

GREATER MANCHESTER PENSION FUND

LOCAL PENSIONS BOARD

15 December 2016

Commenced: 3.00pm

Terminated: 4.30pm

Present:	Councillor Fairfoull (Chair)	Employer Representative
	Councillor Cooper	Employer Representative
	Richard Paver	Employer Representative
	Jayne Hammond	Employer Representative
	Paul Taylor	Employer Representative
	Dave Schofield	Employee Representative
	Catherine Lloyd	Employee Representative

Apologies for absence: Pat Catterall, Chris Goodwin and Mark Rayner

21. CHAIR'S OPENING REMARKS

The Chair welcomed everyone to the meeting and made reference to the scrutiny role of the Local Board. The Chair reported that he had recently attended a training event which suggested that the boards focus their attention on their fund's decision making process. For example, recommendations made by the Working Groups could be an area for consideration going forward.

22. DECLARATIONS OF INTEREST

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

23. MINUTES

The Minutes of the meeting of the Local Pensions Board held on 13 October 2016, having been circulated, were signed by the Chair as a correct record.

24. 31 MARCH 2016 ACTUARIAL VALUATION

The Assistant Executive Director of Pensions, Funding and Business Development, submitted a report providing an update on the 2016 actuarial valuation and the issues that would arise therefrom, as reported to the last meeting of the Management Panel (Meeting of 18 November 2016, Minute 63 refers).

Reference was made to the Funding Strategy Statement (FSS), which provided guidance to the Actuary in undertaking the actuarial valuation. Members were informed that, in order to support the requirement for a FSS, CIPFA produced guidance in 2004, which was periodically updated to reflect changes in the LGPS Regulations and the wider investment landscape. An updated FSS had been prepared reflecting the new 2016 CIPFA guidance and changes to the administration of GMPF over the intervening period, a copy of the FSS was appended to the report.

It was explained that it was intended that the FSS be issued to employers for consultation in late November 2016, at the same time as employers would be notified of provisional contribution rates.

The final version of the FSS was expected to be formally approved by the GMPF Management Panel at its meeting on 10 March 2017.

Whole-fund results, as presented at the meeting of the Management Panel held on 23 September 2016, (Minute 36 refers), were set out in the report and it was explained that a typical GMPF employer was likely to see an improvement in their funding level of around 5% from 2013, although this would differ between employers depending on liability profile and member experience.

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

However, careful consideration was being given to the proposed contribution rate for each employer to ensure it reflected the risk that the employer posed to the Fund, whilst remaining affordable for the employer. There was considerable work required in calculating and notifying employers of their revised contribution rates and answering any related questions from employers.

RESOLVED

That the content of the report and the draft Funding Strategy Statement, (as appended to the report), be noted.

25. PUBLIC SECTOR EXIT PAYMENT REFORMS

Consideration was given to a report of the Assistant Executive Director of Pensions, Funding and Business Development, which provided a summary of developments regarding the proposed restrictions on public sector exit payments and the LGPS implications.

It was reported, that at the start of the year, the Government issued a consultation on possible reforms to early exit payments across the public sector. It had recently responded to the consultation to confirm the Government's commitment to restrict public sector exit costs, establish guidelines for a common framework and set a timeline for reform up to the end of June 2017.

A link to the responses to the consultation was provided in the report.

It was explained that, consistent with the Government's view that it remained appropriate for the detail for exit arrangements to be negotiated at workforce level, departments responsible for the workforces would take forward the detailed design and analysis of proposals for exit payment reform, within the overall framework and principles for reform.

The Government expected departments to put forward proposals for reform within three months of the publication of the government response (September 2016). Departments should then consult on proposals as appropriate and should follow the normal process of discussions and negotiations with Trade Unions and other workforce representatives in order to seek agreement to their reform proposals. The government expected this discussion process to be concluded, agreement reached and the necessary changes made to compensation schemes and other arrangements within nine months.

RESOLVED

That the content of the report be noted.

26. THE PENSIONS REGULATOR'S PUBLIC SERVICE GOVERNANCE SURVEY 2016

A report of the Assistant Executive Director of Pensions, Funding and Business Development, was submitted, which made reference to the Public Service Governance survey 2016, recently issued by the Pensions Regulator.

Board members were informed that a draft response to the survey had been completed by GMPF officers, a copy of which was attached to the report.

Member's input was sought in respect of Question 6, Section B, which asked the survey respondent to rate the Pensions Board's ability on a scale of 1 to 10 to undertake the following:

- (a) Identify to the scheme manager where there are poor standards and/or non-compliance with legal requirements;
- (b) Set out recommendations to the scheme manager on addressing poor standards and/or non-compliance with legal requirements
- (c) Advise the scheme manager on scheme regulations, the governance and administration requirements set out in legislation, and the standards expected by the Pensions Regulator;
- (d) Take or secure actions to address poor standards and/or non-compliance with legal requirements.

Discussion ensued with regard to the above and it was agreed that (a) be recorded at 7/10 and points (b), (c) and (d) be recorded at 8/10.

A wider discussion also ensued in respect of the questionnaire and areas/issues for the Board to scrutinise going forward. Feedback from/communication with Employers, was identified as a possible useful exercise. The Executive Director explained that engagement with Employers had been identified as an area for improvement and that work was ongoing with the Administration Team with regard to this.

RESOLVED

That the responses to the survey questions (as set out in the report) be recorded as detailed above.

27. RISK MANAGEMENT AND AUDIT SERVICES SUMMARY REPORT FOR THE 34 WEEKS TO 25 NOVEMBER 2016

A report was submitted by the Head of Risk Management and Audit Services summarising the work of the Internal Audit Service for the 34 weeks to 25 November 2016.

Details were given of final and draft reports issued during the period. Details were also given of audits in progress as follows:

- National Fraud Initiative Data Matching Exercise for 2016/17;
- Unitisation;
- Visits to Contributing Bodies;
- Application Review of the Altair System;
- Visit to the Property Fund Manager;
- Risk Management Review; and
- Employer Agreements.

Five Post Audit Reviews were also in progress as follows:

- Transfer of Assets from UBS to Investec;
- Transfers to Defined Contribution Schemes;
- New Property Management Contract;
- Admitted Bodies; and

- The Valuation and Transfers of Assets from Probation Trusts to GMPF.

In respect of the Internal Audit Plan 2016/17, details of the days spent against the plan to date, were appended to the report. It was reported that recent meetings had taken place with Assistant Executive Directors in November 2016, to review the Internal Audit Plan, and as a result, some changes had been made to the Plan, which were also demonstrated in the Appendix to the report.

RESOLVED

That the content of the report be noted.

28. LOCAL GOVERNMENT PENSION FUNDS 2016/17 – ACCOUNTING UPDATE BY CIPFA

Consideration was given to a report of the Assistant Executive Director of Pensions, Local Investments and Property, which advised that CIPFA were responsible for providing guidance to administering authorities on compliance with Accounting Requirements, including providing sample accounts and organising regular workshops. Board Members were informed that Officers of the Fund regularly attended these events to keep up to date with best practice.

The Assistant Executive Director made reference to a presentation, attached to the report, which provided an update to Local Board Members on developments for 2016/17 Accounts.

The presentation highlighted the main changes to Pension Fund accounts around Management costs, Fair Value and key personnel disclosures and current developments, including the benefits of a faster closedown of accounts and the implications of IFRS 9 Financial Instruments.

RESOLVED

That the content of the presentation be noted.

CHAIR