2015, be approved;

(ii) That the proposed amelioration steps set out in the report, in respect of the dilution of Alternatives and Property, be approved;

(iii) That the use of a valuation incorporating an updated, retrospective valuation of Private Market assets, as the basis for crystallising the definitive initial asset shares (Probation Service vs other Main Fund employers) at the date of 'merger' for agreement with MoJ as detailed in the report, be approved; and

(iv) That the nature, timing and detailed implementation of any benchmark changes necessary to reflect the decision of the Panel be settled by the Executive Director of Pensions following consultation with the advisors and/or managers where appropriate.

15. INVESTMENT STRATEGY AND TACTICAL POSITIONING 2015/16

Consideration was given to a report of the Executive Director of Pensions, which reviewed the benchmark asset allocations for the Main Fund and Investment Managers and considered changes to the investment restrictions.

To help consider the issues, each of the external Fund Managers had submitted a strategy paper focusing on a number of issues/questions, including:

- The UK and international economic outlook for 2015/16 and the medium term;
- The prospects for the various markets over the medium term (5-10 years); and
- Was the Fund's overall 'realistic' benchmark asset allocation of 58% public equity; 5% alternatives; 27% bonds and cash and 10% property (as adopted by the July 2013 Panel, but yet to implemented) likely to be able to deliver a real rate of return in excess of 2.5% pa (i.e 2.5% - 3% pa plus RPI inflation)?

Copies of the Managers' papers were appended to the report and they presented their views to the Panel.

It was reported that the current decade through to March had produced absolute returns for the average Local Authority fund of 7.5% pa. GMPF's relative investment performance had been marginally better than average over the ten years, with a return in excess of the LA peer group average of +0.1% per annum to the end of December 2014.

The report also covered the following:

- Background;
- Allocation of Assets to Managers;
- Active and Benchmark Risk;
- Required Rate of Return;
- Asset Allocation Targets;
- Past Market Returns;
- Future Returns;
- Asset Allocation within the LA Pension Fund Industry;
- Revisiting the allocation to public equity;
- Revisiting the allocations to debt related investments (including Bonds and Cash);
- Revisiting the allocations to alternatives;
- Revisiting the allocation to property;

- A number of other matters (i.e. local investment, currency and fundamental or optimised indices).

The Advisers were then asked to comment.

Mr Powers supported the strategy as detailed in the report. He made particular reference to the importance of the scenario planning exercise, as suggested in the report.

Mr Moizer also supported the strategy, however expressed a degree of caution with regard to scenario planning, as it was impossible to predict what will happen in the future.

Mr Bowie further supported the strategy and stressed the importance of strong governance.

RECOMMENDED
That:

1. Assuming assimilation of Probation Assets, any requirements for cash to be withdrawn from the securities managers to be taken from L&G, until their share of assets is reduced from approximately 35% to approximately 25% of the Main Fund. Any further cash requirements to be withdrawn from UBS.

2. Scenario Planning
That the Fund undertake a scenario planning exercise in order to develop a more systematic approach to responding to potential future market changes or dislocations.

3. Main Fund Overall Asset Allocation
- **(a) Reduce the overall benchmark public equity weighting, from the current level of 62% of Main Fund, to a specified fixed level lying between 57% and 59% with a concomitant increase in allocation to a broadened debt-related investment asset class.**
- **(b) Adjust the Public Equity and Bond weightings pro-rata to take account of the phased increases in 'realistic benchmark' allocations to Property.** ***[see 7. (b) below]***

4. Public Equity Allocation
- **(a) Maintain the Public Equity split at 35% UK and 65% Overseas.**
- **(b) Maintain the Overseas equity split at : North America 32.5%; Europe (ex UK) 27.5%; Japan 15%; Pacific 10% and Emerging Markets 15%.**

5. Debt Related Investments (inc Bonds)/Cash Allocation
- **(a) No immediate change to current individual bond benchmark allocations, but as an interim measure, permitted active manager deviations be increased to allow wider freedom to actively invest.**
- **(b) Institute a benchmark exposure of between 3 and 5% points to a wider Debt Related Investments 'asset class' in line with the reduction in the weighting of public equity.** ***[see 3. above]***
- **(c) Continue to progress to completion the search and procurement exercise for a specialist manager of wider Debt Related Investments (with a remit to manage between 3 and 5% of Main Fund assets) using Hymans Robertson. The Policy and Development Working Group to interview managers appointed to a Framework Agreement and to act as the 'Framework Call-Off' Panel.**
- **(d) No change to current 6.2% allocation to cash (3.2% strategic component and 3% tactical component), but the 3% tactical component be kept under review for possible redeployment into other assets.**
- **(e) 'Internally managed tactical cash' be returned to the 3% benchmark allocation.**

6. **Alternative Investments**
   (a) **Private Equity: The recommendations of the Alternative Investments Working Group be adopted (Minute 21 refers).**
   (b) **Infrastructure: The recommendations of the Alternative Investments Working Group be adopted (Minute 23 refers).**
   (c) **Special Opportunities Portfolio: The recommendations of the Alternative Investments Working Group be adopted (Minute 24 refers).**

7. **Property**
   (a) **Maintain the long term target allocation to property at 10% of total Main Fund assets, broadening the range of approaches to obtaining the target 10% exposure.**
   (b) **Phase in 'realistic benchmark' allocations over three years to reflect the forecast investment programmes and movement towards the 10% target, as follows :**

	Proposed 2015 Realistic% Range% Cash flow	Proposed 2016 Realistic% Range% Cash flow	Proposed 2017 Realistic% Range% Cash flow
Main Portfolio External	4 3-5 £150m-£200m	5 4-6 £150m-£200m	6 5-7 £150m-£200m
Indirect	1 0-2 -	1 0-2 (£50m)-(£100m)	0 0-2 (£100m)
GMPVF	1 0-2 £25m-£50m	1.5 1-2 £50m-£75m	2 2-3 £50m-£75m
Overseas	1 0-2 £50m-£100m	1.5 1-3 £100m-£150m	2 1-3 £100-£150m
Other	0 0-1 £25m-£75m	0 0-1 £25m-£75m	0 0-1 £25m-£75m
Total	7 6-14 £225m-£375m	9 6-14 £200m-£450m	10 6-14 £150m-£250m

8. **Local Investment**
   Maintain the overall limit on those assets which are locally invested at 5% of Main Fund as agreed at the July 2011 Panel whilst recognising the new collaborative initiatives of the North West Impact Portfolio and joint venture investment in infrastructure with LPFA.

	Range %
GMPVF	**0-3**
I4G	**£50m**
Impact Portfolio	**0-1**
LPFA	**Up to £250m (Not all local)**
Total	**0-5**

9. Implementation
The nature, timing and detailed implementation of any benchmark changes necessary to reflect the decisions of the Panel be settled by the Executive Director of Pensions following consultation with the advisors and/or managers where appropriate.

At this juncture, the meeting adjourned to observe a minutes' silence for the victims of the Tunisia terrorist attacks, which had taken place on 26 June 2015.

16. MANAGEMENT SUMMARY

The Executive Director of Pensions submitted a report providing a short commentary on issues and matters of interest arising during the last quarter as follows:

Joint Venture with LPFA
The legal agreement had now been signed. Two investment opportunities were currently being progressed. A management committee had also been established and they had met twice.

New Offices
The development of the Fund's new offices, Guardsman Tony Downes House, was progressing in line with the timetable and in line with the contract price.

Probation (MoJ) Transfer
The Employer Funding Viability Working Group was monitoring progress on this project. Virtually all assets had now transferred and all the membership records were on the Fund's administration system.

Evidence to the Scottish Parliament – Local Government and Regeneration
An invitation had been received to give evidence to the Local Government and Regeneration Committee of the Scottish Parliament. The focus of the session was the scope to invest in infrastructure and locally by Scottish Pension Funds. A copy of the GMPF submission was attached to the report.

Accounting for Pension Costs
The Actuary had now issued accounting reports to all employers, the general outcome was a small fall in funding levels. The main factors influencing outcomes was further falls in corporate bond interest rates resulting in increases in the value of liabilities only partially offset by investment returns in excess of assumption. In cash terms, the net impact was increases in reported deficits.

The latest estimate of the actuarial funding position was broadly in line with that at the last valuation with a funding level of around 90%.

Change of Portfolio Manager within the UBS UK Value Equities Team
Richard West was retiring from UBS where he was part of the UK value equities team. Guy Walker was joining the team.

Fossil Fuels and Carbon Reduction
The debate on fossil fuels and carbon reduction continues to be a very important global issue and featured prominently at the recent G7 meeting. It was also a matter that a number of the Fund's members had expressed an interest in.

The next phase of the Fund's consideration of this matter would be at the next meeting of the Investment Monitoring and ESG Working Group, where views would be sought from one of the Fund's investment managers, PIRC, the fund's corporate governance adviser and Carbon Tracker, a non-profit, independent company, which is aiming to raise awareness about the potential risk that fossil fuel investments may pose to financial stability. All Members of the Panel would be invited to attend this meeting.

Party Conferences
Localis in association with LPFA, GMPF and Lancashire County Pension Fund were looking to have private roundtable meetings at the Conservative and Labour Party conferences.

The roundtables would bring together representatives of central and local government and pensions experts to debate what role the LGPS could and should play in funding the creation of new infrastructure in the UK.

Process for Sign Off of Accounts
The Management Panel needed to approve the accounts and formal letters needed to be sent to the Auditor by 30 September 2015. The next meeting of the management panel and AGM is 2 October 2015. Thus, to meet the statutory timetable an Urgent Matters meeting would need to be arranged to consider this matter.

IIN Awards
GMPF had won an award for the best use of infrastructure at the INN Awards. The submission featured the joint venture with LPFA.

17. QUARTERLY REPORTS OF THE EXECUTIVE DIRECTOR OF PENSIONS

(a) Summary Valuation of the Pension Fund Investment Portfolio as at 31 December 2014 and 30 March 2015

A report of the Executive Director of Pensions was submitted, detailing and comparing the market value of the Fund's investment portfolio as at 31 December 2014 and 30 March 2015.

RECOMMENDED
That the report be noted.

(b) Underwriting, Stocklending and Commission Recapture

Consideration was given to a report of the Executive Director of Pensions detailing the activity and income generated on Underwriting, Stocklending and Commission Recapture during the quarter.

It was reported that income from the Fund's Underwriting, Stocklending and Commission Recapture activities was 'opportunistic' in nature and very sensitive to market conditions. The amounts generated were therefore expected to vary, potentially significantly, from one quarter to another and from one year to another.

RECOMMENDED
That the report be noted.

(c) External Managers' Performance

The Executive Director of Pensions submitted a report, which advised Members of the recent performance of the external Fund Managers.

It was noted that in the quarter to 31 March 2015, Capital had underperformed by 0.8% against their benchmark index of 8.4%. UBS had outperformed by 0.3% against their benchmark index of 5.9% and Legal and General had broadly succeeded in tracking their benchmark for the Main Fund and for MoJ.

Performance figures for the twelve months to 31 March 2015 were detailed which showed that Capital had underperformed their benchmark by 1.7% and UBS had also underperformed their benchmark by 1.6%. Legal and General had broadly succeeded in tracking their benchmark for the Main Fund and for MoJ.

RECOMMENDED
That the report be noted.

18. ANNUAL PERFORMANCE REPORTS

(a) Long-term Performance 2014/15 – Main Fund and Active Managers

Consideration was given to a report of the Executive Director of Pensions which advised Members of the excellent long term results for UBS and the Main Fund as a whole, as measured by WM. Detailed results covering periods up to 25 years were given.

The Main Fund was in the top 5% of the Local Authority pension funds surveyed by WM over 20 years and the top 4% over 15 years and was the fifth best performing Local Authority fund over the 25 year period.

The performance of UBS over their time as a Manager for the Fund had been excellent. Capital International had underperformed their benchmark over 5 and 10 years, and they had outperformed in 2 of the last 3 years.

(b) Cash Management

A report was submitted by the Executive Director of Pensions, which explained that the Fund adopted a relatively prudent approach to its cash management. The report outlined the constraints in place to ensure an appropriate level of prudence, focusing primarily on capital preservation and secondly on higher returns. It also detailed the performance achieved last year and over the last three years.

The report concluded that the Pension Fund's cash had been generally well managed. Performance in 2014/15 exceeded market returns and total interest received was £2.8 million.

(c) Long Term Property Performance (IPD Review 2015 etc)

The Executive Director of Pensions submitted a report, which advised Members of the recent and longer term investment performance of the Direct Property Portfolio (comprising directly owned properties and 'Specialist' Indirect Funds now managed externally by LaSalle Investment Management)) and of the 'Balanced Property Pooled Vehicle Portfolio' (managed by the Executive Director of Pensions).

Performance in 2014 was 6.6% below the benchmark IPD All-Property Median return of 17.9% and 6.4% below the IPD All-Property Universe (Mean) of 17.7%. In spite of a robust performance in

2012 and an above benchmark performance in 2013, the Direct Property Portfolio's performance over all standard time periods up to 20 years was below the IPD Universe average.

Results for individual years over the last 24 years (from the date that the GMPF Management Panel formally set the previous performance target of 'median or better') showed that the portfolio had beaten the target in half of those years.

The Fund's direct property holdings had a relatively strong income base and significant work had been undertaken to reduce voids again this year as evidenced by a fall of nearly 3% from the previous year's void rate. However, this could have an impact on reversionary income potential for the Fund, especially where letting markets were improving.

Although the four sales were completed at levels above previous valuations this did little to help overall performance, as the lot sizes were relatively small.

For the Direct Property Portfolio, both property specific factors were the main reason for underperformance at -5% with portfolio structure also having an adverse impact. Assets in every segment underperformed their respective benchmarks, except for Central London Offices, where performance was driven by the two Henderson Central London Office indirect funds.
The portfolios overweight position to underperforming segments, such as Rest of UK Standard Retail and Supermarkets, combined with the underweight position to stronger performing segments of the market, such as West End and South East Offices and Rest of UK industrials, caused the structural drag on returns of 1%.

The worries over prospective performance were the reason for changing to external management which took effect from 1 October 2014.

The pooled property funds delivered a return of 17.9% in the year compared to the index turn of 16.6%.

RECOMMENDED
That the content of the reports be noted.

19. BUDGET MONITORING

(a) GMPF Administration Expenditure Monitoring Statement for the Financial Year 2014/15

The Executive Director of Pensions submitted a report comparing the administration expenses budget against the actual results for the 12 months to 31 March 2015.

It was reported that, for the financial year to 31 March 2015, there was an underspend of £501,000 against the budget of £18,718,000 for that period. Reasons for major variations over £50,000 for 2014/15 were detailed as follows:

- Investment Manages and Professional fees;
- Staff costs;
- Premises; and
- Commission Recapture.

RECOMMENDED
That the content of the report be noted.

(b) GMPF Statement of Accounts 2014/15 Governance Arrangements

Consideration was given to a report of the Executive Director of Pensions proposing the governance arrangements for approval of the 2014/15 accounts for the Greater Manchester

Pension Fund. The report further sought approval of the key assumptions for estimates to be used in the accounts and to note the pre-audit simplified accounts.

It was explained that the key decision making bodies for the Council were the Audit Panel, which received accounting policies reports for both the Fund and the Council and the Overview (Audit) Panel, which received the report of the external auditor following the audit of the accounts. The Council retained overall responsibility for the accounts of both and the follow-up on the audit reports received for both, but in practice delegated the responsibility for the Fund, to the Fund.

The provisional timetable for approval of the accounts and consideration of audit reports by the Council and Fund for 2015/16 was outlined in the report.

It was further reported that the audit process must be completed before the end of September 2015. The date for GMPF Management Panel had been set for 2 October 2015, hence the need for an Urgent Matters Panel in September. The audit letters for both the Fund and the Council would be received formally by the TMBC Overview (Audit) Panel in September 2015.

It was added that the newly created Pensions Local Board would also play a part in undertaking a review of the audit process, however it was noted that it was not a decision making body.

Key changes in the accounts this year were the partial adoption of CIPFA's guidance on accounting for management costs in the LGPS. The intention for GMPF was to phase in the implementation over two years, as set out in an appendix to the report.

The key on-going assumptions used in production of the accounts, covered the following matters:

- Accruals basis;
- Fair value for investments;
- Market prices at bid where possible;
- For non-listed assets, compliance with accounting standards and best practice; and
- Liabilities in compliance with International Accounting Standard 19 (IAS 19).

The key financial movements during the financial year to 31 March 2015 were detailed in the report.

RECOMMENDED
(i) That the governance arrangements for the Fund's accounts be approved;
(ii) That the assumptions for estimates to be used in the GMPF Statement of Accounts be approved; and
(iii) That the pre-audit simplified accounts be noted.

20. EMPLOYER WITHOUT A LOCAL AUTHORITY GUARANTEE

A report was submitted by the Executive Director of Pensions giving details of an application for admission without a guarantee from a Scheme Employer had been made by Career Connect in respect of 49 active members of the Fund. The panel was asked to consider supporting the making of an admission agreements on the terms described in the report.

The report outlined the financial risks and the proposed admission terms and it was:

RECOMMENDED
That the making of an admission agreement on the terms described in the report, be supported.

21. GMPF LOGO

Simon Brunet, Policy, Data and Improvement Lead, delivered a short presentation outlining four options for a new logo design for the GMPF, for Members consideration.

The Chair explained that a small sub-group of Panel Members would be convened in the coming weeks to consider all the options and decide on the new logo going forward.

22. FUTURE TRAINING DATES

Trustee Training opportunities were noted as follows:

Free E-Learning for Public Service Schemes
Sign up at: https://education.thepensionsregulator.gov.uk/login/signup.php

NAPF Local Authority Conference — 18 – 20 May 2015
Cotswold Water Park Four Pillars Hotel, Gloucestershire

http://www.napf.co.uk/Conferences_and_Seminars/Local_Authority_Conference.aspx

LGPS Annual Conference — 25 – 26 June 2015
Marriott Hotel, Cardiff

Likely topics are expected to be:

- Freedom & Choice, impact for the LGPS;
- Active vs Passive, that new chestnut;
- Cessation of contracting-out, impact for employers;
- Investment opportunities round-up;
- Legal update, the pensions world has moved on; and
- Local Pension Boards, the early days.

UBS Member Training Day — 8 July 2015
Venue: TBA

NAPF Annual Conference — 14 – 16 October 2015
Manchester Central
http://www.napf.co.uk/Conferences_and_Seminars/Annual_Conference_And_Exhibition.aspx

Capital International Member Training Day — 12 November 2015
Venue: TBA

23. DATES OF FUTURE MEETINGS

The dates of future meetings of the Greater Manchester Pension Fund Management/Advisory Panel and Working Groups were noted as follows:

Management/Advisory Panel	2 October 2015 + AGM 11 December 2015 11 March 2016
Pensions Administration Working Group	17 July 2015 16 October 2015

	29 January 2016
	8 April 2016
	16 April 2015
Investment Monitoring & ESG Working Group	17 July 2015
	16 October 2015
	29 January 2016
	8 April 2016
Alternative Investments/Property Working Groups	24 July 2015
	23 October 2015
	5 February 2016
	15 April 2016
Policy and Development Working Group	8 October 2015
	4 February 2016
	24 March 2016
Employer Funding Viability Working Group	31 July 2015
	30 October 2015
	12 February 2016
	22 April 2016

CHAIR

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ITEM NO: 4(b)

GREATER MANCHESTER PENSION FUND MANAGEMENT PANEL

3 July 2015

Commenced:	**10.00am** **Terminated:12.30pm**
Present:	**Councillor K Quinn (Chair)**
	Councillors: Akbar (Manchester), Brett (Rochdale), Cooney, Cooper, Dean (Oldham), Dennett (Salford), J Fitzpatrick, C Francis, M Francis (Bolton), Grimshaw (Bury), J Lane, R Miah, Mitchell (Trafford), Pantall (Stockport), S Quinn, Ricci, M Smith, Taylor and Ward.
	Advisers:
	Mr Bowie, Mr Moizer and Mr Powers
Apologies for Absence:	**Councillors Halliwell (Wigan) and Patrick**

1. DECLARATIONS OF INTEREST

There were no declarations of interest submitted by Members.

2. MINUTES

The Minutes of the proceedings of the meeting of the Pension Fund Advisory Panel held on 6 March 2015 were signed as a correct record.

The Minutes of the proceedings of the meeting of the Pension Fund Management Panel held on 6 March 2015 were signed as a correct record.

3. LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

(a) Urgent Items

The Chair announced that there were no urgent items for consideration at this meeting.

(b) Exempt Items

RESOLVED
That under Section 100 (A) of the Local Government Act 1972 the public be excluded for the following items of business on the grounds that:
(i) they involve the likely disclosure of exempt information as defined in the paragraphs of Part 1 of Schedule 12A of the act specified below; and
(ii) in all circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information for reasons specified below:

Items	Paragraphs	Justification
8, 9, 11, 12, 13, 16	**3&10, 3&10, 3&10, 3&10, 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.**

4. PENSIONS ADMINISTRATION WORKING GROUP

The Minutes of the proceedings of the meeting of the Pensions Administration Working Group held on 10 April 2015 were considered.

RESOLVED
That the recommendations of the Pension Fund Advisory Panel on this matter be adopted.

5. ALTERNATIVE INVESTMENTS WORKING GROUP

The Minutes of the proceedings of the meeting of the Alternative Investments Working Group held on 17 April 2015 were considered.

RESOLVED
That the recommendations of the Pension Fund Advisory Panel on this matter be adopted.

6. PROPERTY WORKING GROUP

The Minutes of the proceedings of the meeting of the Property Working Group held on 17 April 2015 were considered.

RESOLVED
That the recommendations of the Pension Fund Advisory Panel on this matter be adopted.

7. EMPLOYER FUNDING VIABILITY WORKING GROUP

The Minutes of the proceedings of the meeting of the Employer Funding Viability Working Group held on 24 April 2015 were considered.

RESOLVED
That the recommendations of the Pension Fund Advisory Panel on this matter be adopted.

8. POLICY AND DEVELOPMENT WORKING GROUP

The Minutes of the proceedings of the meeting of the Policy and Development Working Group held on 27 May 2015 were considered.

