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GREATER MANCHESTER PENSION FUND - LOCAL PENSIONS BOARD

Day: Thursday
Date: 29 March 2018
Time: 3.00 pm
Place: Guardsman Tony Downes House, Manchester Road,
Droylsden, M43 6SF

Item No.	AGENDA	Page No						
1.	APOLOGIES FOR ABSENCE							
2.	DECLARATIONS OF INTEREST To receive any declarations of interest from Members of the Board.							
3.	MINUTES The Minutes of the meeting of the Local Pensions Board held on 14 December 2017 to be approved as a correct record.	1 - 8						
4.	LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) 1985 - EXEMPT ITEMS 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>5,7,9,12,14</td><td>3&10, 3&10, 3&10, 3&10, 3&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	5,7,9,12,14	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.	
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5,7,9,12,14	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.	SUMMARY OF GMPF DECISION MAKING Report of the Assistant Director of Pensions, Funding and Business Development, attached.	9 - 14						
6.	TERMS OF REFERENCE Report of the Assistant Director, Funding and Business Development, attached.	15 - 24						
7.	NORTHERN POOL Report of the Assistant Director, Funding and Business Development, attached.	25 - 94						

From: Democratic Services Unit – any further information may be obtained from the reporting officer or from Carolyn Eaton, Senior Democratic Services Officer, to whom any apologies for absence should be notified.

Item No.	AGENDA	Page No
8.	LOCAL BOARD TRAINING Report of the Assistant Director of Pensions, Funding and Business Development, attached.	95 - 106
9.	2019 ACTUARIAL VALUATION AND RELATED FUNDING MATTERS Report of the Assistant Director, Funding and Business Development, attached.	107 - 128
10.	GMPF BUDGET 2018/2019 AND FUTURE MEDIUM TERM FINANCIAL PLANNING Report of the Assistant Direction of Pensions, Local Investments and Property, attached.	129 - 134
11.	2017/2018 EXTERNAL AUDIT PLAN Report of the Assistant Director of Pensions, Local Investments and Property, attached.	135 - 152
12.	THE PENSIONS REGULATOR Report of the Pensions Policy Manager, attached.	153 - 186
13.	ADMINISTRATION BUSINESS AND PROJECT PLANS Report of the Pensions Policy Manager, attached.	187 - 204
14.	RISK MANAGEMENT AND AUDIT SERVICES 2017/18 Report of the Head of Risk Management and Audit Services attached.	205 - 212
15.	URGENT ITEMS To consider any additional items the Chair is of the opinion shall be dealt with as a matter of urgency.	

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, carolyn.eaton@tameside.gov.uk to whom any apologies for absence should be notified.

GREATER MANCHESTER PENSION FUND

LOCAL PENSIONS BOARD

14 December 2017

Commenced: 3.00pm

Terminated: 4.45pm

Present:	Councillor Fairfoull (Chair)	Employer Representative
	Councillor Cooper	Employer Representative
	Paul Taylor	Employer Representative
	Chris Goodwin	Employee Representative
	Catherine Lloyd	Employee Representative
	Pat Catterall	Employee Representative

Apologies for absence: Richard Paver, Mark Rayner and David Schofield

13. DECLARATIONS OF INTEREST

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

14. MINUTES

The Minutes of the meeting of the Local Pensions Board held on 24 July 2017, having been circulated, were signed by the Chair as a correct record.

15. UPDATE FROM GMPF MANAGEMENT PANEL

The Assistant Director of Pensions, Funding and Business Development, submitted a report summarising the decisions made by the GMPF Management Panel at its September and November meetings and the recommendations of six GMPF working groups, most of which had met twice over the period since the last Local Board meeting.

It was explained that Tameside MBC delegated its decision making in respect of GMPF to the Management Panel, which in turn permitted the Director of Pensions to implement its strategy via delegated powers. The Pension Fund Advisory Panel worked closely with the Management Panel, and advised them in all areas. Each local authority was represented on the Advisory Panel, and there were five employee representatives nominated by the North West TUC.

Four external advisors assisted the Advisory Panel, in particular regarding investment related issues. A key element was helping it to question the Fund's investment managers on their activities. GMPF also had six permanent working groups, which considered particular areas of its activities and made recommendations to the Management Panel. The Working Groups covered:-

- Alternative Investments;
- Policy and Development;
- Employer Funding Viability;
- Investment Monitoring and Environmental, Social and Governance (ESG);
- Pensions Administration; and
- Property.

The Panels and Working Groups met quarterly and 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.

The Assistant Director highlighted the decision taken by the Management Panel at its meeting on 22 September 2017 in respect of the review of Investment Management arrangements and the approved continued appointment of UBS, L&G and Investec in their current mandates and the termination of the Fund's mandate with Capital International.

The Chair suggested that manager monitoring may be an area for consideration for Local Board going forward. The Assistant Director added that reports of the managers are submitted to the Management/Advisory Panel meetings, together with the Performance Dashboard and the Manager Monitoring Regime and escalation process, which is a recent process brought in by the Director to look at risk as well as performance to which Local Board members had access.

RESOLVED

That the content of the report be noted.

16. LGPS POOLING UPDATE

The Assistant Director of Pensions, Funding and Business Development, provided an update on recent developments relating to the proposals for pooling investments across the LGPS in England and Wales and the recent activities of GMPF in this area.

It was reported that all pools were required to submit their pooling proposals to Government in July 2016 and progress updates on the delivery of these proposals were submitted in April 2017.

All pools received a letter from Government over the summer requesting submission of a further progress update covering the period to 30 September 2017. DCLG issued a template for the autumn progress update, which was very similar to the template for the submission made by pools in April.

The Northern Pool's progress report and supporting documents were appended to the report.

It was explained the main ongoing work streams for the Northern Pool were progressing well as follows:

- Developing a vehicle to make private equity investments on a collective basis. The governance of this vehicle was expected to operate in a similar manner to the GLIL infrastructure vehicle.
- Procurement of an FCA regulated custodian for the pool. A review of how the pool could develop its risk, cost and performance reporting would be undertaken alongside the procurement.
- Work was underway to procure an FCA regulated operator for the GLIL infrastructure vehicle. This would allow other pools to join. GLIL currently had commitment of £1.3 bn to direct infrastructure in the UK, with investments of almost £300m made to date. There was currently little evidence of other pools having made significant progress on developing the capacity for direct infrastructure investments.
- The democratic services functions of each of the administering authorities were progressing the creation of the Pool joint committee, with Tameside MBC acting as lead authority. This joint committee would oversee the Pool and provide a democratic link back to the individual funds. The legal agreements setting out the governance framework of the Pool were not yet finalised as work was being undertaken to ensure that they were aligned with the governance framework of the private equity vehicle.

It was noted that Northern Pool costs to 30 September 2017 were approximately £200,000 compared to the original estimate of implementation costs which was £1.8 million

Details of GMPF's housing investments were included in the infrastructure section of the response to demonstrate progress against the Pool's target of building 10,000 homes. Up to 30 September 2017, GMPF had financed 284 completed homes, with a further 236 under construction. Due diligence was currently being undertaken on 9 further projects which would deliver another 3,863 homes. It was hoped that the rate of delivery could be increased via joint ventures with other funds in the Pool.

Following discussion with Jeff Houston of the LGA at the meeting of the Shadow Joint Committee held on 24 October 2017, the progress update provided further clarity for Government on how the plans for the Northern Pool had evolved since the July 2016 submission was made to Government and how, in the opinion of the participating funds, the pooling Criteria and Guidance were met. This was set out in the report and in an appendix to the report.

A update was also given of developments nationally, of the 8 pools across the LGPS.

In respect of Governance arrangements, the Assistant Director informed Board members that it was expected that a report be submitted to the meeting of Full Council in May 2018 following Panel Meeting in March making recommendations, setting out the governance arrangements of the Northern Pool.

Detailed discussion ensued in respect of the above and the Pooling agenda in general and it was agreed that the governance arrangements for the Northern Pool be submitted to the next meeting of the Local Board, following its consideration by Full Council.

RESOLVED

- (i) That the content of the report be noted; and
- (ii) That a report be submitted to the next meeting of the Local Board in respect of the governance arrangements for the Northern Pool.

17. 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>
7 & 8	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.

18. FINANCING ARRANGEMENTS FOR GUARDSMAN TONY DOWNES HOUSE

A report of the Assistant Director of Pensions, Local Investments and Property, was submitted, advising Members that an opportunity existed for the Fund to 'sell' Guardsman Tony Downes House to the administering authority and for the Pension Fund to be the tenant on a long lease-type of arrangement.

The report explained how this could bring financial advantages to both parties.

It was further explained that if the Council were to take ownership of the building on its balance sheet and receive rent from the Fund for its occupation, as opposed to it being a Fund investment owned by Tameside as administering authority, there would be a financial benefit to both the Fund and Council. This was essentially due to the cost of capital for the Pension Fund (i.e. its expected rate of return being higher than the rate at which the Council could borrow and much higher than the return than the Council received on its reserves).

Discussion and negotiation had been carried out between officers with a joint desire to find an arrangement that offered reasonable financial returns for each party. The Council and the Pension Fund had jointly commissioned an independent valuation of the building. The indicative value was around £14-£15psqft for the office accommodation and £7 million for the capital value. A copy of the formal confirmation from the external valuer was appended to the report.

Members were further informed that the ground floor had not yet been developed. It was originally planned that the Pension Fund would pay to bring the ground floor into use but given that the expected occupier would be the Council, and it would be the landlord under the proposed financing arrangement, then it would be more appropriate for the Council to carry out the necessary works (the alternative would be for the Pension Fund to carry out works and for the Council to pay a higher price for the building). At this stage it was recommended that a sum of £1.4m be set aside in the capital investment programme for these works. A future report would be considered by the Council if the sale was approved. The development of the ground floor was beneficial to the Fund's occupation from a security and public realm perspective.

From Tameside's perspective as the administering authority for GMPF, it was a major risk that occupation of Guardsman Tony Downes House by GMPF would not be secured in the form of a lease agreement. This was because the Council could not enter into legal agreements with itself. There was the possibility that at some point over the next 25 years the Pension Fund no longer wished to occupy the building. In order to protect its position, the Council would be seeking a commitment from the Pension Fund that if it moved out of Guardsman Tony Downes House it would pay Tameside Council a sum equivalent to the NPV of the total annual passing rent for the period beginning on the date of vacation of the building to the 25th anniversary of the date the Council 'purchased' the building (currently assumed to be 1 January 2043 and discount rate for NPV purposes 5.2%).

The proposal had been tested with the external auditor for the Fund and Council and they did not object to the proposals in principle, but it would be confirmed with them when final terms were agreed.

The report concluded that the construction of the Pension Fund building had been completed broadly on time and on cost and the building had been well received.

The environment since the original plan for the financing of the building and the use of the ground floor space had changed significantly.

The options of the Council taking the building onto its balance sheet and charging GMPF a rent for use whilst GMPF completed ground floor space in advance of the specific occupier fit out requirements had a number of compelling advantages:

- Provided a practical solution for use of remaining space within the building;
- Provided a financial benefit to the Fund; and
- Provided a financial benefit to the Council.

The rationale and implications of this proposal had been discussed with the Council's and Fund's auditors. Neither auditor had objected to the proposal set out in the report in principle, subject to final confirmation of terms.

The Assistant Director explained that, when the report was submitted to the Management Panel, Members had sought assurances in respect of contingency plans in place should the building not be occupied for 25 years. Fund Advisers had also sought further information in respect of this issue. Panel Members had been informed that, in those circumstances, the Fund would pay the outstanding rent discounted by investment returns and that a quasi-lease was to be drawn up to include an early termination clause.

Local Board members sought clarification with regard to availability of the building for community use.

The Assistant Director responded that at the present time the public space was vacant and there was an intention in the Administering Authority's capital programme that £1.4 million would be set aside for the development of the public space although clearly it was in the gift of the Council who had paid for the building and provided the land as to the use of the building and the space that was currently empty and respect of which the Fund had no liability.

RESOLVED

That the recommendations approved by the GMPF Management Panel on 17 November 2017 be noted as follows:

The sale of Guardsman Tony Downes House for £7.0 million to the administering authority, Tameside Metropolitan Borough Council, be approved and the Fund committing:

- (a) To the payment of an annual rent with effect from the 1 January 2018 to the Council of £384,250 per annum, with upward annual reviews linked to RPI, plus service charges for the running of the building and for cyclical maintenance of plant and equipment; and**
- (b) That in the event that the Fund vacates the building before the expiry of 25 years, it will pay the Council a sum equivalent to the total annual passing rent for the period beginning on the date of vacation of the building to the 25th anniversary of the date the Council 'purchased' the building (currently assumed to be 1 January 2043 and discount rate for NPV purposed 5.2%).**

19. FIRST BUS CONSOLIDATION

Consideration was given to a report of the Assistant Director of Pensions, Funding and Business Development, explaining that First Group, one of GMPF's largest private-sector employers had chosen to consolidate its two other English LGPS arrangements into GMPF with effect from 1 November 2017.

The report provided an update on progress in relation to the project, including:

- Administration;
- Asset Transfers;
- Funding;
- Pre 86 pension increase liabilities transferring from WYPF; and
- Press coverage.

In terms of next steps, it was explained that whilst many of the key administration tasks had been completed, significant work would continue over the forthcoming year. In particular, GMPF would continue to work on the following:

- Reaching agreement with WYCA and WYPF on the funding of the pension increases on pre 1986 service for first West Yorkshire members;
- Amending the First West Yorkshire member records to clearly split out the pre-1986 pension increase amounts in advance of the 2019 actuarial valuation so that liabilities could be accurately allocated between First West Yorkshire and WYCA;
- Agreeing longer-term investment strategy with First Group; and

- Agreeing asset transfer dates and transfer amounts with WYPF.

RESOLVED

That the content of the report be noted.

20. ADMINISTRATION BUSINESS AND PROJECT PLANS

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

- Progress made on the 2017/18 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.

Local Board Members thanked Emma Mayall, Pensions Policy Manager, for the very informative and detailed report and sought further information in respect of the testing of the disaster recovery arrangements.

Members also sought clarification with regard to issues arising from Pensions Tapering and Scheme Pay rules. The Pensions Policy Manager, responded that this was a key item for consideration and improving communication on this matter was being addressed.

The Chair enquired if risk exercises were undertaken for new projects. The Pensions Policy Manager responded in the affirmative.

RESOLVED

That the content of the report be noted.

21. GUARANTEED MINIMUM PENSION RECONCILIATION

Consideration was given to a report of the Pensions Policy Manager providing the Local Board with background information about Guaranteed Minimum Pension (GMP) Reconciliation together with an update on the progress made by GMPF on this project.

The report summarised that this was a large-scale and reasonably long-term project. Work was underway and tasks were being completed in-line with the target dates set.

There were a number of risks and issues to be managed as part of carrying out the project. These included addressing the underpayments and overpayments that would be uncovered.

The project team were aware of the possibility for HMRC to change their guidance around GMP Reconciliation and that this could affect decisions already taken or potentially cause the Fund to revise its approach.

Progress updates would continue to be taken to future Pension Administration Working Group meetings until the project was completed in December 2018.

RESOLVED

That the content of the report be noted.

22. RISK MANAGEMENT AND AUDIT SERVICES 2017/2018

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 the period to November 2017.

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

- Review of Fund Manager – Investec
- Advance Contributions Scheme
- Visits to Contributing Bodies – National Probation Service (NPS)
- Private Equity

Draft reports were also issued as follows:

- GM Property Venture Fund – Review of First Street Development
- VAT

Details were also given of post audit reviews completed in the period as follows:

- Visit to contributing Bodies – Manchester Airport
- Visit to contributing Bodies – Stockport College

Details were also given of other work carried out in the period, including the Transfer of First bus to Greater Manchester Pension Fund.

Audits/work currently in progress were outlined as follows:

- Transfer of assets to Stone Harbor (New Credit Manager) and
- National Fraud Initiative exercise.

