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## GREATER MANCHESTER PENSION FUND - LOCAL PENSIONS BOARD

**Day:** Thursday  
**Date:** 15 November 2018  
**Time:** 3.00 pm  
**Place:** Guardsman Tony Downes House, Manchester Road,  
Droylsden, M43 6SF

Item No.	AGENDA	Page No						
1.	<b>APOLOGIES FOR ABSENCE</b>							
2.	<b>DECLARATIONS OF INTEREST</b>  To receive any declarations of interest from Members of the Board.							
3.	<b>MINUTES</b>  The Minutes of the meeting of the Local Pensions Board held on 9 August 2018 to be approved as a correct record.	1 - 6						
4.	<b>LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) 1985 - EXEMPT ITEMS</b>  The Proper Officer is of the opinion that during the consideration of the items set out below, the meeting is not likely to be open to the press and public and therefore the reports are excluded in accordance with the provisions of the Schedule 12A to the Local Government Act 1972.							
	<table border="1"><thead><tr><th>Item</th><th>Paragraphs</th><th>Justification</th></tr></thead><tbody><tr><td>5,6,7,8,9, 10,11,13</td><td>3&amp;10, 3&amp;10, 3&amp;10, 3&amp;10, 3&amp;10, 3&amp;10, 3&amp;10, 3&amp;10</td><td>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.</td></tr></tbody></table>	Item	Paragraphs	Justification	5,6,7,8,9, 10,11,13	3&10, 3&10, 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.	
Item	Paragraphs	Justification						
5,6,7,8,9, 10,11,13	3&10, 3&10, 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.						
5.	<b>SUMMARY OF GMPF DECISION MAKING</b>  Report of the Assistant Director of Pensions, Funding and Business Development, attached.	7 - 12						
6.	<b>REVIEW OF INVESTMENT MANAGEMENT ARRANGEMENTS</b>  Report of the Assistant Director of Pensions, Investments, attached.	13 - 18						
7.	<b>POOLING UPDATE</b>  Report of the Assistant Director of Pensions, Funding and Business Development, attached.	19 - 80						

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From: Democratic Services Unit – any further information may be obtained from the reporting officer or from Carolyn Eaton, Senior Democratic Services Officer, 0161 342 3050 or carolyn.eaton@tameside.gov.uk, to whom any apologies for absence should be notified.

Item No.	AGENDA	Page No
8.	<b>ADMINISTRATION BUSINESS AND PROJECT PLANS</b> Report of the Pensions Policy Manager, attached.	81 - 86
9.	<b>THE PENSIONS REGULATOR</b> Report of the Assistant Director of Pensions, Funding and Business Development, attached.	87 - 194
10.	<b>LOCAL GOVERNMENT PENSION SCHEME (AMENDMENT) REGULATIONS 2018</b> Report of the Pensions Policy Manager attached.	195 - 202
11.	<b>GMPF/LGPS FACTS AND FIGURES</b> Report of the Assistant Director of Pensions, Funding and Business Development, attached.	203 - 210
12.	<b>HYMANS ROBERTSON'S LGPS CONFIDENCE ASSESSMENT</b> Report of the Assistant Director, Funding and Business Development, attached.	211 - 238
13.	<b>RISK MANAGEMENT AND AUDIT SERVICES 2018/19</b> Report of the Head of Risk Management and Audit Services attached.	239 - 246
14.	<b>URGENT ITEMS</b> To consider any additional items the Chair is of the opinion shall be dealt with as a matter of urgency.	

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From: Democratic Services Unit – any further information may be obtained from the reporting officer or from Carolyn Eaton, Senior Democratic Services Officer, 0161 342 3050 or [carolyn.eaton@tameside.gov.uk](mailto:carolyn.eaton@tameside.gov.uk), to whom any apologies for absence should be notified.

# Agenda Item 3

## GREATER MANCHESTER PENSION FUND

### LOCAL PENSIONS BOARD

9 August 2018

Commenced: 3.00pm

Terminated: 5.10pm

<b>Present:</b>	<b>Councillor Fairfoull (Chair)</b>	<b>Employer Representative</b>
	<b>Councillor Cooper</b>	<b>Employer Representative</b>
	<b>Richard Paver</b>	<b>Employer Representative</b>
	<b>David Schofield</b>	<b>Employee Representative</b>
	<b>Mark Rayner</b>	<b>Employee Representative</b>
	<b>Pat Catterall</b>	<b>Employee Representative</b>

**Apologies for absence:** Chris Goodwin, Catherine Lloyd, Paul Taylor and Jayne Hammond

#### 1. DECLARATIONS OF INTEREST

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

<b>Member</b>	<b>Subject Matter</b>	<b>Type of Interest</b>	<b>Nature of Interest</b>
Mark Rayner	Agenda Item 8	Personal	Spouse of Shadow Secretary of State for Education

#### 2. MINUTES

The Minutes of the meeting of the Local Pensions Board held on 29 March 2018, having been circulated, were signed by the Chair as a correct record, with the inclusion of Jayne Hammond to the list of persons present.

Further to Minute 28, Northern Pool update, the Director of Pensions explained that Counsels' opinion had been sought in respect of the current structure of the Northern Pool. The Director further explained that an update was due to be submitted to the Minister at the beginning of October.

It was agreed that Northern Pool update be a standing agenda item going forward and that the report submitted to the last meeting of the Management Panel be circulated to Board members.

#### 3. LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985 – 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:

<u>Items</u>	<u>Paragraphs</u>	<u>Justification</u>
5,7,11,15	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. SUMMARY OF GMPF DECISION MAKING

The Assistant Director of Pensions, Funding and Business Development, submitted a report summarising the decisions made by the GMPF Working Groups from April to June 2018 and which were submitted for approval at the Management Panel meeting on 20 July 2018.

It was explained that a proposal to review the Fund's Governance arrangements and interim arrangements to reduce the number of working groups were agreed at the Management Panel meeting. The report presented to the Management Panel was appended to the report. It was noted that no changes to the Local Board were proposed in the interim arrangements.

A link to the GMPF Governance Structure, as set out in the Governance Policy Statement, was provided in the report.

The recommendations of each of the working groups from the meetings that had taken place since the last meeting of the Local Board, were set out in the report.

Discussion ensued with regard to the Fund's Governance arrangements and Board members agreed that it may be useful to invite the Chair of the Management Panel to attend a future meeting of the Local Board if possible.

#### **RESOLVED**

- (i) **That the content of the report be noted; and**
- (ii) **That the Chair of the Management Panel, Councillor Warrington, be invited to attend a future meeting of the Local Board.**

#### 5. LOCAL BOARD TERMS OF OFFICE

Consideration was given to a report of the Assistant Director of Pensions, Funding and Business Development, explaining that the Terms of Reference for the Local Board required periodic review by the Administering Authority. One of the areas that the Terms of Reference suggested should be reviewed was the appropriate number of Board members, which should be conducted in liaison with the Board. A copy of the Terms of Reference for the Local Board was appended to the report.

It was proposed that the board remained at 10 members, with the same composition and method of appointment as at present to complete appropriate training, and that individual terms of office are set at 4 years, with Board members serving no more than 2 consecutive terms of office.

Board members would be expected to complete appropriate training such as the Pensions Regulator's Public Service Toolkit and to attend relevant training events.

In order to best maintain the knowledge and experience of the Board it was proposed that the conclusion of the existing terms of office be staggered over a 4 year period, with either 2 or 3 Board members' terms of office concluding each year. A proposed schedule for the expiry of the existing terms of office was set out in the report.

Due to the complexity of running a process to select the Pensioner and Non-Local Authority representatives it was proposed that the current appointments automatically renew in 2019. The representative of GM Treasurers has also volunteered for his term of office to expire in 2019.

It was further proposed that Tameside MBC would write to North West TUC to ask it to determine the expiry of the term of office for each of the employee representatives (other than non-Local Authority reps) in accordance with the proposed timetable set out in the report. Tameside MBC as Administering Authority would decide which of its representatives' term of office concluded in 2020 and which concluded in 2022.

Detailed discussion ensued with regard to the proposals and employee representatives agreed to await the response of their respective Unions with regard to this issue.