RESOLVED
That the recommendations of the Pension Fund Advisory Panel on this matter be adopted.

9. LOCAL PENSIONS BOARD

RESOLVED
That the Minutes of the meeting of the Local Board on 16 April 2015 be noted.

10. WORKING GROUP TERMS OF REFERENCE

A report of the Executive Director of Pensions was submitted.

RESOLVED
That the recommendations of the Pension Fund Advisory Panel on this matter be adopted.

11. WORKING GROUP APPOINTMENTS

A report of the Executive Director of Pensions was submitted.

RESOLVED
That the recommendations of the Pension Fund Advisory Panel on this matter be adopted.

12. LOCAL PENSION BOARD

A report of the Executive Director of Pensions was submitted.

RESOLVED
That the recommendations of the Pension Fund Advisory Panel on this matter be adopted.

13. REPORTS OF THE MANAGERS

Representatives of Capital International and UBS Global Asset Management attended before Members of the Panel to comment on their investment strategy and to answer questions raised by the Advisers and Members.

RESOLVED
That the recommendations of the Pension Fund Advisory Panel on this matter be adopted.

14. ASSIMILATION OF PROBATION ASSETS

A report of the Executive Director of Pensions was submitted.

RESOLVED
That the recommendations of the Pension Fund Advisory Panel on this matter be adopted.

15. INVESTMENT STRATEGY AND TACTICAL POSITIONING 2015/16

A report of the Executive Director of Pensions was submitted.

RESOLVED
That the recommendations of the Pension Fund Advisory Panel on this matter be adopted.

16. MANAGEMENT SUMMARY

A report of the Executive Director of Pensions was submitted.

RESOLVED
That the recommendations of the Pension Fund Advisory Panel on this matter be adopted.

17. QUARTERLY REPORTS OF THE EXECUTIVE DIRECTOR OF PENSIONS

(a) Summary Valuation of the Pension Fund Investment Portfolio as at 31 December 2014 and 30 March 2015

A report of the Executive Director of Pensions was submitted.

RESOLVED
That the recommendations of the Pension Fund Advisory Panel on this matter be adopted.

(b) Underwriting, Stocklending and Commission Recapture

A report of the Executive Director of Pensions was submitted.

RESOLVED
That the recommendations of the Pension Fund Advisory Panel on this matter be adopted.

(c) External Managers' Performance

A report of the Executive Director of Pensions was submitted.

RESOLVED
That the recommendations of the Pension Fund Advisory Panel on this matter be adopted.

18. ANNUAL PERFORMANCE REPORTS

(a) Long-term Performance 2014/15 – Main Fund and Active Managers

A report of the Executive Director of Pensions was submitted.

RESOLVED
That the recommendations of the Pension Fund Advisory Panel on this matter be adopted.

(b) Cash Management

A report of the Executive Director of Pensions was submitted.

RESOLVED
That the recommendations of the Pension Fund Advisory Panel on this matter be adopted.

(c) Long Term Property Performance (IPD Review 2015 etc)

A report of the Executive Director of Pensions was submitted.

RESOLVED
That the recommendations of the Pension Fund Advisory Panel on this matter be adopted.

19. BUDGET MONITORING

(a) GMPF Administration Expenditure Monitoring Statement for the Financial Year 2014/15

A report of the Executive Director of Pensions was submitted.

RESOLVED
That the recommendations of the Pension Fund Advisory Panel on this matter be adopted.

(b) GMPF Statement of Accounts 2014/15 Governance Arrangements

A report of the Executive Director of Pensions was submitted.

RESOLVED
That the recommendations of the Pension Fund Advisory Panel on this matter be adopted.

20. EMPLOYER WITHOUT A LOCAL AUTHORITY GUARANTEE

A report of the Executive Director of Pensions was submitted.

RESOLVED
That the recommendations of the Pension Fund Advisory Panel on this matter be adopted.

21. GMPF LOGO

Simon Brunet, Policy, Data and Improvement Lead, delivered a short presentation outlining four options for a new logo design for the GMPF, for Members consideration.

The Chair explained that a small sub-group of Panel Members would be convened in the coming weeks to consider all the options and decide on the new logo going forward.

22. FUTURE TRAINING DATES

Trustee Training opportunities were noted as follows:

Free E-Learning for Public Service Schemes
Sign up at: https://education.thepensionsregulator.gov.uk/login/signup.php

NAPF Local Authority Conference Cotswold Water Park Four Pillars Hotel, Gloucestershire	18 – 20 May 2015

http://www.napf.co.uk/Conferences_and_Seminars/Local_Authority_Conference.aspx

LGPS Annual Conference Marriott Hotel, Cardiff	25 – 26 June 2015

Likely topics are expected to be:
- Freedom & Choice, impact for the LGPS;
- Active vs Passive, that new chestnut;
- Cessation of contracting-out, impact for employers;
- Investment opportunities round-up;
- Legal update, the pensions world has moved on;

and

- Local Pension Boards, the early days.

UBS Member Training Day Venue: TBA	8 July 2015
NAPF Annual Conference Manchester Central http://www.napf.co.uk/Conferences_and_Seminars/Annual_Conference_And_Exhibition.aspx	14 – 16 October 2015
Capital International Member Training Day Venue: TBA	12 November 2015

23. DATES OF FUTURE MEETINGS

The dates of future meetings of the Greater Manchester Pension Fund Management/Advisory Panel and Working Groups were noted as follows:

Management/Advisory Panel	2 October 2015 + AGM 11 December 2015 11 March 2016
Pensions Administration Working Group	17 July 2015 16 October 2015 29 January 2016 8 April 2016 16 April 2015
Investment Monitoring & ESG Working Group	17 July 2015 16 October 2015 29 January 2016 8 April 2016
Alternative Investments/Property Working Groups	24 July 2015 23 October 2015 5 February 2016 15 April 2016
Policy and Development Working Group	8 October 2015 4 February 2016 24 March 2016
Employer Funding Viability Working Group	31 July 2015 30 October 2015 12 February 2016 22 April 2016

CHAIR

ITEM NO: 4(c)

GREATER MANCHESTER PENSION FUND URGENT MATTERS PANEL

2 September 2015

Commenced: 10.00 am **Terminated: 10.10 am**

Present: Councillor K Quinn (Chair)

Councillors JM Fitzpatrick, A Mitchell and M Smith

1. DECLARATIONS OF INTEREST

There were no declarations of interest submitted by Members.

2. GMPF STATEMENT OF ACCOUNTS 2014-15 GOVERNANCE ARRANGEMENTS AND UPDATE

The Assistant Executive Director of Pensions (Local Investments and Property) made reference to a report initially considered at the Employer Funding Working Group on 7 August 2015 submitted for information and background relating to subsequent items on the Urgent Matters Panel agenda.

The report provided an update on the governance arrangements for approval of the 2014/15 accounts for the Greater Manchester Pension Fund and noted the change in presentation of the accounts, key assumptions for estimates used in the accounts and the pre-audit simplified accounts. The revised audit plan was appended to the report.

RESOLVED
That the recommendations agreed at the Employer Funding Group on 7 August 2015, as detailed in the report be noted.

3. AUDIT FINDINGS REPORT AND LETTER OF REPRESENTATION

The Assistant Executive Director informed Members that the Employer Funding Working Group had given detailed consideration to the accounts at its last meeting and a report from the External Auditor, Grant Thornton. The Working Group, as required by International Standards on Auditing, had reviewed the reasonableness of significant assumptions for estimates to be used in the accounts and approved the bases applied.

Grant Thornton issued two reports on the financial statements of the Fund, covering:

- The Fund's financial statements as covered in the Fund's Annual Report; and
- The Fund's financial statements included within the administering authority's accounts.

The representative of Grant Thornton, Mr Heap, presented his Annual Governance report, a copy of which was appended to the report. He envisaged an unqualified audit opinion and drew the Panel's attention to the Action Plan and in particular that Members take note of the disclosure changes to the financial statements before approving the Fund's financial statements.

Consideration was also given to management responses included in the report.

The Chair commented on a successful year for the Fund exemplified by the Probation transfer which was confirmed in the audit report. .

RESOLVED

(i) That the content of the report be noted; and

(ii) That the Chair of the Panel and Executive Director of Pensions sign the letter of representation on behalf of the Management Panel on the 21 September 2015 following the Overview (Audit) Panel.

3. ANNUAL REPORT

Consideration was given to the latest draft of the Annual Report and Accounts, an earlier version of which had been considered in detail by the Employer Funding Working Group at its meeting in August 2015. This version was approved subject to completion and addition of letter of representation and audit certificate.

RESOLVED

That the Annual Report and Accounts be approved.

CHAIR

ITEM NO: 6(a)

GREATER MANCHESTER PENSION FUND

INVESTMENT MONITORING AND ESG WORKING GROUP

16 July 2015

Commenced: 10.00am **Terminated: 12.10am**

Present:	**Councillor Taylor (Chair)**	
	Councillor Brett	
	Councillor Cooper	
	Councillor J Fitzpatrick	
	Councillor Francis	
	Councillor Grimshaw	
	Councillor Halliwell	
	Councillor R Miah	
	Councillor Pantall	
	Councillor K Quinn	
	Councillor Ricci	
	Councillor D Ward	
	Peter Morris	**Executive Director of Pensions**
	Steven Taylor	**Assistant Executive Director – Pensions (Investment)**
	Tom Harrington	**Senior Investments Manager**
	Raymond Holdsworth	**Investments Manager**
	Nick Livingstone	**Investments Officer**

Apologies for absence: **Councillors Akbar, Dennett, C Francis, J Lane, Patrick, S Quinn and M Smith**
Mo Baines, Ken Drury, Petula Herbert, Frank Llewellyn and John Thompson

1. DECLARATIONS OF INTEREST

There were no declarations of interest.

2. REPORT OF THE GLOBAL EQUITY MANAGER

The Working Group welcomed James Hand and Stephen Lee from Investec to present Greater Manchester Pension Fund's (GMPF) Investment Report for quarter ending 30 June 2015. Investec's approach was to achieve long term capital growth primarily through investment in a focused portfolio of equities issued by companies established in the larger, more liquid equity markets of USA, Continental Europe, UK and Japan.

It was reported that Investec adopted a '4Factor' investment philosophy to managing portfolios consisting of 'Strategy, Earnings, Technicals and Value'. The Working Group heard that companies who scored highly against these factors were subject to detailed fundamental research and reviewed on a weekly basis which should drive portfolio outperformance in the long term.

The Working Group was presented with detailed information on Investec's management of the assets entrusted to them and the factors affecting results. The performance, stock and sector attribution, positioning and portfolio allocation of the GMPF since inception was outlined. Factor exposure and risk management was explained and an outlook for markets, regions and stocks & sectors was provided. Regime indicators were used to illustrate the current position of the market, economic, risk and factor cycles.

RESOLVED:
That the content of the report be noted.

3. GMPF AND CLIMATE RISK

The Working Group welcomed James Leaton, Research Director, Carbon Tracker Initiative, to receive an overview of their research. The Carbon Tracker Initiative was a not for profit financial think tank aimed at enabling a climate secure global energy market by aligning capital market actions with climate reality. James Leaton gave a presentation entitled "Non-profit aiming to align capital markets with tackling climate change."

The relationship between emissions and capital flows was explained along with potential CO2 emissions from fossil-fuel reserves and the cumulative emissions up to 2050 for coal, oil and gas. It was reported that there was a fundamental difference between the different forms of fossil fuel and forecasts showed post 2020 growth in gas with a predicted decline in coal and oil.

A selection of cost curve graphs for oil, seaborne coal and gas were presented. Clarification was sought and provided on the break-even cost and key market price levels. The probability of various outcomes was discussed along with factors affecting the future of the energy sector including the impact of Chinese coal demand, which peaked in 2014 and was now beginning to slow, and how low cost gas supply in the USA had affected coal plants.

It was reported that the forecast for fossil fuel was a reduction in power generating capacity with a predicted increase for clean energy such as hydro, solar, wind, nuclear, biomass and geothermal. This forecast had provoked European utility company structures to change and had presented fundamental challenges to energy company business models.

The Working Group then welcomed Ian Pitfield, Head of Governance, UBS, and Ellis Eckland, Global Energy Analyst, UBS, who attended the meeting to present their approach to managing climate risk within the GMPF portfolio.

It was reported that 'stranded carbon' was a risk faced by fossil fuel companies. This risk was similar in nature to the risk posed by new sources of energy which could potentially replace fossil fuels. Many industries faced stranded asset risk, such as retailers and their physical stores and ongoing monitoring of all risks was essential to the investment community.

It was further reported that the value of energy companies was based most heavily on their near term reserves which reduced the risk that fossil fuel company valuations would be affected by stranded carbon. In a carbon constrained environment, massive changes would also be required in the pattern of world consumption (eg food) and in other industries such as transportation, infrastructure and tourism.

A detailed discussion ensued over the carbon bubble, CO2 limits, the possible impacts on end users, and the positives and negatives of divestment as a policy option.

The Working Group thanked Mr Leaton, Mr Pitfield and Mr Eckland for their attendance and presentations at the meeting.

RESOLVED:
That the content of the report and the presentations be noted.

4. UBS CORPORATE GOVERNANCE REVIEW

The Working Group welcomed Ian Pitfield, Head of Governance, UBS, who attended the meeting to present UBS Corporate Governance activity over the past 12 months.

The Working Group heard that UBS's 12th Annual Review of their corporate governance and responsible investment activities was due to be published and UBS had been promoting best practice globally and actively engaging with Chairs of Company Boards on issues such as the allocation of capital.

The Working Group was provided with information on annual global voting activity up to 30 June 2015 with explanations provided on share blocking. There had been a global trend towards increased focus on corporate governance and stewardship with greater involvement in policy work throughout the world. Examples were provided of UBS Global Asset Management acting as a responsible shareholder.

The Working Group thanked Mr Pitfield for his attendance and presentation at the meeting.

RESOLVED:
That the content of the report be noted.

5. UBS CORPORATE TRADING COSTS

A report was submitted by the Executive Director of Pensions detailing the current 'level one' disclosure report under the auspices of the Investment Management Association and the National Association of Pension Funds. The report detailed the fund manager's policies and procedures for the management and monitoring of total trading costs in order to achieve best execution for clients.

The Working Group welcomed Ian Barnes, Head of UK and Ireland, UBS, who attended the meeting to present the 'level two' report for the 12 month period ending 31 December 2014, providing an analysis of GMPF's trading volumes and commissions which was compared with UBS' average client commission rates.

The Working Group thanked Mr Barnes for his attendance and presentation.

RESOLVED:
That the content of the report be noted.

6. ROUTINE PIRC UPDATE

The Executive Director of Pensions presented a report (copies of which had been circulated) detailing the Local Authority Pension Fund Forum's draft quarterly engagement report – April to June 2015.

RESOLVED:
That the content of the report be noted.

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ITEM NO: 6 (b)

GREATER MANCHESTER PENSION FUND

PENSIONS ADMINISTRATION WORKING GROUP

17 July 2015

Commenced: **9.00am** **Terminated: 10.10am**

Present:	**Councillor J Lane (Chair)**	
	Councillor Brett	
	Councillor Cooper	
	Councillor M Francis	
	Councillor S Quinn	
	Mr Allsop	**UNISON**
	Peter Morris	**Executive Director of Pensions**
	Euan Miller	**Assistant Executive Director – Funding and Business Development**
	Emma Mayall	**Pensions Policy Manager**
	Matthew Simensky	**Group Manager – Pensions Operations**

Apologies for absence: **Councillors Akbar, Grimshaw and Patrick**

1. DECLARATIONS OF INTEREST

There were no declarations of interest.

2. MINUTES

The Minutes of the proceedings of the meeting of the Pensions Administration Working Group held on 10 April 2015 were approved as a correct record.

3. THE PENSIONS REGULATOR'S CODE OF PRACTICE NO 14 AND THE COMPLIANCE AND ENFORCEMENT POLICY FOR PUBLIC SERVICE PENSION SCHEMES

A report was submitted by the Executive Director of Pensions providing information about the two Parts of the Code that were delegated to the Working Group to examine plus the Compliance and Enforcement Policy.

It was reported that there had been changes over the past 12 months through involvement of the Pensions Regulator and that the Code of Practice highlighted the importance of pension legislation being correctly applied. The two parts of the Code of Practice were presented to the Working Group and the three sections on administration (Scheme Record-keeping, Maintaining Contributions and Providing Information for Members) were individually examined.

The Working Group was advised that record checking and reviews were regularly executed to help ensure accurate record keeping. The Fund's Actuary has commented favourably on the quality of data held. There have been significant increases in the membership of the scheme. Considerable resource had been placed on data checking and cleansing to improve the data quality of records transferred in respect of Ministry of Justice (MoJ) members. There has been a number of pressures on data quality over the last 18 months arising from the late introduction of the new scheme and thus system issues necessitating more manual calculations than is the norm.. In addition GMPF changed its administration system and took on MoJ. Some employers had also struggled to supply data on time. These factors had contributed to backlogs building up in non-urgent work. Details of performance by local authority employer and the Fund were discussed.

The importance of timely and accurate data from employers was discussed and measures to improve its delivery. .

Members enquired about confidence levels of the accuracy of figures for deferred members and MoJ members. It was reported that confidence levels were high and the same checks were carried out for all members of the scheme with further work necessary for the new MoJ members.

The annual posting of pay data for members had identified a large number of cases where queries had been raised with employers, e.g. regarding new starters and leavers. Measures to assist employers were discussed and the process of escalating issues..

The Working Group was provided with a handout on Pensions Taxation which highlighted recent changes to the Lifetime Allowance and Annual Allowance. Clarification was sought and provided on the communication methods used to convey these important changes to members of the scheme that could be affected. An article on the changes had been included in Pension Power.

RECOMMENDED
That the content of the report be noted.

4. EX-GRATIA PAYMENTS

A report was submitted by the Executive Director of Pensions providing information about ex-gratia payments made during 2014/15. Emma Mayall, Pensions Policy Manager, outlined information contained in the report to Members of the Working Group.

RECOMMENDED
That the content of the report be noted.

5. MEMBERSHIP STATISTICS

A report was submitted by the Executive Director of Pensions providing information on employees becoming members of the Local Government Pension Scheme at Greater Manchester's Local Authority employers.

Full time and part time membership was highlighted and it was reported that auto-enrolment into pensions scheme was having a considerable effect.

RECOMMENDED
That the content of the report be noted.

ITEM NO: 6(c)

GREATER MANCHESTER PENSION FUND

ALTERNATIVE INVESTMENTS WORKING GROUP

24 July 2015

Commenced: 9.30am **Terminated: 10.40am**

Present:	**Councillor Cooney (Chair)**	
	Councillor Dean	
	Councillor Halliwell	
	Councillor Ricci	
	Councillor D Ward	
	Mr Drury	**UNITE**
	Peter Morris	**Executive Director of Pensions**
	Steven Taylor	**Assistant Executive Director – Investments**
	Neil Cooper	**Pension Fund Investments Team**
	Nigel Frisby	**Pension Fund Investments Team**
	Daniel Hobson	**Pension Fund Investments Team**
	Nick Livingstone	**Pension Fund Investments Team**
Apologies for absence:	**Councillor C Francis and Mr Thompson**	

1. DECLARATIONS OF INTEREST

There were no declarations of interest.

2. MINUTES

The Minutes of the proceedings of the Alternative Investments Working Group held on 17 April 2015 were approved as a correct record.

3. PRIVATE EQUITY – REVIEW OF PERFORMANCE

The Working Group welcomed John Gripton and Angela Willetts of Capital Dynamics Ltd who attended the meeting to update the Working Group on the returns achieved by Greater Manchester Pension Fund's (GMPF's) Private Equity portfolio versus equity markets and a number of private equity comparators.

Mr Gripton began with an overview of developments at Capital Dynamics and explained the twofold approach to performance measurement. GMPF's Private Equity portfolio had exhibited a strong overall return since inception relative to public equity markets which showed that private equity had been a worthwhile asset class with an all mature fund return as at 2014 year end of 16.7% compared to the public equity market equivalents of 14.8% and 11.2% (depending on the chosen method of calculation). Average out-performance of 1.9% per annum had been achieved compared to public markets with outperformance occurring from the 1990's onwards.

It was reported that in 2011 GMPF and Capital Dynamics adopted a joint approach of using two different private equity benchmarks, Thomson/Venture Economics and British Venture Capital Association. Thompson Reuters recently announced that they would no longer produce the Venture Economics benchmark, therefore following market examination benchmarking had been switched to the Cambridge Associaties benchmark. It was important to ensure that the relative performance of the portfolio was fairly measured and captured a representative range of funds.

The Working Group heard that switching to a different benchmark had changed the perspective on the portfolio's relative performance, therefore a comprehensive review of benchmarks and possible alternatives would take place over the next 6-9 months which would be reported back to the Working Group.

It was explained that returns from mature investments made during the 2000s were not as strong, having been affected by specific issues within individual portfolio funds, however, relative performance was improving with an expectation that returns would improve over time as the fund of fund element matured and direct funds began to realise assets.

Mr Gripton and Ms Willetts were thanked for their attendance and presentation at the meeting.

RECOMMENDED
That the report be noted.

4. INFRASTRUCTURE – REVIEW OF PERFORMANCE

The Executive Director of Pensions submitted a report, copies of which had been circulated, updating the Working Group on the returns achieved by GMPF's infrastructure. The infrastructure portfolio had been established in 2001 and consisted of commitments made to a variety of funds that targeted investments in infrastructure projects or companies.

It was reported that since 2010 GMPF's infrastructure investments had been maintained as a separate portfolio and included matured funds as this was the most appropriate means of evaluating performance. Medium term measures were still an important diagnostic indicator as to whether long term performance was likely to be maintained by the current investment strategy, approach and management skill.

The three infrastructure investment classifications (primary funds, evergreen funds and secondary funds) were explained and detailed performance figures for each category were provided. It was highlighted that commitments were reported on an economic exposure basis whilst performance was reported based on the original investment objective of the fund.

RECOMMENDED
That the report be noted.