It was further reported that a report was taken to Council on 10 October 2017, providing an update on the appointment of the External Auditors. The Council agreed that it was satisfied with the proposed appointment of Mazars LLP to audit the accounts of Tameside Metropolitan Borough Council for five years from 2018/19, following the procurement process undertaken by Public Sector Audit Appointments Limited (PSAA). Official notification would be received in December confirming the appointment of Mazars. Once officially appointed, officers within the Council would work with both Grant Thornton and Mazars to ensure a smooth transition.

Local Board members were informed that discussions had taken place with managers in relation to the audits remaining in the Audit Plan, whether the timing was still appropriate for this year's plan and whether there are any new emerging risks and audits that needed to be added. Details of the days spent against the 2017/18 Internal Audit Plan up to 17 November 2017, including the adjustments to the plan, were appended to the report.

The Assistant Director of Pensions, Funding and Business Development, circulated a letter received from the Pensions Regulator in respect of administration and governance issues within the Scheme relating to members employed or previously employed by the National Probation Service. He explained that the Regulator had taken the decision to open a case to investigate these concerns and was seeking to gain a better understanding of the issues in order to determine the most appropriate next steps.

The Assistant Director also circulated a copy of his response to the Regulator, explaining that the key issue was caused by a payroll system error rather than officer error at SSCL (the employer). He added that he was confident with the assurance provided by the employer that they had sufficient plans in place to resolve the issue. However, GMPF would be working with them over the coming months to ensure any further work needed to prevent similar issues occurring again in the future was carried out. In addition, any actions linked to the internal audit work would be followed up and procedures would be reviewed and checks enhanced to identify where enhancements might be made.

RESOLVED

That the content of the report be noted.

23. DATE OF NEXT MEETING

It was noted that the next meeting of the Local Board would be held on Thursday 29 March 2018 at 3.00pm.

CHAIR

By virtue of paragraph(s) 3, 7c of Part 1 of Schedule 12A of the Local Government Act 1972.

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Agenda Item 6

Report To:	GMPF LOCAL PENSION BOARD
Date:	29 March 2018
Reporting Officer:	Sandra Stewart, Director of Pensions Euan Miller, Assistant Director of Pensions (Funding and Business Development)
Subject:	LOCAL BOARD TERMS OF REFERENCE
Report Summary	<p>The Terms of Reference for the Local Board require periodic review by the Administering Authority. One of the areas that the Terms of Reference suggests should be reviewed is the appropriate number of Board members, which should be conducted in liaison with the Board.</p> <p>This presents a good opportunity to discuss the composition of the Board and in particular, whether it contains an appropriate range of skills and experience, and whether it effectively represents employer and Scheme member interests.</p> <p>The Board is also asked to provide its thoughts on appropriate terms of office for Board members, which requires clarification following the Board's expansion from 4 to 10 members.</p> <p>The current Terms of Reference are attached as Appendix 1 to this report.</p>
Recommendations:	The Board is asked to provide comment on the composition of the Board and appropriate terms of office for Board members.
Policy implications:	None
Financial Implications:	None
(Authorised by the Section 151 officer)	
Legal Implications:	The responsibilities of local boards in the LGPS are set out in the Local Government Pension Scheme (Amendment) (Governance) Regulations 2015.
(Authorised by the Solicitor to the Fund)	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.
Risk Management:	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.
ACCESS TO INFORMATION:	NON-CONFIDENTIAL
	This report does not contain information which warrants its consideration in the absence of the Press or members of the public.
Background Papers:	For further information please contact Euan Miller, Assistant

Executive Director – Funding and Business Development.



Telephone: 0161 301 7141



e-mail: ewan.miller@tameside.gov.uk

1. INTRODUCTION

- 1.1 The Terms of Reference for the Local Board were initially adopted in February 2015 and last revised in July 2015. The current Terms of Reference are attached as **Appendix 1** to this report.
- 1.2 The Terms of Reference for the Local Board require periodic review by the Administering Authority. One of the areas that the Terms of Reference suggests should be reviewed is the appropriate number of Board members, which should be conducted in liaison with the Board.

2. BACKGROUND

- 2.1 To allow it to be established expediently, the GMPF Local Board was initially comprised of 2 employer representatives and 2 employee representatives ('2+2' - there is a requirement for equal numbers of each).
- 2.2 This was increased soon after establishment to '4+4' and then to '5+5' with the addition of the pensioner representative and the representative of non-local authority employers.
- 2.3 The current process for allocating seats on the Board is set out in paragraphs 5 to 13 of the Terms of Reference.
- 2.4 The only change to the Board membership since the expansion to 10 members is the retirement of the original Board Chair (one of the employer representatives) and the appointment of Councillor Fairfoull as his replacement.

3. PROPOSED REVIEW OF TERMS OF REFERENCE

- 3.1 The Terms of Reference set the terms of office for the initial board members to run until September 2016 but give the Administering Authority the power to extend these (paragraphs 18 to 20). However the Terms of Reference are silent on the terms of office of the members who have subsequently joined.
- 3.2 Prior to its formal review, the Administering Authority would appreciate the Board's views on appropriate terms of office, bearing in mind a desire to retain knowledge, skills and experience.
- 3.3 As well as giving consideration to appropriate terms of office, this paper is designed to facilitate wider discussion on the composition of the Board, whether it contains an appropriate range of skills and experience, and whether it effectively represents employer and Scheme member interests.
- 3.4 Board members may wish to refer to guidance on establishing and operating Local Pension Boards issued by the LGPS Scheme Advisory Board in 2015. This is available on the link below:

[http://lgpsboard.org/images/Guidance/LGPS Board Guidance FINAL PUBLISHEDv1%201clean.pdf](http://lgpsboard.org/images/Guidance/LGPS_Board_Guidance_FINAL_PUBLISHEDv1%201clean.pdf)

4. RECOMMENDATIONS

- 4.1 As set out on the front of the report.

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LOCAL PENSION BOARD OF TAMESIDE MBC TERMS OF REFERENCE

Introduction

1. This document sets out the terms of reference of the Local Pension Board of Tameside MBC (the 'Administering Authority') a scheme manager as defined under Section 4 of the Public Service Pensions Act 2013. The Local Pension Board (hereafter referred to as 'the Board') is established in accordance with Section 5 of that Act and under regulation 106 of the Local Government Pension Scheme Regulations 2013 (as amended).
2. Please refer to the definitions set out on the final page of this document.

Statement of purpose

3. The purpose of the Board is to assist the Administering Authority in its role as a scheme manager of the Scheme. Such assistance is to:
 - (a) secure compliance with the Regulations, any other legislation relating to the governance and administration of the Scheme, and requirements imposed by the Pensions Regulator in relation to the Scheme and;
 - (b) to ensure the effective and efficient governance and administration of the Scheme.

Duties of the Board

4. The Board should at all times act in a reasonable manner in the conduct of its purpose. In support of this duty Board members should be subject to and abide by the code of conduct for Board members. The Board should always act within these Terms of Reference.

Membership

5. The Board shall consist of 10 members, and at all times there shall be an equal number of Member and Employer Representatives. Substitutes shall not be appointed.
6. Each member has one vote on the Board. Should an Employer/Member representative not be in attendance at any meeting, another Employer/Member representative may vote on their behalf. The Chair of the Board does not have a casting vote.
7. The Administering Authority, following liaison with the Board, will periodically review the appropriate number of Board members and whether the Board shall include other members who are not entitled to vote. Initially, there will be no other members on the Board.
8. Four of the Board's Member representatives shall be nominated by the recognised trade unions representing employees who are scheme members of the Fund.
9. The remaining Member representative will be selected directly from the membership of the Fund.
10. Employer representatives shall be office holders or senior employees of employers of the Fund or have experience of representing scheme employers in a similar capacity. No officer or elected member of the Administering Authority who is responsible for the discharge of any function of the Administering Authority under the Regulations may serve as a member of the Board.
11. Two of the initial Employer representatives shall be nominated by Tameside MBC and two shall be nominated by the other Greater Manchester local authorities.

12. The remaining Employer representative will be nominated by the Fund's non Local Authority employers.
13. No organisation shall have more than 2 members serving on the Board.
14. In conjunction with the review of the appropriate number of Board representatives, the Administering Authority will also review the nomination process for Member and Employer representatives.
15. Each Board member should endeavour to attend all Board meetings during the year. In the event of consistent non-attendance by any Board member, then the tenure of that membership should be reviewed by the other Board members in liaison with the Administering Authority.

Chair of the Board

16. The Administering Authority will propose one of the members to be the Chair of the Board. There will be no vice-chair.
17. The Chair of the Board:
 - (a) Shall ensure the Board delivers its purpose as set out in these Terms of Reference,
 - (b) Shall ensure that meetings are productive and effective and that opportunity is provided for the views of all members to be expressed and considered, and
 - (c) Shall seek to reach consensus and ensure that decisions are properly put to a vote when it cannot be reached. Instances of a failure to reach a consensus position will be recorded and published.

Terms of Office

18. The term of office for the initial Board members is until September 2016. Subsequent terms of office are likely to be for a longer period and will be set to ensure continuity and the retention of knowledge and skills on the Board.
19. Extensions to terms of office may be made by the Administering Authority.
20. A Board member may be appointed for further terms of office using the methods set out in paragraphs 7 to 11.
21. Board membership may be terminated prior to the end of the term of office due to:
 - (a) A Member representative no longer being a representative of the body on which their appointment relied.
 - (b) An Employer representative no longer holding the office or employment or being a member of the body on which their appointment relied.
 - (c) A Board member no longer being able to demonstrate to the Administering Authority their capacity to attend and prepare for meetings or to participate in required training.
 - (d) The representative being withdrawn by the nominating body and a replacement identified.
 - (e) A Board member has a conflict of interest which cannot be managed in accordance with the Board's conflict policy.
 - (f) A Board member who is an elected member becomes a member of the Fund Management Panel.
 - (g) A Board member who is an officer of the Administering Authority becomes responsible for the discharge of any function of the Administering Authority under the Regulations.

Conflicts of interest

22. All members of the Board must declare to the Administering Authority on appointment and at any such time as their circumstances change, any potential conflict of interest arising as a result of their position on the Board.
23. On appointment to the Board and following any subsequent declaration of potential conflict by a Board member, the Administering Authority shall ensure that any potential conflict is effectively managed in line with both the internal procedures of the Board's conflicts policy and the requirements of the Code.

Knowledge and understanding (including Training)

24. The Board shall establish and maintain a Knowledge and Understanding Policy and Framework to address the knowledge and understanding requirements that apply to Board members under the Act.
25. Board members shall participate in training in order to meet and maintain the requirements set out in the Board's Knowledge and Understanding policy and Framework.

Sub-committees

26. The Board may establish sub-committees with the approval of the Administering Authority.

Meetings

27. The Board shall as a minimum meet 4 times each year.
28. The chair of the Board with the consent of the Board membership may call additional meetings. Urgent business of the Board between meetings may, in exceptional circumstances, be conducted via communications between members of the Board including telephone conferencing and e-mails.

Quorum

29. A meeting is only quorate when the Chair and at least 50% of both member and employer representatives (including the Chair) are present.
30. A meeting that becomes inquorate may continue but any decisions will be non-binding.

Board administration

31. The Chair shall agree with the Board Support Officer an agenda prior to each Board meeting.
32. The agenda and supporting papers will be issued (where practicable) in advance of the meeting except in the case of matters of urgency.
33. Draft minutes of each meeting including all actions and agreements will be recorded and circulated to all Board members after the meeting. These draft minutes will be subject to formal agreement by the Board at their next meeting. Any decisions made by the Board should be noted in the minutes and in addition where the Board was unable to reach a decision such occasions should also be noted in the minutes.
34. The minutes may with the agreement of the Board, be edited to exclude items on the grounds that they would either involve the likely disclosure of exempt information as specified in Part 1 of Schedule 12A of the Local Government Act 1972 or it being

confidential for the purposes of Section 100A(2) of that Act and/or they represent data covered by the Data Protection Act 1998.

35. The Board Support Officer shall ensure that Board members meet and maintain the knowledge and understanding as determined in the Board's Knowledge and Understanding Policy and Framework and other guidance or legislation.
36. The Board Support Officer shall arrange such advice as is required by the Board subject to such conditions as are listed in these Terms of Reference for the use of the budget set for the Board.
37. The Board Support Officer shall ensure an attendance record is maintained.
38. The Board Support Officer shall liaise with the Administering Authority on the requirements of the Board, including advanced notice for officers to attend and arranging dates and times of Board meetings.

Expenses and allowances

39. The Administering Authority shall meet the expenses of Board members and pay allowances for Board members in line with the Administering Authority's policy on expenses and allowances.

Budget

40. The Board is to be provided with adequate resources to fulfil its role. In doing so the budget for the Board will be met from the Fund.
41. The Board will seek approval from the Administering Authority for its budget on an annual basis. The budget will be managed by and at the discretion of the Board.

Core functions

42. The first core function of the Board is to assist the Administering Authority in securing compliance with the Regulations, any other legislation relating to the governance and administration of the Scheme, and requirements imposed by the Pensions Regulator in relation to the Scheme. Within this extent of this core function the Board may determine the areas it wishes to consider including but not restricted to:
 - a) *Review regular compliance monitoring reports which shall include reports to and decisions made under the Regulations by the Fund Management Panel.*
 - b) *Review management, administrative and governance processes and procedures in order to ensure they remain compliant with the Regulations, relevant legislation and in particular the Code.*
 - c) *Review the compliance of scheme employers with their duties under the Regulations and relevant legislation.*
 - d) *Assist with the development of and continually review such documentation as is required by the Regulations including Governance Compliance Statement, Funding Strategy Statement and Statement of Investment Principles.*
 - e) *Assist with the development of and continually review scheme member and employer communications as required by the Regulations and relevant legislation.*
 - f) *Monitor complaints and performance on the administration and governance of the scheme.*
 - g) *Oversee the application of the Internal Dispute Resolution Process.*
 - h) *Review the outcome of Pensions Ombudsman cases.*
 - i) *Review the implementation of revised policies and procedures following changes to the Scheme.*

- j) *Review the arrangements for the training of Board members and those elected members and officers with delegated responsibilities for the management and administration of the Scheme.*
 - k) *Review the complete and proper exercise of employer and administering authority discretions.*
 - l) *Review the outcome of internal and external audit reports.*
 - m) *Review draft accounts and Fund annual report.*
 - n) *Review the compliance of particular cases, projects or process on request of the Fund Management Panel.*
 - o) *Any other area within the statement of purpose (i.e. assisting the Administering Authority) the Board deems appropriate.*
43. The second core function of the Board is to assist the Administering Authority to ensure the effective and efficient governance and administration of the Scheme.
44. The Fund Management Panel has established six working groups to consider in depth the issues that drive Fund performance. The Board will liaise with the Fund Management Panel in formulating its work programme under this function. Some examples of areas the Board may wish to consider are:
- a) *Monitor internal and external audit reports.*
 - b) *Review the risk register as it relates to the scheme manager function of the authority.*
 - c) *Assist with the development of improved management, administration and governance structures and policies.*
 - d) *Assist in the development and monitoring of process improvements on request of the Fund Management Panel.*
45. In support of its core functions the Board may make a request for information to the Fund Management Panel with regard to any aspect of the Administering Authority's function. Any such request should be reasonably complied with in both scope and timing.
46. In support of its core functions the Board may make recommendations to the Fund Management Panel which should be considered and a response made to the Board on the outcome within a reasonable period of time.