#### **RESOLVED**

- (i) That the content of the report be noted and the proposals, as detailed in the report be agreed in respect of Administering Authority, Pensioner and Non-Local Authority employer representatives; and**
- (ii) That Tameside MBC write to North West TUC with details of the proposals and seek determination of the expiry of the term of office for each of the employee representatives.**

### **6. THE PENSIONS REGULATOR**

A report of the Assistant Director, Funding and Business Development was submitted providing the Local Board with an update on work relating to the Pensions Regulator's Code of Practice number 14 that was currently being carried out. The report further summarised correspondence with TPR regarding on one of GMPF's major employers.

The report also gave details of:

- Breaches of the law logged so far in 2018/19;
- Issues and Escalation Procedures relating to Late Payment of Contributions;
- Update on Breaches Relating to a specific GMPF employer;
- Compliance Template and Peer Review Programme; and
- Development work on a GMPF 'Trustee' Website.

#### **RESOLVED**

- (i) That the work being undertaken or planned to ensure GMPF complies with TRR's Code of Practice number 14 be noted;**
- (ii) That the current breaches log be reviewed and the decisions made by the Scheme Manager regarding reporting those breaches, be noted.**
- (iii) That the progress on the case relating to breaches by a specific GMPF employer, be noted.**

### **7. ACADEMY FUNDING ARRANGEMENTS UPDATE**

The Assistant Director, Funding and Business Development submitted a report providing Board members with an update on national developments designed to improve how academy schools and their contractors interacted with LGPS Administering Authorities. Also provided was an overview of Greater Manchester Pension Fund's (GMPF) current administration and funding arrangements in relation to academy schools.

#### **RESOLVED**

**That the content of the report and the potential impact on other ongoing projects, in particular the proposed work on bespoke investment strategies for employers, be noted.**

## **8. SECTION 13 VALUATION**

Consideration was given to a report of the Assistant Director, Funding and Business Development, which explained that the 2016 LGPS valuations in England and Wales would be the first to be reviewed under the framework set out in Section 13 of the Public Service Pensions Act ('S13'). It was explained that this piece of primary legislation required that an appointed person, in this case, the Government Actuary's Department ('GAD') reported on whether each LGPS fund's formal funding valuation adhered to the following criteria:

- Compliance – to confirm the valuation had been carried out in accordance with the LGPS Regulations;
- Consistency – to confirm the valuation was not inconsistent with other LGPS funds' valuations and the differences in assumption and methodology could be justified and evidenced;
- Solvency – to confirm contributions were sufficient to ensure solvency; and
- Long term cost efficiency – to confirm contributions were sufficient to meet benefit accrual and repay any existing deficit.

If the Government Actuary's Department had concerns about LGPS funds under any of these measures, then they could recommend remedial actions (such as imposing a given level of contributions on employers in the fund) which may ultimately be enforced by MHCLG using powers granted under the legislation.

The Government Actuary's Department was due to release its Section 13 report over the next few weeks.

### **RESOLVED**

- (i) That the content of the report be noted; and**
- (ii) That a copy of the report be circulated to Local Board members when it was received.**

## **9. ADMINISTRATION BUSINESS AND PROJECT PLANS**

A report of the Pensions Policy Manager was submitted providing Local Board members with a summary of:

- An update on the 2018/19 business planning objectives set by the Administration section;
- A summary of the other strategic or service improvement administration projects being worked on currently; and
- Regular and other items of work currently being undertaken by the section.

### **RESOLVED**

**That the content of the report be noted.**

## **10. LOCAL GOVERNMENT PENSION SCHEME (AMENDMENT) REGULATIONS 2018**

A report of the Pensions Policy Manager was submitted providing information about the Local Government Pension Scheme (Amendment) Regulations 2018. These regulations were laid before Parliament on 19 April 2018. They came into force on 14 May 2018.

It was explained that the regulation changes impacting Scheme members were discussed at the recent meeting of the Pensions Administration Working Group with the changes introducing exit credits for employers ceasing participation discussed at the Employer Funding and Viability Working Group.

### **RESOLVED**

**That the content of the report be noted.**

## **11. GMPF STATEMENT OF ACCOUNTS AND ANNUAL REPORT**

A report of the Assistant Director of Pensions, Local Investments and Property, was submitted explaining that the GMPF Statement of Accounts and Annual Report had been submitted to the GMPF Management Panel on 20 July 2018.

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

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

### **RESOLVED**

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

## **12. RISK MANAGEMENT AND AUDIT SERVICES – ANNUAL REPORT 2017/18**

The Head of Risk Management and Audit Services submitted a report summarising the work performed by the Service Unit and provided assurances as to the adequacy of the Pension Fund's systems of internal control. Key achievements of the service provided to the Pension Fund for 2017/18 were detailed. The full year position of the audit plan was appended to the report. Actual days spent as at 31 March 2018 were 318 which equated to 106% and 92% of planned audits were completed in those days.

With regard to anti-fraud work and irregularity investigations, it was reported that investigations had now been finalised in relation to the NFI 2016 Data Matching Exercise and the results were detailed in the report.

In respect of Risk Management and Insurance, approved priorities for 2017/18 were detailed. Key Performance Indicators for 2017/18 applicable to the Pension Fund were detailed in the report and it was reported that performance indicators had been achieved.

The Annual Governance Statement for 2017/18 had been presented to the Council's Audit Panel on 30 July 2018 for approval and thereafter signed by the Executive Leader and Chief Executive and presented to the External Auditors (Grant Thornton). The Annual Governance Statement covered the Greater Manchester Pension Fund and was appended to the report.

In their Audit Findings Report dated 30 July 2018, Grant Thornton confirmed that the Annual Governance Statement complied with the 'Delivering Good Governance in Local Government Framework (2016)' published by CIPFA and SOLACE and that it was consistent with the information they were aware of from their audit.

### **RESOLVED**

**That the content of the report and the performance of the Service Unit during 2017/18 be noted.**

## **13. RISK MANAGEMENT AND AUDIT SERVICES PLANNED WORK 2018/19**

A report was submitted by the Head of Risk Management and Audit Services presenting the planned work for the Risk Management and Audit Service for 2018/19.

## **RESOLVED**

- (i) That the Internal Audit Plan for 2018/19, as appended to the report, and the planned work for the Risk Management and Insurance Team, be noted; and
- (ii) That the Quality Assurance and Improvement Programme for 2018/19, as appended to the report, be noted.

## **14. RISK MANAGEMENT AND AUDIT SERVICES 2018/19**

Consideration was given to a report of the Head of Risk Management and Audit Services summarising the work of the Risk Management and Audit Service for Quarter 1 up to 20 July 2018.

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

- VAT;
- Treasury Management;
- Calculation and Payment of Benefits;
- Visit to Contributing Body – Manchester City Council;
- Visit to Contributing Body – Trafford Housing Trust

Draft reports were also issued as follows:

- Visit to Contributing Body – Trafford Council;
- Local Investments Impact Portfolio; and
- NPS Review of 2017/18 Year End Return

Details were also given of audits in progress as follows:

- ICT Device Management;
- Contribution Income – Including a review of the Year End Returns;
- Post Audit Review – Debtors;
- Post Audit Review – Altair;
- Agresso Upgrade;
- iConnect – an approved method of employers to submit contribution data;
- Visit to Contributing Body – Soutway Housing Trust; and
- Visit to Contributing Body – Bury Council.

## **RESOLVED**

**That the content of the report be noted.**

## **15. CIPFA GUIDANCE FOR LOCAL PENSION BOARDS**

Consideration was given to a report of the Assistant Director, Funding and Business Development informing Local Board members that the Chartered Institute of Public Finance and Accountancy (CIPFA) had recently published a guide for local pension boards. A copy of which was appended to the report.