5. PRESENTATION BY GRAPHITE CAPITAL

The Working Group welcomed Stephen Cavell, Senior Partner at Graphite Capital, who attended the meeting to present their investment activities and general private equity. Graphite Capital was founded in 1981 and was a London based operation comprising a team of 20 investment professionals led by 8 senior partners. It was an independent, owner-managed private equity firm investing in UK headquartered mid-market companies.

It was reported that Graphite had a strong track record in partnering with management teams across many industry sectors and identifying strategies that drive revenue and long term profit growth. Graphite mainly invested in larger companies in addition to smaller businesses and had a long term record of achieving high returns. The Working Group was informed that Graphite had identified a number of key growth areas in the UK economy which were outlined in detail.

The Working Group was notified that GMPF was a long term investor in Graphite funds and had committed £33 million to the three funds raised since 2001. The portfolio had been valued at 2.41 times cost of which 2.08 had been realised in cash; the forecast was to generate 2.8 times cost. The overall number of employees in the portfolio companies had risen by 76% and it was confirmed that these were UK based jobs.

It was explained that Graphite had recently raised its eighth private equity fund and four of the five most recent funds had performed well and were in the top quartile for their vintage; over £170 million had been invested to date. The Working Group heard that six companies had completed to date generating a multiple of 3 times cost.

The Working Group was provided with detailed information on some example investments. Explore Learning was an extra-curricular learning centre for English and Mathematics with centres in Greater Manchester and Hawksmoor had recently opened a restaurant in Manchester city centre.

Clarification was sought and provided on comparisons. It was confirmed that these are drawn against industry figures which allows for a measurable comparison on a like for like basis.

Mr Cavell was thanked for his attendance and presentation at the meeting.

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ITEM NO: 6(d)

GREATER MANCHESTER PENSION FUND

PROPERTY WORKING GROUP

24 July 2015

Commenced: 11.00am **Terminated: 12.25pm**

Present:	**Councillor S Quinn (Chair)**	
	Councillor J Fitzpatrick	
	Councillor Halliwell	
	Councillor J Lane	
	Councillor R Miah	
	Councillor M Smith	
	Mr Drury	**UNITE**
	Peter Morris	**Executive Director of Pensions**
	Paddy Dowdall	**Assistant Executive Director, Local Investments and Property**
	Tracey Boyle	**Service Unit Manager - Pensions Accountancy**
	Neil Charnock	**Head of Pension Fund Legal**
	Nigel Driver	**Investment Manager (Property)**
	Andrew Hall	**Investment Manager (Local Investments)**
Apologies for absence:	**Councillor D Ward and Mr Thompson**	

1. DECLARATIONS OF INTEREST

No declarations of interest were made.

2. MINUTES

The Minutes of the proceedings of the meeting of the Property Working Group held on 17 April 2015 were approved as a correct record.

3. CURRENT ISSUES – MANAGEMENT SUMMARY

The Executive Director of Pensions submitted a report, copies of which had been circulated, which highlighted key current issues in the management of property portfolios within the Greater Manchester Pension Fund (GMPF).

It was reported that LaSalle would be presenting their quarterly report to the Working Group and highlights from their report were outlined. GVA would also be reporting to the Working Group, and it was explained that the presentation would concentrate on activity at two key sites showing the progress achieved during the last quarter and the actions to be carried out over the coming quarter.

The Working Group was informed that there had been more comprehensive reporting of overseas investment and since the last meeting investments had been made in a fund investing in European property run by Standard Life focusing on core-plus property and a fund managed by Tristaon investing on a value-add/opportunistic pan- European basis. These investments would be covered in more detail at a future meeting.

RECOMMENDED
That the report be noted.

4. LONG TERM PROPERTY PERFORMANCE (IPD REVIEW 2015 ETC)

The Executive Director of Pensions submitted a report, copies of which had been circulated, which advised on the recent and longer term investment performance of the direct property portfolio and of the balanced property pooled vehicle portfolio.

It was reported that the fund had outsourced its investment management and property management functions to LaSalle during 2014 and the Investment Property Databank (IPDS) survey had been used as a benchmark as this provided the most reliable source of measurement and comparison of property performance. The property performance as measured by IPD was compared to other asset classes as per section 2.4 of the report.

The Working Group was notified that property investments in London and the South East were generally the best performing due to strong demand from tenants and investors. The UK property transaction market remained highly competitive which continued to push prices higher and yields lower income yields. This had resulted in investors focusing their attention on alternative property sectors as well as other geographical areas across the UK that had been previously overlooked.

It was explained that at the end of 2014 the fund had 50 standing property investments and 8 investments in specialist property pooled vehicles. No purchases were made in the directly owned part of the portfolio during 2014 and 4 properties had been sold. The average lot size grew slightly as a result of the sales to £6.8 million which was lower than the IPD average lot size of £8.1 million.

The Working Group was informed that, when compared to the IPD average portfolio structure, GMPF's direct property portfolio continued to show a significant overweight position in retail and supermarkets and a marked underweight position in offices. The composition of the portfolio was highlighted as per chart 2a and 2b at 3.5 of the report.

It was stated that the fund had achieved a total return of 11.3% which was disappointing when compared to the benchmark IPD median of 17.9%; the GMPF direct property portfolio was compared against IPD over a range of time periods as per chart 3 at section 4.2 of the report. Property specific issues were key to underperformance and although work had been undertaken to reduce void properties, which had decreased to 4.3% by December 2014., they were still a contributing factor.

The Working Group heard that there were no purchases or sales of balanced property pooled vehicles during 2014 and the value stood at approximately £291 million as at 31 March 2015. Performance had been driven by the recent investment in Triton and the current medium term plan was to reduce holdings in the generalist pooled funds and reinvest money in other property opportunities.

RECOMMENDED
That the report be noted.

5. PROPERTY AGED DEBT AS AT 19 JUNE 2015

The Executive Director of Pensions submitted a report, copies of which had been circulated, that summarised the aged debt for the two property portfolios (Main Property Fund and Greater Manchester Property Venture Fund (GMPVF)) as at 19 June 2015. The procedure for the collection of debt and the reminder process was explained to the Working Group.

It was reported that the value of property aged debt for the fund as at 19 June 2015 was £0.83 million, compared to £0.845 million at 19 March 2015. An overview of debt position was given including a summary of debt across the two areas and totals. GMPVF debt remained very marginally in amber status and much of the over 151 day's debt was due to businesses being in administration. It was explained that there was no anticipated movement in the balances and they would be referred for write off.

The highest value debts for each area were detailed in the appendices to the report. The key trends were the total had decreased marginally from March to June and that net debt had increased slightly over the same period.

RECOMMENDED
That the report be noted.

6. LA SALLE QUARTERLY REPORT

The Working Group welcomed Tom Rose, Fund Manager, and Rebecca Gates, Head of UK Asset Management, La Salle Investment Management, who attended the meeting to present the GMPF main property portfolio quarterly report for quarter one 2015.

Mr Rose and Ms Gates highlighted the following areas:

- Portfolio summary;
- Performance to December 2014;
- Structure and Composition of the Portfolio by Sector;
- Activity Update and Annual Strategy progress;
- Purchases and Sales; and
- Asset Management Summary.

It was reported that during the quarter there had been an overall valuation uplift of £1 million for the held direct properties with this net change in value attributed relating to the extension of the unexpired lease term at Chandlers Ford; letting of a vacant unit in Bredbury; three new lettings and three lease renewals at Canvey Island; and vacation of one tenant following lease expiry at Ipswich.

The Working Group was informed that there had been two sales during the quarter, showing a and the small profit compared to the previous valuation. The next independent portfolio valuation would be at 30 September 2015 and IPD would report performance mid-way through the fourth quarter.

The structure and the composition of the portfolio by sector was outlined and it was highlighted that the key change was alternatives. An update was provided on activity and strategy with the purchases and sales discussed in detail.

RECOMMENDED
That the report be noted.

7. GVA QUARTERLY REPORT

The Working Group welcomed Jonathan Stanlake and Gareth Convoy of GVA who attended the meeting to present the GVA quarterly report. The report focussed on activity at two sites, Calver Park Warrington and the Island site Manchester city centre with a brief update provided on the progress at the other GMPVF sites.

Calver Park, Warrington – It was reported that an agreement in principle had recently been approved for the sale of part of the site with a completion date expected towards the end of 2015. It was anticipated that the 9 acre site would be open by summer 2016. The sale of the land covered the initial cost of the site and the remaining land had been valued at approximately £1 million.

Island Site, Manchester City Centre – It was reported that this site had good development potential and leaseholds had been secured until 2017 from existing occupiers which mitigated the holding costs. Future actions included considering consultant advice, evaluating options and then to provide recommendations on viability, delivery strategy, and next steps.

Financial performance information was provided for each site to show the current market valuation compared to the cost to GMPVF, together with the return to the fund from the date of acquisition taking into account all income and expenditure to date. It was explained that sites would not show a positive internal rate of return until development had been completed which would be later on the in the project lifecycle.

The report also gave an update on existing assets at:-

- Stalybridge West
- Former Sorting Office, Stockport
- One St Peter's Square, Manchester city centre
- Chorlton Shopping Centre
- Preston East, J31 M6
- Old Haymarket, Liverpool city centre
- Wilmslow Road, Didsbury
- Unity House, Wigan
- Martland Park, Wigan
- Globe Park, Rochdale.

The Working Group was also provided with a schedule of fee expenditure incurred on development activity during the previous quarter for each site and a RAG analysis showing the progress of development activity undertaken during the last two quarters to March and June 2015 respectively and the current prediction on final viability.

The Executive Director of Pensions also gave an update on 1 St Peters Square and Airport City.

RECOMMENDED
That the report be noted.

ITEM NO: 6(e)

GREATER MANCHESTER PENSION FUND

EMPLOYER FUNDING VIABILITY WORKING GROUP

7 August 2015

Commenced: 9.30am **Terminated: 11.15am**

Present:	**Councillor J Fitzpatrick (Chair)**	
	Councillor Cooney	
	Councillor Cooper	
	Councillor C Francis	
	Councillor Mitchell	
	Mr Llewellyn	**UNITE**
	Peter Morris	**Executive Director**
	Euan Miller	**Assistant Executive Director – Funding and Business Development**
	Steven Taylor	**Assistant Executive Director – Investments**
	Tracey Boyle	**Head of Pension Fund Accountancy**
	John Douglas	**Pensions Accountant**
	Marianne Dixon	**Grant Thornton**
Apologies for absence:	**Councillor Dean, Councillor Patrick, Mr Allsop and Ms Herbert**	

1. DECLARATIONS OF INTEREST

There were no declarations of interest submitted by Members of the Working Group.

2. MINUTES

The Minutes of the proceedings of the meeting of the Employer Funding Viability Working Group held on 24 April 2015 were approved as a correct record.

3. GMPF STATEMENT OF ACCOUNTS 2014-15 GOVERNANCE ARRANGEMENTS AND UPDATE

The Executive Director of Pensions submitted a report, copies of which had been circulated, providing an update on the governance arrangements for approval of the 2014/15 accounts for the Greater Manchester Pension Fund (the Fund). Attention was drawn to the change in the presentation of the Fund management costs within the accounts, key assumptions for estimates used to value Fund investments and the pre-audit simplified accounts.

The Head of Pensions Accountancy advised that the Working Group had responsibility for the oversight of key financial matters for the Fund including budget monitoring, collection of debts and financial reporting. The provisional timetable for the approval of the accounts and consideration of audit reports was outlined with the audit process needing to be completed before the end of September 2015 following sign off by the s151 officer of the Council.

Members were informed that there had been changes in the presentation of accounts in 2014/15 due to the partial adoption of CIPFA's guidelines on accounting for management costs. The proposed approach was for the Fund to adopt a phased implementation of the guidelines; this approach is supported by the Fund's auditors, Grant Thornton. The objective of the changes was to improve the transparency of transaction costs on investments and costs deducted from pooled investment vehicles.

It was reported that the Working Group was expected to review the reasonableness of significant assumptions used in the production of the accounts. The notes to the accounts were explained and discussed and attention focused on the basis of the assumptions underpinning the estimates used. A simplified summary of accounts was provided and explanation given of the key financial movements during the financial year to 31 March 2015, taken from the pre-audit financial accounts.

The Working Group heard that pension auto-enrolment had kept active Fund member numbers higher than expected; however, the forecast was for numbers of active members to begin to decrease within the next 12 months and to continue to decrease for up to three years.

RECOMMENDED

(1) That the assumptions for estimates used in the Statement of Accounts 2014/15 be approved.
(2) That the report be noted.

4. 2014/15 EXTERNAL AUDIT PLAN

The Working Group welcomed Marianne Dixon, Grant Thornton, who attended the meeting to present the external auditor's approach and timetable for the 2014/15 audit, the representations required from the Fund and the reporting process to the Working Group.

The report was outlined including the challenges and opportunities that LGPS funds face in terms of new governance arrangements, compliance with the requirements of the Pensions Regulator, future LGPS structural reform and local government outsourcing. It was reported that the key developments in the year for the Fund were the implementation of the LGPS 2014 Scheme, financial pressures on Fund investment strategy, the take on of Ministry of Justice (MoJ) Probation staff and pensioners and increased reporting transparency on Fund management costs.

The audit approach and significant risks identified were discussed. It was reported that fraudulent transactions were a low risk to the Fund and the MoJ Probation transfer had been tested with no issues arising. Other risks included management over-ride of controls, to which a written assurance from the Chair of the Working Group and the Executive Director of Pensions would be provided in due course, incorrect valuation of level 3 investments (investments where a significant amount of judgement was needed to value them), incorrect contributions received, incorrect benefit payments and inaccurate member data.

It was reported that there was one Local Authority with outstanding annual postings and contribution return to check. The relevant Local Authority had been contacted to provide this information. The majority of the audit work had been completed with further work to be carried out on the disclosure notes in the Statement of Accounts. The Fund was commended on a successful year from an audit perspective which had been exemplified by the MoJ Probation transfer.

RECOMMENDED
That the report be noted.

5. GMPF ADMINISTRATION EXPENDITURE MONITORING STATEMENT FOR THE FINANCIAL YEAR 2014/15

The Executive Director of Pensions submitted a report, copies of which had been circulated, comparing the administration expenses budget against the actual results for the 12 months to March 2015.

It was reported that actual expenditure had been £18,217,000 which was £501,000 less than the estimate. It was explained that this was due to underspend in recruitment implementation, lower than predicted staffing costs and higher than expected commission recapture.

RECOMMENDED
That the report be noted.

6. GMPF ADMINISTRATION EXPENDITURE MONITORING STATEMENT FOR THE 2 MONTHS TO MAY 2015

The Executive Director of Pensions submitted a report, copies of which had been circulated, comparing the administration expenses budget against the actual results for the 2 months to May 2015.

It was reported that actual expenditure had been £10,000 less than the estimate of £4,037,000, taken from the budget forecast which had been prepared in November 2014, with a year-end overspend projection of £202,000. Revised figures and a budget forecast for 2015/16 would be brought to a future meeting of the Working Group.

RECOMMENDED
That the content of the report be noted.

7. EMPLOYER CESSATIONS

The Executive Director of Pensions submitted a report, copies of which had been circulated, detailing the increase in the number of Fund employers ceasing. Unexpected employer cessation, for example due to employer failure, can create administrative complexity and had the potential to adversely impact scheme funding.

It was reported that recent unexpected employer cessation events had illustrated the importance of ensuring that appropriate protections were in place when employers were admitted to the Fund and that any existing risks were closely monitored. The Working Group heard that there was an expectation for the numbers of employer failures to increase further, particularly amongst the Fund's smaller employers, as Local Government spending continued to reduce and the financial support that Local Authorities provide to many smaller employers declines.

Three examples of employer failure within the Fund were outlined to Members alongside other examples of unexpected employer exits such as employers ceasing to participate and termination of admission agreements.

RECOMMENDED
That the content of the report be noted.

8. BESPOKE INVESTMENT STRATEGIES

The Executive Director of Pensions submitted a report, copies of which had been circulated, detailing one of the Fund's key tasks for the year - to develop the capability and capacity to implement employer specific investment strategies, as set out in the business plan presented to Panel in March 2015 and to a previous meeting of the Working Group.

The report outlined that the Fund had been working with some of the larger employers with mature liability profiles to assess whether an investment strategy different to the GMPF Main Fund would be appropriate and to explore the practical ways of achieving a more bespoke strategy with the resources available. A summary of discussions with Transport for Greater Manchester and Greater Manchester Waste Disposal Authority were provided.

It was reported that a particular investment being considered was the investment in a pooled fund which held inflation swap contracts with financial intermediaries such as banks. Under the inflation swap contracts the pooled fund paid a series of fixed payments and received a series of payments which varied in line with the rate of inflation. This provided investors with protection against higher than expected levels of inflation, without any exposure to movements in interest rates.

It was explained that for every 1% change in inflation, the value of the Fund would change by approximately 3%. This 3 to 1 "gearing" meant that the Fund could obtain the desired amount of inflation protection by allocating a lower amount of capital, however it had the potential to increase the risks involved.

The Working Group was notified that the Fund had not invested in this type of asset before and in order to make an investment it was important that Members understood the product and the potential risks. The Working Group was informed that a report would be brought to a future working group meeting to explain this option in further detail.

RECOMMENDED
That the content of the report be noted.

9. PENSIONS OMBUDSMAN RULING ON ACADEMY CONVERSION

The Executive Director of Pensions submitted a report, copies of which had been circulated, detailing the dismissal of a Pensions Ombudsman complaint from an academy school in the East Riding Pension Fund in relation to the opening funding position and contribution rate it had been allocated by its administering authority. The implications and learning points for GMPF arising from this verdict were discussed.

RECOMMENDED
That the content of the report be noted.

10. GMPF EMPLOYER AND PENSIONS OVERPAYMENT RELATED AGED DEBT AS AT 19 JUNE 2015

The Executive Director of Pensions submitted a report, copies of which had been circulated, summarising the employer and pensions overpayment related aged debt for the Fund as at 19 June 2015.

It was reported that actual debt outstanding was £7.232million which was predicted to significantly reduce by the next reporting period due to a large payment which had recently been received by the Fund. The ten highest value invoices within the employer's category were outlined and discussed as per Appendix A of the report.

RECOMMENDED
That the content of the report be noted.

11. ACCOUNTING FOR PENSION COSTS – IAS19

The Executive Director of Pensions submitted a report, copies of which had been circulated, detailing the outcome of this year's Local Authority accounting reports that showed a small decrease in funding levels assessed in accordance with the accounting standard IAS 19. The reasons for the changes in deficit levels were outlined to the Working Group.

RECOMMENDED
That the content of the report be noted.

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ITEM NO: 7

Report To:	**Pension Fund Management/Advisory Panel**
Date:	2 October 2015
Reporting Officer:	Peter Morris, Executive Director of Pensions
Subject:	**MANAGEMENT SUMMARY**
Report Summary	The aim of this report is to provide a short commentary on issues and matters of interest arising during the last quarter.
Recommendations:	To note the report.
Policy Implications:	None.
Financial Implications: **(Authorised by the Section 151 Officer)**	There are no direct financial implications arising from this report.
Legal Implications: **(Authorised by the Solicitor to the Fund)**	Legal advice needs to be taken expediently on each of the individual projects referenced in the report.
Risk Management:	The report is primarily for information only.
ACCESS TO INFORMATION:	**NON-CONFIDENTIAL**
	This report does not contain information which warrants its consideration in the absence of the Press or members of the public.
Background Papers:	For further information please contact Peter Morris, Executive Director of Pensions tel 0161 301 7150, email peter.morris@tameside.gov.uk.

1 INTRODUCTION

1.1 The aim of this report is to provide a short commentary on issues and matters of interest arising over the last quarter.

2. LAPF INVESTMENT AWARDS

2.1 The Fund won two awards at the 2015 LAPF Investment Awards.

- LGPS Fund of the Decade
- Infrastructure Project of the Year (with LPFA)

3. NEW OFFICES

3.1 The development of the Fund's new offices, Guardsman Tony Downes House has been delivered in line with the timetable with staff moving in on 14 September.

3.2 The offices provide the capacity for future growth in the service. The facilities are designed to support working differently and flexibly as service delivery and service demands change.

3.3 The Panel meetings, AGM and official opening are all planned for 2 October and there will be an opportunity to walk round the offices on the day. Future meetings of Working Groups and the Panel will be held at Guardsman Tony Downes House.

4. LOCAL BOARD – NEW MEMBERS

4.1 Four new members of the Local Board have been nominated for approval by the Council. These are:

(i) Chris Goodwin - UNITE

(ii) Catherine Lloyd – UNISON

(iii) Jayne Hammond – Monitoring Officer, Bury

(iv) An employer representative

4.2 The remaining positions will be filled by:

(i) a non-local authority employer, nominations have been sought on the Fund's website;

(ii) a pensioner representative with the process to start at the Pensioner Forum on 9 October.

4.3 The next meeting of the Local Board will be held on 6 October.

5. PUBLIC SECTOR CAP ON EXIT PAYMENTS

5.1 In late July, the Government started a short consultation on a proposal to limit the aggregate exit payments payable by public sector boards in England to £95,000. This includes employer "strain payments" arising from early retirements, redundancy, severance payments and any other payments relating to the employee leaving their employment.

5.2 The Fund's response was from an administering authority's perspective and thus the Fund's response focussed on the practical issues of implementing such a policy. Comments included:

(i) the need for LGPS regulatory change prior to implementation of any introduction of a cap;

(ii) which employers will it be applicable to;

(v) whether there will be flexibility for an individual to choose to give up other exit payments in exchange for an unreduced pension;

(vi) whether there will be a standard methodology for calculating strain costs.

5.3 The Government has considered and responded to the consultation responses. It will be broadly progressing proposals as set out in the original consultation document.

6. PROBATION (MoJ) TRANSFER

6.1 Virtually all assets due have been received and nearly all the membership records are on the Fund's administration system.

6.2 There are still some exceptional matters outstanding and data cleansing continues to be progressed.

6.3 During the week commencing 24 August 2015, there were significant falls in equity markets. After discussions with the Advisors and after consulting the Chair, it was decided to take the opportunity to switch approximately £60m from Cash to UK equity within the MoJ portfolio, at advantageous prices compared to those obtaining during the past 12 months. The MoJ Portfolio was thereby moved closer to the current Main Fund asset allocation, in preparation for the assimilation of MoJ assets into the Main Fund.