Reporting

47. The Board will inform the Fund Management Panel of all its decisions and actions by submitting its minutes to the Fund Management Panel and reporting on a regular basis in a format to be agreed with the Fund Management Panel.
48. The Board will produce an annual report on its work for inclusion in the Fund's Annual Report and Accounts.
49. In the exceptional circumstances that the Board considers that a matter brought to the attention of the Fund Management Panel has not been acted upon or resolved to the satisfaction of the Board, the Board will report to the Chair of the Fund Management Panel its intention to escalate the matter.
50. The appropriate internal route for escalation is to the Administering Authority's Monitoring Officer.
51. Board members are also subject to the requirements to report breaches of law under the Act and the Code to the Pensions Regulator. Where the Board considers there has been a breach it should inform and review this with the Fund Management Panel with the objective of submitting a collective report.

Review of terms of reference

52. These Terms of Reference shall be reviewed on each material change to those parts of the Regulations covering local pension boards and at least every 2 years.
53. These Terms of Reference were initially adopted on 25 February 2015 and last revised on 14 July 2015.

Interpretation

The following terms have the meanings as outlined below:

'the Act'	The Public Service Pensions Act 2013.
'the Code'	means the Pension Regulator's Code of Practice No 14 governance and administration of public service pension schemes.
'the Fund'	means the Greater Manchester Pension Fund.
'the Guidance'	means the guidance on the creation and operation of local pension boards issued by the Shadow Scheme Advisory Board.
'the Regulations'	means the Local Government Pension Scheme Regulations 2013 (as amended from time to time), the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended from time to time) including any earlier regulations as defined in these regulations to the extent they remain applicable and the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 (as amended from time to time).
'Relevant legislation'	means relevant overriding legislation as well as the Pension Regulator's Codes of Practice as they apply to the Administering Authority and the Board notwithstanding that the Codes of Practice are not legislation.
'the Scheme'	means the Local Government Pension Scheme in England and Wales.

By virtue of paragraph(s) 3, 7c of Part 1 of Schedule 12A of the Local Government Act 1972.

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Agenda Item 8

Report To:	GMPF LOCAL PENSION BOARD
Date:	29 March 2018
Reporting Officer:	Sandra Stewart, Director of Pensions Euan Miller, Assistant Director of Pensions (Funding and Business Development)
Subject:	LOCAL BOARD TRAINING
Report Summary	<p>Training is a very important part of the role of Board members and will help to ensure that they have the necessary knowledge and understanding to effectively meet their legal obligations and add value in their role.</p> <p>Local pensions board members are required to acquire appropriate “knowledge and understanding” of pension matters, under the Pensions Act 2004. The degree of knowledge and understanding must be <i>“appropriate for the purposes of enabling the individual to properly exercise the functions of a member of a local board”</i>.</p> <p>This report summarises some of the resources available to members to help meet their training requirements and aims to facilitate discussion on how further support can be provided.</p>
Recommendations:	<p>Board members are recommended to:</p> <ol style="list-style-type: none">i) Note the knowledge and understanding requirements of their role as a Board member;ii) Ensure that they complete the Pensions Regulator’s Public Service Toolkit as soon as possible;iii) Subscribe to pensions news updates from the Pensions Regulator;iv) Consider what further training support would be beneficial for the Board.
Policy implications:	None
Financial Implications: (Authorised by the Section 151 Officer)	Failure to meet any legal requirements may result in financial penalties being imposed.
Legal Implications: (Authorised by the Solicitor to the Fund)	<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>
Risk Management	<p>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.</p>

ACCESS TO INFORMATION:

NON-CONFIDENTIAL

This report does not contain information which warrants its consideration in the absence of the Press or members of the public.

Background Papers:

For further information please contact Euan Miller, Assistant Executive Director – Funding and Business Development.



Telephone: 0161 301 7141



e-mail: ewan.miller@tameside.gov.uk

1. INTRODUCTION

- 1.1 The responsibilities of local boards in the LGPS are set out in the Local Government Pension Scheme (Amendment) (Governance) Regulations 2015, which can be accessed via the link below:

http://www.legislation.gov.uk/ukxi/2015/57/pdfs/ukxi_20150057_en.pdf

- 1.2 In summary, the role of the Board is to assist Tameside MBC in its role as a scheme manager of the LGPS. In particular, to:

- (a) secure compliance with the Governance Regulations, any other legislation relating to the governance and administration of the Scheme and any requirements imposed by the Pension Regulator in relation to the Scheme and;
- (b) ensure the effective and efficient governance and administration of the Scheme.

2 REQUIREMENTS OF BOARD MEMBERS

- 2.1 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. The degree of knowledge and understanding must be “*appropriate for the purposes of enabling the individual to properly exercise the functions of a member of a local board*”.

- 2.2 In general terms, Board members’ breadth of knowledge and understanding should be sufficient to allow them to understand fully and challenge information or advice they are given. Members should be able to identify and where relevant challenge any failure to comply with regulations, other legislation and the requirements of the Pensions Regulator.

- 2.3 The Pensions Regulator’s Code of Practice on the governance and administration of public service pension schemes came into effect on 1 April 2015. Pages 12 to 17 of this document set out the knowledge and understanding required of Board members. The code of practice can be accessed via the link below:

<http://www.thepensionsregulator.gov.uk/docs/code-14-public-service.pdf>

- 2.4 As a minimum, Board members must be conversant with:

- a) The rules of the Scheme (which are set out in the LGPS regulations)
- b) Any document recording policy about the administration of the Scheme.

- 2.5 Being conversant with these documents means having a working knowledge so that they can be used effectively by Board members when carrying out their duties.

- 2.6 As the LGPS is a funded scheme, documents which record policy about the administration of the Scheme will also include those related to funding and investment matters.

- 2.7 **Appendix 1** to this report lists the documents with which Board members should be conversant and contains links to the relevant documents.

3 ACQUIRING, REVIEWING AND UPDATING KNOWLEDGE AND UNDERSTANDING

- 3.1 Training is a very important part of the role of Board members and will help to ensure that they have the necessary knowledge and understanding to effectively meet their legal

obligations and add value in their role. Tameside MBC officers will support Board members in undertaking the relevant training.

4 RELEVANT TRAINING RESOURCES

- 4.1 The Pensions Regulator has created a section on its website for those involved in the governance and administration of Public Service schemes such as the LPGS. A link to this area is provided below:

<http://www.thepensionsregulator.gov.uk/public-service-schemes.aspx>

- 4.2 Within this section is a sub-section entitled 'Knowledge and Understanding Duty on Board members'. This sets out the requirements of Board members in this area and provides links to useful resources to help members in acquiring, reviewing and updating knowledge and understanding.

- 4.3 One of the links is to the Pensions Regulator's 'Quick Guide to Personal Development' which is attached as **Appendix 2** to this document. This provides some useful tips on how members can plan, complete and record their learning.

- 4.4 Via the link below members can subscribe to receive pensions news updates via e-mail from the Pensions Regulator, and it is recommended that Board members subscribe to this if not already done so:

<https://forms.thepensionsregulator.gov.uk/news-by-email/subscribe>

- 4.5 Perhaps most importantly, as agreed at the last Board meeting, all Board members should ensure that they have completed the Public Service toolkit online learning and have provided evidence of this to Tameside MBC Democratic Services. A link to the toolkit is provided below.

<https://education.thepensionsregulator.gov.uk/login/index.php>

- 4.6 In addition to the materials and resources provided by the Pensions Regulator, Board members are invited to the two annual training days provided by the Fund's investment managers, which several of the Board members have been attending.

- 4.7 Board members are encouraged to attend meetings of the Management Panel as observers.

- 4.8 Board members will be notified of other training events which are considered appropriate. Expenses of attending external events will be reimbursed.

5. MONITORING KNOWLEDGE AND UNDERSTANDING

- 5.1 It is expected that the Pensions Regulator will look to increase its monitoring of compliance with the knowledge and understanding requirements and seek to take action against Boards and Scheme Managers that cannot demonstrate compliance.

- 5.2 As discussed at previous meetings, the Pensions Regulator is making significant effort across the pensions industry as a whole to raise standards of governance (see link to 21st Century Trusteeship campaign below). Improving knowledge and understanding forms a key part of this.

<http://www.thepensionsregulator.gov.uk/21st-century-trusteeship.aspx>

- 5.3 To help demonstrate compliance and provide assurance to stakeholders, it is expected that GMPF will continue with its practice of disclosing Panel and Board members attendance at training events in the annual report.
- 5.4 Board members should ensure that Democratic Services is made aware of any training events they have attended.

6. FURTHER SUPPORT

- 6.1 Consideration has been given by officers regarding what support can be provided to assist both Panel and Board members in meeting their training needs. Ideas include:
- Creating a restricted access section of the GMPF website for Panel and Board members which can host a formal knowledge and understanding framework and contain relevant training materials and key fund documents which can be regularly updated.
 - Meeting with Board members individually to assess any gaps in knowledge and understanding (this has been done previously across the Board as a whole) and create individual training plans.
 - Providing summaries of relevant pensions news and development outside of the meeting cycle.
- 6.2 The Board is asked to provide comment on the methods it believe could prove most effective for ensuring knowledge and understanding requirements are met.

7 RECOMMENDATIONS

- 7.1 As set out on the front of the report.

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APPENDIX 1

GMPF Local Board – Key documents relating to the administration of Greater Manchester Pension Fund as at March 2018

Local Government Pension Scheme (LGPS) Regulations

The LGPS Regulations 2013

<http://www.legislation.gov.uk/uksi/2013/2356/contents/made>

The LGPS (Administration) Regulations 2008

<http://www.legislation.gov.uk/uksi/2008/239/contents/made>

LGPS Governance Regulations 2015

http://www.legislation.gov.uk/uksi/2015/57/pdfs/uksi_20150057_en.pdf

The LGPS (Offender Management) (Amendment) Regulations 2014

<http://www.legislation.gov.uk/uksi/2014/1146/resources>

The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016

<https://www.lgpsregs.org/schemeregs/invregs2016/timeline.php>

Key GMPF Documents

2017 Report and Accounts

<http://www.gmpf.org.uk/documents/annualreport/2017.pdf>

Appendices to the Report and Accounts

Funding Strategy Statement

<http://www.gmpf.org.uk/documents/policies/fundingstrategy.pdf>

Governance Policy Statement & Governance Compliance Statement

<http://www.gmpf.org.uk/documents/policies/governance.pdf>

Core Belief Statement

<http://www.gmpf.org.uk/documents/policies/corebeliefs.pdf>

Statement of Investment Principles

<http://www.gmpf.org.uk/documents/policies/investmentsprinciples.pdf>

Communications Policy

<http://www.gmpf.org.uk/documents/policies/communications.pdf>

Pension Administration Strategy

<http://www.gmpf.org.uk/documents/policies/administrationstrategy.pdf>

2016 Actuarial Valuation Report

<http://www.gmpf.org.uk/documents/policies/actuarialvaluation/2016.pdf>

Procedure for reporting breaches of the law to the Pensions Regulator

<http://www.gmpf.org.uk/documents/policies/breaches.pdf>

Local Board Conflicts of Interest Policy



Conflicts of interest
policy.docx

A quick guide to personal development

Information
for public
service pension
scheme board
members

.....

This guide is for anyone who is a member of a public service pension scheme board. Legislation about the new governance and administration requirements is expected to come into effect in April 2015.

The Public Service Pensions Act 2013 requires you to have the knowledge and understanding needed to carry out your duties effectively. Additionally, our code of practice, which sets out how we expect public service pension boards to act, advises you to:

- complete and follow a personal training needs analysis and training plan
- keep records of training activities to help you demonstrate the steps you have taken to comply with knowledge and understanding requirements.

Working towards personal development

There are four stages to learning in the context of your personal development:

1. Plan
2. Complete
3. Record
4. Reflect

Plan your learning

It is important that you regularly review your knowledge and understanding, the tasks you need to do and the skills you need to develop. To help you we have created a training needs analysis template at www.tpr.gov.uk/ps-knowledge. The template helps you assess what learning you need and then create a personal development plan (PDP).

It is important to set yourself clear, simple, written objectives for your learning and development. Using the SMART principle can help you do this.

SMART objectives

It's important to set yourself clear, simple, written objectives for your learning and development:

Specific: Target a specific area for improvement, stating exactly what you need to achieve and defining precisely what you're going to do.

Measurable: Include a quality measure – how you did is as important as what you did – and show tangible evidence that you've accomplished the objective.

Achievable: If an objective is impossible to achieve, you may feel de-motivated. Objectives should be a challenging and achievable stretch towards success.

Realistic: Make sure that you're being realistic - state what results you can achieve, given all available resources and limitations.

Time-limited: Set clear milestones and deadlines for reviewing your achievements.

When creating your PDP it can be useful to ask yourself these questions:

- What can I do to achieve this objective?
You could try:
 - reading codes or guidance provided by the regulator
 - other training sessions – internal or external to the board
 - talking to other board members
 - reading scheme or other documents
 - online research
- What is my timescale?
- What might help or hinder me?
- How will I know when I've achieved this objective?

The tool includes further reading for each area, so you can quickly and easily find related learning. There is also space for you to record other learning activities like those suggested above.

Complete your learning

To help you complete the learning we have created an e-learning programme, Public Service toolkit. Register at www.pensionseducationportal.com.

Scrutinise each learning and development activity as you do it. It can be useful to ask yourself:

- What am I learning here?
- What will I know at the end of this activity that I didn't know at the beginning?

Record your learning

To help you record and reflect on your learning we have created a downloadable learning log at www.tpr.gov.uk/ps-knowledge.

You can keep this for your own records or, if required, provide to the Chair of your pension board as proof of your achievements.

Each time you complete a learning and development activity, record this in your learning log. It can be useful to consider these areas:

- What did I do? (eg courses, e-learning, workshops, video, personal reading, attending events, shadowing)
- Who provided the learning/where did I get this from?
- What objectives did I achieve?
- What objectives do have I left?
- What qualification, assessment score, certificate or record did I receive?

Reflect on your learning

Reflecting on what you have learnt is a key step which is often forgotten.

Reflecting helps you monitor your developing confidence and skills. It can demonstrate your levels of knowledge and understanding and help you consider how you might do things differently in your role.

When completing your learning log, consider:

- How have I benefited from this activity?
- Have I learnt what I hoped to learn?
- How have my knowledge, skills and understanding improved?
- What will I do differently as a result?
- What type of learning and development has delivered the greatest and the least benefit?
- What do I still need to learn?

Most importantly, congratulate yourself on your progress and focus your thinking on your next personal development activities to keep closing any gaps you identify. Seeking to continually improve is a key element in personal and professional development.

How to contact us

Napier House
Trafalgar Place
Brighton
BN1 4DW

T 0845 600 0707

F 0870 241 1144

E customersupport@thepensionsregulator.gov.uk

www.thepensionsregulator.gov.uk

www.pensionseducationportal.com

A quick guide to **personal development**
for public service pension scheme board members

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Agenda Item 10

Report To: **GMPF LOCAL PENSIONS BOARD**

Date: 29 March 2018

Reporting Officer: Paddy Dowdall, Assistant Director of Pensions, (Local Investments and Property)

Subject: **GMPF BUDGET 2018/2019 AND FUTURE MEDIUM TERM FINANCIAL PLANNING**

Report Summary: At its meeting on 23 March the GMPF Management Panel was asked to approve an expenditure budget for GMPF for 2018/19 alongside a medium term financial plan.

An updated version of the medium term financial plan making allowance for the fund value at 31 March 2018 will be included in the Annual report for 2017/18.

There is an intention to review all budgets annually and undertake a zero based budget approach.

Recommendations: The Board is asked to note the report that was presented to the Management Panel.

Financial Implications:
(Authorised by the Section 151 Officer) The financial implications are set out in the report. There is a projected increase in expenditure, which supports strategic change at the Fund to optimise net risk adjusted returns on investments and to provide efficient administration in order to ultimately minimise the contributions paid by employers.

Legal Implications:
(Authorised by the Solicitor to the Fund) There is a duty on the Fund to achieve best value and consequently the Panel and Local Pensions Board need to ensure through such monitoring that value for money is being achieved.