## **RESOLVED**

**That the CIPFA guide be noted and any comments/areas for future focus be brought to the next meeting of the Board.**

## **16. URGENT ITEMS**

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



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# Agenda Item 12

<b>Report To:</b>	<b>LOCAL PENSION BOARD</b>
<b>Date:</b>	15 November 2018
<b>Reporting Officer:</b>	Sandra Stewart - Director of Pensions Euan Miller – Assistant Director of Pensions (Funding and Business Development)
<b>Subject :</b>	<b>HYMANS ROBERTSON'S LGPS CONFIDENCE ASSESSMENT</b>
<b>Report Summary:</b>	<p>Hymans Robertson, who are actuary to GMPF and many other LGPS funds have approached members of LGPS Pension Committees and Local Pension Boards around the country to gauge the confidence levels they have in their own knowledge and understanding of the LGPS.</p> <p>The purpose of this report is to provide the GMPF Local Board with an update on the results of Hymans Robertson's LGPS confidence assessment.</p>
<b>Recommendation(s):</b>	That the Board note the information provided in the report and consider areas where further training may be beneficial.
<b>Financial Implications: (Authorised by the Section 151 Officer)</b>	There are no financial implications to consider.
<b>Legal Implications: (Authorised by the Solicitor to the Fund)</b>	<p>The responsibilities of local boards in the LGPS are set out in the Local Government Pension Scheme (Amendment) (Governance) Regulations 2015.</p> <p>The 2015 Governance Regulations require employer and member representatives to have the "capacity" to represent employers and members respectively. Board members are also required to acquire appropriate "knowledge and understanding" of pension matters, under the Pensions Act 2004.</p>
<b>Risk Management:</b>	The purpose of the Local Board is to oversee compliance type activities and to support effective and efficient governance of the Fund. Thus its role is likely to focus on mitigating risks.
<b>ACCESS TO INFORMATION:</b>	<b>NON-CONFIDENTIAL</b> <b>This report does not contain information that warrants its consideration in the absence of the Press or members of the public.</b>

**Background Papers:**

For further information please contact:

Euan Miller, Assistant Director of Pensions (Funding and Business Development), Greater Manchester Pension Fund, Guardsman Tony Downes House, 5 Manchester Road, Droylsden



Telephone: 0161 301 7141



e-mail: [ewan.miller@gmpf.org.uk](mailto:ewan.miller@gmpf.org.uk)

## 1. INTRODUCTION

- 1.1 The purpose of this report is to provide the Local Pension Board with an update on the outcome of Hymans Robertson's LGPS confidence assessment report which has recently been published.
- 1.2 Hymans approached members of LGPS Pension Committees (such as GMPF's Management Panel) and Local Pension Boards around the country to gauge the confidence levels they have in their own knowledge and understanding of the LGPS.
- 1.3 Whilst response levels were not high, for those that responded to the survey, the figures show that confidence levels are relatively high in both Committees and Local Pension Boards with the weakest area of knowledge, pensions accounting and audit standards, still achieving a 71% confidence rating from respondents. The weakest area in GMPF was procurement and relationship management which scored 57%.
- 1.4 Attached as **Appendix 1** is Hymans' summary of the national results of the survey. Attached as **Appendix 2** is a summary of the GMPF Results.

## 2. METHOD

- 2.1 Hymans based their assessment and questions on the 8 headline requirements of CIPFA's Knowledge and Skills framework, supplemented by the Pensions Regulator's ('TPR') Code of Practice 14 and recent issues (e.g. investment pooling). Respondents were asked to assess their confidence on each of the 29 questions set out in the survey ranging from not confident through to completely confident.
- 2.2 Technical and specific questions were presented to respondents on each of the topics being assessed. Respondents then considered how confident they felt on each area.
- 2.3 Measuring confidence has its drawbacks, primarily that people can overestimate their knowledge and confidence in a particular area. It should be noted that actual knowledge and abilities might vary considerably from the strong confidence shown by a majority of Hymans' respondents.

## 3. FINDINGS - LGPS

- 3.1 The results show that across the LGPS as a whole Committee and Board members feel confident in their knowledge and understanding with 83% of all the responses being either 'mostly' or 'completely' confident in aggregate.
- 3.2 Hymans highlight that in the survey, respondents were noticeably more confident on topics that have traditionally been given more time on Committee agendas than other topics to which Committees may not have had the same level of exposure in the past.
- 3.3 The two greatest areas of weakness amongst Local Pension Board members, according to the report, are pensions accounting and audit standards with a confidence score of 75%, followed by procurement and relationship management with a confidence score of 76%.
- 3.4 Local Pension Boards had higher confidence ratings than Committees in most areas; with the exception of investment performance and risk management, and financial markets and product knowledge.
- 3.5 Hymans recognises that due to the statutory knowledge requirements placed on Board members, they have more pressure to understand all areas of the LGPS leading to better

understanding and more confidence. Likewise, Board members are being set up with a wider agenda than Committees to ensure they have the requisite knowledge to fulfil their function.

#### **4. FINDINGS – GMPF**

- 4.1 Members of GMPF's Management Panel and Local Board were invited to complete an online survey. In total there were 8 respondents from the Management Panel and there were 7 respondents from the Board.
- 4.2 GMPF's scores show that the Management Panel is more confident overall than the Local Board which conflicts with the national findings. Although this is based on a relatively small sample size for the Management Panel.
- 4.3 Both the Board and Management Panel were above the national average in their confidence of pensions administration and financial markets. The Board were least confident in procurement and relationship management, and pensions accountancy and audit standards.

#### **5. NEXT STEPS**

- 5.1 The survey results can be used as a reference for training requirements with procurement and relationship management and pensions accountancy and audit standards appearing to be appropriate areas for further training for GMPF Board members.

#### **6. RECOMMENDATIONS**

- 6.1 As set out at the front of the report.

# LGPS National Confidence Assessment

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# Assessing confidence - the cornerstone of strong leadership

In this paper we launch the results from the first ever national assessment of confidence across the Local Government Pension Scheme (LGPS).

With confidence being a fundamental basis from which leadership grows, assessing committee and pension board members' confidence has given us a unique insight into the strength of leadership across the LGPS on a national scale.

## There are 5 key drivers for carrying out this assessment:

- 1 Continuing regulatory pressure on LGPS funds.** Governing bodies such as MHCLG<sup>1</sup>, Scottish Ministers, the Northern Ireland Assembly and the Pensions Regulator (TPR), continue to put pressure on funds to ensure that those tasked with managing the LGPS understand the issues and topics under their responsibility.
- 2 Introduction of MiFID II.** This was an important reminder to funds that their pension committees have to evidence their knowledge and understanding in order to be treated as professional investors.
- 3 TPR's 21st Century Trusteeship campaign.** TPR have ramped up the expectation of Trustee knowledge within the private pension world, and the same standards are expected in the public sector too.
- 4 Adopting good governance practice.** It's important to continually take a "temperature" check on committee and pension board members' knowledge and understanding to gain an indication on how comfortable they feel on a range of topics.
- 5 Identifying training and development needs.** We believe this is an important assessment for the LGPS as a whole, helping both individual funds and the national LGPS groups with future training plans for committees and pension boards.

<sup>1</sup>Ministry of Housing Communities and Local Government



Representing the views of over 250 committee and pension board members across 50 participating funds, our assessment gives a clear sense of the level of confidence across the 8 headline requirements of CIPFA's Knowledge and Skills framework. Two findings from the process are clear:

- 1** fund officers are prioritising the knowledge and understanding of their committee and pension board members; and
- 2** there is good engagement from the committee and pension board members, suggesting they are very aware of the importance of their personal knowledge and understanding requirements.

We hope you find this report useful, if you would like to discuss anything in more detail, or find out the results from your own specific fund please don't hesitate to get in touch.

### Ian Colvin

Head of LGPS Benefits  
Consultancy & Governance  
0141 566 7923



# Introduction

## Why look at confidence in relation to leadership and decision making?

The landscape of public sector pension scheme governance, including the LGPS, has changed significantly in recent years. The spotlight is increasingly focused on the governance of these schemes. As a result, there is a far greater need to demonstrate that those responsible for the management and administration of the LGPS are suitably equipped to perform their duties and provide the decision making the scheme members and employers require.

In order to gain an insight and indication of committee and pension board member knowledge and understanding, we chose to look at the confidence of these groups.

