

<b>Report To:</b>	<b>Pension Fund Management Panel</b>
<b>Date:</b>	1 July 2016
<b>Reporting Officer(s):</b>	Sandra Stewart, Executive Director of Governance, Resources and Pensions Paddy Dowdall, Assistant Executive Director of Pensions (Local Investments and Property)
<b>Subject:</b>	<b>GMPF STATEMENT OF ACCOUNTS 2015-2016 GOVERNANCE ARRANGEMENTS</b>
<b>Report Summary:</b>	This report aims to inform Members of the governance arrangements for approval of the accounts for Greater Manchester Pension Fund (GMPF) as part of the accounts of Tameside MBC as administering authority. Secondly, the report asks Members to approve the key assumptions for estimates to be used in the GMPF accounts and to note the pre-audit simplified accounts.
<b>Recommendations:</b>	<ul style="list-style-type: none"> <li>(i) To note the governance arrangements for approval of GMPF accounts.</li> <li>(ii) To approve the assumptions for estimates to be used in the GMPF accounts.</li> <li>(iii) To note the pre-audit simplified accounts</li> </ul>
<b>Policy Implications:</b>	None.
<b>Financial Implications:</b> <b>(Authorised by the Section 151 Officer)</b>	<p>As the administering authority, Tameside MBC has important responsibilities in relation to the Greater Manchester Pension Fund. However, as the largest fund in the Local Government Pension Scheme, GMPF also has significant resources it deploys to meet those responsibilities. This paper sets out where the responsibilities lie.</p> <p>The assumptions used for valuing assets will have an impact on the value of assets reported in the accounts. In most circumstances the impact is unlikely to be material. For equities and bonds a bid basis is used that results in a more prudent outcome (v mid or offer basis).</p>
<b>Legal Implications:</b> <b>(Authorised by the Solicitor to the Fund)</b>	The administering authority must produce an annual report and accounts.
<b>Risk Management:</b>	GMPF's accounts are used to provide information to a variety of users and for a variety of purposes. The accuracy of the statements is critical in the determination of employer costs and there are clearly reputational issues relating to the validity of the accounts. The audit process provides reassurance on the integrity of the statements and mitigates against the possibility of material misstatement

**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 background papers used in the preparation of this report were:

1. The 2015/2016 Financial Ledger
2. Closure Working Papers
3. GMPF Statement of Accounts 2015/2016 (pre-audit)

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## 1. INTRODUCTION

1.1 This report covers three sections:

- Governance Arrangements for the approval of the accounts;
- Seek approval of the on-going key assumptions made in compiling the accounts; and
- Provide a simplified pre-audit summary of the accounts for this year.

## 2. GOVERNANCE ARRANGEMENTS

2.1 The Management Panel approves the GMPF accounts and formal letters required by the external auditor. It also receives external audit reports.

2.2 The key decision making bodies for the Council are the Audit Panel which receives accounting policies reports for both GMPF and the Council and the Overview (Audit) Panel which receives the report of the external auditor following the audit of the accounts. The Council retains overall responsibility for the accounts of both, and the follow-up on the audit reports received for both, but in practice delegates the responsibility for GMPF to GMPF.

2.3 The provisional timetable for approval of the accounts and audit reports by these bodies for 2016/17 is outlined in the table below.

Date	Group	Stage
31 May	Audit Panel	Approval of key assumptions and noting of governance arrangements (TMBC and GMPF)
1 July	GMPF Management Panel	Approval of key assumptions and noting of governance arrangements (GMPF)
TBC Early September	Urgent Matters sub group of GMPF Management Panel	Approval of final accounts, annual report and audit report (GMPF)
12 September	Overview (Audit) Panel	Approval of final accounts, annual report and audit report (GMPF and TMBC)
23 September	GMPF Management Panel	Noting of the approval of final accounts, annual report and audit report

2.4 Financial requirements are that the pre-audit accounts of both TMBC and GMPF must be signed off by the S151 officer of the Council by 30 June.

2.5 The review by the external auditors commences thereafter. Grant Thornton LLP provide the external audit contract for both, but a separate team conduct the GMPF audit due to the specialist and technical demands of LGPS accounts.

2.6 The audit process must be completed before the end of September. The date for Overview (Audit) Panel is set at 12 September and the GMPF Management Panel has been set at 23 September - hence the need for an Urgent Matters sub group meeting of GMPF Management Panel before 12 September. The audit letters for both GMPF and the Council will be received formally by the TMBC Overview (Audit) Panel in September.

## 3. CONTINUED KEY ASSUMPTIONS

3.1 The key continuing assumptions used in production of the accounts will be disclosed in note 2 of the GMPF accounts when produced:

- Accruals basis;
- Fair value for investments;
- Market prices at bid where possible;

- For non-listed assets, compliance with accounting standards and best practice;
- Liabilities in compliance with International Accounting Standard 19 (IAS19); and
- Continued phased implementation of CIPFA's guidance on accounting for management costs in the LGPS.

#### 4. SIMPLIFIED ACCOUNTS SUMMARY

- 4.1 The table below shows the key financial movements during the financial year to 31 March 2016 taken from the pre-audit financial accounts:

	£m	£m	£m
<b>Fund Value at 31 March 2015</b>			<b>17.591</b>
<b>Contributions and Benefits</b>			(110)
Employee contributions	142		
Employer contributions	455		
Pension benefits Paid		(705)	
Net Transfers		(2)	
<b>Management Costs</b>			(19)
Investment		(13)	
Administration		(5)	
Oversight		(1)	
<b>Investments</b>			(137)
Income	314		
Change in market value		(451)	
<b>Total change in value of Fund</b>			<u>(266)</u>
<b>Fund Value 31 March 2016</b>			<b>17,325</b>

#### 5. RECOMMENDATION

- 5.1 To approve the governance arrangements for the approval of GMPF's accounts.
- 5.2 To approve the assumptions for estimates to be used in the GMPF Statement of Accounts.
- 5.3 To note the pre-audit simplified accounts.