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GREATER MANCHESTER PENSION FUND - LOCAL PENSIONS BOARD

Day: Thursday
Date: 14 February 2019
Time: 3.00 pm
Place: Guardsman Tony Downes House, Manchester Road,
Droylsden, M43 6SF

Item No.	AGENDA	Page No																		
1.	APOLOGIES FOR ABSENCE To receive apologies for absence.																			
2.	DECLARATIONS OF INTEREST To receive any declarations of interest from Members of the Board.																			
3.	MINUTES To consider the minutes of the Local Pensions Board meeting held on 15 November 2018.	1 - 6																		
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 paragraphs 3 and 10 of Schedule 12A to the Local Government Act 1972, on the grounds that 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.	SUMMARY OF GMPF DECISION MAKING Report of the Assistant Director of Pensions, Funding and Business Development, attached.	7 - 12																		

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

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6.	GMPF BUDGET 2019/2020 AND FUTURE MEDIUM TERM FINANCIAL PLANNING Report of the Assistant Director (Local Investments and Property) attached.	13 - 20
7.	PENSIONS TAX SUPPORT UPDATE Report of the Assistant Director of Pensions (Funding and Business Development), attached.	21 - 24
8.	LOCAL GOVERNMENT PENSION SCHEME UPDATE Report of the Assistant Director of Pensions (Funding and Business Development) attached.	25 - 28
9.	COST CAP MECHANISM AND BENEFIT CHANGES CONSULTATION Report of the Assistant Director of Pensions (Funding and Business Development) attached.	29 - 38
10.	2019 ACTUARIAL VALUATION Report of the Assistant Director of Pensions, Funding and Business Development, attached.	39 - 46
11.	POOLING UPDATE Report of the Assistant Director of Pensions (Funding and Business Development) attached.	47 - 88
12.	ADMINISTRATION BUSINESS & PROJECT PLANS Report of the Pensions Policy Manager attached.	89 - 94
13.	THE PENSIONS REGULATOR (TPR) Report of the Assistant Director of Pensions (Funding and Business Development) attached.	95 - 178
14.	INTERNAL AUDIT Report of the Head of Risk Management and Audit Services attached.	179 - 186
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 or carolyn.eaton@tameside.gov.uk, to whom any apologies for absence should be notified.

GREATER MANCHESTER PENSION FUND

LOCAL PENSIONS BOARD

15 November 2018

Commenced: 3.00pm

Terminated: 5.00pm

Present:	Councillor Fairfoull (Chair)	Employer Representative
	Councillor Cooper	Employer Representative
	Richard Paver	Employer Representative
	Jayne Hammond	Employer Representative
	Paul Taylor	Employer Representative
	David Schofield	Employee Representative
	Chris Goodwin	Employee Representative
	Catherine Lloyd	Employee Representative
	Pat Catterall	Employee Representative

Apologies for absence: Mark Rayner

17. DECLARATIONS OF INTEREST

There were no declarations of interest submitted by Members.

18. MINUTES

The Minutes of the meeting of the Local Pensions Board held on 9 August 2018, having been circulated, were signed by the Chair as a correct record.

Further to Minute 5, Local Board Terms of Office, members enquired whether or not any communication had been received from North West TUC in respect of the proposals and determination of the expiry of the term of office for each of the employee representatives. The Director of Pensions responded that a response had not been received to date.

Richard Paver reminded Board members that he would be retiring in May 2019. The Assistant Director of Pensions, Funding and Business Development, acknowledged this and explained that a replacement had been identified who would be invited to attend the next meeting of the Board, as an observer.

19. LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985 – EXEMPT ITEMS

RESOLVED

That under Section 100 (A) of the Local Government Act 1972 the public be excluded for the following items of business on the grounds that:

- (i) they involve the likely disclosure of exempt information as defined in the paragraphs of Part 1 of Schedule 12A of the act specified below; and
- (ii) in all circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information for reasons specified below:

<u>Items</u>	<u>Paragraphs</u>	<u>Justification</u>
5,6,7,8,9,10,11,13	3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10	Disclosure would or would be likely to prejudice the commercial interests of the Fund and/or its agents, which could in turn affect the interests of the beneficiaries and/or tax payers.