## What did we do and what process did we follow?

We based the assessment and questions on the 8 headline requirements of CIPFA's Knowledge and Skills framework, supplemented by TPR code of practice 14 and recent hot topic issues (e.g. investment pooling). Respondents were asked to assess their confidence on each of the 29 questions set out in the survey – going from not confident through to completely confident.

Technical and specific questions were presented to respondents on each of the topics being assessed. Respondents then considered how confident they felt on each area. Those who answered with a high degree of confidence believed they understood the details needed to answer questions on each topic.





# The results

## Below we have set out the results from this first national assessment.

Firstly, we look at the overall picture of the results and then we have analysis of various interesting sub-sets from the assessment. These include:

- Traditional strong focus vs lower focus
- Committee members vs pension board members
- 'Completely confident' or 'mostly confident' responses
- Confidence of Chairs
- Confidence across investment pools and Scotland
- Areas of most confidence vs least confidence
- Areas of least confidence across investment pools and Scotland

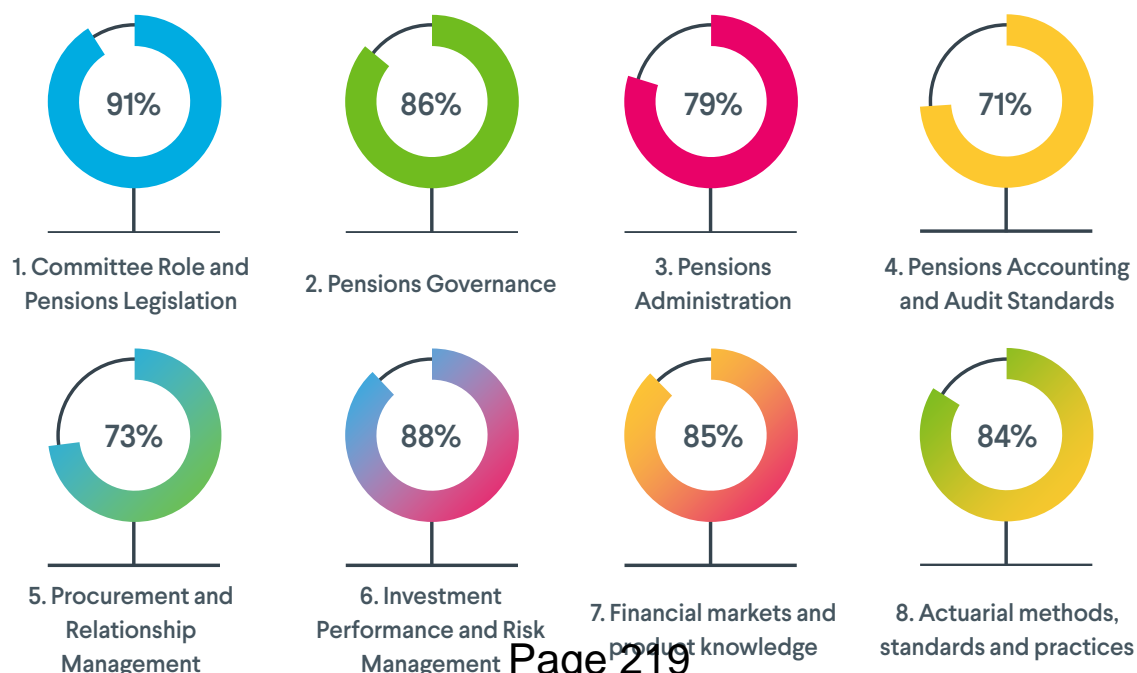
### An overview

The results affirm that overall committee and pension board members do feel confident in their knowledge and understanding on all topics assessed - 83% of all the responses being either 'mostly' or 'completely' confident.

The order from the highest confident topic – **Committee Role and Pension Legislation** – to the least confident topic – **Pensions Accounting and Audit Standards** – is perhaps unsurprising. We would expect members to be confident in the role they are fulfilling and have a good grasp of the pertinent pension legislation. Whereas, a lack of knowledge (or confidence) of Pensions Accounting and Audit standards could be attributable to the fact that little time is generally given to these topics within committee and pension board meetings.

Whilst there is a 20 percentage point difference between the highest and lowest scoring topics, the lowest percentage is still a strong 71%. Consequently, our findings from the results highlight that none of the areas assessed are significantly trailing behind. This is a strong result and a good place from which to move forward.

### "Mostly" or "Completely" confident responses

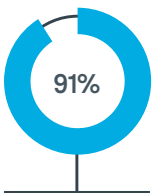


### Traditional strong focus vs lower focus topics

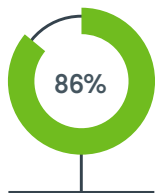
One key trend in the survey results is that respondents are noticeably higher in confidence on topics that have traditionally been given more time on committee agendas than other topics, such as, pension administration, to which committees may not have had the same level of exposure in the past. With the continually increasing pressure from TPR for overall excellence in all knowledge areas, funds need to recognise that both their committee and pension board should be well versed in all aspects of running an LGPS fund.

#### TRADITIONAL

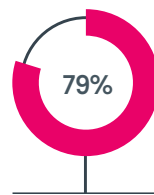
#### LOWER FOCUS



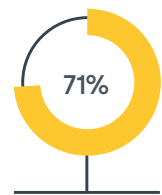
1. Committee Role and Pensions Legislation



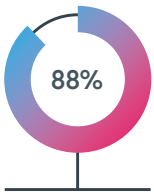
2. Pensions Governance



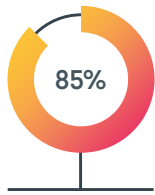
3. Pensions Administration



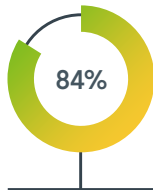
4. Pensions Accounting and Audit Standards



6. Investment Performance and Risk Management



7. Financial markets and product knowledge



8. Actuarial methods, standards and practices



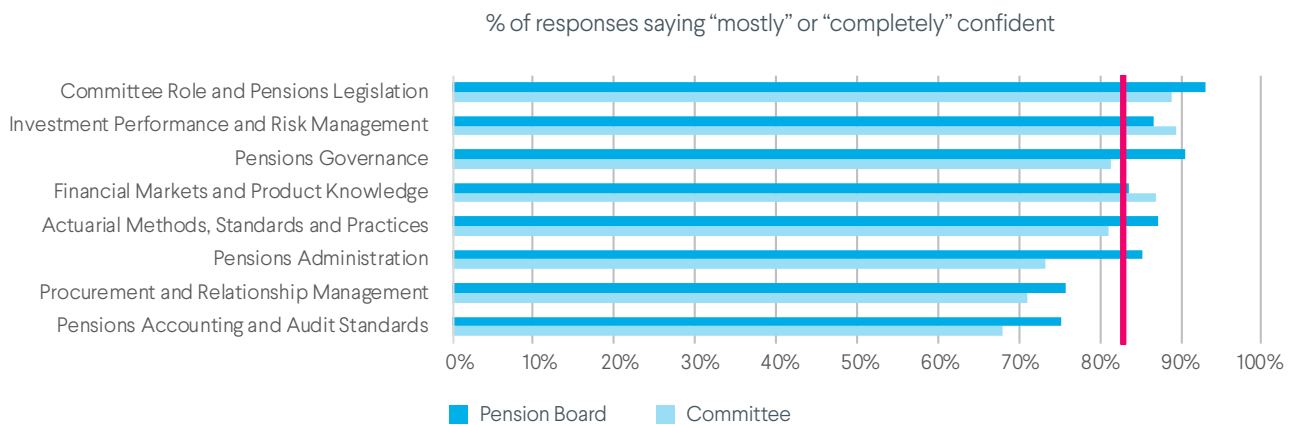
5. Procurement and Relationship Management

### Committee members vs pension board members

In almost all areas assessed – except Investment Performance and Risk Management and Financial Markets and Product Knowledge – the pension board respondents are more confident than the committee respondents.