Risk Management: Failure to properly manage and monitor the Fund's budgets may lead to a reduction in service standards for scheme members or employers, or a loss of confidence in the management of the fund.

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 2017/2018 Financial Ledger
2. Budget Working Papers

Any enquiries should be directed to Tracey Boyle, 0161 301 7116 (email: tracey.boyle@tameside.gov.uk)

1. INTRODUCTION

- 1.1 At its meeting on 23 March, the Management Panel were asked to approve an expenditure budget for GMPF for 2018/19 alongside a medium term financial plan for 2018 to 2021. The Employer Funding Working Group had previously considered the budget and approved it to be taken forward to the Management Panel.
- 1.2 The medium term financial plan is essentially dependent upon the assumptions in the Funding Strategy Statement, and the out-turn is largely subject to financial markets and their impact on investment performance.
- 1.3 The medium term financial plan 2018 to 2021 will be finalised for the annual report following, approval of budget and more up to date information on position at 31 March 2018.

2. OVERVIEW AND CONTEXT

- 2.1 As required by CIPFA Guidance on preparing the Annual Report for Local Government Pension Scheme Funds, GMPF's annual report, following approval on assumptions and process by the Management Panel, produced a medium term financial plan in its annual report and accounts for 2016/17. This is detailed below.

Medium term Financial Plan 2017-2020 (as included in Annual Report 2016/17)

	2017/18	2018/19	2019/20
	£m	£m	£m
Fund Size at Start of Year	21,272	22,065	22,878
Fund Size at end of Year	22,065	22,878	23,731
Pensions Paid	(690)	(718)	(727)
Contributions received	619	634	648
Transfers	0	0	0
Net Cash-flow	(71)	(84)	(79)
Administration Costs	(30)	(30)	(30)
Investment Income	329	343	358
Increase in Value of Investments	565	584	604
Net Return from Investments	894	927	962
<u>Net Change in Fund</u>	793	813	853

- 2.2 The key observations at the time of considering the plan were that:-
- Investment returns are the key determinant of the financial position.
 - The Fund has a negative cash-flow from pensions paid less contributions and the trend is for this to increase as the Fund matures.
 - The management costs are small relative to Fund size and annual cash flows and are assumed to remain constant in the medium term. (This is due to uncertainty over pooling arrangements and the Fund's zero based budgeting approach)
- 2.3 At the time of writing the report we are still 1 month away from the end of the financial year, so it is not possible to project an out-turn, largely due to the volatility of investment returns and the profiling of some of the cash flows. This out-turn will be reported to Management Panel alongside the final accounts at the next meeting.

3. BUDGET CHANGES FROM 2017/18 BUDGET FOR 2018/19

3.1 The key changes are set out in the table overleaf and reflect the implementation of policies approved by the Management panel including changes to investment management arrangements, which make up the major part of the changes.

Expenditure	Changes £'000	Significant components of changes
Staff costs	142	126 provision for 2% pay award 50 due for salary scale incremental advances (34) net effect of removal and introduction of several posts.
Indirect on Costs	14	Increase in provision for staff training.
Publications and Subscriptions	3	Inflation increases
Travel and Subsistence	(11)	Small reduction in provision required for staff travel.
Premises	(166)	(30) Reduction in expected utility charges (115) reduction in rent charge provision (36) reduction in provision required for additional security costs 15 increase in anticipated facilities management charges.
Postage, Printing, Telephone	11	Inflation increases
Office Equipment and Software	27	Small provision created to replace some existing computer hardware.
Investment Advisory Expenses	3	Inflation increases
Bank Charges and Nominee Fees	33	Increased custodian bank charges due to increase in value of Fund assets held.
Investment Management Fees	1,490	315 increase expected due to change of global equity manager 900 increase in Credit Manager fees 275 increased fee for property manager due to increase in size and value of portfolio
Actuary and Professional Fees	(170)	(400) reduction in Pooling related professional costs 210 increase in expected professional costs associated with investment manager performance review and procurement 20 increase in expected employer related actuary fees
Performance Measurement Services	(1)	Minor reduction in expected fees.
Communications	7	Inflation increases
Central establishment charges	8	Inflation increases
Recovery of Management and Legal Fees	(35)	Projected increase following annual review of legal recharge rates.
Admin Fees	(36)	Projected increase in expected number of admitted bodies joining the Fund in 2018/19.
	1,319	

4. MEDIUM TERM FINANCIAL PLAN 2018-2021

4.1 The assumptions for medium term financial planning going forward are detailed in the table below.

Fund Investment Return	5.2% per annum over the long term
Inflation	CPI Bank of England Forecast (around 2.5% central case in November)
Pay Inflation	2%
Employer Payroll	From actuarial valuation
Pensioner Profile	From actuarial valuation
Budget	2018/19 taken forward

4.2 The proposed medium term financial plan for 2018-2021 is shown below.

	2018/19	2019/20	2020/21
	£m	£m	£m
Fund Size at Start of Year	22,700	23,643	24,589
Fund Size at end of Year	23,642	24,588	25,534
Pensions Paid	(816)	(861)	(910)
Contributions received	609	609	609
Transfers	0	0	0
Net Cashflow	(207)	(252)	(301)
Administration Costs	(31)	(31)	(31)
Investment Income	403	424	446
Increase in Value of Investments	777	805	832
Net Return from Investments	1,180	1,229	1,278
Net Change in Fund	942	946	946

4.3 Key observations to be considered are:-

- The maturity of the Fund continues and accelerates
- Investment income is still higher than outflows to pensioners net of contributions
- Investment returns are key driver of outcomes

5. RECOMMENDATIONS

5.1 As stated at the front of the report.

APPENDIX 1

Expenditure budget setting 2018-19

Type of Expenditure	(1)	(2)	(3)	(1)	(2)	(3)
	Original Estimate 2017/18	Increase/ (decrease)	Original Estimate 2018/19	Projected outturn 2017/18	Increase/ (decrease)	Original Estimate 2018/19
	£'000	£'000	£'000	£'000	£'000	£'000
Staff Costs						
Staff costs	6,314	142	6,456	5,459	997	6,456
Indirect on Costs	100	14	114	90	24	114
	6,414	156	6,570	5,549	1,021	6,570
Direct Costs						
Publications and Subscriptions	102	3	105	103	2	105
Travel and Subsistence	106	(11)	95	89	6	95
Premises	1,110	(166)	944	1,023	(79)	944
Postage, Printing, Telephone	204	11	215	164	51	215
Office Equipment and Software	1,038	27	1,065	963	102	1,065
Investment Advisory Expenses	65	3	68	66	2	68
Bank Charges and Nominee Fees	414	33	447	434	13	447
Investment Management Fees	18,261	1,490	19,751	17,039	2,712	19,751
Actuary and Professional Fees	1,802	(170)	1,632	1,350	282	1,632
Performance Measurement Services	128	(1)	127	105	22	127
Communications	285	7	292	290	2	292
	23,515	1,226	24,741	21,626	3,115	24,741
Central Establishment Charges	395	8	403	395	8	403
Less:						
Recovery of Management and Legal Fees	(696)	(35)	(731)	(674)	(57)	(731)
Admin Fees	(20)	(36)	(56)	(52)	(4)	(56)
Commission Recapture	(100)		(100)	(68)	(32)	(100)
	29,508	1,319	30,827	26,776	4,051	30,827

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Report To:	GMPF LOCAL PENSIONS BOARD
Date:	29 March 2018
Reporting Officer:	Sandra Stewart – Director of Pensions Paddy Dowdall, Assistant Director of Pensions (Local Investments and Property)
Subject:	2017/2018 EXTERNAL AUDIT PLAN
Report Summary:	A report of Grant Thornton is attached which sets out the external auditor's approach to the 2017/2018 audit.
Recommendations:	That the Board note the contents of the report.
Financial Implications: (Authorised by the Section 151 Officer)	The estimated audit fee for 2017/2018 is £56,341
Legal Implications: (Authorised by the Solicitor to the Fund)	It is a requirement that the Fund's accounts are externally audited.
Risk Management:	In undertaking the audit, the auditor will identify the business risks and assess the Fund's own risk management and internal control environment. The auditor will also consider the financial performance and provide reassurance that the accounts provide a "true and fair view".
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:	Any enquiries should be directed to Tracey Boyle, 0161-301-7116 (email: tracey.boyle@tameside.gov.uk)

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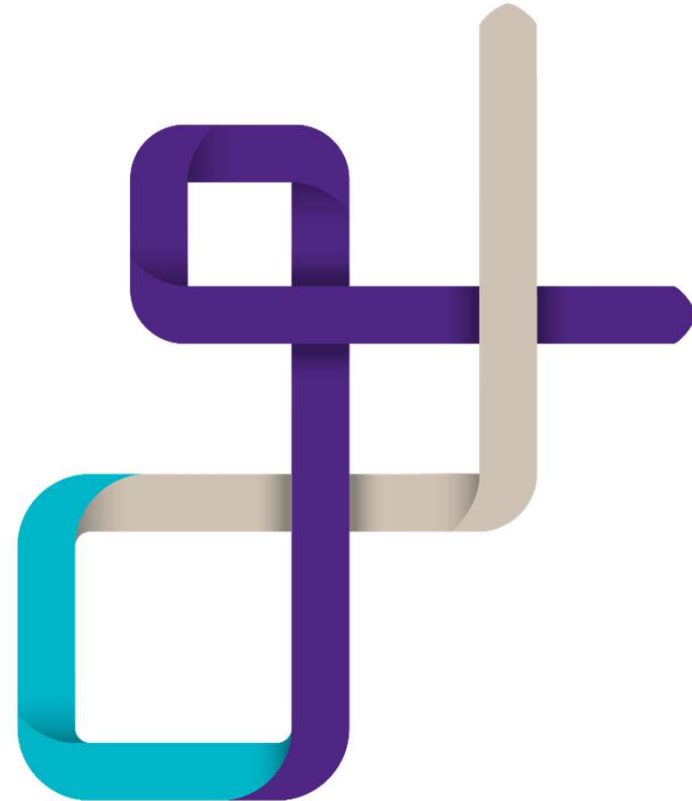
External Audit Plan

Year ending 31 March 2018

Greater Manchester Pension Fund

9 March 2018

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Contents



Your key Grant Thornton
team members are:

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Mike Thomas

Director

T: 0161 214 6368

E: mike.thomas@uk.gt.com

Marianne Dixon

Manager

T: 0113 200 2699

E: marianne.dixon@uk.gt.com

Mark Stansfield

Executive – In charge

T: 0161 234 6356

E: mark.stansfield@uk.gt.com

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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Fund or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Introduction & headlines

Purpose

This document provides an overview of the planned scope and timing of the statutory audit of Greater Manchester Pension Fund ('the Fund') for those charged with governance.

Respective responsibilities

The National Audit Office ('the NAO') has issued a document entitled Code of Audit Practice ('the Code'). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities are also set in the Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing us as auditor of Greater Manchester Pension Fund]. We draw your attention to both of these documents on the [PSAA website](#).

Scope of our audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance the Overview (Audit) Panel of Tameside MBC.

The audit of the financial statements does not relieve management or the Overview (Audit) Panel of your responsibilities.

Our audit approach is based on a thorough understanding of the Fund's business and is risk based.

Significant risks

Those risks requiring specific audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:

- Fraud in revenue recognition – This risk has been rebutted for the Fund as documented on page 5
- Management over-ride of controls
- Valuation of Level 3 Investments.

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings (ISA 260) Report.

Materiality

We have determined planning materiality to be £212.7m (PY £212.7m), which equates to 1% of your net assets. We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. Clearly trivial has been set at £10.6m (PY £10.6m).

Audit logistics

Our interim visit will take place in March 2018 and our final visit will take place in June 2018. Our key deliverables are this Audit Plan and our Audit Findings Report.

Our fee for the audit will be no less than £56,341 (PY: £56,341) for the Fund. Where requests are received from other auditors of other bodies for assurance in respect of information held by the Fund and provided to the actuary to support their individual IAS 19 calculations these will be billed in addition to the audit fee on a case by case basis. We estimate this fee to be £5,996 for 2017-18.

Independence

We have complied with the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements

Deep business understanding

Changes to service delivery

Pooling

Arrangements for the pooling of investments continue to develop. The DCLG have reported on the progress of pools and noted the pace of development, including the launching of procurements for pool operators, appointing senior officers and preparing applications for Financial Conduct Authority authorisation. This remains a challenging agenda, with arrangements required to be in place from 1 April 2018. These arrangements will have a significant impact on how investments are managed and monitored, with much of the operational responsibility moving to the pool operator. It remains key that administering authorities (through Pension Committees and Pension Boards) continue to operate strong governance arrangements, particularly during the transition phase where funds are likely to have a mix of investment management arrangements. We will continue to discuss with fund officers their plans for asset pooling and the implications this will have on the investment policy and governance arrangements of the fund.

Changes in Financial Instrument Directive (MiFID II)

January 2018 saw the implementation of MiFID II. The impact for the Fund is that to be able to continue to access the same investments as previously, it needed to apply to 'opt up' and gain election to professional status. Without this change in status some financial institutions could terminate their relationship with the Fund, which may have an adverse impact on the achievement of the investment strategy.

On-going Matters

- Indexation and equalisation of GMP in public service pensions schemes
- Reforms to public sector exit packages and the application, or not, of the 2013 Fair Deal changes to the LGPS
- SAB work on options for academies within the LGPS and review of Tier 3 employer risks

Changes to financial reporting requirements

Accounts and Audit Regulations 2015 (the Regulations)

The Department of Communities and Local Government (DCLG) is currently undertaking a review of the Regulations, which may be subject to change. The date for any proposed changes has yet to be confirmed, so it is not yet clear or whether they will apply to the 2017/18 financial statements.

Under the 2015 Regulations local authorities are required to publish their accounts along with the auditors opinion by 31 July 2018.

Changes to the CIPFA 2017/18 Accounting Code

CIPFA have introduced minor changes to the 2017/18 Code, these include a new disclosure of investment manager transaction costs and clarification on the approach to investment concentration disclosure.

Key challenges

Financial pressures

At the latest triennial valuation (31 March 2016) the fund had sufficient assets to cover 95% of liabilities. This was an improvement from 93% as at 31 March 2013. The Fund's assets are now valued at over £21bn. The Fund has a strong approach to governance which has delivered strong financial performance over many years despite exceptionally low long term interest rates. It continues to achieve investment performance in excess of benchmark; stable contribution rates for employers whilst continuing to develop local investment opportunities.

General Data Protection Regulations (GDPR)

GDPR comes into effect in May 2018 and replaces the Data Protection Act 1998. It introduces new obligations on data controllers. The Fund is both a data controller and a data processor and needs to ensure that it has appropriate processes in place to comply with the changes being introduced.

tPR 2016 Governance and Administration Survey

Published in May 2017 whilst showing improvements in governance tPR noted that its focus for 2017/18 would be scheme governance, record keeping, internal controls and member communication and that tolerance for scheme shortcomings in these areas was reducing and that they were more likely to use their enforcement powers where scheme managers have not taken sufficient action to address issues or meet their duties.

Our response

- We will consider whether your financial position leads to uncertainty about the going concern assumption and will review any related disclosures in the financial statements.
- We will keep you informed of changes to the Regulations and any associated changes to financial reporting or public inspection requirements for 2017/18 through on-going discussions.
- As part of our opinion on your financial statements, we will consider whether your financial statements reflect the financial reporting changes in the 2017/18 CIPFA Code.

Significant risks identified

Significant risks are defined by professional standards as risks that, in the judgement of the auditor, require special audit consideration because they have a higher risk of material misstatement. Such risks often relate to significant non-routine transactions and judgmental matters. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood.