20. SUMMARY OF GMPF DECISION MAKING

The Assistant Director of Pensions, Funding and Business Development, submitted a report summarising the decisions made by the GMPF Working Groups from July to August 2018 and which were submitted for approval at the Management Panel meeting on 19 October 2018.

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 Director of Pensions highlighted that the minutes of the Investment Committee and Northern Pool GP (No 1) Limited Board meetings were now also being submitted to Panel meetings, in order to provide greater understanding and transparency.

RESOLVED

That the content of the report be noted.

21. REVIEW OF INVESTMENT MANAGEMENT ARRANGEMENTS

Consideration was given to a report of the Assistant Director of Pensions, Investments, updating on the GMPF Management Panel's recent consideration of Investment Management Arrangements.

It was explained that over the course of 2017, the Fund conducted a review of its Investment Management arrangements. The Panel resolved to terminate the Capital mandate and the assets were temporarily transferred to L&G (passive manager) pending replacement arrangements.

Separately, as part of an overarching review of the Fund's approach to Responsible Investment, which was considered at the 17 November 2017 meeting of the Management Panel, it was anticipated that 'the Fund could consider investing in passive funds that actively sought to minimise ESG risks, rather than the current traditional market capitalisation weighted funds'.

During a number of past reviews of the Fund's annual Investment Strategy, Hymans and various GMPF managers had highlighted the potential of 'Factor Index investing' as an investment approach for GMPF, which would likely improve the overall risk/return trade-off for the Main Fund.

It was further explained that the Assistant Director (Special Projects) had been working with the Fund's preferred index provider (Sci Beta), and commissioned research from them into a version of their flagship indices that would offer the fund diversified multi-factor exposure to developed market Global Equity, coupled with significantly reduced carbon exposure and other important risk control design features.

A link to a webinar, hosted by Sci Beta, developing the issues that were presented to Panel, was provided in the report.

It was concluded that further reports would be received by Panel on other aspects of Investment Management arrangements, including the potential requirement for a new Securities Manager.

RESOLVED

That the content of the report be noted.

22. POOLING UPDATE

The Assistant Director of Pensions, Funding and Business Development submitted a report summarising the recent activity of the Northern Pool and other relevant developments related to pooling assets across the LGPS in England and Wales.

The Assistant Director began by making reference to the very sad loss of the Chair of the Northern Pool, Councillor Ian Greenwood, who had passed away suddenly, at the beginning of the week. He explained that a meeting of the Northern Pool Shadow Joint Committee was scheduled to be held the following week, where arrangements for a new Chair going forward, would need to be discussed.

He then reported that the Northern Pool had submitted its most recent progress update to Government on 10 May 2018. This covered the period up to 13 April 2018.

It was explained that the Chair of the Pool and the Chairs of the participating funds met with Rishi Sunak MP on 23 May 2018, to discuss the current position of the Northern Pool and its proposal to pool listed assets via a joint venture. A written summary of the proposal was provided following the meeting which set out clearly how the Northern Pool's proposed structures met the relevant regulation and the Pooling Criteria and Guidance.

A letter received by the Northern Pool from the Minister in July was appended to the report. Also attached was a draft QC opinion, sought by the Northern Pool. Comments on both documents provided by the Pool's legal advisor, Clifford Sims, Squire Patton Boggs, were also appended.

Following the receipt of QC opinion, Officers of the Northern Pool funds attended a productive workshop with the Pool's legal advisors, Squire Patton Boggs, to further develop the Northern Pool's proposals and in particular how managers of public-market assets could most expediently be procured, appointed and monitored via the Northern Pool's proposed governance arrangements, whilst remaining compliant with LGPS regulations and guidance and financial services legislation.