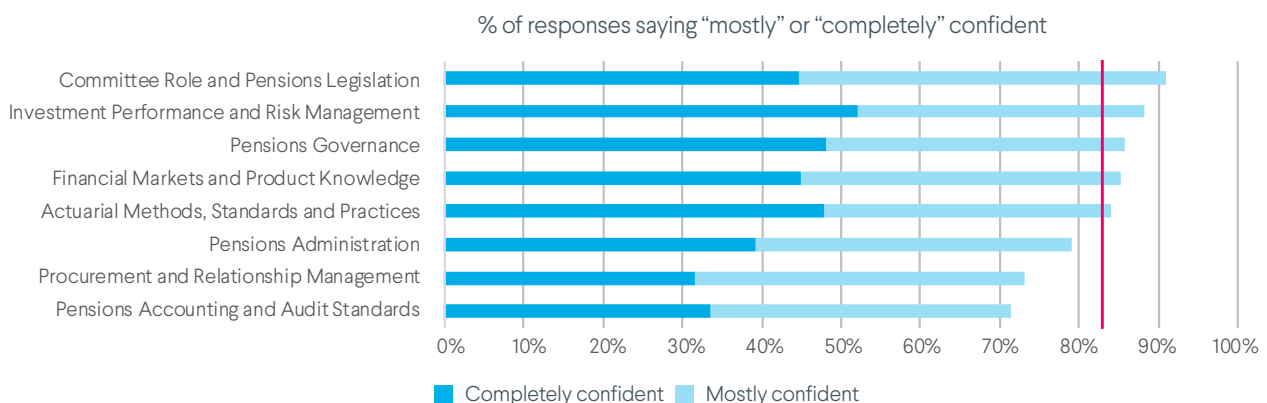
Given that there is nearly a 50/50 split in the respondent numbers from both of these groups, this area of analysis suggests that:

- due to the statutory knowledge requirements for pension board members, they have more pressure to understand all areas of the LGPS;
- pension board members are being set up with a wider agenda; and
- committees still favour the traditional areas such as investments.



### ‘Completely confident’ or ‘mostly confident’

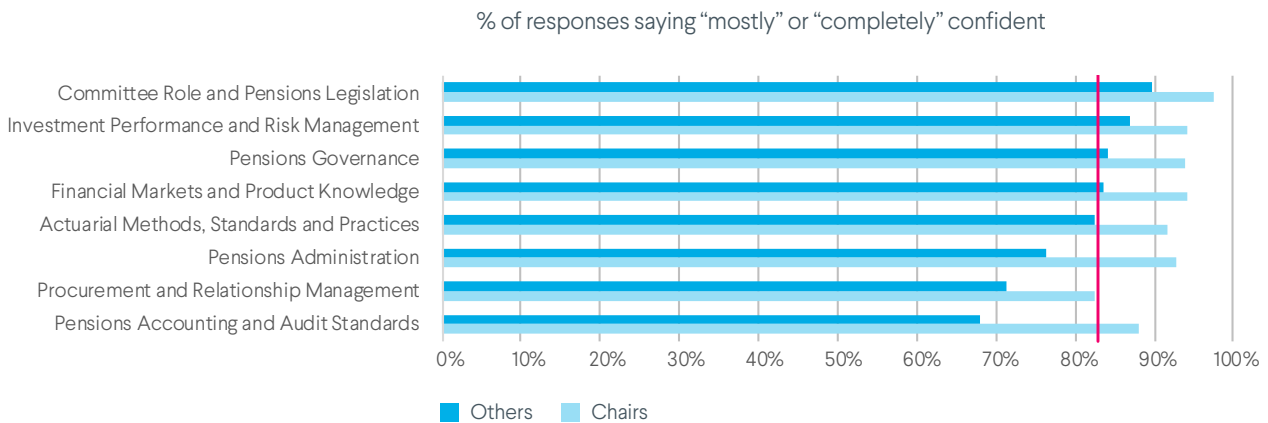
The results of the assessment are strong with 83% of responses to the questions being ‘mostly’ or ‘completely’ confident. However, if we raise the bar and only concentrate on ‘completely’ confident responses then there is a slight difference in the order of topics as can be seen in the darker blue lines below. Investment Performance and Risk Management is the topic where most respondents answered ‘completely’ confident with Committee Role and Pensions Legislation falling back in the order. These results indicate that though a sizeable proportion of responses are either ‘mostly’ or ‘completely’ confident, there are still gaps in committee and pension board knowledge and understanding.



### Confidence of chairs

Chairs of both committees and pension boards, 41 of them, express greater confidence in all topic areas than the rest of the survey respondents. However, the gap between chairs and the remaining members is not significant. This points to an appropriate level of challenge existing across committees and pension boards.

Chapter 9 of TPR’s 21st Century Trusteeship campaign focuses on the important role the chair plays in the governance and leadership of a pension scheme. Our results indicate that for the most part, chairs in the LGPS are confident in the areas that sit under their responsibility.



### Confidence across investment pools and Scotland

We also analysed the results based on the 8 Investment pools of England and Wales, and the Scottish funds’ respondents. Although the trends for each group are very similar, by breaking the results down into smaller groups, it allows for possible variances at individual fund level.

By doing so, the results reveal that the Welsh committee and pension board members come out as the most confident combined group, with very strong levels of confidence in their knowledge and understanding across the topics.

**Confidence across Investment pools and Scotland - “mostly” and “completely” confident responses**

Pool Respondees	ACCESS 47	B2C 36	Brunel 41	Central 19	London 36	LPP 7	Northern 15	Wales 25	Scotland 27	Overall 253
Committee Role and Pensions Legislation	95%	94%	92%	91%	86%	76%	91%	95%	88%	91%
Pensions Governance	89%	90%	84%	85%	85%	69%	88%	91%	81%	86%
Pensions Administration	80%	84%	72%	79%	76%	67%	89%	89%	75%	79%
Pensions Accounting and Audit Standards	77%	68%	69%	77%	73%	62%	73%	73%	65%	72%
Procurement and Relationship Management	79%	65%	80%	77%	74%	52%	56%	83%	69%	74%
Investment Performance and Risk Management	89%	88%	89%	83%	86%	71%	88%	96%	91%	88%
Financial Markets and Product Knowledge	85%	88%	89%	84%	82%	50%	90%	90%	88%	86%
Actuarial Methods, Standards and Practices	86%	88%	85%	78%	79%	68%	87%	93%	83%	84%
<b>Overall</b>	<b>86%</b>	<b>84%</b>	<b>83%</b>	<b>82%</b>	<b>81%</b>	<b>65%</b>	<b>84%</b>	<b>89%</b>	<b>81%</b>	<b>83%</b>

## Top 3 questions of most and least confidence - overall

### Most confident questions

96%

I am clear what the objectives are for the Fund

94%

I understand my role and obligations under the LGPS Regulations and committee's/pension board's own terms of reference

94%

I understand the Fund's investment objectives

It is encouraging that over **90%** of responses are highly confident on their fund's objectives and the role that they are fulfilling. This suggests that the main cornerstone areas of fund management (objectives and role obligations) are on solid foundations.

### Least confident questions

60%

I understand the difference between the different types of valuations that are carried out e.g. the triennial funding valuation, IAS19/ FRS102 accounting valuations and the Government Actuary's valuation (Section 13)

69%

I have a clear sense of how I will assess the Fund's providers (managers, Pool, advisors etc).

69%

I understand the Pensions Regulator's measures of good administration practice set out in its code of practice 14

The area of pension administration, and in particular, 'good administration practice', is one which respondents felt less certain about in comparison to other topics. Due to the pressures being placed on all LGPS fund administration teams, having committees and pension boards understanding what 'good administration practice' looks like, would be a welcome support to fund officers and any requests for further resources.

Assessing fund providers, which references investment pooling, is the joint second least confidently answered area. The recent introduction of investment pooling, for English and Welsh funds, has possibly contributed to making this area less clear to committees and pension boards.

Respondents had least confidence on actuarial valuations. With the England and Wales 2019 Valuation process soon to begin and the recent release of Government Actuary's Department's Section 13 recommendations, valuations are a hot topic which committee and pension board members need to feel comfortable with.

## Regional focus

Below we have detailed the lowest confidently answered question for each of the 8 investment pools in England and Wales and the Scottish funds.