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
<p>The revenue cycle includes fraudulent transactions</p>	<p>Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p>	<p>Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Fund, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:</p> <ul style="list-style-type: none"> • there is little incentive to manipulate revenue recognition • opportunities to manipulate revenue recognition are very limited • the culture and ethical frameworks of local authorities, including Tameside Metropolitan Borough Council as the Administering Authority of Greater Manchester Pension Fund, mean that all forms of fraud are seen as unacceptable <p>Therefore we do not consider this to be a significant risk for Greater Manchester Pension</p>
<p>Management over-ride of controls</p>	<p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities. Management over-ride of controls is a risk requiring special audit consideration.</p>	<p>We will:</p> <ul style="list-style-type: none"> • gain an understanding of the accounting estimates, judgements applied and decisions made by management and consider their reasonableness • obtain a full listing of journal entries, identify and test unusual journal entries for appropriateness • evaluate the rationale for any changes in accounting policies or significant unusual transactions.

Significant risks identified

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
The valuation of Level 3 investments is incorrect	Under ISA 315 significant risks often relate to significant non-routine transactions and judgemental matters. Level 3 investments by their very nature require a significant degree of judgement to reach an appropriate valuation at year end.	<p data-bbox="1198 300 1332 331">We will:</p> <ul data-bbox="1198 347 2188 951" style="list-style-type: none"><li data-bbox="1198 347 2188 454">• review the nature and basis of estimated values and consider what assurance management has over the year end valuations provided for these types of investments.<li data-bbox="1198 470 2188 534">• consider the competence, expertise and objectivity of any management experts used.<li data-bbox="1198 550 2188 646">• Review the qualifications of the fund managers as experts to value the level 3 investments at year end and gain an understanding of how the valuation of these investments has been reached.<li data-bbox="1198 662 2188 726">• For indirect property investments, test valuations to valuation reports and/or other supporting documentation.<li data-bbox="1198 742 2188 951">• For a sample of private equity investments, test valuations to fund manager valuations and/or by obtaining and reviewing the audited accounts at latest date for individual investments and agreeing these to the fund manager reports at that date. Reconciliation of those values to the values at 31st March with reference to known movements in the intervening period.

Reasonably possible risks identified

Reasonably possible risks (RPRs) are, in the auditor's judgment, other risk areas which the auditor has identified as an area where the likelihood of material misstatement cannot be reduced to remote, without the need for gaining an understanding of the associated control environment, along with the performance of an appropriate level of substantive work. The risk of misstatement for an RPR is lower than that for a significant risk, and they are not considered to be areas that are highly judgmental, or unusual in relation to the day to day activities of the business.

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
Contributions	Contributions from employers and employees' represents a significant percentage of the Fund's revenue.	<p>We will:</p> <ul style="list-style-type: none">• evaluate the Fund's accounting policy for recognition of contributions for appropriateness;• gain an understanding of the Fund's system for accounting for contribution income and evaluate the design of the associated controls;• test a sample of contributions to source data to gain assurance over their accuracy and occurrence;• rationalise contributions received with reference to changes in member body payrolls and the number of contributing members to ensure that any unusual trends are satisfactorily explained.
Pension Benefits Payable	Pension benefits payable represents a significant percentage of the Fund's expenditure.	<p>We will:</p> <ul style="list-style-type: none">• evaluate the Fund's accounting policy for recognition of pension benefits expenditure for appropriateness;• gain an understanding of the Fund's system for accounting for pension benefits expenditure and evaluate the design of the associated controls;• test a sample of individual pensions in payment by reference to member files;• rationalise pensions paid with reference to changes in pensioner numbers and pension increases applied in year to ensure that any unusual trends are satisfactorily explained.

Reasonably possible risks identified

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
The valuation of Level 2 investments is incorrect	While level 2 investments do not carry the same level of inherent risks associated with level 3 investments, there is still an element of judgement involved in their valuation as their very nature is such that they cannot be valued directly.	<p>We will</p> <ul style="list-style-type: none">• gain an understanding of the Fund's process for valuing Level 2 investments and evaluate the design of the associated controls.• review the reconciliation of information provided by the fund managers, the custodian, the accounting partner (HSBC) and the Fund's own records and seek explanations for variances• consider the competence, expertise and objectivity of any management experts used.• review the qualifications of the expert to value the level 2 investments at year end and gain an understanding of how the valuation of these investment has been reached.• For direct property investments agree values in total to the valuer's report and undertake steps to gain reliance on the valuer as an expert• review the nature and basis of estimated values and consider what assurance management has over the year end valuations provided for these types of investments.

Other matters

Other work

The Fund is administered by [ANOTHER Council] (the 'Council'), and the Fund's accounts form part of the Council's financial statements. Therefore as well as our general responsibilities under the Code of Practice a number of other audit responsibilities also follow in respect of the Fund, such as:

- We consider our other duties under the Act and the Code, as and when required, including:
 - giving electors the opportunity to raise questions about your 2017/18 financial statements, consider and decide upon any objections received in relation to the 2017/18 financial statements;
 - issue of a report in the public interest; and
 - making a written recommendation to the Council, copied to the Secretary of State.
- We carry out work to satisfy ourselves on the consistency of the Fund's financial statements included in the Fund's annual report with the audited Fund accounts.

Other material balances and transactions

Under International Standards on Auditing, "irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure". All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.

Going concern

As auditors, we are required to "obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern" (ISA (UK) 570). We will review management's assessment of the going concern assumption and evaluate the disclosures in the financial statements.

Materiality

The concept of materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law. Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality for planning purposes

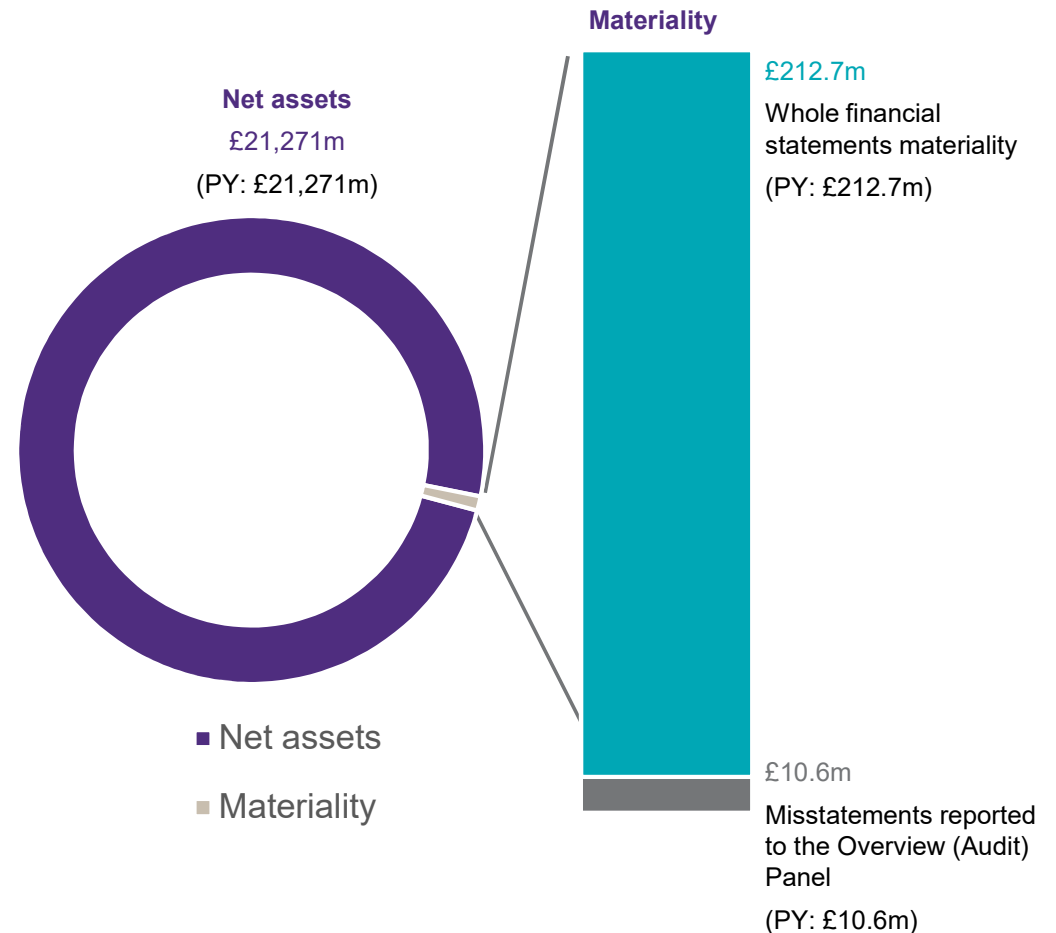
We propose to calculate financial statement materiality based on a proportion of the net assets of the Fund for the financial year. In the prior year we used the same benchmark. We have determined planning materiality (the financial statements materiality determined at the planning stage of the audit) to be £212.7m (PY £212.7m), which equates to 1% of your net assets for the prior year. We design our procedures to detect errors in specific accounts at a lower level of precision.

We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality

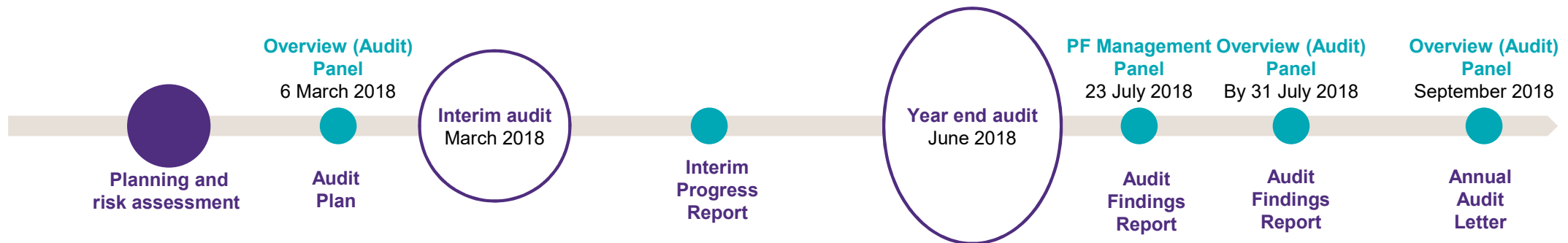
Matters we will report to the Overview (Audit) Panel

Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Overview (Audit) Panel any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. Under ISA 260 (UK) 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA 260 (UK) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria. In the context of the Fund, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £10.6 m (PY £10.6 m).

If management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Overview (Audit) Panel to assist it in fulfilling its governance responsibilities.



Audit logistics, team & audit fees



Mike Thomas, Engagement Lead

Mike will be the main point of contact for the, Section 151 Officer and Senior Pension Fund Executives as well as elected members.. Mike will share his knowledge and experience across the sector and ensure our audit it tailored specifically to you and is delivered efficiently. Mike will review all reports and the team's work.



Marianne Dixon, Audit Manager

Marianne will be responsible for overall management of the audit; quality assurance and quality of audit work and outputs. Marianne will attend key Management Panel meetings as well as Overview (Audit) Panel meetings and draft reports to make sure they are clear, concise and understandable to all.



Mark Stansfield, Audit Incharge

Mark will lead the onsite team and will be the day to day contact for the audit. Mark will monitor the deliverables, manage the query log with your finance team and highlight any significant issues and adjustments to senior management. Mark will undertake the more technical aspects of the audit and coach the junior members of the team.

Audit fees

The planned audit fees are no less than £56,341 (PY: £56,341) for the financial statements audit and £5,996 for the provision of IAS 19 reports to PSAA appointed auditors. In setting your fee, we have assumed that the scope of the audit, and the Fund and its activities, do not significantly change.

Where requests are received from other auditors of other bodies for assurance in respect of information held by the Fund and provided to the actuary to support their individual IAS 19 calculations these will be billed in addition to the audit fee on a case by case basis.

Grant Thornton UK LLP also provides audit services to:

- Matrix Homes Limited Partnership for audit fees totalling £10,000*;
- Plot 5 First Street GP Limited and Plot 5 First Street Partnership Limited for audit fee of £11,000*
- GLIL Infrastructure LLP for audit fee of £8,240*;
- GLIL Corporate Holdings Limited for audit fee of £2,000*
- GMPF Unit Trust £7,450*

These are separate engagements outside the remit of Public Sector Audit Appointments Limited. (* based on 2016/17 audit fees)

Our requirements

To ensure the audit is delivered on time and to avoid any additional fees, we have detailed our expectations and requirements in the following section 'Early Close'. If the requirements detailed overleaf are not met, we reserve the right to postpone our audit visit and charge fees to reimburse us for any additional costs incurred.

Early close

Meeting the early close timeframe

Bringing forward the statutory date for publication of audited local government accounts to 31 July this year, across the whole sector, is a significant challenge for local authorities and auditors alike. For authorities, the time available to prepare the accounts is curtailed, while, as auditors we have a shorter period to complete our work and face an even more significant peak in our workload than previously.

We have carefully planned how we can make the best use of the resources available to us during the final accounts period. As well as increasing the overall level of resources available to deliver audits, we have focused on:

- Page 148
- bringing forward as much work as possible to interim audits
 - starting work on final accounts audits as early as possible, by agreeing which authorities will have accounts prepared significantly before the end of May
 - seeking further efficiencies in the way we carry out our audits
 - working with you to agree detailed plans to make the audits run smoothly, including early agreement of audit dates, working paper and data requirements and early discussions on potentially contentious items.

We are satisfied that, if all these plans are implemented, we will be able to complete your audit and those of our other local government clients in sufficient time to meet the earlier deadline.

Client responsibilities

Where individual clients do not deliver to the timetable agreed, we need to ensure that this does not impact on audit quality or absorb a disproportionate amount of time, thereby disadvantaging other clients. We will therefore conduct audits in line with the timetable set out in audit plans (as detailed on page 11). Where the elapsed time to complete an audit exceeds that agreed due to a client not meeting its obligations we will not be able to maintain a team on site. Similarly, where additional resources are needed to complete the audit due to a client not meeting their obligations we are not able to guarantee the delivery of the audit by the statutory deadline. Such audits are unlikely to be re-started until very close to, or after the statutory deadline. In addition, it is highly likely that these audits will incur additional audit fees.

Our requirements

To minimise the risk of a delayed audit or additional audit fees being incurred, you need to ensure that you:

- produce draft financial statements of good quality by the deadline you have agreed with us, including all notes
- ensure that good quality working papers are available at the start of the audit, in accordance with the working paper requirements schedule that we have shared with you
- ensure that the agreed data reports are available to us at the start of the audit and are reconciled to the values in the accounts, in order to facilitate our selection of samples
- ensure that all appropriate staff are available on site throughout (or as otherwise agreed) the planned period of the audit
- respond promptly and adequately to audit queries.

In return, we will ensure that:

- we will notify you of a list of deliverables in advance of the audit;
- the audit runs smoothly with the minimum disruption to your staff
- you are kept informed of progress through the use of an issues tracker and weekly meetings during the audit
- we are available to discuss issues with you prior to and during your preparation of the financial statements.

Independence & non-audit services

Auditor independence

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant facts and matters that may bear upon the integrity, objectivity and independence of the firm or covered persons, relating to our independence. We encourage you to contact us to discuss these or any other independence issues with us. We will also discuss with you if we make additional significant judgements surrounding independence matters.

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements. Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in December 2016 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

We confirm that we have implemented policies and procedures to meet the requirements of the Ethical Standard. For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Fund.

Non-audit services

No non-audit services have been identified to date

Appendices

A. Revised ISAs



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Appendix A: Revised ISAs

Detailed below is a summary of the key changes impacting the auditor's report for audits of financial statement for periods commencing on or after 17 June 2016.