Squire Patton Boggs were currently undertaking a further review of the current draft inter-authority agreement which would establish the Northern Pool joint-committee, which had up to now, been meeting in shadow form.

Another important piece of the governance framework was each Fund's Investments Strategy Statement (ISS), in which funds were required to set out their approach to pooling and how their pooling arrangements were in accordance with the guidance. A revised section 8 of GMPF's ISS had been drafted and was appended to the report.

It was further reported that it was understood from comments made by civil servants and the LGA at recent Scheme Advisory Board and Cross-Pool meetings that Government was seeking to revise and expand the guidance on preparing and maintaining an Investment Strategy Statement. The revisions may result in the withdrawal of the Pooling Criteria and Guidance issued in November 2015. A consultation had recently commenced on technical amendments to LGPS benefits which was due to close on 29 November 2018. Whilst the consultation mainly related to benefit administration, it contained a provision to allow DCLG to issue statutory guidance, which had the potential to have significant implications for pooling.

In terms of the Autumn Progress Review, Members were informed that all LGPS pools were asked to submit a further progress report to Government, covering the period up to 30 September 2018.

The deadline for submission was 15 October 2018. As was the case for previous progress reports, MHCLG issued a template for pools to complete, with the template being more detailed than the ones issued for previous submissions.

The progress update summarised the Northern Pool's progress in meeting each of the Government's four headline pooling criteria as set out in the report.

Updates on the progress of the main ongoing workstreams for the Northern Pool were set in the report.

The minutes of the Northern Pool Shadow Joint Committee meeting which had taken place on 24 April 2018 were attached to the report for information.

Further details were also given of LGPS Pooling Developments nationally.

Detailed discussion ensued in respect of the information provided in the report, particularly with regard to the issues raised in the Minister's letter and the draft QC opinion. Members also commented on the provision for the DCLG to issue statutory guidance, contained within the consultation on technical amendments to LGPS benefits.

RESOLVED

That the content of the report be noted, including the proposed revisions to the Pooling section of the Investment Strategy Statement set out in the report and the ongoing development of the Pool.

23. ADMINISTRATION BUSINESS AND PROJECT PLANS

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

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

Members commented on the move to monthly pay and contribution returns and sought clarification of improved communication with employers.

RESOLVED

That the content of the report be noted.

24. THE PENSIONS REGULATOR

A report of the Assistant Director, Funding and Business Development was submitted providing the Local Board with an update on work relating to the Pensions Regulator's Code of Practice number 14 that was currently being carried out; a copy of the current breaches log and decisions made by the Scheme Manager regarding the reporting of these breaches; and a summary of the recent correspondence with TPR regarding one of GMPF's major employers.

The report also gave details of:

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

RESOLVED

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

25. LOCAL GOVERNMENT PENSION SCHEME (AMENDMENT) REGULATIONS 2018

A report of the Pensions Policy Manager was submitted providing the Local Pension Board with an update on the latest developments regarding the Local Government Pension Scheme in the following areas:

- Public Service Pension Scheme Cost Management Process;
- Contribution Rates for Unfunded Public Sector Schemes;
- LGPS Cost Cap Mechanism;
- Change to Valuation Cycle in the LGPS;
- GAD Review of the Actuarial Valuations of LGPS Funds as at 31 March 2016; and
- Academies Update.

RESOLVED

That the content of the report be noted.

26. GMPF FACTS AND FIGURES

The Assistant Director of Pensions, Funding and Business Development, submitted a report, following a request from Board Members at a previous meeting. The report summarised key facts and figures relating to GMPF and the wider Local Government Pension Scheme.

RESOLVED

That the content of the report be noted.