### Border to Coast Pension Partnership

I understand the role of procurement frameworks in procuring services

### Local Pension Partnership

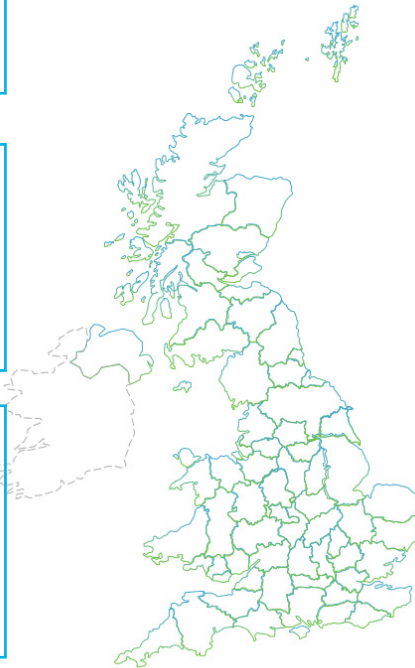
I have a general understanding of the Accounts and Audit Regulations and the regulatory requirements for sound internal controls and proper accounting practice

### Wales Pension Partnership

I understand the difference between the different types of valuations that are carried out e.g. the triennial funding valuation, IAS19/ FRS102 accounting valuations and the Government Actuary's valuation (Section 13)

### Brunel Pension Partnership

I understand the difference between the different types of valuations that are carried out e.g. the triennial funding valuation, IAS19/ FRS102 accounting valuations and the Government Actuary's valuation (Section 13)



### Scotland

I understand the difference between the different types of valuations that are carried out e.g. the triennial funding valuation, IAS19/ FRS102 accounting valuations and the Government Actuary's valuation (Section 13)

### Northern Pool

I have a clear sense of how I will assess the Fund's providers (managers, Pool, advisors etc).

### ACCESS

I understand the Pensions Regulator's measures of good administration practice set out in its Code of Practice 14

### London CIV

I understand the difference between the different types of valuations that are carried out e.g. the triennial funding valuation, IAS19/ FRS102 accounting valuations and the Government Actuary's valuation (Section 13)

### LGPS Central

I understand the roles and powers of MHCLG, the Pensions Regulator and the Pensions Ombudsman as they relate to the working of the scheme

### Comments received from respondents

“ Quite confident on aspects....but sheer level of detail and complexity of LGPS resulted in my scores ”

“ Training, high quality Board papers, Officers and Actuaries have all helped us ”

“ I'd like to see a clearer disclosure of the ESG approach used ”

We gave respondents the opportunity to provide comments in each of the sections and were really encouraged with the high number of comments received. There were some very useful insights given from the respondents comments. Some of the key themes highlighted were:

- 1 ESG debates taking place within committee and pension board meetings
- 2 The complexity of the LGPS
- 3 The importance of training

The comments centred more on investment issues than the other topics assessed. As stated earlier, this is probably due to the traditional focus given to issues such as investments over other topic areas. Perhaps this focus will shift as committees adjust their roles due to investment pooling (for England and Wales) and the continuing pressure from governing bodies for committees and pension boards to focus on the complete range of topics under their responsibility – not just a chosen few.

### National picture

We are delighted to share this LGPS good news story in the shape of our National Confidence Assessment results. Those with an interest in how the LGPS is run will welcome the fact that this first ever national confidence survey, shows an LGPS that is gearing up for the challenges ahead.

TPR has chosen to take a deep dive into the workings of a selected group of LGPS funds and has declared that they'll be “clearer, quicker and tougher” on those they feel are not making the grade. This means funds need to be confident in demonstrating that they understand and are complying with the standards expected of a 21st Century Trustee.

As English and Welsh funds transfer assets to investment pools, they are becoming familiar with entirely new relationships and challenges as the interaction between the pool and existing governance arrangements of the fund plays out.

Meanwhile, the Scheme Advisory Board (SAB) work stream on separation of funds from their host authority asks some fundamental questions about what is the best way to run the LGPS.

With so much scrutiny and change to come, it is encouraging to see that the high percentage of individuals who sit on pension committees and boards feel confident that they are well placed to discharge their complex roles effectively. We would urge funds to build on the results of this survey and place quality training at the heart of what they do.

# Next steps

It is important to note that our assessment is an indication of participants' own perceptions, rather than their actual knowledge and understanding.

## Assessing perceptions vs reality

The most logical next step would be to assess committee and pension board members' actual knowledge and understanding of the 8 topics in order to get a true sense of perception versus reality.

This evidence can also be used if a fund is challenged from TPR on their awareness of their committee and pension board knowledge and understanding and, importantly, how they are tracking progress.



## National next steps

The National Confidence Assessment provides us with the first ever snapshot of confidence across the LGPS, and while the results are positive, it is important not to be complacent. We would recommend that funds use their individual National Confidence Assessment results to inform their own training strategies.

When developing a training strategy it is important to think about how you will use training to deliver your fund's objectives. You should also think about how you will make training effective in terms of identifying skills gaps, prioritising, delivering and assessing the effectiveness of your training.

A training strategy that supports regular assessment of what committee and board members actually know, distinct from what they say they know, is the only guaranteed way to know that training has been effective. When developing a training strategy you should also consider what elements will form the core of the training you deliver, whilst recognising the need for ad hoc or additional training. Your strategy should be flexible enough to adapt and respond to the changes that are inevitable in the LGPS.

The National Confidence Assessment demonstrates that there are many engaged and dedicated members of committees and pension boards in the LGPS. These individuals lead the way and we hope that the survey results can be used to raise the overall level of knowledge and understanding across the LGPS.



# Closing remarks

## So what are our key findings from the first ever LGPS National Confidence Assessment?

### 1. Confidence is high, but there's still work to be done

The overall picture is one of high confidence. Members assessed themselves with strong knowledge and understanding even in the most technical and specific areas. However, the purpose of the assessment was to get an indication of knowledge and understanding, not a verification. So while we are pleased that confidence is high on a self-assessment basis, we recognise that this doesn't necessarily translate into confirmation of knowledge.

We also recognise that any score below 100% means there are still some members who aren't fully confident. The overall average confidence level of 83% (responses being mostly or completely confident) indicates that around 1 in 5 members are somewhat lacking in confidence on some of the topics under their responsibilities. As a rough approximation, that means around 2 or 3 members of your committee and 2 or 3 members of your pension board require some training to improve their level of knowledge and understanding.

### 2. Funds recognise the importance of knowledge and understanding

We're delighted with the number of funds who participated in this first national assessment of confidence, and the level of enthusiasm we were met with. This resulted in over 250 respondents taking part in the assessment. This strength of engagement is an indication of the importance funds place on ensuring committees and pension boards understand their responsibilities, and have the knowledge to enable them to perform their roles effectively. This engagement and enthusiasm was just as important an outcome as the number of member completions.

### 3. Focus needs to evolve beyond traditional issues

It is clear from the results and from the comments received that committees remain comfortable in those areas they have traditionally focused. However, the governance landscape of the LGPS is unrecognisable from 10 years ago with the introduction of the Scheme Advisory Board and a role for TPR. We would expect that in years to come, the focus for committees (in particular) and pension boards will need to be far broader than it has been previously.

It was notable from the comments that members truly value the training they've received from their funds. This may point to the concerted effort fund officers have placed on committee and pension board training in the more recent years, we would like to see this momentum continue, as the governance landscape of the LGPS evolves.

We recommend that funds' next steps are to measure their committee's and pension board's actual knowledge to get a true sense of perception vs reality. Being able to evidence both the level of confidence and actual knowledge of members will help strengthen funds' defence against those that challenge the quality of governance in the LGPS.

# Our experts

If you would like to discuss our assessment in more detail, or find out the results for your specific fund, please don't hesitate to get in touch.