7. LPFA JOINT VENTURE

7.1 Since the last Panel meeting the joint Transaction team has been busy evaluating deals and at present has 3 prospective deals which are in final due diligence. These include a stake in a privately owned regulated utility as previously reported to Panel, funding of anaerobic digestion plants and a transport infrastructure investment. The JV is also looking at participation in a club bid for a transportation asset. Further details of these transactions will be reported at the meeting.

7.2 The team has also been establishing processes and resources for back office functions. This platform has the potential to play a part in the pooling of LGPS investments as discussed elsewhere on this agenda.

8. NORTH WEST IMPACT FUND

8.1 The team are progressing a number of investments, including renewable energy, lending to SMEs and the supported living sector; and completed investments with Enterprise Ventures (lending to small businesses) and Albion (renewable energy)

8.2 Efforts to collaborate with other LGPS Funds are progressing. Cumbria's investment committee have approved the undertaking of final due diligence to determine whether they should become partners which will take place in late October. There has also been positive feedback from other funds and GMPF is leading on undertaking on due diligence on other potentially suitable opportunities.

9. GMPVF - ONE ST PETER'S SQUARE

9.1 Agreements for lease are being progressed with two tenants.

9.2 An update will be given at the meeting.

10. ANNUAL BENEFIT STATEMENTS 2015

10.1 LGPS funds have a disclosure requirement to issue Annual Benefit Statements by 31 August i.e. the 2014/2015 statement has to be issued by 31 August 2015.

10.2 This has been a very challenging timetable for most funds and most have failed to meet this deadline in whole or in part. The main reasons for this were:

- Late and/or incorrect data submitted by employers
- Pension software issues
- Internal resourcing issues

10.3 Under the new rules, this would normally require a letter to be sent to the Pensions Regulator from funds that have failed to comply. However, for this year, the Regulator is aware of the exceptional issues and individual funds have not been required to write to the Regulator.

10.4 For GMPF's members, approximately 70% of employee members received their illustration before the deadline. The main reason was no data and incorrect data from employers. We are still awaiting data from a small number of our employers.

11. GUARANTEED MINIMUM PENSION

11.1 As previously reported, as part of the State Pension reforms, contracting out ends in 2016.

11.2 This necessitates a reconciliation between the records of pension funds and HMRC. Work has started on this reconciliation process with records obtained from HMRC and compared to the Fund's records.

11.3 Sorting out the differences is a major administrative task and substantial progress needs to be made by both funds and HMRC in 2016. An example of where differences occur is when HMRC believe the Fund holds a liability for a member and the Fund believes there is no liability, resolving this type of case is a high priority.

12. ANNUAL ALLOWANCE AND LIFETIME ALLOWANCE

12.1 With effect from 6 April 2016, the lifetime allowance will reduce from £1.25m to £1m. For most members the Annual Allowance remains at £40K but for a small number of members a taper limited to pay has been introduced that could result in an Annual Allowance of £10k.

12.2 Most members' pension savings are not affected by these changes. Where members are affected, they will tend to be well paid and have long service for lifetime allowance calculations and an additional factor of increase in pay will apply for the Annual Allowance.

12.3 These are complex matters and very significant for members that are affected. The administration relating to tax matters is growing significantly as an increasing number of members are being affected. Options for delivery of this service are being considered and will be reported to the next meeting of the Pensions Administration Working Group. Additional specialist resource will be required which is likely to be obtained by a combination of recruitment and external specialists.

13. FOSSIL FUELS

13.1 An article was published in the Guardian regarding LGPS exposure to fossil fuels. The Fund's response to the Guardian in advance of the article being published has already been circulated to members. An update on further publicity relating to this campaign will be given at the meeting.

14. RECOMMENDATION

14.1 To note the report.

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ITEM NO: 8

Report To:	**Pension Fund Management/Advisory Panel**
Date:	2 October 2015
Reporting Officer:	Peter Morris, Executive Director of Pensions
Subject:	**LGPS UPDATE**
Report Summary	There are two major pieces of work currently being undertaken that could have a very significant impact on the structure and delivery of the LGPS. These are: (i) Options for Separation of duties between funds and their host authority – a report commissioned by the Scheme Advisory Board; and (ii) Pooling of Assets – a process introduced by the Chancellor in his Summer Budget. The purpose of this report is to comment on both these items and seek the Panel's initial views on response to Pooling of Assets.
Recommendations:	(i) To note the position on Options for Separation; and (ii) To consider the Fund's initial response on Pooling of Assets and an appropriate process for approving any additional expenditure required at short notice.
Policy Implications:	None.
Financial Implications: (Authorised by the Section 151 Officer)	At this stage, it is not possible to quantify the short and long term implications of possible outcomes from the review of the Options for Separation or Pooling of Assets. The motivation for pooling of assets is to improve net investment returns in the long term.
Legal Implications: (Authorised by the Solicitor to the Fund)	It is likely that regulatory changes would be required to implement material proposals arising from consideration of these issues.
Risk Management:	The Options for Separation review is centred around the issue of conflicts in the LGPS and how these can be managed. The aim of pooling of assets is to improve net investment returns. The Fund is working with other funds with support from Hymans Robertson to evaluate some of the options as part of the evidence to be put to Government.
ACCESS TO INFORMATION:	**NON-CONFIDENTIAL** **This report does not contain information which warrants its consideration in the absence of the Press or members of the public.**
Background Papers:	For further information please contact Peter Morris, Executive Director of Pensions tel 0161 301 7150, email peter.morris@tameside.gov.uk.

1 INTRODUCTION

1.1 There are two major pieces of work currently being undertaken that could have a material impact on the structure and delivery of the LGPS in the future. When set in the context of the current volatility in financial markets and funding levels this may well be a pivotal time for the LGPS.

1.2 The Scheme Advisory Board has commissioned KPMG to produce a report on Options for Separation of duties between funds and their host authority. The purpose of this report is to set out the options and comment thereon.

1.3 The Chancellor in his Summer budget, made an announcement on pooled investments. The progress to date will be considered in this paper.

1.4 The role of the Local Board, the Options report, asset pooling and managing deficits all interact in the delivery of LGPS governance arrangements.

2. OPTIONS FOR SEPARATION

2.1 KPMG's remit was to analyse three options for increasing the separation between the operation of funds and their host authority, there were:

Option 1 – Stronger role for S151 Officer / Pension Manger within a distinct entity of the host authority;
Option 2 – Joint committee of two or more administering authorities; or
Option 3 – Complete separation of the Pension Fund from the host authority.

2.2 Currently administering authorities adopt a variety of approaches, ranging from pension operations being part of Finance (which is the norm for many funds) and other functions to discrete, standalone pension units. GMPF is a good example of Option 1, South Yorkshire Pension Authority operates broadly in line with option 2 and LPFA is an example of Option 3.

2.3 The review is centred around the issues of conflicts in the LGPS and how they can be managed.

2.4 In undertaking their review, KPMG have interviewed a number of stakeholders. GMPF was the first fund that they interviewed and the Fund was represented by the Chair, Director and an Assistant Director. KPMG used a standard questionnaire.

2.5 KPMG were asked to assess the options against criteria established by the Scheme Advisory Board, the criteria were:

(i) the end position, together with the steps required to reach that position;

(ii) the impact (positive and negative) on the accountability of the Scheme Manager to Scheme members, employers and local tax payers;

(iii) the impact (positive or negative) on compliance with IORP Directive and in particular comprehensive and clear accounts, dedication of resources, management and administration costs and investment costs;

(iv) the ease or complication of the legislative requirements to implement the option;

(v) the impact (positive and negative) on management costs and funding or investment costs;

(vi) the impact (positive and negative) on service delivery to stakeholders, (scheme members, employers and third parties such as the Pension Regulator and HMRC).

2.6 The Fund's representation to KPMG was strongly in support of Option 1. The case was based on:

(i) our experience gained from operating in line with Option 1;

(ii) the scope for broad governance arrangements and the involvement of 10 other employers significantly reduces the scope for conflicts between the host authority and the Fund;

(iii) value for money;

(iv) track record.

2.7 The next stage will be KPMG submitting and presenting their report to the Scheme Advisory Board.

3. POOLED INVESTMENTS

Background

3.1 DCLG/HMT have been looking at options to reduce investment management costs and improve investment returns for a number of years. A recent example was consideration being given to the case for all funds to adopt a passive investment management approach to reduce investment management costs. The case for fewer funds has also been considered in the past.

3.2 The announcement by the Chancellor in the summer budget seeking proposals for pooling of assets by funds is a major issue for the Management Panel to consider and respond to.

3.3 The Scheme Advisory Board considered a progress report on this matter at its meeting held on 21 September 2015 and a copy of the report is attached at **Appendix 1**. The paper includes key messages, a brief note of the meetings held and a description of the options for pooling.

- Key Messages from the Government/Scheme Advisory Board Report.

3.4 Since the budget announcement the following key messages have emerged in discussions with DCLG/HMT officials:

a) Proposals for pooling will need to be assessed against criteria to be set by government. The budget statement is potentially misleading in that the consultation on the criteria is happening now (through a series of roundtable meetings) and not in the autumn.

b) Criteria are likely to be around size (£30bn has been used as an illustrative example), cost/savings and governance (improving decision making such as hire/fire decisions of fund managers). However there will be no specific savings target in the cost criteria.

c) In the autumn, the criteria will likely be published alongside a consultation on:
   - new investment regs (prudent person?); and
   - 'back stop' legislation which will apply if any fund is not invested via a vehicle/s which meet the criteria;

d) Thoughts about pooling models and options should be underway now with a view to options going to ministers early next year.

e) Announcement by government on the way forward likely in Spring 2016.

f) Asset allocation is to be left at the local level, but as yet there is no guidance on the exact nature of this allocation (e.g. at the asset class or sub class level?)

g) Government has no fixed ideas on the structure of pools (Collective Investment Vehicles, Framework, joint procurement, etc).

h) Government has no fixed ideas on type of pools (regional, multi asset or single asset) but has expressed a preference for a 'simple' solution.

i) Government is alive to the transition issues for example illiquid vehicles that cannot be unwound in the short term without significant financial penalties. It is also aware of the time that structures such as the London CIV have taken to set up. However it will probably expect pooled vehicles to be in place in this parliament even if all assets are not yet ready to be moved.

j) There may be a place for a proportion of the assets to remain under direct local control in certain circumstances. However any such exemptions would probably be for prescribed investments and will be small.

3.5 Meetings have been held by the LGA with funds and investment managers. Funds are starting to give consideration to the issues and the scale of change being sought by DCLG in the governance of their funds. For example a suggested outcome could be that funds retain responsibility for asset allocation and the decision on active or passive investment management but do not individually pick active managers. A note of the Q & A from a meeting with funds is attached at **Appendix 2.**

3.6 The investment managers' views were that the greatest cost savings would be obtained from funds presenting themselves as one client with decision making placed within the pools.

3.7 The SAB report also considers:
(i) potential models;
(ii) structures for implementing the pools;
(iii) proposals for further work:
- comparative study on the size related benefits of multi-asset pools;
- methodology for comparing gross investment costs;
- suitability of a fixed liability matching pool.

4. CRITERIA FOR EVALUATING POOLING OPTIONS

4.1 Simplistically, there are two ways in which assets can be pooled:

(i) By funds working together and pooling their collective assets, and
(ii) By creating individual asset class pools, e.g. a UK equity pool.

An initial evaluation of these options will be presented at the Panel.

4.2 The Government is currently looking to determine the criteria by which the options are evaluated. It has flagged scale, cost savings and good governance as being part of the rationale for this initiative. The following are suggested as potential criteria:

(i) The improvement in net investment returns. This will be a function of investment cost and return on investment.

(ii) The suitability for meeting individual employer needs where maturity of liabilities and funding level will vary materially between employers (and funds). The challenges facing funds and employers have been frequently discussed at the Panel and how a fund delivers stable and affordable employer contributions on a prudent and transparent basis is key.

(iii) From the GMPF perspective, the scope to invest locally with the twin aims of commercial returns. This could be extended to include supporting UK infrastructure again with the twin aims and having the capacity in the medium term to compete with large foreign funds.

(iv) The ability to undertake corporate governance activities.

5. ACTIONS TO DATE

5.1 Fund representatives have attended meetings held by LGA and DCLG.

5.2 Metropolitan fund meetings (plus some other in-house managed funds) have been arranged and attended. A differentiator between GMPF and other metropolitan funds is that we are at the lower end of the range for in-house management (and at the upper end of the range for external management) of our securities portfolios.

5.3 GMPF is collaborating with a number of funds supported by Hymans Robertson to evaluate a number of options against the following criteria:

- Size - are the multi asset pools sufficient to meet the assumed government criteria of £30bn, are the other vehicles optimally sized for their class or method?
- Costs - what are the estimated gross savings for each option?
- Governance - how do each of the models provide political structures and behaviours that encourage best practice outcomes (e.g. long term investment)?
- Local political direction - who is working with who already, where are the obvious fits
- Central political direction - are there other policy drivers which the options best fit with (e.g. combined authorities)?
- Impact on competition - both in the manager market and between pools.
- Legislative requirements - what is needed and what would be the time frame needed?

5.4 The Fund is represented on the Steering Committee of this group, it is also leading the workstream on what flexibility should be allowed for investing outside of pools and contributing to the property, infrastructure and other alternative investments. A note from Hymans Robertson is attached at **Appendix 3**.

5.5 Informal discussions have been held with a small number of other large funds.

6. SUMMARY AND CONCLUSIONS

6.1 The interaction of the austerity programme and the economic environment means that funds are rapidly maturing and funding levels are at historical low levels. The potential outcomes from managing deficits, the options for separation and pooling of assets could lead to fundamental reform of the structure of the LGPS and its governance arrangement. It is likely that there will be no exemptions from pooling for the vast majority of Fund assets and an end to local decision making on manager selection.

6.2 The scale of GMPF, its long term track record and the experience gained from the take on of probation liabilities places it in an excellent position to contribute to the debate. This can take varying forms, such as responding to government consultations, trying to develop an effective consensus view with others, e.g. through the holding of an event for LGPS funds to develop views, commissioning research and obtaining legal advice. This may also incur additional costs outside the existing budget. Given the exceptional circumstances, approval of additional spend may be needed at short notice.

6.3 The first issue is to contribute to the consideration of criteria for evaluating options. Proposals are set out in section 4 of the report.

6.4 The collaboration of funds supported by Hymans Robertson to evaluate options is likely to be influential in future decisions. GMPF will have significant input into this work.

6.5 There are many stakeholders that will have an interest in the outcome of this exercise. Structured discussions with other funds need to be progressed.

6.6 It is likely that urgent matters will arise as this process progresses. The norm will be to use existing governance arrangements (Panel and Working Groups) but there may also be a need for Urgent Matters meetings.

7. RECOMMENDATIONS

7.1 To note the position on Options for Separation.

7.2 To consider the Fund's initial response on Pooling of Assets and an appropriate process for approving any additional expenditure required at short notice.

Meeting of the Board 21st September 2015

ITEM 5 PAPER [F]

Pooled investments

Summary

1. This paper sets out the progress since the last Board meeting on the Summer Budget announcement on pooled investments. It includes the key messages which are now becoming clear; a brief note of the meetings held on the subject; and a description of the options for pooling currently under discussion.

2. The paper also includes a number of options regarding the role of the Board in responding to the budget announcement, subsequent consultations and the submission of pooling proposals.

Key messages

3. Since the budget announcement the following key messages have emerged in discussion with DCLG/HMT officials:

   a) Proposals for pooling will need to be assessed against criteria to be set by government. The budget statement is potentially misleading in that the consultation on the criteria is happening now not in the autumn.

   b) Criteria are likely to be around size (£30b has been used as an illustrative example), cost and governance. However there will be no specific savings target in the cost criteria.

   c) In the autumn the criteria will likely be published alongside a consultation on:

      - new investment regs (prudent person?); and
      - ‘back stop’ legislation which will apply if any fund is not invested via a vehicle/s which meet the criteria;

   d) Thoughts about pooling models and options should be underway now with a view to options going to ministers early next year.

   e) Announcement by government on the way forward likely in Spring 2016.

   f) Asset allocation is to be left at the local level, but as yet there is no guidance on the exact nature of this allocation (e.g. at the class or sub class level?)

g) Government has no fixed ideas on the structure of pools (CIV, CIF, joint procurement etc).

h) Government has no fixed ideas on type of pools (regional, multi asset or single asset) but has expressed a preference for a 'simple' solution.

i) Government is alive to the transition issues for example illiquid vehicles that cannot be unwound in the short term without significant financial penalties. It is also aware of the time that structures such as the London CIV have taken to set up. However it will probably expect pooled vehicles to be in place in this parliament even if all assets are not yet ready to be moved.

j) There may be a place for a proportion of the assets to remain under direct local control in certain circumstances. However any such exemptions would probably be for prescribed investments and will be small.

Meetings

4. Since the last Board, the following meetings have been held on this subject organised either through the Board or LGA.

5. LGA organised a fund officers/DCLG/HMT meeting on the 17th August, followed up on the 7th September to encourage thinking around the criteria and possible models. The key outputs of these meetings were that funds:

   - Remain unconvinced that there are any intrinsic benefits of scale especially for in house teams with already low costs.
   - Do not see CIVs as the only method of pooling.
   - Interpret 'asset allocation' in a number of different ways.
   - Can see some benefits to pooling in some asset classes but would want to retain some local discretion.
   - Anticipate reduced fees especially for alternatives, provided pools are well governed.

6. The LGA also organised an investment managers DCLG/HMT meeting on 24th August to solicit the views of the industry. The key outputs of this meeting were that managers:

   - Were less concerned about the background structure of any pool and more on the need for it to present itself as one client.
   - Would encourage as much decision making as possible be placed within the pools in order to achieve the greatest savings.
   - That pools if structured correctly could provide the 'sticky mandates' necessary to remove unnecessary churn.

7. The SAB held an open invitation session on 21st August for all funds. There were over 60 attendees (the vast majority officers) representing 45 funds. A copy of the Q&A from this session is attached as **ANNEX 1**

8. LGA is also assessing the demand for an elected members only session in October

Potential models

9. Making an assumption that around £30b is the target for multi asset pools with perhaps a smaller number for single asset pools which could be evidenced to operate better at the national level then a number of potential options for pooling emerge.:-

    - Six or seven[1] regional multi asset pools
    - Six or seven national multi asset pools - funds could join pools with similar investment strategies or methodologies (e.g. in-house)
    - Four or five multi asset pools (regional or national) with a single national framework for passive
    - Four or five multi asset pools with a national pool for a single asset class (e.g. infrastructure)
    - Four or five multi asset pools with single national framework for passive and a national pool for a single asset class
    - Three or four multi asset pools with single national framework for passive, a national pool for a single asset class (e.g. infrastructure) and a single pool for fixed liabilities (e.g. a pensioner pool)

10. **ANNEX 2** contains a breakdown of funds against a number of these options in particular regional, passive, single and fixed liability pools.

11. For pools themselves there are a number of different potential structures which are under consideration these being:

    - Joint procurement (e.g. the passive framework)
    - Joint vehicles (e.g. the LPFA/GMPF infrastructure pool)
    - Combined vehicles (e.g. the London CIV and Lancs/LPFA models)
    - Delegated functions (e.g. section 105 committee with lead authority)

12. For the latter two a degree of in-house management is being considered either to replicate what is already there or to build extra capacity.

13. In order for funds to be able to compare a number of these the options when considering how they would fit into proposals Hymans Robertson is currently undertaking an analysis of options with a view to assessing how each performs against the following criteria:

[1] Depending on the participation of Welsh funds in cross border pools or one Welsh pool.

- Size - are the multi asset pools sufficient to meet the assumed government criteria of £30b, are the other vehicles optimally sized for their class or method?
- Costs - what are the estimated gross savings for each option?
- Governance - how do each of the models provide political structures and behaviours that encourage best practice outcomes (e.g. long term investment)?
- Local political direction - who is working with who already, where are the obvious fits
- Central political direction - are there other policy drivers which the options best fit with (e.g. combined authorities)?
- Impact on competition - both in the manager market and between pools.
- Legislative requirements - what is needed and what would be the time frame needed?

14. The data from the above analysis will be made available to the Board and in this respect the Board Secretary will liaise with the steering group managing this work.

The role of the Board

15. The Board can contribute toward the process in a number of ways. These are outlined below and the Board are asked to endorse the actions set out in fulfilling that role.

16. Firstly the Board can continue to provide opportunities for stakeholders to meet with government in order to seek clarification on the direction of policy and present views on suitable solutions. Furthermore the Board can have a role in communicating such clarification on key aspects of the policy to stakeholders through the website, presentations at conferences and directly by letter to administering authorities.

17. Secondly the Board can provide advice both formally and informally on appropriate size ranges, cost measurement methodologies and benchmarks and best practice governance models .In this respect the **Board are asked to endorse** the following general directions of travel:

- That the size criteria should be flexible enough to deal with multi asset, single asset and joint procurement pools while ensuring the cost benefits of scale are realised.
- That the costs are measured on a transparent 'gross' basis and use benchmarks that reflect the differences in asset classes and risk profiles.
- That governance requirements ensure the adoption and maintenance of best practice behaviours such as increased professionalism, longer term

mandates, lower transactional and manager churn and appropriate levels of ESG and engagement.