Section of the auditor's report	Description of the requirements
Conclusions relating to going concern	We will be required to conclude and report whether: <ul style="list-style-type: none">• The directors use of the going concern basis of accounting is appropriate• The directors have disclosed identified material uncertainties that may cast significant doubt about the Fund's ability to continue as a going concern.
Material uncertainty related to going concern	We will need to include a brief description of the events or conditions identified that may cast significant doubt on the Fund's ability to continue as a going concern when a material uncertainty has been identified and adequately disclosed in the financial statements. Going concern material uncertainties are no longer reported in an Emphasis of Matter section in our audit report.
Other information	We will be required to include a section on other information which includes: <ul style="list-style-type: none">• Responsibilities of management and auditors regarding other information• A statement that the opinion on the financial statements does not cover the other information unless required by law or regulation• Reporting inconsistencies or misstatements where identified
Additional responsibilities for directors and the auditor	We will be required to include the respective responsibilities for directors and us, as auditors, regarding going concern.
Format of the report	The opinion section appears first followed by the basis of opinion section.



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By virtue of paragraph(s) 3, 7c of Part 1 of Schedule 12A of the Local Government Act 1972.

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Report To:	GMPF LOCAL PENSION BOARD
Date:	29 March 2018
Reporting Officer:	Sandra Stewart - Director of Pensions Emma Mayall – Pensions Policy Manager
Subject :	ADMINISTRATION BUSINESS & PROJECT PLANS
Report Summary:	<p>This report provides the Local Board with a summary of the following:-</p> <ul style="list-style-type: none">- An update on the 2017/18 business planning objectives set by the Administration section and confirmation of the objectives set for 2018/19- A summary of the other strategic or service improvement administration projects being worked on currently- Comment on regular and other items of work currently being undertaken by the section
Recommendation(s):	It is recommended that the Board note the information provided within the report.
Financial Implications: (Authorised by the Section 151 Officer)	Some projects and business plan items will incur costs. These are highlighted within the report and wherever possible, provision for these costs has been made within the budget.
Legal Implications: (Authorised by the Solicitor to the Fund)	Some business plan and project items are linked to statutory requirements. Carrying out the Guaranteed Minimum Pension reconciliation exercise is a HMRC requirement. Statutory requirements are also imposed by the Pension Regulator.
Risk Management:	Good business and project planning is essential when trying to deliver an excellent service at low cost. Failure to plan properly can lead to resources not being used effectively, additional costs being incurred and deadlines not being met.
ACCESS TO INFORMATION:	NON-CONFIDENTIAL This report does not contain information that warrants its consideration in the absence of the Press or members of the public.
Background Papers:	<p>The background papers used in this report are listed below. Local Government Pension Scheme Regulations 2013 http://lgpsregs.webdigi.co.uk/schemeregs/lgpsregs2013/timeline.php The Pensions Regulator Code of Practice 14 http://www.thepensionsregulator.gov.uk/codes/code-governance-administration-public-service-pension-schemes.aspx Further information can be obtained by contacting Emma Mayall, Greater Manchester Pension Fund, Guardsman Tony Downes House, 5 Manchester Road, Droylsden</p> <p> Telephone: 0161 301 7242  e-mail: emma.mayall@gmpf.org.uk</p>

1. BACKGROUND AND INTRODUCTION

- 1.1 In March 2017, six key business plan items for the administration section were established. This report provides the Local Board with an update on the progress that has been made with these objectives. Business plan objectives are now being set for 2018/19 and these are detailed within this report.
- 1.2 In addition to the key business plan objectives, the section is working on a number of other projects. A brief summary of these is also provided, together with information about the work currently being undertaken.
- 1.3 Finally, comments on regular and other work items undertaken are also provided as part of this report.

2. 2017/18 BUSINESS PLAN OBJECTIVES

- 2.1 The six key business plan objectives set for the 2017/18 year are summarised in the table below.

Ref.	Summary Title	Objectives
1	Guaranteed Minimum Pension Reconciliation	To progress work relating to the Guaranteed Minimum Pension (GMP) reconciliation exercise
2	Year-end processes	To make further improvements to the year-end pay and contribution returns exercise, including the application of the new escalation process
3	Employer support	To improve the support provided to all fund employers, including improved communication, training, website and reference material and exchange of information
4	Business continuity plan and disaster recovery provision	To review and revise our disaster recovery provision and devise a new business continuity plan
5	Data cleansing	To make our data cleansing methods more efficient and cost effective
6	Member communication	To improve and develop our communication methods and increase our use of on-line tools (such as MSS and on-line videos)

- 2.2 The report presented to the Local Board in December 2017 confirmed that work on the GMP reconciliation project began in April 2017 and would involve reconciling data with HMRC up to their deadline of December 2018. Work continues to be carried out in line with the project deadlines set and the latest project plan confirming progress can be found at **Appendix 1**.
- 2.3 The 2017/18 year-end return process is now complete and work this quarter has focused on the 2018/19 exercise. Where identified, enhancements have been made to the improvements that were made last year (in particular to the recording of information on our internal employer database and to training webinars through software enhancements).

- 2.4 Meetings or regular conference calls have been held with all Local Authority employers, the National Probation Service and a number of other larger GMPF employers. The main aim of these meetings has been to identify problems with performance or other barriers to service delivery and put plans in place to resolve them. Improvements have been made to some areas of the employers' website and to systems in place to enable better the exchange of information electronically. There are a number of areas identified through the work already done that officers are keen to develop further. Therefore, this objective will continue into next year's plan.
- 2.5 Meetings with Tameside MBC IT department have continued to take place to discuss disaster recovery provision. A number of options have been explored and a business case is currently being finalised around the preferred option.
- 2.6 Work has progressed on amending methods of data cleansing over the last quarter and as a result, a software improvement update has been made to the Data Analysis Reporting Tool that is used to assist with data cleansing. Further work on this project will continue and other areas where the analysis tool could be used to improve the speed and accuracy of data correction will be looked at.
- 2.7 The area of member communication is the only objective where significant progress has not been made, as initially planned. However, progress has been made on reviewing the area of complaints and compliments, including looking at how we obtain member feedback in general, and on developing a three-year communications strategy. Therefore, this objective will be carried forward to the 2018/19 plan.

3. 2018/19 BUSINESS PLAN PROJECTS

3.1 The key business plan objectives identified for 2018/19 are as follows:

Ref.	Summary Title	Objectives
1	Structure review and staff engagement	To review and revise the structure of the administration section to ensure it is best placed to manage current and anticipated future workloads and projects. In addition, to ensure that all members of the team are fully engaged to deliver the best possible service.
2	Employer support	To improve the support provided to all fund employers, including improved communication, training, website and reference material and exchange of information
3	Member communication	To improve and develop our communication methods and increase our use of on-line tools (such as MSS and on-line videos)
4	Altair developments and workflow reform	To maximise use of the Altair administration system, to ensure processes are as efficient as possible and enabling an excellent service to be provided to members. In addition, to review and reform the use of Altair workflow, to take advantage of system developments and improve management data output.
5	Move to monthly pay and contribution returns	To investigate a switch from receiving annual pay and contribution returns from employers to receiving them monthly, with a view to implementing this at some point in the future.

4. OTHER STRATEGIC AND SERVICE IMPROVEMENT PROJECTS

4.1 The administration section has also made progress on a number of other key projects over the last quarter. The table below provides brief details of these together with any key points of note.

Ref.	Summary Title	Update
PR4	Trivial commutation	Work is being undertaken to put procedures in place that would enable GMPF to offer members the option of taking their benefits as a one-off lump sum rather than receiving a very small monthly pension where the regulations allow them to do so. All payroll element changes have now been put in place and changes to letters and procedures have been made. It is expected that all deferred members where this applies will be offered the option to commute their pension at the point of retirement as standard by the end of April.
PR5	Monthly postings and i-Connect	A project team was established in January to begin work on re-investigating the possibility of receiving monthly returns. Members of the project team visited another LGPS fund in February that use the Aquila Heywood 'i-connect' system to administer the receipt and processing of monthly return data. Representatives from Aquila Heywood also visited GMPF to give a demonstration of the product. Officers are now working with Aquila Heywood to establish a test environment and obtain more information about the software implementation process. A pros and cons analysis document will then be drawn up together with a project plan identifying the next steps.
PR11	Death grant process review	Work on reviewing and improving the process by which the beneficiaries of death grants are determined and paid has continued. The Death Grant Discretion Board has continued to meet each month to reach decisions on current cases, as well as identifying improvements to the overall process.
PR12	Data and The Pensions Regulator (TPR)	Work has progressed on reviewing compliance against the Code of Practice 14 and other TPR related tasks. These are covered in a separate report.
PR26	Java Payroll	This new Altair software module was successfully implemented during December and January. This project is now complete.
PR32	First Bus Transfer	This project, which involved transferring the benefits of over 5000 members from the West Yorkshire Pension Fund and South Yorkshire Pensions Authority to GMPF, was completed successfully and all new pensioner members were paid by GMPF for the first time in November 2017. The majority of the data cleansing work required was carried out in December, with any remaining cases resolved by March 2018. The Pensions Administration Working Group received regular reports on this project and a final update report confirming that all administration tasks have been completed was presented to the January meeting of the Group, together with details of the post-project review outcomes.

PR33	GDPR	General Data Protection Regulations (GDPR) will come into effect in May 2018. Work to ensure the Fund is compliant is well underway, with all staff having received training and all processes being data mapped. Work will continue throughout the year to ensure steps are taken to further improve compliance and minimise risk.
PR35	Annual Report 2018	Preparation work has begun on producing the annual report 2018. A comprehensive timetable and work plan has been drawn up and regular meetings are underway.
PR36	PASA accreditation	The Pensions Administration Standards Association (PASA) has an independently assessed accreditation programme to recognise high standards of administration. Officers will be working with PASA over the coming months to attain this accreditation and work has already commenced on identifying the evidence that needs to be collated and so on in order to demonstrate GMPF meets the required standards.

5. UPDATES ON REGULAR AND OTHER WORK ITEMS

- 5.1 All regular items of work completed by the section are measured using workflow analysis statistics and key performance indicators. The latest performance record of the Pensions Administration section for the 12 months is detailed in **appendix 2 and 3**.
- 5.2 Performance has been steadily improving in a number of areas over the last twelve months. This is demonstrated in the graphs shown in **appendix 4**.
- 5.3 In 2015, GMPF informed the Pensions Regulator that it had issued 69.26% of annual statements for contributing members by 31 August deadline. A program of improvement was outlined to demonstrate to the Regulator how GMPF intended to improve and reach the 100% target. The number of statements issued on time since then is as follows:
- 2015 – 69.26%
2016 – 96.30%
2017 – 98.40%
- 5.4 These figures show that the improvements made have led to GMPF making significant progress towards the 100% target.
- 5.5 Other items of work being undertaken at present include:
- Follow-up actions needed as a result of Altair release 8.1, which was implemented at the beginning of March
 - Annual Pensions Increase updates
 - Preparations for the issue of P60s, payslips and the annual Grapevine newsletter for pensioners, due out in April / May
 - Preparations for the issue of annual benefit statements for deferred members, to be issued in May
 - Employer admissions for 44 admission bodies and 20 academies being processed

6. RECOMMENDATION

- 6.1 It is recommended that the content of the report be noted.

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PROJECT OVERVIEW REPORT

GMP RECONCILIATION	Report Date	Report No:
Project team: Emma Mayall, Victoria Plackett, Georgia Ryan, John Carroll, Caroline Daniel	19.03.2018	4

PROJECT OBJECTIVES AND TIMESCALES	
Timeframe:	1 February – 31 December 2018
Objectives:	<ul style="list-style-type: none"> - For all member records and HMRC file entries to be reconciled in respect of GMP information - For all errors to be corrected

MILESTONES AND NEXT STEPS			
Progress against recent key milestones and / or next steps	Deadline	Leading Officer	Status
Work stream 1	DATA ANALYSIS AND PLANNING		Georgia Ryan
	Testing and data analysis	16 Jun 2017	✓ Achieved
	Decisions needed identified and log created	23 Jun 2017	✓ Achieved
	Approach document formed	30 Jun 2017	✓ Achieved
	Timelines confirmed and resource allocated	30 Jun 2017	✓ Achieved
	Project meetings scheduled and carried out	30 Jun 2017	✓ Achieved
	HMRC notified of our estimated timescales	30 Jun 2017	✓ Achieved
	Folder protections and access levels put in place	21 Jul 2017	✓ Achieved
	Procedure notes and guidance created	28 Jul 2017	✓ Achieved
Work stream 2	SRS (LEAVER FILE) RECONCILIATION		John Carroll
	Baseline file created and unique references added	7 Jul 2017	✓ Achieved
	Stage 1 queries worked on and issued	31 Dec 2017	✓ Achieved
	Stage 2 queries worked on and issued	30 Mar 2018	○ In progress
	Recalculations performed	31 Aug 2018	○ In progress
	Replies dealt with	31 Aug 2018	Awaiting start
Work stream 3	CLOSURE SCAN RECONCILIATION		John Carroll
	Baseline file created and unique references added	30 Sep 2017	✓ Achieved
	Stage 1 queries worked on and issued	31 Dec 2017	✓ Achieved
	Stage 2 queries worked on and issued	30 Apr 2018	○ In progress
	Recalculations performed	30 Sep 2018	○ In progress
	Replies dealt with	30 Sep 2018	Awaiting start
Work stream 4	FINAL RECONCILIATION AND SIGN OFF		Georgia Ryan
	Reconciliation of SRS (leaver) file	31 Oct 2018	Awaiting start
	Reconciliation of Closure Scan file	31 Nov 2018	Awaiting start
	Internal Audit sign off	31 Dec 2018	Awaiting start
Issues/high level risks arising and their impacts on the project	1.	Risk 4	There is not enough resource to complete the work needed – would impact on our ability to meet the agreed deadlines, potential for errors / complaints / incorrect payments, impact on morale
	2.	Risk 3	Movement of resource to the project impacts on other workloads – would affect our ability to meet other targets, performance levels and project deadlines
	3.	Risk 5	Deadlines are missed - potential for additional work / errors / complaints / incorrect payments / incorrect liability being assigned, impact on morale

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1. Written queries answered or acknowledged

Processed	615	525	645	644	517	616	655	547	597	317	681	570	6,929	7,006	6,863	5,068
Processed in time	587	511	618	623	505	603	637	534	582	307	662	541	6,710	6,585	6,463	4,727
Percentage on time	95%	97%	96%	97%	98%	98%	97%	98%	97%	97%	97%	95%	96.8%	94.0%	94.2%	93.3%

2. New starters processed

Processed	1,274	1,083	1,257	1,613	1,456	1,004	1,435	2,413	2,025	1,345	1,857	1,754	18,516	18,990	18,619	15,098
Processed in time	1,257	1,082	1,256	1,612	1,433	995	1,435	2,413	2,025	1,345	1,857	1,754	18,464	18,846	17,034	12,990
Percentage on time	99%	100%	100%	100%	98%	99%	100%	100%	100%	100%	100%	100%	99.7%	99.2%	91.5%	86.0%

3. Changes in details processed

Processed	1,666	1,410	177	1,445	2,172	1,618	2,602	1,936	1,658	903	1,558	1,540	18,685	21,683	25,326	23,750
Processed in time	1,658	1,408	177	1,441	2,165	1,612	2,596	1,929	1,646	901	1,552	1,534	18,619	21,479	24,733	23,148
Percentage on time	100%	100%	100%	100%	100%	100%	100%	100%	99%	100%	100%	100%	99.6%	99.1%	97.7%	97.5%

4. Helpline telephone calls answered in office hours

Offered	5,692	5,027	5,800	4,974	4,451	5,280	5,400	4,763	4,286	2,708	5,427	4,368	58,176	66,692	59,074	72,508
Answered	5,165	4,385	5,031	4,295	3,968	4,518	4,656	4,304	3,838	2,406	4,711	3,859	51,136	56,421	51,666	58,769
Percentage answered	91%	87%	87%	86%	89%	86%	86%	90%	90%	89%	87%	88%	87.9%	84.6%	87.5%	81.1%

5. Pensions forecasts for deferred members

Processed	0	0	100,033	0	0	0	0	0	0	0	0	0	100,033	91,816	90,290	87,739
Processed in time	0	0	100,033	0	0	0	0	0	0	0	0	0	100,033	91,794	90,290	79,137
Percentage on time			100%										100.0%	100.0%	100.0%	90.2%

