

GREATER MANCHESTER PENSION FUND

LOCAL PENSIONS BOARD

9 August 2018

Commenced: 3.00pm

Terminated: 5.10pm

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

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:

Member	Subject Matter	Type of Interest	Nature of Interest
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.