18. In respect of the above **Board are asked to agree** that the secretariat can commission the following work within the budget allocations to collaborative initiatives and transparency:-

- A comparative study on the size related benefits of multi asset pools (budget allocation for VFM and collaboration £25,000)
- Independent recommendations on a methodology for comparing gross investment costs (budget allocation £20,000)

19. Thirdly the Board can provide advice to government on the appropriate level of asset allocation to be maintained at the local level. In this respect **Board are asked to endorse** an approach which at least in the first instance maintains the choice of asset classes suitable to meet the investment beliefs, risk appetite, liability profile, need for short term income and investment returns required by funds. Asset class for this purpose could be defined at a fairly high level for example using the States of Jersey CIF model as below:-

- UK Equities
- Global Equities
- Global Passive Equity
- Short-Term Corporate Bonds
- Long-Term Corporate Bonds
- Short-Term Government Bonds
- Long-Term Government Bonds
- UK Index-Linked Gilts
- Long-Term Cash and Cash Equivalents
- Commodities,
- Private Equity
- Property
- Infrastructure

20. Next the Board can ensure that the work streams on separation and deficits are reflected in the options being considered. For example by linking the KPMG findings into it advice on governance structures and by commissioning work on the suitability of including a fixed liability matching pool in the mix. In this respect **Board are asked to agree** that the secretariat may commence work on commissioning the latter within the budget already allocated in the deficits work plan (£15,000)

21. Next the Board can take play a part in encouraging potential groupings of funds to come together to provide a cohesive set of proposals to be presented to government in the new year thus avoiding the scenario of a myriad of

overlapping proposals many of which may not meet the government criteria . This approach **which the Board are asked to endorse** would involve:

- The identification of existing or emerging pools;
- Consultation with funds to determine those pools with suitable levels of political and professional support;
- The support (within the limits of the Board budget and resources) and promotion of those pools;
- Engagement with non-committed funds to encourage their participation in or agreement to using those pools;
- Potentially leading to a proposal to government from the Board including a limited number of pooling options with the support of the majority if not all funds.

22. Finally the Board can choose act as a direct facilitator of one or more of the elements within a supported option. For example by providing the structure and resources necessary to host a passive framework. In this respect **the Board are asked to agree** that an offer in principle can be made to funds to act as such a facilitator.

Board secretariat
15th September 2015

Questions received for 21st August Pooled Investment Event.

Q1. The current regulatory framework within which the LGPS operates makes it difficult for funds to collaborate on investments without a requirement to achieve FCA registration which entails additional cost and complexity. It should be possible to revise the Investment Regulations to allow funds to work together, within guidelines, without unnecessary regulation.

Are ministers receptive to a revision of the regulatory framework to enable funds to work together more easily? If so, will this be undertaken at the same time as the pooling consultation?

A1. Yes, as part of the package, government will consult on revising the investment regulations. It has been noted that the initiatives to be implemented in the near term, i.e. the London CIV, have needed to work through barriers in order to get the current stage. Although amended investment regulations might be required to facilitate ease of implementation of investment pooling without having to establish third party companies and FCA regulation, it is not currently clear that this will achieve the intended aim.

Q2. How do low cost internally managed LGPS schemes fit into their view for the LGPS?

A2. The intention is for all LGPS assets to be pooled, there will not be exemptions for any fund. However, the package for the LGPS is deliberately not over-prescriptive. The criteria for investment pools will include some detail on governance, size, and cost, but it will be up to LGPS funds to work together to uphold proposed investment pools against the criteria.
There is an issue of scale to address, and a need to collaborate with others with the same goals. Government can help proposals through regulatory change.

Q3. Funds are required to demonstrate cost savings, however as investment arrangements are income contracts as returns improve you pay higher fees, arguably you want to be paying more as it demonstrates you are earning more? Is "cost savings" the right question or should it be "Value for Money"?

A3. Both costs and the return on investments are important. It is recognised that i) there are industry-wide issues with investment expenses transparency, and ii) each fund will be starting from a different point. There is evidence to suggest larger pools may be more cost effective, benefitting from economies of scale. The government is looking at a timescale longer than term of office for any cost savings to fully materialise. Without having set the criteria, questions around demonstrating cost savings against them are difficult to answer.

Q4. There has not been any work to achieve a consistent fee base or fee budget for the wider LGPS to measure against, so how is the integrity of fee saving submissions established.

A4. LGPS policy has moved on from 2013 when the call for evidence brought investment costs into focus and ignited the passive versus active debate. Since then it has been shown that LGPS Funds had managed to negotiate competitive fee bases. Fee savings are one of the reasons, but not the primary reason, for pooling investments. As above, the criteria have not been set, nor the nature of the pools; therefore submissions would need to be backed up with evidence.

Q5. How are CIV structures more likely to generate savings over shared procurement initiatives, especially as CIV's have an operating cost, governance and access challenges to overcome?

A5. The policy intention would not be met by frameworks and/or procurement initiatives alone. If the end result is that the investments of the LGPS are to be held in four or five robust CIVs, similar to the London CIV, the government would not be disappointed. CIVs, however, were not prescribed in the budget, and there are other, just as acceptable, means for investment pooling.

One of the long term detractors in performance is investment manager turnover; its extent would be reduced as a result of pooling investments. The eventual solutions would need to be considered, backed up by research and require a lead in time to implementation.

Q6. How do we ensure that our proposals are not a patchwork quilt many of which may not meet the size criteria and/or overlap with each other? Do we need a moratorium on any new initiatives while we develop proposals and will be Board be looking to compile responses into a number of cohesive options?

A6. The criteria consultation is a continuum, with the 21st August Q&A/forum forming part of the process. Grouping for pools have yet to be defined, but regional, asset, liability and philosophy bases have been discussed. The Board will have a central role in coordinating responses and analysis to support the proposals and the development of suitable proposals is a challenge for the room.

Q7. I would like to know if there are any particular plans for funds with low cost, outperforming internal investment teams.

A7. As above, the intention is for all LGPS assets to be pooled, there will not be exemptions for any fund. However, outperforming internal investment teams are well placed to work together to lead and influence the pooling proposals.

Q8. Has the option of negotiating an LGPS fee with external managers been considered without the need to pool funds? I understand that some managers are offering this already.

A8. As above, the policy intention would not be met by frameworks and/or procurement initiatives alone. A "keep doing what you're doing", "business as usual" option would not be acceptable to government.

Q9. Can it be confirmed if this issue/consultation includes Scotland or is it purely England & Wales.

A9. The consultation is for England and Wales, and the criteria setting will be carried out by DCLG. The regulations for the LGPS in Scotland are devolved, therefore Scotland is not included.

Q10. Some asset class mandates are restricted by capacity, for example, private equity. Are these sorts of asset class exempt from pooling?

A10. It is the intention that all asset classes would be included in pooling, including alternatives asset classes, property, private equity etc.

Q11. What are the timescales?

A11. Criteria should be available in the autumn, and government will expect a report on how work has moved forward by next March. A 'clear direction of travel' would be useful within the next six months. Proposals are expected to be realised within the lifetime of this parliament. It is recognised that this is a challenge – but Secretary of State has a preference for collaboration over prescription.

Q12. Will financial support be provided to help establish investment pooling infrastructure (i.e. setting up systems, processes and staff etc, not infrastructure as an asset class)?

A12. Funds will be expected to meet the costs of restructuring investments from their own budgets. As mentioned earlier, and in the knowledge that expenses will be considerable, the government is looking at a timescale longer than term of office for any cost savings to fully materialise.

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briefing note

LGPS Pooling Update

September 2015

LGPS investment pooling: responding to government

John Wright
Head of LGPS

Linda Selman
Head of LGPS Investment

“There will be no exemptions – all funds must participate in pools”

In the Summer 2015 budget, the government announced that local authorities should put forward proposals to “*pool investments to significantly reduce costs, while maintaining overall investment performance*”.

At the time, no more details were given but since July the government has been sharing its thinking through an informal dialogue with local authorities, fund managers and other interested parties. This two way exchange has included a series of “round-tables” and other meetings involving the DCLG and HMT teams responsible for the LGPS. We understand that an event aimed at elected members is likely to be held in October.

The purpose of this briefing note is to update you on emerging government thinking and how we are helping local authorities to respond.

What criteria will be used to assess pooling proposals?

While government is continuing its informal consultation through dialogue with interested parties, based on what has been said so far, the primary criteria used to assess pooling proposals are likely to be:

(i) **scale** (circa £30bn plus has been suggested as an illustrative figure although some flexibility around the exact figure is expected);

(ii) **savings** (no figure has been put forward by government but we expect that this must be in the region of several hundreds of millions of pounds annually); and

(iii) **governance** (for example, government wishes to stop manager hire and fire decisions being made locally, in the expectation that this will reduce the frequency and therefore the costs of manager change. However it accepts that investment strategy and asset allocation decisions should continue to be made locally).

There may be secondary criteria including:

a) **simplicity** - for example, the government might take the view that regional pooling looks simpler than other models for pooling. Anything that appears at first sight more complex would have to score more highly against other criteria, for example, by delivering greater savings; and

b) **speed of delivery** – any approach that can deliver savings faster may be attractive. As an example, for some asset types (such as passive listed securities) it will be worthwhile exploring whether procurement without going through a Collective Investment Vehicle (CIV) could deliver the same savings faster and with less set up and running cost.

Inevitably whatever other criteria are used to assess pooling proposals, there may be **political factors** which will be factored into government thinking.

What else do we know so far?

Other points emerging from the informal consultation so far include:

- **There will be no exemptions** – All funds must participate in pools;
- **Role of internal management** – Internal management already covers more than £30bn of LGPS assets across around 15 funds. If there are no exemptions from pooling, it may be that the internally managed funds will be asked to show how they collaborate in some way to meet the requirement for pooling;
- **Procurement instead of CIVs?** – “virtual” pooling using procurement or procurement frameworks may be acceptable for some asset types where this can deliver the same savings faster and with lower cost and complexity than “physical” pooling using CIVs. However, work is needed to show how this can be done in a way that squares with the government preference that choice of fund manager should no longer be a local decision;
- **Flexibility to invest some money outside of pools** – The government may be open to local authorities making the case for allowing freedom to invest some money outside of pools. This might be useful for local investment or for special situations needing investments not catered for through pools ;
- **Individual funds will continue to decide their own investment strategy** – The government has confirmed that investment strategy and asset allocation decisions can remain with individual funds but it needs input on the details of exactly which decisions should remain local and which should be made at pool level;
- **Timing** – We understand that proposals will need to be submitted to government early in 2016 to help inform a further statement in the next budget. Government is aiming to see new pooling arrangements in place and money invested within this parliament. It accepts that it may take longer for all of the savings to emerge; and
- **Quantification of savings** – The government wants to see quantification of expected savings from proposals submitted. After pooling arrangements are implemented, it will monitor actual savings emerging.

What pooling models might be considered?

The government has not proposed any specific pooling model so far. Pooling options might include:

1 **a regional model**: government considers regional pools to be a simple starting point against which other pooling proposals should be measured;

2 **a regional "plus" model**: regional pools complemented by some LGPS wide pools for particular asset classes (for example, infrastructure investment may be accessed more efficiently via a LGPS wide pool);

3 pools based on **asset types**; and

4 **mixed approaches** (including regional, asset type pools, internally managed pool(s), physically pooling via CIVs and virtual pooling by procurement where CIVs add unnecessary cost and complexity).

Helping government to see the big picture

We expect government will receive proposals on a variety of specific initiatives (regional CIVs, procurement initiatives, internal management, etc). These will be useful, but the government will have difficulty assessing any of these in isolation without understanding how they fit together and whether there are overlaps or gaps. It might also be difficult to identify whether claimed savings have been quantified in a consistent way and whether there is any double counting of savings across proposals.

Hymans Robertson has therefore offered to support a group of local authorities who will collaborate in preparing a joined up report which will narrow down the range of potential pooling options to a small number (expected to be circa 2 or 3 and including regional and mixed approaches) and assess these against government criteria. It will also cover matters such as the role of internal management in a pooling framework, and explain how procurement may be an appropriate way of achieving pooling for some asset classes.

The participating funds will draft the report and agree the conclusions. Hymans Robertson will support the work in a number of ways including data analysis and quantification of savings.

The group of participating funds represents a broad church in terms of preferred approach, local interests and expertise including:

- Counties, and Mets

- internally and externally managed funds

- experts in responsible investment, procurement frameworks and setting up CIVs

Some of the participants are also working separately on specific initiatives (including ideas for regional pools, pooling by procurement and internally managed pools). We believe the report will complement the work of those groups.

The timetable is challenging. The group's plan is for a draft report to government to be ready by Christmas. To help spread the workload the funds participating in the project would welcome support from others who have expertise and experience in some of the matters that need to be examined.

Conclusion

Government requirements are becoming clearer. There are some things that the government is unlikely to move on. For example,

- there will be no exemptions from pooling, and
- all local decision making on manager selection will come to an end.

However, there is much that is undecided and where the government is open to ideas. For example,

- whether pools should simply be regional, or
- whether other approaches could have greater benefits.

What is clear is that anyone still holding on to the hope of status quo is likely to be disappointed. In the short time that is available, it is important that funds work on constructive proposals to help shape the outcome. However it would potentially be premature to get to the stage of sinking a significant level of cost into a new initiative before the government has had a chance to review all of the proposals submitted and deliberate on the best way forward.

We will be supporting local authorities to help deliver an authoritative, evidence based proposal to help the government to see the big picture and make the best decisions for the long term future of the Scheme.

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

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ITEM NO: 14(a)

Report To:	**Greater Manchester Pension Fund Management Panel**
Date:	2 October 2015
Reporting Officer:	Peter Morris, Executive Director of Pensions
Subject:	**AUDIT FINDINGS REPORT AND LETTER OF REPRESENTATION**

Report Summary:

The Employer Funding Working Group gave detailed consideration to the accounts at its meeting on 7 August. The Working Group (as required by International Standards on Auditing) reviewed the reasonableness of significant assumptions for estimates to be used in the accounts and approved the bases applied. An Urgent Matters meeting was held on 2 September to approve the accounts.

The Fund's Auditors Grant Thornton also attended the Urgent Matters meeting. Mark Heap of Grant Thornton presented his **draft** report. He also presented his report to the Audit and Risk Committee of the Council on 21 September 2015. This report and the management response was noted. The final Audit Findings Report is attached at **Appendix 1.**

The Auditor's report is very positive for the Fund with no significant findings or required amendments to the statements.

Grant Thornton have issued two reports on the financial statements of the Fund covering:

(i) the Fund's financial statements as covered in the Fund's Annual Report; and
(ii) the Fund's financial statements included within the administering authority's accounts.

As part of the Audit process Grant Thornton wrote to the Director of Pensions and the Chair of the Management Panel requesting :

(i) detail on the management processes to prevent and detect fraud and to ensure compliance with law and regulation relating to operational issues as well as the financial statements
(ii) details on how the Governing Body, (Pensions Management Panel) maintains oversight of these management processes.

This Urgent Matters Panel on 2 September approved the letter of representation (attached at **Appendix 2**) to be signed by the Director on behalf of the Pension Fund on 21 September following the Audit and Risk Committee.

A copy of the management letter to Grant Thornton and Chairs response to the schedule of questions is attached at **Appendix 3 for information.**

Recommendations:	(1) That the report of Grant Thornton be noted. (2) That the Letter of Representation and the Management Letter be noted.
Policy Implications:	None.
Financial Implications: **(Authorised by the Section 151 officer)**	The Annual Report and Accounts is the key financial reporting document, summarising the transactions in the year and the value of the Fund as at 31 March 2015. There are no material financial issues arising from this report.
Legal Implications: **(Authorised by the Borough Solicitor)**	The annual report regulations and related national technical guidance require a separate opinion to be issued on the Pension Fund's accounts.
Risk Management:	The external audit provides a further important layer of review on the Fund's activities, focussing on its financial statements.
Background Papers:	For any further information please contact Paddy Dowdall, Assistant Executive Director of Pensions (Property and Local Investment) on 07811136164 or email paddy.dowdall@tameside.gov.uk

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Grant Thornton

The Audit Findings for Greater Manchester Pension Fund

Year ended 31 March 2015

2 September 2015

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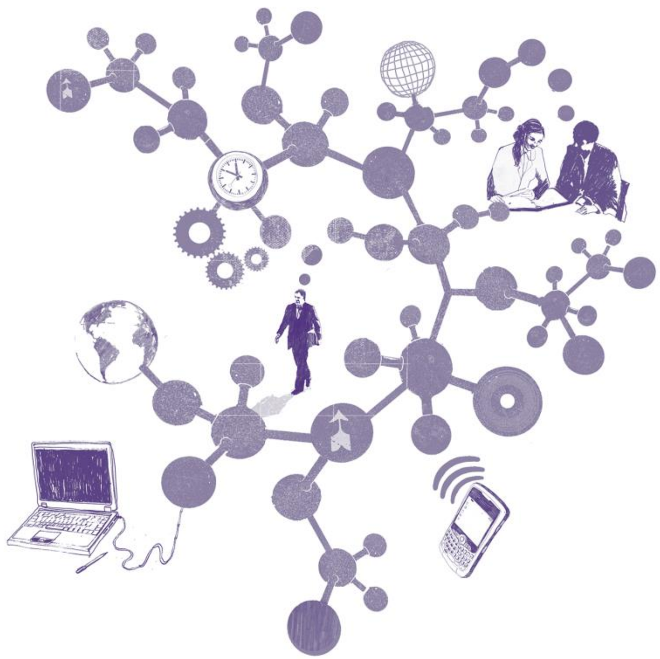

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September 2015

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Dear Sirs

Audit Findings for Greater Manchester Pension Fund for the year ending 31 March 2015

This Audit Findings report highlights the significant findings arising from the audit for the benefit of those charged with governance (in the case of Greater Manchester Pension Fund , Tameside MBC's Overview (Audit) Panel) , as required by International Standard on Auditing (UK & Ireland) 260. Its contents have been discussed with Management and at an urgent matters meeting of Management Panel members.

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

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

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

Yours sincerely

Mark Heap

for and on behalf of Grant Thornton UK LLP

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Section 1: Executive summary

Executive summary

Purpose of this report

This report highlights the key matters arising from our audit of Greater Manchester Pension Fund's (the Fund) financial statements for the year ended 31 March 2015. It is also used to report our audit findings to management and those charged with governance in accordance with the requirements of International Standard on Auditing 260 (ISA UK&I).

Under the Audit Commission's Code of Audit Practice we are required to report whether, in our opinion, the Fund's financial statements present a true and fair view of the financial position and expenditure and income for the year and whether they have been properly prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting.

Introduction

In the conduct of our audit we have not had to alter or change our planned audit approach set out in our Audit Plan dated 13 April, which we communicated to you more recently on 7th August.

We received draft financial statements and accompanying working papers at the start of our audit, in accordance with the agreed timetable.

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

- review of the final Pension Fund annual report
- obtaining and reviewing the final management letter of representation
- completion of specialist partner review; and
- updating our post balance sheet events review, to the date of signing the opinion.

Key issues arising from our audit

Financial statements opinion

As at 2 September 2015, subject to the completion of the outstanding work, we anticipate providing an unqualified opinion in respect of the Fund's financial statements.

The key messages arising from our audit of the Fund's financial statements are:

- We received the financial statements and key supporting working papers in advance of the statutory deadline of 30 June
- The draft financial statements were of a good standard
- The draft financial statements for the year ended 31 March 2015 recorded net assets of £17,591,201k and the audited financial statements record the same outcome.

We have identified no adjustments affecting the Fund's reported financial position. However, we have agreed with officers a small number of adjustments to improve the presentation of the financial statements. Further details are provided at section 2 of this report.

Controls

Roles and responsibilities

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

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

Findings

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

The way forward

Matters arising from the financial statements audit have been discussed with the Director of Pensions and the finance team.

Acknowledgment

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

Grant Thornton UK LLP
September 2015

Section 2: Audit findings

Audit findings

In this section we present our findings in respect of matters and risks identified at the planning stage of the audit and additional matters that arose during the course of our work. We set out on the following pages the work we have performed and the findings arising from our work in respect of the audit risks we identified in our audit plan, presented to the Employee Funding Liability Working Group on 7 August.

We also set out the adjustments to the financial statements arising from our audit work and our findings in respect of internal controls.

Changes to Audit Plan

We have not made any changes to our Audit Plan as previously communicated to you.

Audit opinion

We provide two opinions on the Pension Fund, as follows:

- an audit opinion on the Pension Fund financial statements included in the Council's Statement of Accounts
- an opinion on the Pension Fund financial statements included in the Pension Fund Annual Report, which confirms if these financial statements are consistent with the financial statements in the Statement of Accounts

Our proposed audit opinion on the Pension Fund financial statements in the Statement of Accounts is set out in Appendix A.

We have yet to receive a copy of the final version of the Fund's Annual Report. The draft wording of our proposed opinion on the financial statements in the Annual Report is set out in Appendix B. We will confirm the wording of this opinion on review of the final version of the Annual Report.

Audit findings against significant risks

"Significant risks often relate to significant non-routine transactions and judgmental matters. Non-routine transactions are transactions that are unusual, either due to size or nature, and that therefore occur infrequently. Judgmental matters may include the development of accounting estimates for which there is significant measurement uncertainty" (ISA (UK&I) 315).

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

	Risks identified in our audit plan	Work completed	Assurance gained and issues arising
1.	**Improper revenue recognition** Under ISA (UK&I) 240 there is a presumed risk that revenue may be misstated due to improper recognition	We rebutted this presumption during the interim phase of the audit, and this was communicated to members as part of the audit plan.	Our audit work has not identified any issues in respect of revenue recognition.
2.	**Management override of controls** Under ISA (UK&I) 240 there is a presumed risk of management over-ride of controls	• Review of accounting estimates, judgements and decisions made by management • Testing of journal entries • Review of unusual significant transactions	Our audit work has not identified any evidence of management override of controls. In particular the findings of our review of journal controls and testing of journal entries has not identified any significant issues. We set out later in this section of the report our work and findings on key accounting estimates and judgments.
3.	**Level 3 Investments – Valuation is incorrect** These investments are often 'hard to value' and by their very nature require a significant degree of judgement to reach an appropriate valuation at year end.	• Gain an understanding of management controls over the valuation of hard to value investments and assess whether these controls operate and are sufficient to mitigate the risk of material misstatement. • For those investments that cannot be agreed to valuations test by obtaining and reviewing audited accounts at latest date for individual investments, and rationalise these values to those stated at year end taking into account known movements in the intervening period.	Our work has not identified any issues in respect of the risk identified.

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Audit findings against significant risks (continued)

	Risks identified in our audit plan	Work completed	Assurance gained and issues arising
3.	**Ministry of Justice (MoJ) Transfers** In 2014/15 GMPF took on responsibility for MoJ pension funds with 'Bulk Transfers In' amounting to around £3 billion. A significant number of records have been transferred from several different administering organisations.	We have: • Reviewed the work of Internal audit to determine the adequacy of their testing of the validity of individuals transferred in to supporting MoJ records. • Performed our own sample testing as part of our testing of Member data. • Confirmed total transfer in value to actuarial value notification • For the largest 10 scheme values, confirmed final cash transfer notifications to fund manager confirmation of receipt.	Our work has not identified any issues in respect of the risk identified.