6. Pensions forecasts for active members

Processed	216	0	0	0	0	102,444	815	170	144	212	107	31	104,139	107,222	106,357	105,471
Processed in time	0	0	0	0	0	102,444	0	0	0	0	0	0	102,444	103,253	73,668	7,373
Percentage on time	0%					100%	0%	0%	0%	0%	0%	0%	98.4%	96.3%	69.3%	7.0%

7. Postings queries for employers issued

Processed	10	317	2,199	3,501	448	106	2	1	0	29	0	0	6,613	4,590	2,996	
Processed in time	10	317	2,199	3,495	436	106	2	1	0	29	0	0	6,595	1,619	1,276	
Percentage on time	100%	100%	100%	100%	97%	100%	100%	100%		100%			99.7%	35.3%	42.6%	

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8. Technical guidance issued to employers

Processed	0	1	1	0	1	5	1	1	1	0	0	1	12	18	7	7
Processed in time	0	1	1	0	1	5	1	1	1	0	0	1	12	18	6	7
Percentage on time		100%	100%		100%	100%	100%	100%	100%			100%	100.0%	100.0%	85.7%	100.0%

9. Pension savings statements

Processed	3	1	5	0	3	2	217	177	12	1	2	5	428	274	453	148
Processed in time	3	1	5	0	3	2	217	177	12	1	1	5	427	274	378	148
Percentage on time	100%	100%	100%		100%	100%	100%	100%	100%	100%	50%	100%	99.8%	100.0%	83.4%	100.0%

10. Estimates for divorce purposes

Processed	70	36	46	53	63	38	58	55	30	35	41	32	557	538	539	464
Processed in time	69	32	46	53	63	37	58	55	29	35	41	32	550	506	523	452
Percentage on time	99%	89%	100%	100%	100%	97%	100%	100%	97%	100%	100%	100%	98.7%	94.1%	97.0%	97.4%

11. Non LGPS transfers in processed

Processed	5	5	2	2	3	6	6	5	12	15	11	9	81	66	135	84
Processed in time	5	5	2	2	3	6	6	5	12	15	11	9	81	65	133	77
Percentage on time	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100.0%	98.5%	98.5%	91.7%

12. Non LGPS transfer out quotations processed

Processed	115	110	151	130	130	87	135	102	84	112	111	129	1,396	1,215	1,048	875
Processed in time	115	110	148	127	129	87	135	102	81	109	110	129	1,382	1,014	1,015	845
Percentage on time	100%	100%	98%	98%	99%	100%	100%	100%	96%	97%	99%	100%	99.0%	83.5%	96.9%	96.6%

13. Non LGPS transfer out payments processed

Processed	41	26	35	14	36	30	19	22	23	17	21	28	312	260	216	248
Processed in time	41	26	35	14	34	30	19	22	23	17	21	28	310	250	212	240
Percentage on time	100%	100%	100%	100%	94%	100%	100%	100%	100%	100%	100%	100%	99.4%	96.2%	98.1%	96.8%

14. Internal and concurrent transfers processed

Processed	276	341	424	388	387	312	497	324	353	288	383	455	4,428	3,264	848	346
Processed in time	187	303	320	342	345	235	290	297	319	173	345	431	3,587	2,227	508	273
Percentage on time	68%	89%	75%	88%	89%	75%	58%	92%	90%	60%	90%	95%	81.0%	68.2%	59.9%	78.9%

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15. Refund payments made

Processed	212	189	169	148	175	204	137	141	157	140	236	161	2,069	1,804	1,328	470
Processed in time	195	176	145	129	171	193	129	138	147	138	230	159	1,950	1,522	1,138	409
Percentage on time	92%	93%	86%	87%	98%	95%	94%	98%	94%	99%	97%	99%	94.2%	84.4%	85.7%	87.0%

16. Deferred benefits calculated

Processed	935	867	692	947	834	1,138	804	1,076	946	639	879	712	10,469	11,470	10,010	5,145
Processed in time	488	541	436	563	455	816	595	887	821	584	753	609	7,548	4,088	667	3,196
Percentage on time	52%	62%	63%	59%	55%	72%	74%	82%	87%	91%	86%	86%	72.1%	35.6%	6.7%	62.1%

17. Annuity quotations calculated

Processed	6	3	4	7	7	5	10	6	5	7	10	7	77	108	125	114
Processed in time	6	3	4	7	7	5	10	6	5	7	10	7	77	108	124	112
Percentage on time	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100.0%	100.0%	99.2%	98.2%

18. APC illustrations calculated

Processed	28	14	16	13	17	26	40	21	13	9	24	16	237	230	192	209
Processed in time	28	14	16	12	16	25	38	19	10	9	22	14	223	229	186	180
Percentage on time	100%	100%	100%	92%	94%	96%	95%	90%	77%	100%	92%	88%	94.1%	99.6%	96.9%	86.1%

19. AVC amendments noted on ALTAIR

Processed	209	56	46	17	116	27	277	79	15	130	251	121	1,344	1,480	1,324	2,051
Processed in time	89	56	45	17	116	26	191	32	14	56	104	121	867	1,357	1,080	1,841
Percentage on time	43%	100%	98%	100%	100%	96%	69%	41%	93%	43%	41%	100%	64.5%	91.7%	81.6%	89.8%

20. New retirements benefit options sent

Processed	258	217	239	226	279	235	153	126	155	140	195	201	2,424	3,086	3,189	2,540
Processed in time	246	115	212	182	265	218	144	120	145	135	184	198	2,164	2,736	2,934	1,846
Percentage on time	95%	53%	89%	81%	95%	93%	94%	95%	94%	96%	94%	99%	89.3%	88.7%	92.0%	72.7%

21. New retirements processed for payment

Processed	259	234	221	211	204	301	153	163	140	174	192	162	2,414	3,035	2,956	2,488
Processed in time	249	228	201	207	192	295	151	160	139	171	188	158	2,339	3,016	2,941	2,342
Percentage on time	96%	97%	91%	98%	94%	98%	99%	98%	99%	98%	98%	98%	96.9%	99.4%	99.5%	94.1%

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22. Deferred benefits processed for payment

Processed	414	287	357	424	400	394	375	381	326	233	398	321	4,310	4,334	3,379	2,720
Processed in time	408	279	355	421	399	393	372	379	320	232	395	318	4,271	4,282	3,246	2,582
Percentage on time	99%	97%	99%	99%	100%	100%	99%	99%	98%	100%	99%	99%	99.1%	98.8%	96.1%	94.9%

23. Notifications of death processed

Processed	367	297	293	364	333	279	318	282	302	244	427	398	3,904	3,882	3,820	3,166
Processed in time	329	269	271	302	278	267	303	274	292	227	359	299	3,470	3,184	3,442	3,032
Percentage on time	90%	91%	92%	83%	83%	96%	95%	97%	97%	93%	84%	75%	88.9%	82.0%	90.1%	95.8%

24. Dependant's pensions processed for payment

Processed	147	122	122	144	125	97	109	127	130	73	147	149	1,492	1,441	1,358	1,184
Processed in time	145	120	120	144	124	95	108	127	130	73	147	148	1,481	1,386	1,337	1,142
Percentage on time	99%	98%	98%	100%	99%	98%	99%	100%	100%	100%	100%	99%	99.3%	96.2%	98.5%	96.5%

25. Death grants processed for payment

Processed	66	64	34	48	54	86	64	45	39	31	30	38	599	608	592	440
Processed in time	63	60	33	45	52	82	60	42	38	30	29	30	564	543	566	399
Percentage on time	95%	94%	97%	94%	96%	95%	94%	93%	97%	97%	97%	79%	94.2%	89.3%	95.6%	90.7%

26. Retirement lump sum processed by payroll

Processed	456	509	541	511	471	441	635	452	423	403	423	446	5,711	6,063	5,542	4,603
Processed in time	456	509	540	511	471	441	615	452	423	403	423	446	5,690	6,047	5,542	4,603
Percentage on time	100%	100%	100%	100%	100%	100%	97%	100%	100%	100%	100%	100%	99.6%	99.7%	100.0%	100.0%

27. Payments recalled due to death

Processed	349	253	315	319	274	250	306	323	267	222	519	346	3,743	3,725	3,790	3,153
Processed in time	349	253	315	319	274	250	306	323	267	222	519	346	3,743	3,725	3,790	3,153
Percentage on time	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100.0%	100.0%	100.0%	100.0%

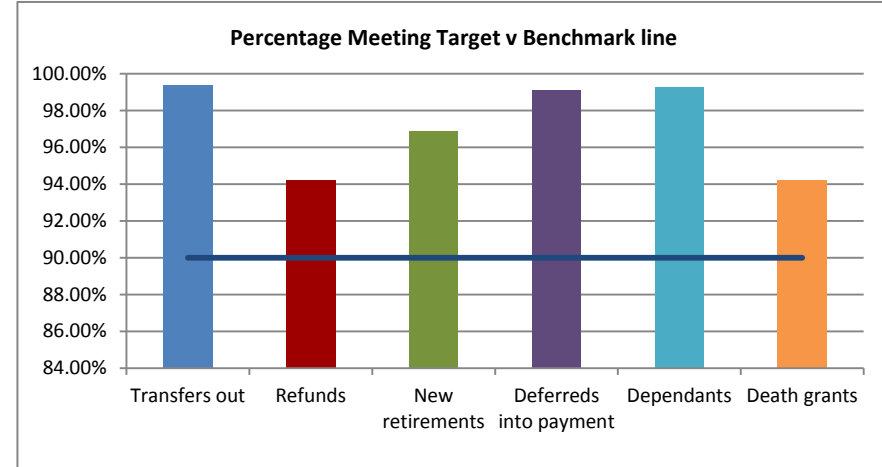
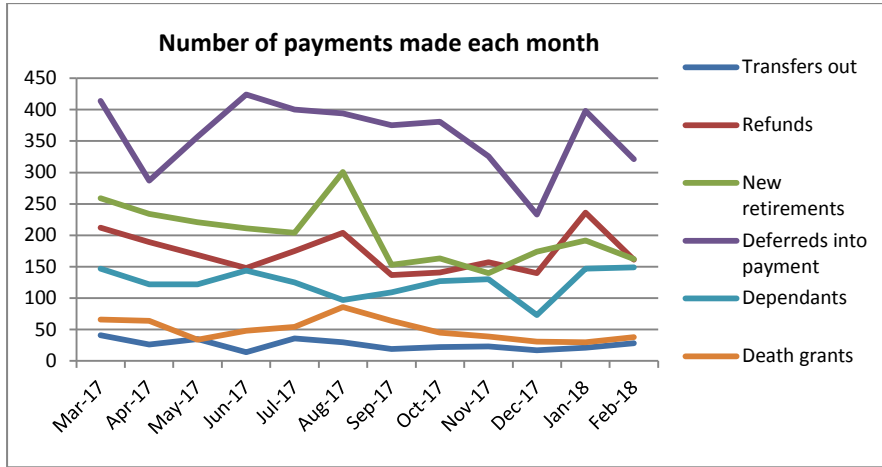
28. Changes to bank details made

Processed	143	185	216	158	143	139	102	108	129	100	104	106	1,633	1,847	1,963	1,938
Processed in time	143	185	216	158	143	139	102	108	129	100	104	106	1,633	1,847	1,963	1,938
Percentage on time	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100.0%	100.0%	100.0%	100.0%

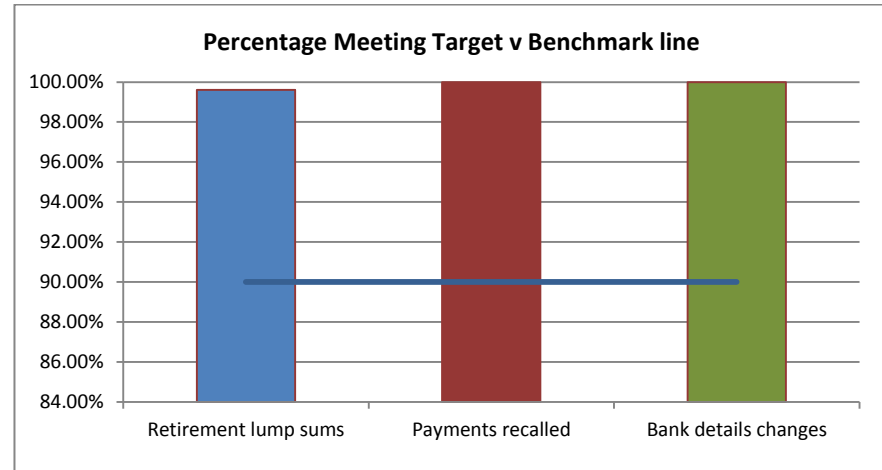
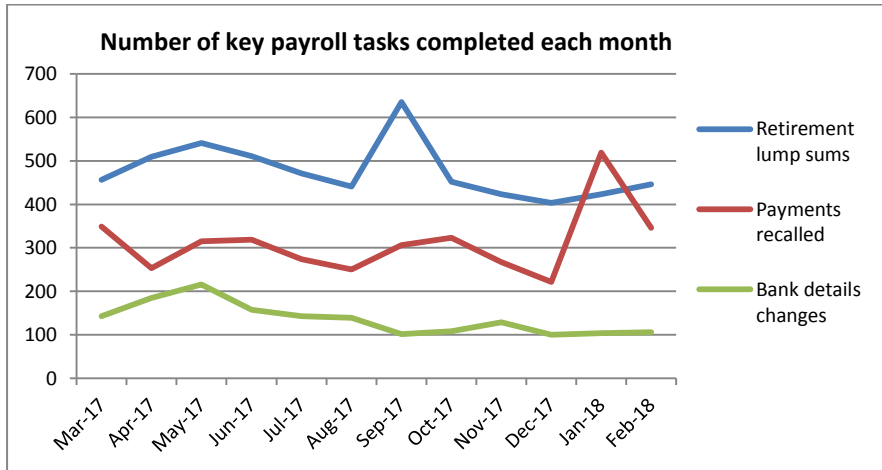
GMPF PENSIONS ADMINISTRATION PERFORMANCE TARGETS

March 2017 to February 2018

Payments made promptly on receipt of all information



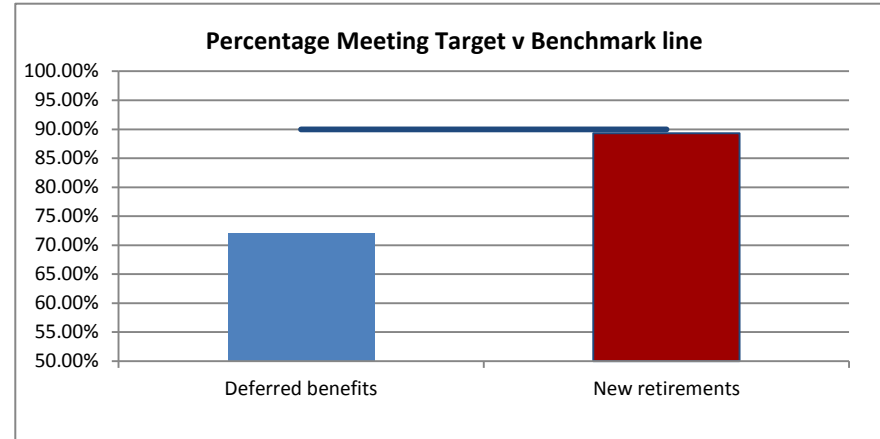
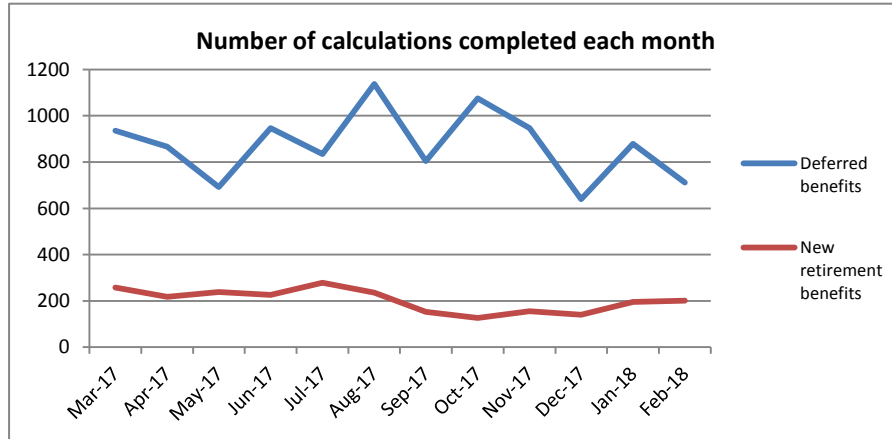
Payroll tasks completed promptly