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# First ever National Confidence Assessment for every LGPS committee and pension board member

**54**  
LGPS funds participated



**250+** surveys completed

**51%** Committee  
**49%** Pension board

**15** Committee Chairs  
**26** Pension board Chairs

**8** Topics



Committee Role and Pensions Legislation

Pensions Governance

Pensions Administration

Pensions Accounting and Audit Standards

Procurement and Relationship Management

Investment Performance and Risk Management

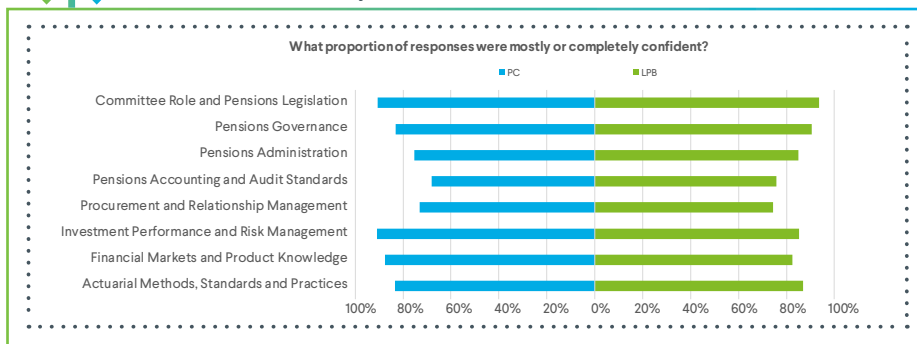
Financial markets and product knowledge

Actuarial methods, standards and practices



**29** Questions

RESULTS TABLE



## MOST CONFIDENT TOPICS

Committee



Investment Performance and Risk Management

Pension board



Committee Role and Pensions Legislation



Committee Role and Pensions Legislation



Pensions Governance

## LEAST CONFIDENT TOPICS

Committee



Pensions Accounting and Audit Standards

Pension board



Procurement and Relationship Management



Procurement and Relationship Management



Pensions Accounting and Audit Standards



# LGPS

## National Confidence Assessment

HYMANS  ROBERTSON

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# Greater Manchester Pension Fund

# National Confidence Assessment

## Overview

Hymans Robertson has undertaken an extensive exercise, assessing the confidence levels of those tasked with managing and assisting the 100 Local Government pension funds across the UK.

Over 50 LGPS funds participated in this first ever national assessment of Pension Committee ('Committee') and Local Pension Board ('LPB') members. Using the findings from this assessment LGPS funds will gain a strong insight into the current confidence levels of the individuals responsible for running their fund, which can help in developing more targeted and appropriate training plans for the future.

## Background

The Greater Manchester Pension Fund agreed to participate in the National Confidence assessment using our online questionnaire. Based on the responses from this assessment and using this results report, a formal member training plan can be either implemented or supplemented by these findings. The questionnaire is an initial assessment of Committee and LPB members' confidence within 8 key areas such as Governance, Investment Performance and Actuarial Methods.

## Why does this matter?

In recent years we have seen a marked increase in the scrutiny being shown to public service pension schemes, including the 100 funds that make up the LGPS across the UK. The Public Service Pensions Act 2013 introduced new governance legislation, not least the requirement for local pension boards to be set up, and extended the remit of the Pensions Regulator to public service schemes as set out in its Code of Practice 14<sup>1</sup>. These new requirements have seen governance gain greater prominence in regular Committee business.

All this is on top of the general oversight of the scheme, by the Ministry of Housing, Communities and Local Government ('MHCLG') in England & Wales and Scottish Ministers in Scotland, and their respective scheme advisory boards.

While fund officers may deal with the day-to-day running of the funds, it is vital that members of the Committee understand that they have ultimate responsibility for making and/or ratifying the most important decisions including investment matters and issues concerning pension administration.

The introduction of MIFID II in January 2018 placed a far greater emphasis on the attained pension knowledge levels required by Committee members when undertaking their statutory role. Consequently, the results of this assessment will indicate how participants gauge their own knowledge levels. We would

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<sup>1</sup> **Governance and administration of public service pension schemes – issued April 2015**

encourage the use of these results to better understand the areas where Committee and LPB members feel comfortably informed, but crucially where further training may be of benefit.

In keeping with the theme of increased external scrutiny, it is vital not only that the Committee and LPB have confidence in their roles, but also that the Fund can demonstrate the steps taken to facilitate this. We would suggest you keep a record of the process used to assist the Committee and LPB with training and development. This report could form part of the overall member training records.

### Approach

The members of the Greater Manchester Committee and LPB were invited to complete an online survey. In total there were 8 respondents from the Committee and there were 7 respondents from the LPB.

Each respondent was given the same set of 29 questions on the 8 areas below:

1	Committee Role and Pensions Legislation
2	Pensions Governance
3	Pensions Administration
4	Pensions Accounting and Audit Standards
5	Procurement and Relationship Management
6	Investment Performance and Risk Management
7	Financial Markets and Product Knowledge
8	Actuarial Methods, Standards and Practices

Members could rate their confidence by answering “not confident”, “slightly confident”, “mostly confident” or “completely confident”.

The responses have been collated and analysed. For each of the 8 sections we have calculated the proportion of responses which were “mostly” or “completely” confident.

## Results

The results are displayed under 2 headings in this section – ‘overall results’ and ‘individual results’. The ‘overall results’ shows the responses by category, and how these compare with the benchmark results from all respondents across the LGPS. Details of how the individual members responded is shown under the ‘individual results’ section (colour coding from Red ‘not confident’ to Green ‘completely confident’).

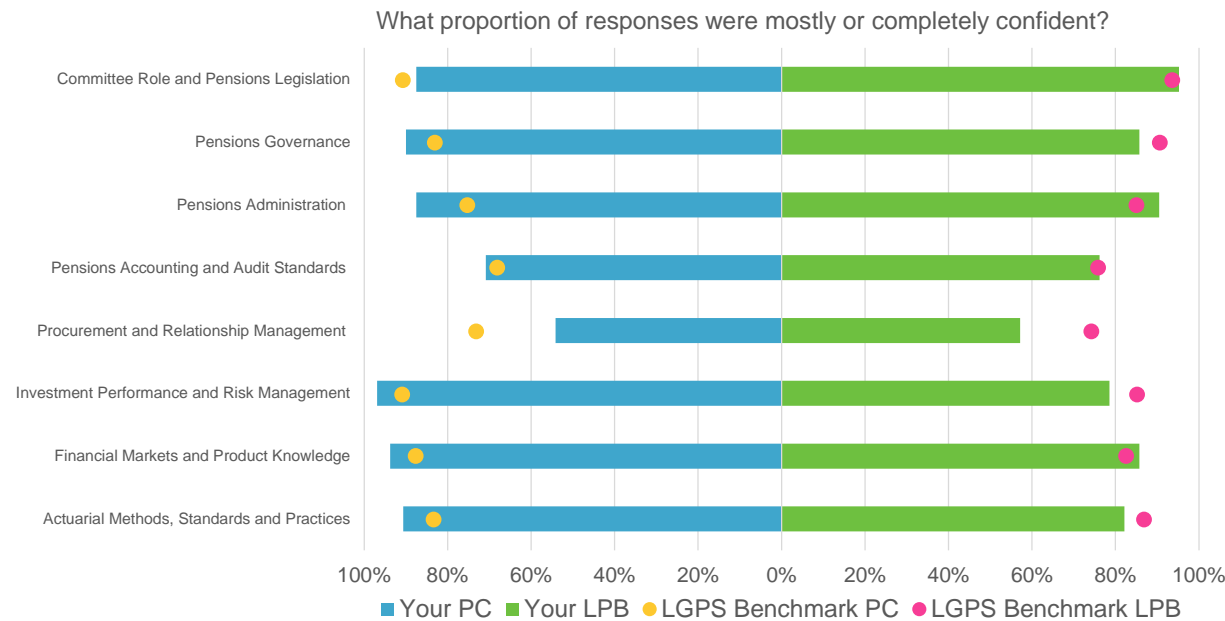
### Overall Results

For each of the 8 areas we have shown the proportion of responses which were ‘mostly’ or ‘completely’ confident. This lets you see how the Committee and LPB levels of confidence vary by subject area, allowing you to pinpoint specific areas for development where fewer members have indicated they are confident. Current training plans and timetables should be reviewed and possibly adjusted based on these results.

#### [Reading the overall results spreadsheet](#)

The Committee (PC) scores are to the **left** of the central axis, with the LPB scores to the **right**. For both groups, the chart also dots the average National confidence score based on the responses from all participating funds.