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Audit findings against other risks

In this section we detail our response to the other risks of material misstatement which we identified in the Audit Plan. Recommendations, together with management responses, are attached at Appendix A.

Transaction cycle	Description of risk	Work completed	Assurance gained & issues arising
Investments (Income, Purchases and Sales)	Investment income not accurate (Accuracy) Investment activity not valid (Valuation gross) Investment Valuation is not correct Fair value measurement not correct	We have undertaken the following work in relation to these risks: • documented our understanding of processes and key controls • undertaken walkthrough of the key controls to assess whether those controls operated in line with our understanding • For investments held by fund managers, reviewed reconciliation between JP Morgan (fund managers) HSBC and GMPF. Following up any significant variance and gain appropriate explanations/evidence for these. • For other investments (eg direct property), agreed a sample to supporting documentation.	Our audit work has not identified any significant issues in relation to the risks identified
Investment values – Level 2 investments	Valuation is not correct (Valuation net)	• For investments held by fund managers reviewed reconciliations between JP Morgan, fund managers, HSBC and GMPF and followed up any significant variance and gain appropriate explanations/evidence for these. • For other investments (eg direct property), agreed a sample to supporting documentation.	Our audit work has not identified any significant issues in relation to the risks identified

Audit findings against other risks (continued)

Transaction cycle	Description of risk	Work completed	Assurance gained & issues arising
Contributions	Recorded contributions not correct.	We have undertaken the following work in relation to this risk: • documented our understanding of processes and key controls over the transaction cycle • undertaken walkthrough of the key controls to assess the whether those controls operated in line with our understanding • Sample testing of individual members' contributions received by the Fund. • Analytical procedures rationalising contributions received to changes in member data and payroll data.	Our audit work has not identified any significant issues in relation to the risk identified
Benefit payments	Benefits improperly calculated/claims liability understated	We have undertaken the following work in relation to this risk: • documented our understanding of processes and key controls over the transaction cycle • undertaken walkthrough of the key controls to assess whether those controls were in line with our documented understanding • tested key controls • Sample testing of pension payments, lump sums, and refunds • Analytical procedures rationalising pensions paid with changes in pensioner numbers and annual pension increases.	Our audit work has not identified any significant issues in relation to the risk identified
Member data	Member data no correct (rights and obligations)	We have undertaken the following work in relation to this risk: • documented our understanding of processes and key controls • undertaken walkthrough of key controls in place over member data • Review of reconciliations of member numbers. • Sample testing of changes to member data made during the year to source documentation.	Our audit work has not identified any significant issues in relation to the risk identified

Accounting policies, estimates & judgements

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

Accounting area	Summary of policy	Comments	Assessment
Revenue recognition	The financial statements include policies for the following major sources of revenue: • Investment Income • Transfers (in to the scheme) Investment income is recognised on an accruals basis. Transfers in are recognised on a cash basis for individual transfers, whilst bulk transfers are accounted for on an accruals basis in accordance with the terms of the transfer agreement	Review of your policies for revenue recognition confirms they are in line with the requirements of the CIPFA Code of Practice. Our testing has confirmed that these policies have been correctly and consistently applied.	● Green
Estimates and judgements	Key estimates and judgements include: • Valuation of investments • Present value of future retirement benefits	Our testing has confirmed that the accounting policies in relation to these areas are in accordance with the CIPFA Code of Practice and have been correctly and consistently applied. • The valuation of the Fund's investments has been substantively tested to gain assurance that it is not materially misstated. • We have confirmed that the work of the actuary is in line with professional standards and regulation, and that they are a reliable source of estimation relating to the pension fund liabilities.	● Green

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Assessment

● Marginal accounting policy which could potentially attract attention from regulators

● Accounting policy appropriate but scope for improved disclosure

● Accounting policy appropriate and disclosures sufficient

DRAFT

Accounting policies, estimates & judgements continued

Accounting area	Summary of policy	Comments	Assessment
Other accounting policies	We have reviewed the Fund's policies against the requirements of the CIPFA Code and accounting standards.	Our review of accounting policies has not highlighted any significant issues which we wish to bring to your attention. We note that following our previous recommendations, the Pension Fund has reviewed its Financial Instruments to ensure they are appropriately disclosed.	● Green

Assessment

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

Other communication requirements

We set out below details of other matters which we are required by auditing standards to communicate to those charged with governance.

	Issue	Commentary
1.	**Matters in relation to fraud**	• We have previously discussed the risk of fraud with the former Ethics and Audit Committee. We have not been made aware of any other incidents in the period and no other issues have been identified during the course of our audit.
2.	**Matters in relation to laws and regulations**	• We are not aware of any significant incidences of non-compliance with relevant laws and regulations.
3.	**Written representations**	• A letter of representation has been requested from the Fund.
4.	**Disclosures**	• Our review found no non-trivial omissions in the financial statements
5.	**Matters in relation to related parties**	• We are not aware of any related party transactions which have not been disclosed
6.	**Confirmation requests from third parties**	• We obtained direct confirmations from your custodian, fund managers and accountancy partner for investment balances. and from your bank for your cash balances (outside of the cash held by your fund managers). These requests have been returned with positive confirmation, with the exception of Investec, where the fund managers report is still awaited.
7.	**Going concern**	• Our work has not identified any reason to challenge the Fund's decision to prepare the financial statements on a going concern basis.

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Internal controls

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

Our audit included consideration of internal controls relevant to the preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. We considered and walked through the internal controls for investments, benefit payments and contributions as set out on pages 11-12 above.

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

Adjusted and unadjusted misstatements

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

Misclassifications & disclosure changes

The table below provides details of disclosure changes identified during the audit, including those brought to our attention by finance, which have been made in the final set of financial statements (excluding minor typographical or rounding error corrections) There were no misclassifications.

	Adjustment type	Value £'000	Account balance / Note	Impact on the financial statements
1	Disclosure	None	Note 3 – Classification of Financial Instruments	Amendment of current assets figure from £56,633k to 53,633k Omission of of other investment liabilities figure (£64,796) in P&L column
2	Disclosure	None	Note 4 – Liquidity Risk	Liquidity terms analysis should be: • within 7 days £16,023,956k • in 8-30 days £20,000k • in 31-90 days £10,000k • More than 90 days £1,623,697
3	Disclosure	None	Note 8 – Oversight and Governance costs	External Audit Fee disclosure amended to ensure consistency between 2013/14 and 2014/15 treatment of additional IAS 19 work of £5,996.
4	Disclosure	None	Note 11 – Transaction costs	Stamp duty omitted of £ 2,449k (2013/14) and 1,688k (2014/15) (Identified by Finance Team)
5	Disclosure	None	Note 15 – Concentration of Investments	Asset class value at 31/03/14 for pooled investment vehicles (UBS) should be £4,287,243k Asset class value at 31/03/15 for fixed treasury bonds should be £1,301,494k
6	Disclosure	None	Note 19 – Employer Related Investment	Additional disclosure of loan to Salford City Council of £5m (identified by Finance Team)
7	Disclosure	None	Note 24 - AVC Investments	Correction of disclosure Fair Value as at 31 March 2014 to £62,409,071 (previous year year's figure had been left in)

Section 3: Fees, non-audit services and independence

Fees, non-audit services and independence

We confirm below our final fees charged for the audit and there were no fees for the provision of non audit services.

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Fees

	Per Audit plan £	Actual fees £
Pension fund scale fee	56,341	56,341
Agreed fee variation for IAS 19 Assurance work	5,996	5,996
Total audit fees	62,337	62,337

Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standards and therefore we confirm that we are independent and are able to express an objective opinion on the financial statements.

We confirm that we have implemented policies and procedures to meet the requirements of the Auditing Practices Board's Ethical Standards.

Section 4: Communication of audit matters

Communication of audit matters to those charged with governance

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

The Audit Plan outlined our audit strategy and plan to deliver the audit, while this Audit Findings report presents the key issues and other matters arising from the audit, together with an explanation as to how these have been resolved.

Respective responsibilities

The Audit Findings Report has been prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission (www.audit-commission.gov.uk).

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

Our annual work programme is set in accordance with the Code of Audit Practice (the Code) issued by the Audit Commission and includes nationally prescribed and locally determined work. Our work considers the Fund's key risks when reaching our conclusions under the Code.

It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Council is fulfilling these responsibilities.

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

Appendices

Appendix A: Audit opinion – pension fund financial statements

We anticipate we will provide the Council with an unmodified report on the Pension Fund

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TAMESIDE METROPOLITAN BOROUGH COUNCIL - GREATER MANCHESTER PENSION FUND (DRAFT)

We have audited the pension fund financial statements of Greater Manchester Pension Fund for the year ended 31 March 2015 under the Audit Commission Act 1998. The pension fund financial statements comprise the Fund Account, the Net Assets Statement and the related notes. The financial reporting framework tat has been applied in the preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15.

This report is made solely to the members of Tameside Metropolitan Borough Council, as a body, in accordance with Part II of the Audit Commission Act 1998 and as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. Our audit work has been undertaken so that we might state to the members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

As explained more fully in the Statement of Responsibilities of the Assistant Executive Director, Resources (Section 151 Officer), the Assistant Executive Director, Resources (Section 151 Officer) is responsible for the preparation of the Authority's Statement of Accounts, which include the pension fund financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the pension fund financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards also require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the pension fund financial statements

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

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

Opinion on the pension fund financial statements

In our opinion the pension fund's financial statements:

- give a true and fair view of the financial transactions of the pension fund during the year ended 31 March 2015 and of the amount and disposition of the fund's assets and liabilities as at 31 March 2015; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 and applicable law.

Opinion on other matters

In our opinion, the information given in the Explanatory Foreword and Financial Summary for the financial year for which the pension fund financial statements are prepared is consistent with the pension fund financial statements.

Mark Heap

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

4, Hardman Square
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Appendix B: Audit opinion – pension fund annual report

We anticipate we will provide the Fund with an unmodified opinion for the Pension Fund Annual Report

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

We have examined the pension fund financial statements of the Greater Manchester Pension Fund for the year ended 31 March 2015, which comprise the Fund Account, the Net Assets Statement and the related notes.

This report is made solely to the members of Tameside Metropolitan Borough Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. Our work has been undertaken so that we might state to the members of the authority those matters we are required to state to them in an auditor's statement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's Members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Assistant Executive Director – Resources (Section 151 Officer)

As explained more fully in the Statement of Responsibilities of the Assistant Executive Director – Resources (Section 151 Officer), set out on page 96 of the financial statements, the Assistant Executive Director – Resources (Section 151 Officer) is responsible for the preparation of the pension fund financial statements, in accordance with applicable United Kingdom law.

Our responsibility is to state to you our opinion on the consistency of the pension fund financial statements included in the pension fund annual report with the pension fund financial statements included in the Statement of Accounts of Tameside Metropolitan Borough Council, and its compliance with applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15.

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

We conducted our work in accordance with guidance issued by the Audit Commission. Our report on the administering authority's annual Statement of Accounts describes the basis of our opinion on those financial statements.

Opinion

In our opinion, the pension fund financial statements are consistent with the pension fund financial statements included within the annual Statement of Accounts of Tameside Metropolitan Borough Council for the year ended 31 March 2015 and comply with applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15.

Grant Thornton UK LLP
4 Hardman Square
Spinningfields
Manchester
M3 3EB

Grant Thornton

grant-thornton.co.uk

The Office of the Executive Leader, Tameside Metropolitan Borough Council, Council Offices, Wellington Road, Ashton-under-Lyne, Tameside, 0L6 6DL

Cllr Kieran Quinn
Executive Leader of the Council
Tel: 0161 342 3016 Fax: 0161 342 3543
E-mail: leader@tameside.gov.uk

Grant Thornton UK LLP
4 Hardman Square
Spinningfields
Manchester M3 3EB

Your Ref:
Our Ref: **KQ/JR**
Doc Ref:
Ask for: **Councillor Kieran Quinn**
Date: **21 September 2015**

Greater Manchester Pension Fund
Financial Statements for the year ended 31 March 2015

This representation letter is provided in connection with your audit of the financial statements of Greater Manchester Pension Fund ('the Fund') for the year ended 31 March 2015 for the purpose of expressing an opinion as to whether the financial statements show a true and fair view of the financial transactions of the Fund during the year ended 31 March 2015, and of the amount and disposition at that date of its assets and liabilities other than liabilities to pay pensions and benefits after the end of the Fund year, in accordance with applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 ('the Code'). We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

1 We have fulfilled our responsibilities for the preparation of the financial statements in accordance with proper practices as set out in the Code; which give a true and fair view in accordance therewith, and for keeping records in respect of contributions received in respect of active members.

2 We have complied with the requirements of all statutory directions affecting the Fund and these matters have been appropriately reflected and disclosed in the financial statements.

3 The Council has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.

4 We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

5 Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

6 We acknowledge our responsibilities for making the accounting estimates included in the financial statements. Where it was necessary to choose between estimation techniques that comply with the Code, we selected the estimation technique considered to be the most appropriate to the Fund's particular circumstances for the purpose of giving a true and fair view. Those estimates reflect our judgement based on our knowledge and experience about past and current events and are also based on our assumptions about conditions we expect to exist and courses of action we expect to take.

7 We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements. There are no other material judgements that need to be disclosed.

8 Except as disclosed in the financial statements:
a there are no unrecorded liabilities, actual or contingent
b none of the assets of the Fund have been assigned, pledged or mortgaged
c there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.

9 Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of the Code.

10 Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of the Code.

11 All events subsequent to the date of the financial statements and for which the Code requires adjustment or disclosure have been adjusted or disclosed.

12 We have considered the disclosure changes schedules included in your Audit Findings Report. The financial statements have been amended for these disclosure changes and are free of material misstatements, including omissions.

13 We believe that the Fund's financial statements should be prepared on a going concern basis on the grounds that current and future sources of funding or support will be more than adequate for the Fund's needs. We believe that no further disclosures relating to the Fund's ability to continue as a going concern need to be made in the financial statements.

14 We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

Information Provided

15 We have provided you with:
a access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
b additional information that you have requested from us for the purpose of your audit; and
c unrestricted access to persons from whom you determined it necessary to obtain audit evidence.

16 We have communicated to you all deficiencies in internal control of which management is aware.

17 We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

18 All transactions have been recorded in the accounting records and are reflected in the financial statements.

19 We have disclosed to you all our knowledge of fraud or suspected fraud affecting the Fund involving:

a management;
b employees who have significant roles in internal control; or
c others where the fraud could have a material effect on the financial statements.

20 We have disclosed to you all our knowledge of any allegations of fraud, or suspected fraud, affecting the Fund's financial statements communicated by employees, former employees, analysts, regulators or others.

21 We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

22 There have been no communications with The Pensions Regulator or other regulatory bodies during the year or subsequently concerning matters of non-compliance with any legal duty.

23 We are not aware of any reports having been made to The Pensions Regulator by any of our advisors.

24 We have disclosed to you the identity of all the Fund's related parties and all the related party relationships and transactions of which we are aware.

25 We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Approval

The approval of this letter of representation was minuted by the Urgent Matters meeting of the Management Panel on 2nd September 2015.
The letter was also confirmed at the Council's Overview (Audit) Panel at its meeting on 21 September 2015.

Yours faithfully

Signed: 21 September 2015

Councillor K Quinn, Chair of Greater Manchester Pension Fund Management Panel

Signed 21 September 2015

Peter Morris, Executive Director of Pensions

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APPENDIX 3

Greater Manchester Pension Fund

Peter Morris
Executive Director of Pensions

Concord Suite, Manchester Road
Droylsden, M43 6SF

Call Centre 0161-301-7100
Fax 0161-301-7001

www.tameside.gov.uk
email: peter.morris@tameside.gov.uk

Marianne Dixon
Audit Manager
Grant Thornton UK LLP
4 Hardman Square
Spinningfields
Manchester
M3 3EB

Doc Ref	pmletts15/Audit
Ask for	Peter Morris
Direct Line	0161 301 7150
Date	1 September 2015

Dear Marianne,

Greater Manchester Pension Fund Financial Statements for the year ended 31 March 2015

In response to your letter of 7 August 2015, I have attached the completed schedule having taken into account the views of other appropriate Executive Directors.

The Chair's response on how the Governing Body, (Pensions Management Panel) maintains oversight of the process is also attached to this letter.

If you require any further information or clarification, please contact me.

Yours sincerely,

Peter Morris
Executive Director of Pensions

Enc

Responses from Management:

Auditor question	Response
What do you regard as the key events or issues that will have a significant impact on the financial statements for 2014/15?	The 2 key events are : - the take on of Probation assets and liabilities - the introduction of the new LGPS 1/4/14 The impact of the probation take on is documented in the financial statements
Have you considered the appropriateness of the accounting policies adopted by the Pension Fund? Have there been any events or transactions that may cause you to change or adopt new accounting policies?	The appropriateness of accounting policies is reviewed on a regular basis. Detailed consideration was given to the draft Annual Report and Accounts including the assumptions for estimates at the Employer Funding and Viability Working Group in Aug 2015 and the Summary Accounts statement was considered at the meeting of the Management Panel in July 2015.
Are you aware of any changes to the Pension Fund's regulatory environment that may have a significant impact on the Pension Fund's financial statements?	No, but looking forward, factors such as deficit management, options for separation and asset pooling may have a material impact.
How would you assess the quality of the Pension Fund's internal control processes?	There is considerable stability in the Fund's senior staff and the senior management of the Fund was further strengthened in 2014 to help manage the difficult challenges that pension funds currently face. I think this stability helps the senior staff maintain good quality internal control. The administering authority allocates substantial internal audit resource to review internal control processes which are generally considered to operate well. Copies of these reports are automatically circulated to the senior management of the Admin Authority, the Chair of E & A Working Group (the Local Board in future) together with Fund staff. Internal audit reports will also be submitted quarterly to the Local Board and the relevant Working Group
How would you assess the process for reviewing the effectiveness of internal control?	Managers are aware of their responsibility for establishing sound internal control. The Executive Director of Pensions submits an annual review of his assessment of internal control (and other matters) and actions required. Overall my

	assessment is that the process works well with reassurance provided by internal audit as commented on above.
How do the Pension Fund's risk management processes link to financial reporting?	Many of the Fund’s key risks are identified in the Funding Strategy Statement together with measures to mitigate those risks, and they are considered in the Annual Accounts. For part of this financial year The Ethics and Audit Working Group had the remit to oversee and review the effectiveness of internal control and financial reporting. These functions are now undertaken by Employer Funding Working Group with further oversight from the Pensions Board on behalf of the administering authority
How would you assess the Pension Fund's arrangements for identifying and responding to the risk of fraud?	Effective.
What has been the outcome of these arrangements so far this year?	No material frauds have been identified. There will always be pension overpayments following death, but the Fund has checks to facilitate early identification of deaths.
What have you determined to be the classes of accounts, transactions and disclosures most at risk to fraud?	1) Cash and Unquoted Investments and Assets not with the global custodian. 2) No communication of changes in circumstance by pensioners or their relatives.
Are you aware of any whistle blowing potential or complaints by potential whistle blowers? If so, what has been your response?	Not aware of any.
Have any reports been made under the Bribery Act?	No
As a management team, how do you communicate risk issues (including fraud) to those charged with governance?	Through regular reporting to the Ethics and Audit Working Group (Employer Funding in future), other Working Groups and the Panel.
As a management team, how do you communicate to staff and employees your views on business practices and ethical behaviour?	Through training, regular reminders to staff and procedural documents available on the intranet.
What are your policies and procedures for identifying, assessing and accounting for litigation and claims?	Potential receipts Any group litigation re tax claims or class actions relating to Investments (as at the year end) are notified to Accountancy to allow them to take a ‘holistic’ and prudent view of all group litigation and tax claims for disclosure in the Accounts.