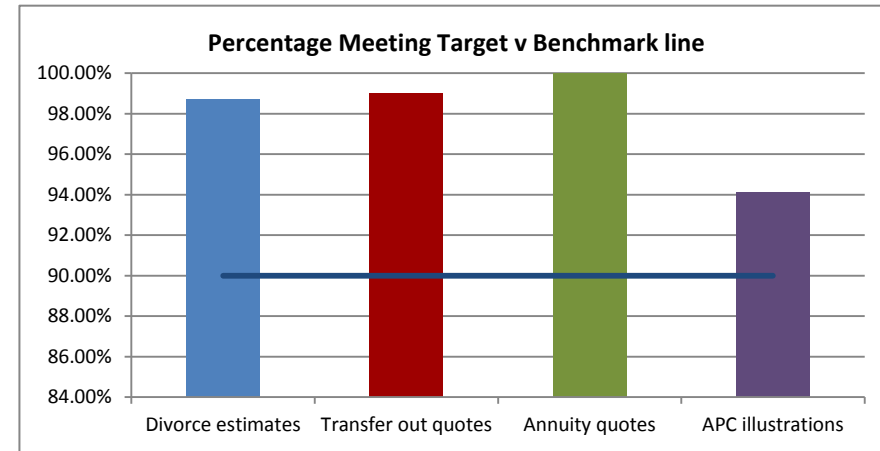
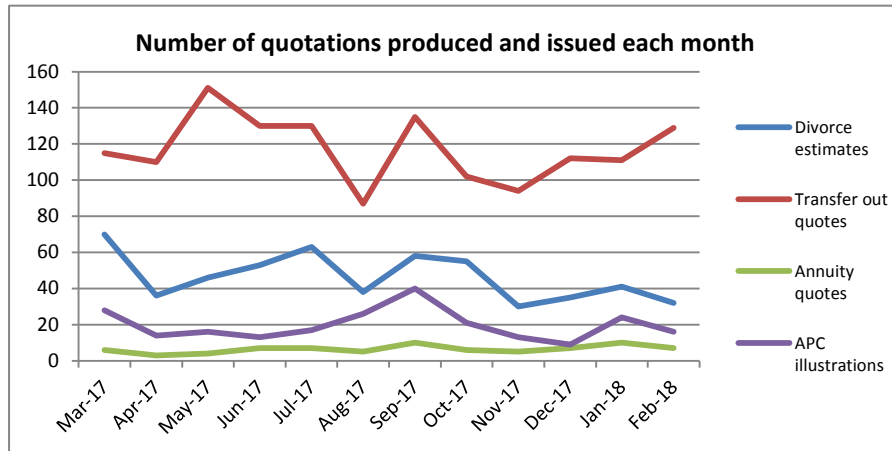
GMPF PENSIONS ADMINISTRATION PERFORMANCE TARGETS

March 2017 to February 2018

Deferred and new retirement benefit entitlements calculated promptly



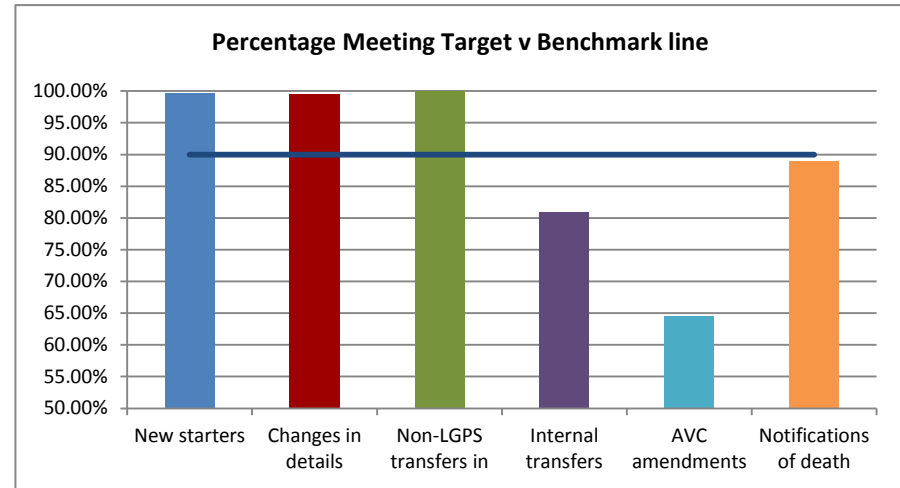
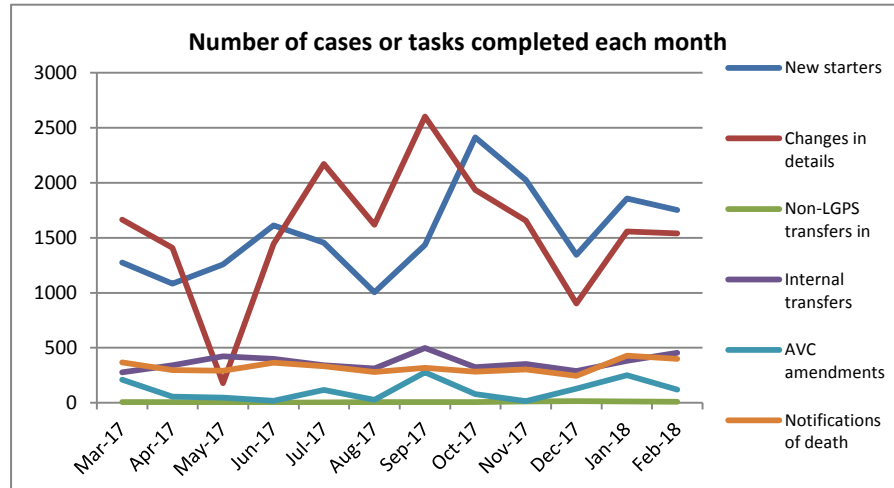
Quotation requests from members issued promptly



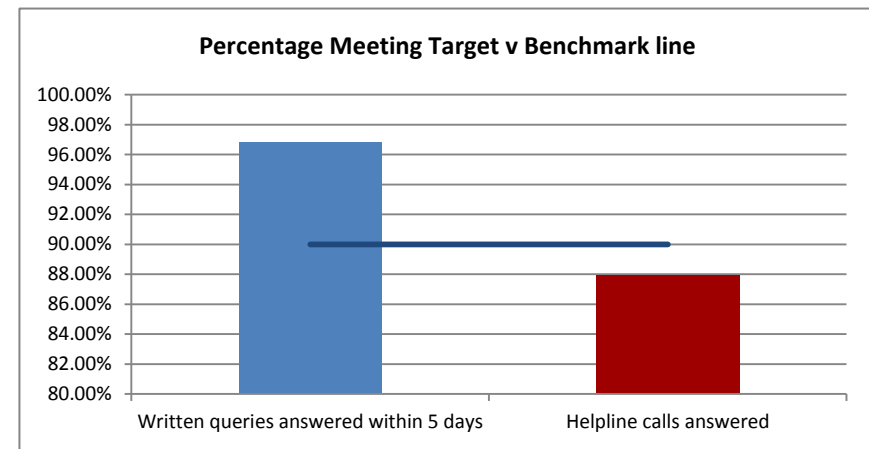
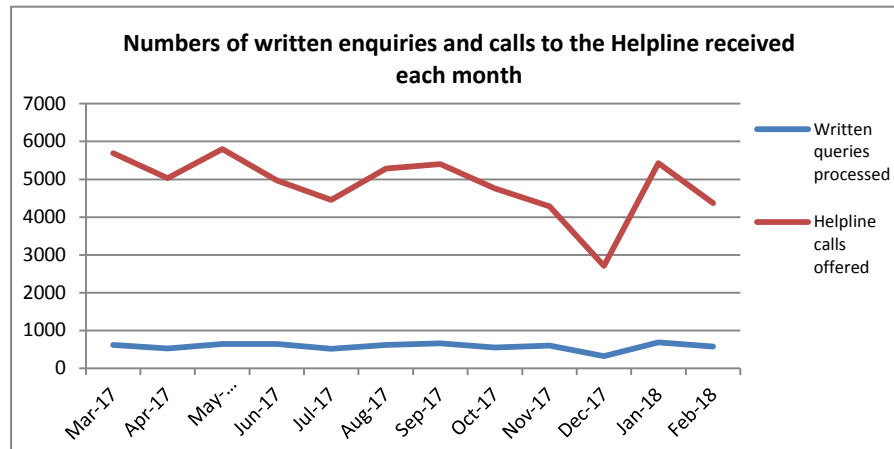
GMPF PENSIONS ADMINISTRATION PERFORMANCE TARGETS

March 2017 to February 2018

Other key case work completed promptly

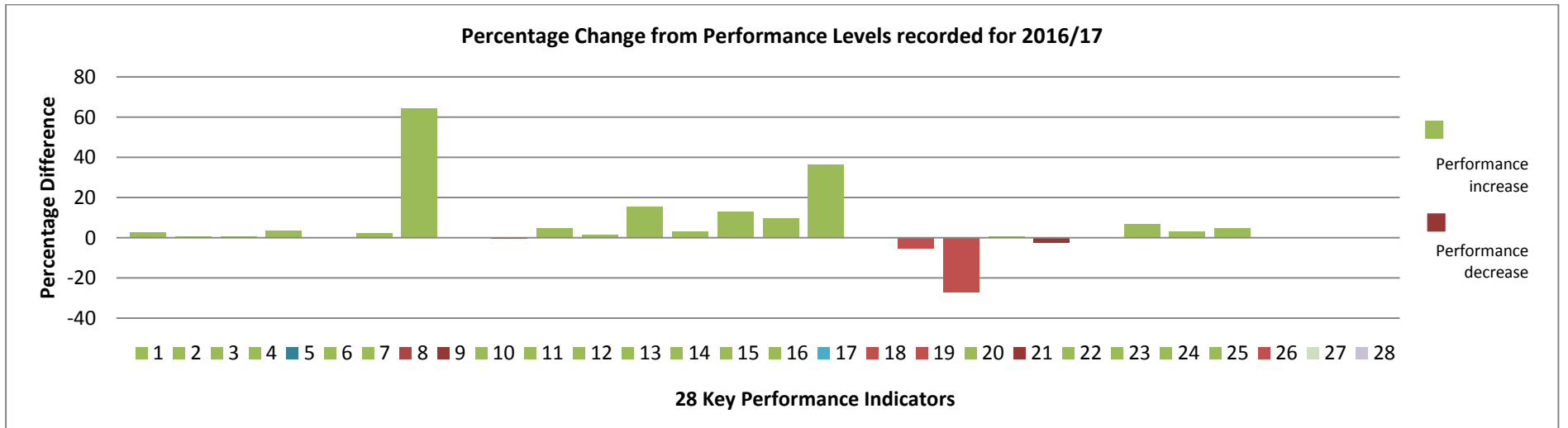
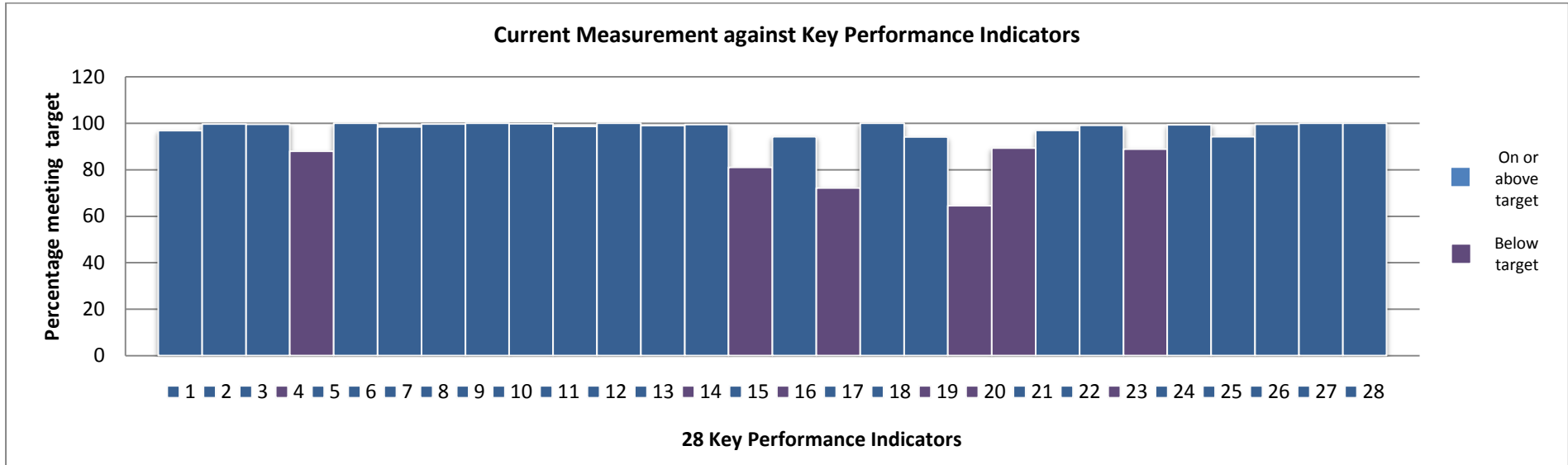


Responses to customer enquiries answered promptly



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Key Performance Indicators – Measured at February 2018



Key Performance Indicators

Ref	Key Performance Indicator	12-month Compliance at January 18	Percentage difference to 2016/17
1	Written queries answered or acknowledged	97.0%	+3.0
2	New starters processed	99.7%	+0.5
3	Changes in details processed	99.7%	+0.6
4	Helpline telephone calls answered in office hours	88.4%	+3.8
5	Pensions forecasts for deferred members	100.0%	0.0
6	Pension forecasts for active members	98.2%	+1.9
7	Postings queries for employers issued	99.7%	+64.4
8	Technical guidance issued to employers	100.0%	0.0
9	Pension savings statements	99.8%	-0.2
10	Estimates for divorce purposes	98.6%	+4.5
11	Non LGPS transfers in processed	100.0%	+1.5
12	Non LGPS transfer out quotations processed	99.0%	+15.5
13	Non LGPS transfer out payments processed	99.3%	+3.1
14	Internal and concurrent transfers processed	79.9%	+11.7
15	Refund payments made	93.1%	+8.7
16	Deferred benefits calculated	69.4%	+33.8
17	Annuity quotations calculated	100.0%	0.0
18	APC illustrations calculated	95.0%	-4.6
19	AVC amendments noted on Altair	62.0%	-29.7
20	New retirements benefit options sent	89.3%	+0.6
21	New retirements processed for payment	97.0%	-2.4
22	Deferred benefits processed for payment	99.1%	+0.3
23	Notifications of death processed	90.6%	+8.6
24	Dependant's pensions processed for payment	99.3%	+3.1
25	Death grants processed for payment	95.6%	+6.3
26	Retirement lump sum processed for payment	99.6%	-0.1
27	Payments recalled due to death	100.0%	0.0
28	Changes to bank details made	100.0%	0.0

By virtue of paragraph(s) 3, 7c of Part 1 of Schedule 12A of the Local Government Act 1972.

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