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### Benchmarking

As this confidence assessment is being conducted at national level across a number of LGPS funds we are able to provide details of how your Fund's results compare to those across the average of all funds who have taken part to date.

### Commentary on Greater Manchester Pension Fund results

We are mindful that the Fund's recent priorities may have an impact on their results i.e. if more recent time has been devoted to investment decisions, then you may expect members to be more confident in this area. Consequently, these results may be impacted from this 'timing' effect. Overall from the responses received there appears a strong understanding of Investment Performance and Risk Management and the Role of the Committee.

It is evident from the results of the assessment that both the LPB and the Committee's area of least confidence concerns Procurement and Relationship Management. The responses to questions in this section were significantly lower than the national average.

### Comparison - National results

The Committee is generally slightly more confident when compared with the national picture. The areas the Committee felt least confident were:

- Procurement and Relationship Management
- Pensions Accounting and Audit Standards

These topics and Pension Administration were the least confident areas of national confidence for LGPS Committees.

The LPB are generally in line when compared with the national picture. The areas the LPB felt least confident were:

- Procurement and Relationship Management
- Pensions Accounting and Audit Standards
- Investment Performance and Risk Management

Typically the areas of least National confidence for LGPS LPB were Pensions Administration, Pensions Accounting and Audit Standards, and Procurement and Relationship Management.

Individual results

Question	Pensions Committee								Committee Average	Local Pensions Board							Board Average
	Member 1	Member 2	Member 3	Member 4	Member 5	Member 6	Member 7	Member 8		Member 1	Member 2	Member 3	Member 4	Member 5	Member 6	Member 7	
1a I understand my role and obligations under the LGPS Regulations and Committee's/Board's own terms of reference	3	3	3	4	4	4	3	4	3.5	4	3	3	3	4	3	4	3.4
1b I understand the role of the Chair, Chief Finance Officer and Monitoring Officer in the running of the Scheme	4	3	2	3	4	4	3	4	3.4	4	4	3	3	4	2	3	3.3
1c I understand the main features of the Regulations applicable to the Local Government Pension Scheme	4	3	2	3	4	4	2	4	3.3	3	3	3	3	3	3	4	3.1
2a I am clear what the objectives are for the Fund	4	4	4	4	4	4	2	4	3.8	4	4	3	3	4	3	3	3.4
2b I understand the role of the administering authority in relation to the LGPS	3	3	4	4	4	4	3	4	3.6	3	3	3	3	4	3	4	3.3
2c I am aware of the Scheme Advisory Board and understand its role and interaction with other bodies in relation to the governance of the LGPS	4	3	3	3	4	4	3	4	3.5	3	4	3	3	3	2	3	3.0
2d I understand the roles and powers of MHCLG, the Pensions Regulator and the Pensions Ombudsman as they relate to the working of the scheme	3	2	1	3	3	4	3	4	2.9	2	3	3	2	3	2	3	2.6
2e I understand the Funds approach to risk management and how risk is monitored and managed	4	3	3	3	4	4	2	4	3.4	2	4	3	3	4	3	3	3.1
3a I understand the statutory record keeping requirements and the Funds policy in relation to member data, contribution collection and scheme communication	3	2	4	3	4	4	3	4	3.4	3	4	3	3	4	3	4	3.4
3b I have an appreciation of the Funds administration strategy and how this is delivered (inc. where appropriate the use of third parties and their performance)	3	3	3	3	3	4	3	4	3.3	3	3	3	3	4	3	3	3.1
3c I understand the Pensions Regulator's measures of good administration practice set out in its Code of Practice 14	4	2	3	3	4	4	2	4	3.3	3	3	3	3	2	2	3	2.7
4a I understand the role of the elected member in the preparation of pension fund accounts	4	3	1	3	4	4	3	4	3.3	3	3	3	3	3	2	2	2.7
4b I understand the difference between the different types of valuations that are carried out e.g. the triennial funding valuation, IAS19/FRS102 accounting valuations and the Government Actuary's valuation (Section 13)	3	2	1	2	3	3	2	4	2.5	2	3	3	3	2	3	4	2.9
4c I have a general understanding of the Accounts and Audit Regulations and the regulatory requirements for sound internal controls and proper accounting practice	3	3	1	3	4	4	2	4	3.0	3	3	3	3	3	2	4	3.0
5a I understand the effect pooling will have on the procurement process and the changed relationship between the committee and those that manage its assets	4	2	1	3	4	4	2	4	3.0	2	4	2	3	3	1	3	2.6
5b I understand the role of procurement frameworks in procuring services	4	2	2	2	4	4	2	4	3.0	2	3	3	3	4	1	4	2.9
5c I have a clear sense of how I will assess the Fund's providers (managers, Pool, advisors etc).	3	2	1	2	4	4	2	4	2.8	3	2	2	3	2	1	3	2.3
6a I understand the Fund's Investment objectives	4	3	3	4	4	4	3	4	3.6	2	4	4	3	4	3	3	3.3
6b The Fund's investment beliefs are reflected in the underlying investment strategy	4	3	3	4	4	4	3	4	3.6	2	4	3	3	4	4	4	3.4
6c I understand the Fund's net cashflow position and how this might change over time	4	3	3	4	4	4	2	4	3.5	2	4	3	3	2	1	3	2.6
6d I am aware of Environmental, Social and Governance risks and the Fund's approach to managing these risks	4	3	3	3	4	4	3	4	3.5	3	4	3	3	4	2	3	3.1
7a I have a good understanding of the financial markets and investment vehicles available to the Fund	4	3	2	3	4	3	3	4	3.3	2	2	2	3	3	3	4	2.7
7b I understand the risk and return characteristics of the main asset classes	3	3	1	3	4	4	3	4	3.1	3	3	3	3	3	3	3	3.0
7c I understand why the Committee would decide to further diversify the Fund and how it would do this	4	3	4	3	4	3	3	4	3.5	3	3	3	3	3	3	3	3.0
7d I understand the difference between active and passive management and the pros/cons associated with each	3	3	3	3	4	4	3	4	3.4	3	4	3	3	2	3	4	3.1
8a I understand the role of the Fund actuary	4	4	3	3	4	4	3	4	3.6	2	4	3	3	3	4	4	3.3
8b I have a good understanding of the formal valuation process	3	3	2	3	4	4	2	4	3.1	2	3	3	3	2	4	4	3.0
8c I understand the broad principles of the Funding Strategy Statement	4	3	2	3	4	4	3	4	3.4	2	3	3	3	2	3	4	2.9
8d I broadly understand the implications of including new employers into the Fund and the importance of the employer covenant	4	3	3	3	4	4	3	4	3.5	3	3	4	3	4	4	4	3.6

### Next Steps

Based on the results we would suggest that there should be consideration to the following next steps:

- Set up a structured training plan for the next 12 months covering the main areas highlighted in this report
- TPR has recently published a module on the subject of Advisors and Service Providers. This could be used as the basis of a training session for Committee and Board members.
- Specific training on procurement processes for the Committee/LPB
- Review of the presentation of pension accounting and audit reports to both groups.
- Conduct a knowledge assessment covering the 8 topics. This will assess the knowledge levels of both groups against the same topics.

We are happy to run training sessions, and/or provide training materials covering any of the topics covered in this report. The value of a face-to-face session for this type of training lies in members being able to ask relevant questions and interrogate the trainer on the specific areas they want to develop knowledge in. We are also able to conduct the knowledge assessment for both groups, reviewing the member's knowledge against their confidence. We will be producing a national report discussing the results at a national level. A copy of this will be made available to the Fund when the report is complete.

If you wish to discuss the contents of this report further, please get in touch with Catherine McFadyen, Steven Law or myself.

Prepared by Hymans Robertson LLP.



Ian Colvin

Head of LGPS Benefits and Governance Consultancy

## Reliances and Limitations

This report has been prepared for the Greater Manchester Pension Fund.

This report must not be released or otherwise disclosed to any third party except with our prior written consent, in which case it should be released in its entirety.

Hymans Robertson LLP do not accept any liability to any party unless we have expressly accepted such liability in writing.

This report has been prepared by Hymans Robertson LLP, based upon its understanding of legislation and events as at August 2018.

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