	Potential expenditure The norm would be to account for legal costs and settlement as incurred. If there was a material claim against the Fund, consideration would need to be given to the appropriate treatment at the time. I am not aware of any material claims being made against the Fund over the last 25 years.
Is there any use of financial instruments, including derivatives?	Yes (Futures and Forward Currency contracts). These are reported in the accounts at year end.
Are you aware of any significant transaction outside the normal course of business?	No
Are you aware of any changes in circumstances that would lead to impairment of non-current assets?	No
Are you aware of any guarantee contracts?	No
Are you aware of allegations of fraud, errors, or other irregularities during the period?	There was one case where an ex wife of a deceased pensioner made an allegation that she should have been a beneficiary. The case was investigated and found to be unfounded. The process followed by the Fund was correct.
Are you aware of any instances of non-compliance with laws or regulations or is the Pension Fund on notice of any such possible instances of non-compliance?	During 2014/15 the LGPS Regulations required that an annual benefit statement (ABS) be sent to each active, deferred and pension credit member, by 30 September 2014. Some for actives were produced late and some not at all, due to data from employers being missing or inaccurate. No formal complaints were received.
Have there been any examinations, investigations or inquiries by any licensing or authorising bodies or the tax and customs authorities?	No
Are you aware of any transactions, events and conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement?	No
Where the financial statements include amounts based on significant estimates, how have the accounting estimates been made, what is the nature of the data used, and the degree of estimate uncertainty inherent in the estimate?	There are no amounts based on significant estimates. The basis of valuation is set out in the notes to the accounts.
Are you aware of the existence of loss contingencies and/or un-asserted claims that may affect the financial statements?	No
Has the management team carried out an assessment of the going concern basis for preparing the financial statements? What was the outcome of	There is not a formal process in place by the Fund's management team to consider whether the

that assessment?	Council is a going concern. However given that tax raising bodies are considered by the Fund and its Actuary as the most secure of employers, this is considered to provide adequate comfort that the Council satisfies the "Going Concern Basis" in preparing the Fund's accounts. Further comfort is provided by the relative strength of the GMPF's funding position where it is in the top 3 of LGPS funds.
Although the public sector interpretation of IAS1 means that unless services are being transferred out of the public sector then the financial statements should be prepared on a going concern basis, management is still required to consider whether there are any material uncertainties that cast doubt on the Pension Fund's ability to continue as a business. What is the process for undertaking a rigorous assessment of going concern? Is the process carried out proportionate in nature and depth to the level of financial risk and complexity of the organisation and its operations? How will you ensure that all available information is considered when concluding the organisation is a going concern at the date the financial statements are approved?	The starting point is that GMPF is relatively well funded, albeit at the individual employer level there is a wide range of funding levels and this is regularly monitored. The prime purpose of the actuarial valuation is to determine employer contributions including deficit recovery. Monitoring processes are in place to ensure employers pay their required rate. The Management Panel has established an Employer Funding and Viability Working Group to consider viability issues at the whole fund and individual employer level. The Funding Strategy Statement is a key document in helping to focus attention on funding and associated risk management which is reviewed every 3 years by the WG and Management Panel and subject to consultation. An in-house actuary has been employed by the Fund since March 14. These arrangements are considered strong in concluding the Fund is a going concern at the date the financial statements are approved.
Can you provide details of those solicitors utilised by the Pension Fund during the year? Please indicate where they are working on open litigation or contingencies from prior years?	None of the following involve open litigation, unless stated. 1. Eversheds – Beaufort House, Uxbridge – dispute with adjoining owner. 2. DLA Piper – Chapel Street, Southport – dispute regarding water leaks. Open litigation – settlement imminent. 3. DLA Piper – Sale of four properties for main portfolio. 4. Addleshaw Goddard – purchase of mixed use scheme. 5. Irwin Mitchell – Loan and banking documents for loan to Urban Splash (New Islington,

	Manchester)
Can you provide details of other advisors consulted during the year and the issue on which they were consulted?	The Fund has 3 independent advisors supporting the Management Panel. These are listed in the Annual Report. Hymans Robertson is the Fund's primary investment consultant in addition to their main role of providing advice on investment strategy. They have also provided advice on the selection of investment managers for property and global equities. The Investment Team also utilise specialist advice from a variety of sources on an ad hoc basis for making investments. Actuarial and funding advice is also provided by Hymans Robertson. Various support services have been brought in to help deliver the MoJ consolidation in GMPF.
Have any of the Pension Fund's service providers reported any items of fraud, non-compliance with laws and regulations or uncorrected misstatements which would affect the financial statements?	No

Response from Chair

Fraud risk assessment

Auditor Question	Response
Has the Pension Fund assessed the risk of material misstatement in the financial statements due to fraud?	Yes, 1.We have fulfilled our responsibilities for the preparation of the financial statements in accordance with the Code; in particular the financial statements show a true and fair view in accordance therewith, and for keeping records in respect of contributions received in respect of active members. 2.We acknowledge our responsibility for the design and implementation of internal control to prevent and detect error and fraud. 3.Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. 4.Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of the Code. 5.Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of the Code. 6.All events subsequent to the date of the financial statements and for which the Code requires adjustment or disclosure have been adjusted or disclosed. 7.We have adjusted the misclassifications and disclosure changes brought to our attention in the Audit Findings Report. Following these adjustments, the financial statements are free of material misstatements, including omissions 8.We believe that the Fund's financial statements should be prepared on a going concern basis on the grounds that current and future sources of funding or support will be more than adequate for the Fund's needs. We believe that no further disclosures relating to the Fund's ability to continue as a going concern need to be made in the financial statements. 9.We have no plans or intentions that may materially alter the carrying value

	or classification of assets and liabilities reflected in the financial statements. 10. We acknowledge our responsibilities for making the accounting estimates included in the financial statements. Where it was necessary to choose between estimation techniques that comply with the Code, we selected the estimation technique considered to be the most appropriate to the Fund's particular circumstances for the purpose of giving a true and fair view. Those estimates reflect our judgment based on our knowledge and experience about past and current events and are also based on our assumptions about conditions we expect to exist and courses of action we expect to take.
What are the results of this process?	No risk of material misstatement identified
What processes does the Pension Fund have in place to identify and respond to risks of fraud?	There will always be a risk of fraud in respect of pensions in payment. Regular checks help reduce this risk. The processes of internal control within the in-house teams and external managers are designed to prevent fraud and significant internal audit time is allocated annually to review systems and processes. Internal audit also visit (targeted) employers The capacity of external managers to make good any losses is an important factor in their recruitment. The Council has a whistleblowing policy in place. Regular reconciliations are undertaken between the custodian and fund managers' holdings.
Have any specific fraud risks, or areas with a high risk of fraud, been identified and what has been done to mitigate these risks?	Overpayment of pensions to deceased pensioners is a risk. A mortality tracing agency is used which matches the payroll to the Central Register of Deaths Also the Fund participates in the National Fraud Initiative (NFI), which matches the payroll to the DWP records of deceased persons, this is carried out every two years.
Are internal controls, including segregation of duties, in place and operating effectively?	Generally yes, with processes and procedures periodically reviewed by internal audit as well as management.
If not, where are the risk areas and what mitigating actions have been taken?	Risk areas are identified as part of the business planning process, internal audit reports, in-house reviews and by learning from complaints – when

	identified and where appropriate, systems and processes are amended.
Are there any areas where there is a potential for override of controls or inappropriate influence over the financial reporting process (for example because of undue pressure to achieve financial targets)?	There is always the risk of collusion. The nature of the activity, the use of external managers and monitoring thereof and standard checks e.g. between custodian and a Fund Manager gives an environment where the risk of inappropriate influence is relatively low.
Are there any areas where there is a potential for misreporting override of controls or inappropriate influence over the financial reporting process?	None that I am aware of.
How does the Pension Fund exercise oversight over management's processes for identifying and responding to risks of fraud?	Through regular reporting to the Panel, Working Groups and Local Board by: -management, -fund managers -internal audit including approval of the audit plan, and - external audit
What arrangements are in place to report fraud issues and risks to the Management Panel/Working Group members?	Internal audit report to every Working Group and the Local Board. All internal audit reports are copied to the senior officers of the Council (in addition to management).
How does the Pension Fund communicate and encourage ethical behaviour of its staff and contractors?	Through training, regular reminders to staff and procedural documents available on the intranet
How do you encourage staff to report their concerns about fraud? Have any significant issues been reported?	Through training, regular reminders to staff and procedural documents available on the intranet. No significant issues.
Are you aware of any related party relationships or transactions that could give rise to risks of fraud?	No There some related party relationships reported in the Accounts but these do not give rise to risk of fraud.
Are you aware of any instances of actual, suspected or alleged, fraud, either within the Pension Fund as a whole or within specific departments since 1 April 2014?	There was one case where an ex wife of a deceased pensioner made an allegation that she should have been a beneficiary. The case was investigated and found to be unfounded. The process followed by the Fund was correct.

Law and regulation

Auditor Question	Response
What arrangements does the Pension Fund have in place to prevent and detect non-compliance with laws and regulations?	The arrangements include in-house resources, participation in national bodies / groups, training of Pension staff and employers. There is also regular reporting to the Management Panel and Working Groups by management and internal and external audit of compliance with internal controls.
How does management gain assurance that all relevant laws and regulations have been complied with?	Through the business planning process, monitoring of actions, reports considered by the Panel and Working Groups, procedures and structures in place and internal audit reviews.
How is the Panel / Working Group provided with assurance that all relevant laws and regulations have been complied with?	Through regular reports from management and internal audit (and external audit) on the compliance with internal controls Relevant reports are also submitted to the Management Panel and other Working Groups.
Have there been any instances of non-compliance or suspected non-compliance with law and regulation since 1 April 2014?	During 2014/15 the LGPS Regulations required that an annual benefit statement (ABS) be sent to each active, deferred and pension credit member, by 30 September 2014. Some for actives were produced late and some not at all, due to data from employers being missing or inaccurate. No formal complaints were received.
What arrangements does the Pension Fund have in place to identify, evaluate and account for litigation or claims?	Potential receipts - Any group litigation re tax claims or class actions relating to Investments (as at the year end) are notified to Accountancy to allow them to take a 'holistic' and prudent view of all group litigation and tax claims for disclosure in the Accounts. Potential expenditure - The norm would be to account for legal costs and settlement as incurred. If there was a material claim against the Fund, consideration would need to be given to the appropriate treatment at the time. I am not aware of any material claims being made against the Fund.
Is there any actual or potential litigation or claims that would affect the financial statements?	There is a long-outstanding (going back around 5-6 years) claim from Network Rail relating to water leaks at Chapel Street, Southport. The Fund's Property Managers, LaSalle are now dealing with this and their intention is to settle the claim for a payment by the Fund to Network Rail of £75,000. This does not have a material effect on the financial

	statements.
Have there been any reports from other regulatory bodies, such as HM Revenues and Customs, which indicate non-compliance?	No

Going concern considerations

Auditor Question	Response
Does the Pension Fund have procedures in place to assess the Pension Fund's ability to continue as a going concern?	The actuarial valuation is key to providing this comfort. The Fund has a funding level in the top 3 of LGPS funds when assessed on a standardised assumption basis.
Is management aware of the existence of other events or conditions that may cast doubt on the Pension Fund's ability to continue as a going concern?	None that I am aware of.
Are arrangements in place to report the going concern assessment to the Panel/Working Group?	In considering the annual accounts, consideration is given to the going concern assessment and explicit reference was made at the August meeting of the Employer Funding and Viability Working Group .
Are the financial assumptions in that report (e.g. future levels of income and expenditure) consistent with the Business Plan and the financial information provided throughout the year?	Reports are periodically presented to the Management Panel and Employer Funding Working Group and as part of the Business Plan that focus on the importance of cash flow and increasing maturity.
Are the implications of the statutory or policy changes appropriately reflected in the Business Plans, financial forecasts and reports on going concern?	The key issues are changes in the membership structure and the growing number of employers – These and other changes will be reflected in our plans.
Have there been any significant issues raised with the Panel/Working Group during the year which would cast doubts on the assumptions made? (Examples include adverse comments raised by internal and external audit regarding financial performance or significant weaknesses in systems of financial control.)	No
Does a review of available financial information identify any adverse financial indicators including negative cash flow? If so, what action is being taken to improve financial performance?	Again the Actuarial Valuation is critical. There are specific employer issues and the structures are being established to help address funding and stability of cost issues when the opportunity arises.
Does the Pension Fund have sufficient staff in post, with appropriate skills and experience, particularly at senior manager level, to ensure the delivery of the Pension Fund's objectives? If not, what action is being taken to obtain those skills?	This is a very challenging environment to be managing a defined benefit scheme. The Management Panel have supported the strengthening of both the senior management team and investment and administration teams.
Has the Management Panel assessed the process management has followed in forming a view on going concern and the assumptions on which that view is based?	Yes, through consideration of the actuarial valuation and funding strategy statement.

ITEM NO: 14(b)

Report To:	**Greater Manchester Pension Fund Management Panel**
Date:	2 October 2015
Reporting Officer:	Peter Morris, Executive Director of Pensions
Subject:	**ANNUAL REPORT AND ACCOUNTS**
Report Summary:	The Management Panel are required to formally approve the Annual Report and Accounts. This was done through an Urgent Matters meeting held on 2 September 2015 following detailed consideration by the Employer Funding Working Group on 7 August 2015. These will also be presented at the Fund's AGM that will follow the Panel meeting. The annual report and accounts are available at http://www.gmpf.org.uk/documents/annualreport/2015.pdf
Recommendations:	That Panel note the approval of the Annual Report and Accounts by the Urgent matters panel.
Policy Implications:	None.
Financial Implications: **(Authorised by the Section 151 officer)**	The Annual Report and Accounts is the key financial reporting document, summarising the transactions in the year and the value of the Fund as at 31 March 2015. There are no material financial issues arising from this report.
Legal Implications: **(Authorised by the Solicitor to the Fund)**	The annual report regulations and related national technical guidance require a separate opinion to be issued on the Pension Fund's accounts.
Risk Management:	The external audit provides a further important layer of review on the Fund's activities, focussing on its financial statements.
Access to Information:	**NON-CONFIDENTIAL** **This report does not contain information which warrants its consideration in the absence of the press or members of the public.**
Background Papers:	For any further information please contact Paddy Dowdall, Assistant Executive Director of Pensions (Property and Local Investment) on 07811136164 or email paddy.dowdall@tameside.gov.uk

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ITEM NO: 15

Report To:	**Pension Fund Management Panel**
Date:	2 October 2015
Reporting Officer:	Peter Morris, Executive Director of Pensions
Subject:	**THE PENSIONS REGULATOR'S PUBLIC SERVICE GOVERNANCE AND ADMINISTRATION SURVEY**
Report Summary	In order to build an understanding of how schemes are meeting their legal requirements and the standard to which public service schemes are being run, the Pensions Regulator has issued a questionnaire for schemes (including individual LGPS funds) to complete. The Fund's response to the survey is provided as **Appendix A** to this report.
Recommendations:	The Panel is asked to note the report.
Policy Implications:	None
Financial Implications: **(Authorised by the Section 151 officer)**	Establishing and implementing effective governance and administration frameworks will improve the cost efficiency of public service pension schemes.
Legal Implications: **(Authorised by the Solicitor to the Fund)**	The Administering Authority for the Fund is required to comply with the relevant regulations and professional standards in force. Going forwards this will include any codes of practice issued by the Pensions Regulator which are applicable to the LGPS.
Risk Management:	The Pensions Regulator will initially concentrate on the risks that it identifies as posing the greatest threats to the efficient governance and administration of public service schemes and legal requirements not being met, as well as the protection of member benefits where relevant.
ACCESS TO INFORMATION:	**NON-CONFIDENTIAL** **This report does not contain information which warrants its consideration in the absence of the Press or members of the public.**
Background Papers:	For further information please contact Euan Miller, Assistant Executive Director – Funding and Business Development. Tel 0161 342 2047, email euan.miller@tameside.gov.uk.

1. INTRODUCTION

1.1 With effect from April 2015 the Pensions Regulator is responsible for regulating the governance and administration of public service pension schemes.

1.2 In order to build an understanding of how schemes are meeting their legal requirements and the standard to which public service schemes are being run, the Pensions Regulator has issued a questionnaire for schemes (including individual LGPS funds) to complete.

1.3 The Pensions Regulator will use the responses from the survey, along with information gathered from other sources, to risk assess schemes for intervention, as set out in its Compliance and Enforcement Policy.

http://www.thepensionsregulator.gov.uk/docs/compliance-policy-public-service-pension.pdf

1.4 The Fund's response to the survey is provided as **Appendix A** to this report. Any questions in the survey that have been left blank have been answered more fully in the attaching email.

1.5 The response to the survey will also be considered by the Local Board at its next meeting.

2. RECCOMENDATIONS

2.1 The Panel is asked to note the report.

2015

Public service governance and administration survey

Note to respondents

Please note: for locally administered pension schemes, where we use the word 'scheme', this term includes pension funds and administering authorities.

When answering questions, if you choose an answer by mistake, please click the chosen option again to undo and then choose the correct answer. Once completed, please save your survey and either email it to: **pspsr@tpr.gov.uk** or print it off and send it by post to:

Bill Catchpole
Insight team
The Pensions Regulator
Napier House
Trafalgar Place
Brighton
BN1 4DW

July 2015

The Pensions Regulator

Survey questions

Basic information – Scheme contact

1. What is your job title?

Director of Pensions

2. Which of the following best describes your role within the pension scheme?
Please tick the relevant box

- ○ Scheme manager
- ○ Pension board member
- ✓ Administrator
- ○ Other (please specify)

3. How would you rate your awareness and understanding of the governance and administration requirements introduced by the Public Service Pensions Act 2013/the Public Service Pensions Act (Northern Ireland) 2014? (Scale 1-5 – 1 = low and 5 = high)

1	2	3	4	5	
○	○	○	✓	○	Awareness
○	○	○	✓	○	Understanding

4. How would you rate your awareness and understanding of The Pensions Regulator's code of practice for public service pension schemes? (Scale 1-5 – 1 = low and 5 = high)

1	2	3	4	5	
○	○	○	✓	○	Awareness
○	○	○	✓	○	Understanding

5. Have you undertaken any training relating to public service pension schemes?

✓ Yes ○ No ○ Don't know

6. If so, who provided the training?

Please see accompanying e-mail

Basic information – Pension scheme

7. Which of the following options best describes your scheme:

- ◯ Centrally administered ☑ Locally administered

If locally administered, is your scheme:

- ◯ Fire and rescue
- ☑ Local government
- ◯ Police

8. This question is voluntary: What is the name of your scheme if centrally administered, or if locally administered – what is the name of your pension fund/administering authority?

Greater Manchester Pension Fund ("GMPF")

9. What is the total membership (active plus deferred plus pensioner) of your scheme?

- ◯ Under 999
- ◯ 999-4,999
- ◯ 5,000-49,999
- ☑ 50,000-1 million
- ◯ Over 1 million

10. Which of the following statements best describes the current status of your scheme's pension board?

- ☑ Fully established and operational (terms of reference agreed, all board members appointed and pension board meetings have commenced)
- ◯ Established but yet to be operational (terms of reference agreed, all board members appointed)
- ◯ Will be fully established and operational within three months
- ◯ Will be fully established and operational within six months
- ◯ Longer than six months to be fully established and operational

11. How frequently does or will the pension board meet normally?

- [ ] Monthly
- [x] Quarterly
- [ ] Bi-annually
- [ ] Annually
- [ ] When required

Action – Pension scheme

12. Which of the following statements best describes the activity being undertaken to ensure compliance with the legal requirements introduced by the Public Service Pensions Act 2013[1]/the Public Service Pensions Act (Northern Ireland) 2014[2]?

- [ ] Identifying key risks/issues
- [ ] Developing a plan to address key risks/issues
- [ ] Implementing a plan to address key risks/issues
- [x] We already have a plan in place and are addressing key risks/issues

'Risks/issues' are those which may prevent legal requirements introduced by the Public Service Pensions Act 2013[1]/the Public Service Pensions Act (Northern Ireland) 2014[2] relating to the governance and administration of the scheme being met.

13. Has the scheme been reviewed against the practical guidance and standards of conduct and practice set out in The Pensions Regulator's code of practice for public service pension schemes?

- [x] Yes, in-depth review
- [ ] Yes, high level review
- [ ] Planning to complete a review in the next six months
- [ ] No review completed/planned to be completed
- [ ] I'm not aware of the code
- [ ] Don't know

1 http://www.legislation.gov.uk/ukpga/2013/25/contents

2 http://www.legislation.gov.uk/nia/2014/2/contents

Knowledge and understanding required by pension board members

14. Has guidance on the roles, responsibilities and duties of pension boards and the members of those boards been produced?

- [x] Yes
- [ ] No
- [ ] Don't know

15. Has the scheme manager or another person ensured that pension board members fully understand their roles, responsibilities and duties?

- [ ] Yes
- [ ] No
- [ ] Don't know

16. Has your scheme developed policies and arrangements to help pension board members to acquire and retain the knowledge and understanding they require?

- [x] Yes
- [ ] No

If Yes, what has been developed? Please select all that apply.

- [ ] Training framework
- [x] Individual training needs analysis
- [ ] Individual training plan
- [ ] Pension board training plan
- [x] Training log
- [x] Other (please specify)

Please see accompanying e-mail

17. Where do pension board members receive their training from?

GMPF officers
External events run by professional bodies and service providers
Access to online tools
Board members will also have access to training provided to the GMPF Management Panel

18. What themes or issues are/will be covered in pension board member training? Please select all that apply.

- [x] Law relating to pensions
- [x] Scheme rules
- [x] Scheme administration policies
- [x] Pension board training plan
- [x] Practical guidance and standards set in our code of practice for public service pension schemes
- [x] Other (please specify)

Pensions Investment, member communication & engagement

- [ ] Don't know

19. Please could you identify the top 3 themes or issues that will be covered in pension board training that you have identified in question 18.

Scheme administration

Investments

Practical Guidance and standards in the tPR Code of Practice

20. How regularly will pension board members undertake training?

- [ ] Monthly
- [x] Quarterly
- [ ] Every six months
- [ ] Annually
- [ ] Only when a training need is identified
- [ ] Don't know

Pension board members – Conflicts of interest and representation

21. **Does your scheme have a conflicts policy and procedure for pension board members?**

- [x] Yes
- [ ] No
- [ ] Don't know

22. **Does your conflicts policy and procedure include any of the following?** (Select all that apply)

- [x] Identifying conflicts of interest
- [x] Assessing conflicts of interest
- [x] Monitoring conflicts of interest
- [x] Managing potential conflicts of interest

23. **Does your scheme appoint pension board members under procedures that require them to disclose any interests, including other responsibilities, which could become conflicts of interest, before they are appointed?**

- [x] Yes
- [ ] No
- [ ] Don't know

24. **Does your scheme have a register of interests?**

- [x] Yes, we have a register of interests or another document that records dual interests and responsibilities (go to question 25)
- [ ] No, we do not have a register of interests or another document that records dual interests and responsibilities (go to question 26)
- [ ] Don't know (go to question 26)

25. **How regularly is the register of interests or other document that records dual interests and responsibilities reviewed?**

- [ ] Monthly
- [x] Quarterly
- [ ] Annually
- [ ] Don't know

Publishing information about schemes

26. Does your scheme have in place procedures to ensure that information about the pension board which must be published, is published and kept up to date?

- [x] Yes
- [ ] No
- [ ] Don't know

27. Does/will your scheme publish additional information (not specified in legislation) about the pension board? If Yes, please specify the information that the scheme publishes.

A report on the Board's activities during the year will appear in the Fund's Report & Accounts from 2015/16 onwards. Minures of Board meetings will be placed on the Fund's website.

Internal controls

28. How regularly does your scheme assess risks*?

- [x] Monthly
- [ ] Quarterly
- [ ] Every six months
- [x] Annually
- [ ] Less than once a year
- [ ] Never
- [ ] Don't know

*'Risks' are those that may prevent the scheme being administered and managed in accordance with the scheme rules and requirements of the law.

29. Does your scheme have a risk register?

- [x] Yes
- [ ] No
- [ ] Don't know

30. Does your scheme have documented procedures for assessing and managing risk?

- [x] Yes
- [ ] No
- [ ] Don't know

How often does/will the scheme review the effectiveness of its risk management and internal control systems?

- [ ] At least every six months
- [x] At least once a year
- [ ] At least once every three years
- [ ] Never/We haven't
- [ ] It varies (please specify the timeframe)
- [ ] Don't know

31. What type of external advisers and service providers are engaged by the pension scheme? Please select all that apply.

- [ ] Third party administrator/outsourced service providers (If Yes, please answer question 32, if No, please go to question 33)
- [x] Auditor
- [x] Legal adviser
- [x] Investment or fund manager
- [x] Investment consultant
- [x] Custodian
- [ ] IFA
- [x] Other (please state) Actuary
- [ ] None

32. If your scheme uses outsourced service providers, do you require them to demonstrate that they have adequate internal controls relating to the services they provide?

- [x] Yes
- [ ] No
- [ ] Don't know

33. Do you have a documented service level agreement in relation to your scheme and the services provided by your scheme administrators (applies to both in-house and outsourced)?

- [x] Yes
- [ ] No
- [ ] Don't know

34. How frequently do you receive information on internal controls relating to the services that administrators provide?

- [ ] Monthly
- [ ] Quarterly
- [x] Every six months
- [ ] Annually
- [ ] Less than once a year
- [ ] Never
- [ ] Don't know

Scheme record-keeping

35. Does your scheme have policies and processes in place to monitor data on an ongoing basis to ensure that it is accurate and complete, in relation to:

	Yes	No	N/A
Active members? (Yes or No or N/A)	○	○	○
Deferred members? (Yes or No or N/A)	○	○	○
Pensioner members? (Yes or No or N/A)	○	○	○
Beneficiaries (Yes or No or N/A)	○	○	○
Pension credit/debit members (Yes or No or N/A)	○	○	○

36. Has the scheme's data been measured against the requirements of the Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations 2014?

- ○ Measured
- ✓ Partially measured
- ○ Not measured
- ○ Don't know

37. If you have answered 'Measured' or 'Partially measured' to question 36, did the scheme measure the presence and/or the accuracy of the scheme's data?

- ○ Presence of data
- ○ Accuracy of data
- ✓ Both presence and accuracy of data
- ○ Don't know

38. If your scheme has measured its data, what action, if any has been taken to resolve any issues identified.

- ✓ Data improvement plan to be developed
- ○ Data improvement plan being implemented
- ○ Data cleansing exercise to be carried out
- ○ Data cleansing exercise has been carried out
- ○ Other (please specify)

39. When did your scheme last carry out a data review exercise?

- ✓ Within the last 12 months
- ○ More than 12 months ago
- ○ Don't know

40. How frequently does your scheme carry out/plan to carry out a data review exercise including an assessment for accuracy and completeness of the data?

- [x] More frequently than annually
- [ ] Annually
- [ ] Less frequently
- [ ] Don't know

41. What does your data review involve?

- [ ] Full review and checks of all data held by the scheme
- [ ] Randomly selected segments of data reviewed and checked
- [x] Key risk areas of data reviewed and checked
- [ ] Assessing the completeness of all data
- [ ] Assessing the accuracy of all data
- [ ] Varies each review
- [ ] Don't know
- [ ] Other (please specify)

42. Does your scheme require participating employers to provide timely data?

- [x] Yes - [ ] No - [ ] Don't know

Does your scheme require participating employers to provide accurate data?

- [x] Yes - [ ] No - [ ] Don't know

43. What proportion of your scheme's employers provide you with timely, accurate and complete data as a matter of course? (Please write in percentage)

Maintaining contributions

44. Do you have a method or other process for monitoring the payment of contributions to the scheme?

- [x] Yes
- [ ] No
- [ ] Don't know

45. Does your scheme have a process to resolve payment issues and assess whether to report payment failures?

- [x] Yes
- [ ] No
- [ ] Don't know

Providing information to members

46. Has your scheme provided a member benefit information statement to members as a matter of course in the last 12 months?

- [ ] Yes to all members
- [ ] Yes to active members only
- [ ] Yes to deferred members only
- [ ] No
- [ ] Don't know

47. If Yes, what scheme year does the member benefit information statement relate to – eg the year to 31 March 2014

Annual Benefit Statements for 31/3/14 and 31/3/15 have been produced in the last 12 months

Internal dispute resolution

48. How frequently does your scheme assess the effectiveness of the scheme's internal dispute resolution arrangements and under what circumstances do you carry out that review? Please specify the:

Frequency	
Circumstances	

49. How do you communicate your internal dispute resolution arrangements to your members and others?

In writing whenever a decision is notified

Reporting breaches

50. Is training provided for scheme managers and pension board members on their duty to report breaches of the law to the regulator?

◯ Yes ◯ No ◯ Don't know

51. Does the scheme have procedures in place to enable the scheme manager, pension board members and those who have a duty to report to identify and assess breaches of the law?

◯ Yes ◯ No ◯ Don't know

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www.tpr.gov.uk

www.pensionseducationportal.com
Free online learning for those running public service schemes

2015
Public service governance and administration survey

The Pensions Regulator

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APPENDIX A

Bill

I write to provide our response to the survey. In the main we have answered the questions in the attached, but where none of the available options felt appropriate we have provided details below. We have also provided further details in relation to some of our answers.

Please let me know if you have any questions.

Kind regards

Euan

Q6

Attendance at LGPS specific and wider pensions and investment conferences and seminars. Facilitators include CIPFA, NAPF, LGA and professional services firms.

Q12

None of the available answers feel particularly appropriate. Our understanding is that we are compliant with the legal requirements of the Act.

Q15

Pension Board members have been asked to complete a training needs analysis which will be reviewed at the October meeting of the Pensions Board. Part of this training needs analysis is an assessment of Pension Board members' understanding of the roles, responsibilities and duties, which were set out in a report to the previous meeting of the Pensions Board and discussed in detail.

Q16

The training needs analysis developed for Pension Board members directs members to the tPR toolkit and provides links to where relevant information to satisfy knowledge and understanding requirements can be found.

Individual and Pension Board training plans will be developed based on responses to individual needs analysis.

Board members have access to GMPF officers to provide support.

Q20

As per Q15, Pension Board members have been asked to complete a training needs analysis which will be reviewed at the October meeting of the Pensions Board. There will be regular training items at Pensions Board meetings, the subject of the training will be determined by the outcome of the training needs analysis. In addition, Pensions Board members will be expected to undertake their own learning outside of meetings and attend ad-hoc training events, some of which will be organised in conjunction with the GMPF Management Panel.

Q28

The GMPF Fund Management Team, which comprises 5 senior officers of the Fund meet on a monthly basis and discuss developments and potential risks.

A formal review of the risks is undertaken annually as part of the Fund's annual reporting process.

The Fund also uses the Administering Authority's internal audit function to analyse specific areas of risk in detail and the internal auditors work closely with Fund officers and external auditors. Over the course of the year there are several internal audits undertaken on specific risks.

Q35

We have a battery of tests that vet our data. One of the most important of these is the monthly comparison of the benefits as calculated to the benefits that are in payment. As far as we know we were the first LGPS fund to run such a vet - in 1985 - which we now run monthly. Others then followed, such as checking the pensions increase (PI) in payment is supported by the right amount of basic pension. As an example, if the basic pension is £1,000 pa and the cumulative increase in PI after several years is 20%, then the PI in payment should be £200 pa (ignoring any effects of guaranteed minimum pensions). We also have some minor vets, such as before we do a mass mailing we will check that titles and genders agree, ie. if a member is a woman then her title shouldn't be "Mr".

Another important data vet is the monthly comparison of our live payroll to the four UK death registers. This reveals deaths every month that have not hitherto been reported to us.

There is evidence that our data management is of above average quality. Hymans Robertson, our actuary and the actuary to many other LGPS funds, said at the last valuation our data was "top of the class". We have also corrected various pensions that we have inherited due to us becoming the "one fund" for the Probation Service's LGPS liabilities, which included identifying a pension that was being paid at twice the correct rate (a short-term widow's pension had not been halved to the long-term rate).

Having said that, no fund of any size can have data that is totally accurate and complete, and nor is ours. In particular, we don't try and trace deferred beneficiaries that go missing until the months prior to their deferred benefits are due to come into payment. [Although if they die, at least in the UK, this is revealed by the National Fraud Initiative.] Nor do we compare addresses for active members with those held by employers, as we know from experience that our address records are better than employers, ie. we don't want to import wrong addresses. And increasingly it is not the home address that is important, but rather the email one.

We do however raise queries with employers when we believe our data is wrong. As an example, if we can see that contributions reduced during the year, we will seek leaving notifications/explanations from employers.

Q43

We have over 450 employers with active members, most of which are very small, eg. academies. We don't however track the timeliness of data notifications from all of them, only our ten local authorities.

Q46

As a matter of course we have provided annual benefit statements (ABSs) to the large majority of our active members and deferred members in the last 12 months. Regarding the latter, and as permitted by the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013, we have not sent ABSs where we do not know addresses. Regarding both the former and the latter, we have not sent ABSs where we believe data from employers is wrong or missing.

Q48

Frequency: Infrequently. An annual report is made to the GMPF Management Panel summarising IRDP cases at stage 1 and stage 2 and ombudsman decisions. We receive relatively few Stage 1 appeals. Most Stage 2 appeals relate to incapacity. Training is to be delivered to employers regarding the incapacity provisions in the Scheme's Regulations.

Circumstances: The Fund is a member of the LGPS and the national Scheme Advisory Board has tasked its Administration & Communications Sub-committee with reviewing the extant internal dispute resolution procedure. The outcome of this review is awaited.

Q50 and Q51

Answer: We are in the throes of establishing a procedure for reporting breaches. As draft procedure will be considered by the Fund's Pensions Administration Working Group at its meeting on 16 October, and then the Pension Fund Management Panel in December. Assuming it is approved, complementary training for schemes managers and pension board members on their duty to report breaches will be provided.

Euan Miller
<u>Assistant Executive Director</u>
Pensions

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ITEM NO: 16

Report To:	**Pension Fund Management Panel**
Date:	2 October 2015
Reporting Officer:	Peter Morris – Executive Director of Pensions
Subject:	**DELEGATION SCHEME – PENSION BENEFITS AND CONTRIBUTIONS – REPORT FOR THE PERIOD 1 APRIL 2014 TO 31 MARCH 2015**
Report Summary:	The report informs members about the Scheme of Delegation to officers relating to pension benefits and contributions, and includes a summary of actions taken by the Executive Director of Pensions during 2014 – 2015.
Recommendations:	It is recommended that the Panel note the report.
Policy Implications:	None
Financial Implications: (Authorised by the Section 151 officer)	There are no direct financial implications arising from this report.
Legal Implications: (Authorised by the Solicitor to the Fund)	This report details the actions taken in relation to membership matters in accordance with the LGPS Regulations and the Council's Scheme of Delegation.
Risk Management:	The LGPS needs to be effectively and efficiently administered. The scale of the Fund necessitates the delegation of the administrative role. The role of managers is to ensure effective processes and internal control. This is also subject to external review by internal and external audit.
ACCESS TO INFORMATION:	**NON-CONFIDENTIAL**
	This report does not contain information which warrants its consideration in the absence of the Press or members of the public.
Background Papers:	The LGPS Regulations 2013 are available here: http://www.lgpsregs.org/index.php/regs-legislation/timeline-regulations-2014

1. INTRODUCTION

1.1 Although the Panel will establish policies regarding administrative matters, e.g. the payment of death grants, all the day-to-day decisions regarding membership matters are delegated to the Executive Director of Pensions. The report contains a list of the matters delegated and a summary of key actions taken for the period 1 April 2013 to 31 March 2014.

2. SCHEME OF DELEGATION TO THE EXECUTIVE DIRECTOR OF PENSIONS

2.1 The following functions are delegated pursuant to Section 101 of the Local Government Act 1972.

2.2 To deal with the following benefits and contributions matters in relation to the Greater Manchester Pension Fund:

1. In consultation with the Chief Executive, the making of admission agreements with relevant bodies.
2. The determination of the intervals at which standard employee contributions are payable to the Fund.
3. The determination of the final pay period for deceased members, where the member could have elected for an earlier period to count but died before so electing.
4. Making elections on behalf of deceased members for Certificates of Protection of pension benefits.
5. The exercise of discretion regarding the payment of death grants in respect of deceased scheme members in accordance with the guidelines approved by the Pension Fund Management Panel.
6. The exercise of discretion in respect of breaks in education or training for the purposes of deciding if a person can be regarded as a child.
7. The exercise of discretion in the apportioning of a children's pension between more than one eligible child.
8. The exercise of discretion in the payment of the whole or part of a children's pension to a person other than an eligible child.
9. The commutation of certain small pension benefits within the statutory limits to single lump sum payments so as to discharge future liability for payments.
10. The commutation of pensions in exceptional circumstances of ill health.
11. The agreement with employing authorities of meeting the cost of augmentation via extra employer contributions.
12. The determination of the requirement for employing authorities to pay “up front” any strain on fund costs.
13. The determination of whether or not a person wishing to purchase certain additional pension benefits has undergone a medical examination to the satisfaction of the administering authority.
14. The determination of minimum contributions to the AVC scheme.

15. Obtaining revisions to a rates and adjustments certificate (eg. when it appears that liabilities are arising in excess of those previously assumed).

16. The determination of intervals for the payment of employee and employer pension contributions to the Fund.

17. Charging interest to employers or other administering authorities on late payments due to the Fund.

18. The determination of intervals for payment to the Fund of rechargeable pensions and pensions increase.

19. The determination of the amount of any benefit that may be payable to a person out the Fund.

20. The determination of the evidence required to determine financial dependence or interdependence of a cohabitee of a scheme member.

21. The determination of various matters in relation to new contributors including what previous service may be taken into account.

22. The approval of medical practitioners to be used by Fund employers in making decisions on entitlement to ill-health retirement.

23. Deciding disagreements raised under Stage 1 of the Internal Dispute Resolution Procedure in respect of administering authority matters, and all Stage 2 disagreements.

24. The transfer, to an employing authority from the Fund, of sums to compensate for loss caused by a former member's misconduct.

25. The payment of transfer values.

26. The acceptance of transfer values.

27. The approval of applications for the reinstatement of spouses' pensions under Regulation F7 of the Local Government Pension Scheme Regulations 1995 (as amended) in the following circumstances:
    (a) if a spouse has remarried and that marriage has ended; or
    (b) if a spouse has been cohabiting outside marriage and that cohabitation has ended.

28. The exercise of discretion on the extension of statutory time limits in respect of various applications made by employees and beneficiaries as provided in the regulations.

29. The waiving on compassionate grounds of overpayments of pension benefits.

30. The making and revision of a Pension Administration Strategy after consulting employers.

31. To make decisions regarding the payment of benefits in respect of members who are incapable of managing their own affairs through mental disorder or otherwise, in accordance with the guidelines approved by the Pension Fund Management Panel.

32. The agreement that an employer can bring forward their staging date and that the Local Government Pension Scheme can be used by the employer to comply with their automatic enrolment duties under the Pensions Act 2008 from that earlier date.

33. The making of small ex gratia compensation payments or gifts.

3. BENEFITS AND CONTRIBUTIONS

3.1 Details of the number of key actions taken during the period 1 April 2014 to 31 March 2015 are shown in the table below.

	Administrative Matter	**No of Cases**
(1)	New admission agreements	34
(15)	Obtaining revisions to a rates and adjustments certificate	2
(12)	Requirement for employing authorities to pay strain costs ‘up front’	117
(5)	Payment of death grants	440
(21)	Determination of matters relating to new contributors	15098
(19)	Determination of amounts of benefits	14755
(22)	Approval of medical practitioners	30
(23)	Decisions under the internal dispute resolution procedure	39
(25)	Payment of transfer values	248
(26)	Acceptance of transfer values	84
(31)	Paying to another person where a member is incapable of managing their own affairs	111
(20)	Determination of evidence needed regarding co-habitee financial dependence or interdependence	20
(9)	Commutation of small pensions	63
(10)	Commutation of pensions in exceptional circumstances of ill health	0
(29)	Waiving of overpaid pensions on compassionate grounds	0
(32)	Agreeing employers can bring forward their staging date	0
(33)	The making of small ex gratia compensation payments or gifts	14

4. NEW ADMITTED BODIES

4.1 Admission agreements completed during the period 1 April 2014 to 31 March 2015. The bodies concerned and their respective guarantors are shown in the table below.

Name of body	Type of admission body	Date of agreement	Guarantor	Actuarial pool
Possabilities C.I.C. (Ex RMBC)	Community	01/04/2014	Rochdale MBC	Rochdale
Dolce Limited (MCC)	Transferee	22/04/2014	Manchester City Council	Manchester City Council
Wales Community Rehabilitation Company Limited	Transferee	01/06/2014	The Secretary of State for Justice	

Cumbria and Lancashire Community Rehabilitation Company Ltd	Transferee	01/06/2014	The Secretary of State for Justice	
Kent, Surrey and Sussex Community Rehabilitation Company Ltd	Transferee	01/06/2014	The Secretary of State for Justice	
London Community Rehabilitation Company Limited	Transferee	01/06/2014	The Secretary of State for Justice	
Essex Community Rehabilitation Company Limited	Transferee	01/06/2014	The Secretary of State for Justice	
Norfolk and Suffolk Community Rehabilitation Company Limited	Transferee	01/06/2014	The Secretary of State for Justice	
Beds, Northants, Cambs and Herts Community Rehab Co Ltd	Transferee	01/06/2014	The Secretary of State for Justice	
Thames Valley Community Rehabilitation Company Limited	Transferee	01/06/2014	The Secretary of State for Justice	
Hampshire and Isle of Wight Community Rehab Company Ltd	Transferee	01/06/2014	The Secretary of State for Justice	
Dorset, Devon and Cornwall Community Rehab Company Limited	Transferee	01/06/2014	The Secretary of State for Justice	
Bristol, Gloucs, Somerset and Wilts Community Rehab Co Ltd	Transferee	01/06/2014	The Secretary of State for Justice	
Warwickshire and West Mercia Community Rehab Company Ltd	Transferee	01/06/2014	The Secretary of State for Justice	
Derbys, Leics, Notts and Rutland Community Rehab Company Ltd	Transferee	01/06/2014	The Secretary of State for Justice	
Staffs and West Mids Community Rehabilitation Company Ltd	Transferee	01/06/2014	The Secretary of State for Justice	
South Yorkshire Community Rehabilitation Company Limited	Transferee	01/06/2014	The Secretary of State for Justice	
Merseyside Community Rehabilitation Company Limited	Transferee	01/06/2014	The Secretary of State for Justice	
Cheshire and Greater Manchester Community Rehab Company Ltd	Transferee	01/06/2014	The Secretary of State for Justice	
West Yorkshire Community Rehabilitation Company Limited	Transferee	01/06/2014	The Secretary of State for Justice	
Humberside, Lincs and N Yorks Community Rehab Company Ltd	Transferee	01/06/2014	The Secretary of State for Justice	

Durham Tees Valley Community Rehabilitation Company Limited	Transferee	01/06/2014	The Secretary of State for Justice	
Northumbria Community Rehabilitation Company Limited	Transferee	01/06/2014	The Secretary of State for Justice	
KGB Cleaning & Support Svs Ltd. (Ex M/C Enterprise Academy)	Transferee	01/06/2014	The Secretary of State for Justice	
Blue Support Services Limited	Transferee	01/07/2014	Oldham MBC	Oldham
Rochdale Boroughwide Housing	Transferee	07/07/2014	Rochdale MBC	Rochdale
CRI - Crime Reduction Initiatives	Transferee	01/09/2014	Wigan MBC	Wigan
Greenwich Leisure Ltd (Ex Manchester CC - Manchester Sports)	Transferee	01/10/2014	Manchester City Council	Manchester City Council
Market Operations Ltd	Transferee	01/10/2014	Trafford MBC	Trafford
Greenwich Leisure Ltd (Ex Manchester CC - Wythenshawe Forum)	Transferee	01/10/2014	Manchester City Council	Manchester City Council
Taylor Shaw - Kingsway High School, Stockport	Transferee	01/12/2014	Stockport MBC	
KGB Cleaning and Support Services Ltd.(Barlow School Ex MCC)	Transferee	15/12/2014	Manchester City Council	Manchester City Council
Catering Academy Ltd - Waterhead Academy	Transferee	01/02/2015	Oldham MBC	Oldham
Salix Homes Ltd	Community	23/03/2015	Salford City Council	Salford

5. RECOMMENDATION

5.1 It is recommended that the Panel note the report.

ITEM NO: 17

FUTURE TRAINING DATES

Free E-Learning for Public Service Schemes Sign up at: https://education.thepensionsregulator.gov.uk/login/signup.php	
330 Consulting Elected member Educational Event New Armouries Banqueting Suite, Tower of London	7 October 2015
NAPF Annual Conference Manchester Central http://www.napf.co.uk/Conferences_and_Seminars/AnnualConference_And_Exhibition.aspx	14 – 16 October 2015
SPS Current Investment Issues for Pension Funds Le Meridien Piccadilly, London	5 November 2015
Capital International Member Training Day Venue: TBA	12 November 2015
Fundamentals Training for New Members Day 1 Day 2 Day 3 Marriott Hotel Leeds	 21 October 2015 17 November 2015 8 December 2015
LAPFF Annual Conference Bournemouth Highcliff Marriott Hotel	2 – 4 December 2015

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DATES OF FUTURE MEETINGS

Management/Advisory Panel	11 December 2015	10.00am
	11 March 2016	9.45am
Local Pensions Board	6 October 2015	2.30pm
Pensions Administration Working Group	16 October 2015	9.00am
	29 January 2016	
	8 April 2016	
Investment Monitoring and ESG Working Group	16 October 2015	10.00am
	29 January 2016	10.30am
	8 April 2016	10.30am
		10.30am
Alternative Investments Working Group	23 October 2015	9.30am
	5 February 2016	
	15 April 2016	
Property Working Group	6 November 2015	9.30am
	19 February 2016	
	1 April 2016	
Policy and Development Working Group	8 October 2015	4.00pm
	4 February 2016	2.30pm
	24 March 2016	2.30pm
Employer Funding Viability Working Group	30 October 2015	9.30am
	12 February 2016	
	22 April 2016	

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