27. HYMANS ROBERTSON'S LGPS CONFIDENCE ASSESSMENT

Consideration was given to a report of the Assistant Director of Pensions, Funding and Business Development, explaining that, Hymans Robertson, actuary to GMPF, had approached Members of LGPS Pension Committees and Local Pension Boards around the country, to gauge the confidence levels they had in their own knowledge and understanding of the LGPS. The report provided the GMPF Local Board with an update on the results of Hymans Robertson's LGPS confidence assessment.

RESOLVED

That the content of the report be noted.

28. RISK MANAGEMENT AND AUDIT SERVICES 2018/19

Consideration was given to a report of the Head of Risk Management and Audit Services summarising the work of the Risk Management and Audit Service for the period up to 30 September 2018.

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

- Local Investments Impact Portfolio;
- ICT Device Management;
- Visit to Contributing Body – Salford Council;
- Visit to Contributing Body – Bury Council; and
- National Probation Service – Review of 2017/18 Year End Return.

Draft reports were also issued as follows:

- Visit to Contributing Body – Southway Housing Trust; and
- Contribution Income.

A summary of the Post Audit Reviews completed in 2018/19 to 30 September was presented, which detailed the number of recommendations made and implemented. Internal Audit was satisfied with the reasons put forward by management where the recommendations had not yet been fully implemented and there were no significant issues outstanding to report to the Local Board. It was further explained that a further six Post Audit Reviews were in progress, which would be reported to the Local Board at a future meeting.

Other work carried out in the period and work in progress as at 30 September 2018, was detailed and discussed.

RESOLVED

That the content of the report be noted.

29. URGENT ITEMS

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

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

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Agenda Item 6

Report To:	GREATER MANCHESTER PENSION FUND LOCAL BOARD
Date:	14 February 2019
Reporting Officer:	Sandra Stewart, Director GMPF Paddy Dowdall Assistant Director (Local Investments and Property)
Subject:	GMPF BUDGET 2019/2020 AND FUTURE MEDIUM TERM FINANCIAL PLANNING
Report Summary	The attached report was taken to the GMPF Management Panel meeting on 18 January 2019 in order for the Panel to approve an expenditure budget for GMPF for 2019/20 with a medium term financial plan. (An updated version will be included in the Annual report for 2018/19)
Recommendations:	Members are asked to note the attached report which was approved by GMPF Management Panel on 18 January 2019
Policy Implications:	None.
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 need to ensure through such monitoring that value for money is being achieved.
Risk Management:	GMPF's accounts are used to provide information to a variety of users and for a variety of purposes. The accuracy of the statements is critical in the determination of employer costs and there are clearly reputational issues relating to the validity of the accounts. Compliance with the accounting Code provides reassurance on the integrity of the statements and mitigates against the possibility of material misstatement.
ACCESS TO INFORMATION:	NON-CONFIDENTIAL This report does not contain information which warrants its consideration in the absence of the Press or members of the public.
Background Papers:	A presentation is attached For further information please contact Paddy Dowdall, Assistant Executive Director – Local Investments and Property, tel 0161 301 7140, email paddy.dowdall@tameside.gov.uk .

1. INTRODUCTION

- 1.1 This report asks the Local Board to note the expenditure budget for GMPF for 2019/20 alongside the medium term financial plan for 2019 to 2022. The Administration and Employer Funding Viability Working Group has 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 2019 to 2022 will be finalised for the annual report following, approval of budget and more up to date information on position at 31 March 2019.

2. OVERVIEW AND CONTEXT

- 2.1 As required by CIPFA's 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 2017/18. This is detailed below.

Medium term Financial Plan 2018-2021 (as included in Annual Report 2017/18)

	2018/19	2019/20	2020/21
	£m	£m	£m
Fund Size at Start of Year	22,497	23,428	24,362
Fund Size at end of Year	23,428	24,362	25,296
Pensions Paid	816	861	910
Contributions received	609	609	609
Transfers	0	0	0
Net Cashflow	-207	-252	-301
Administration Costs	32	32	32
	0	0	0
Investment Income	426	448	472
Increase in Value of Investments	744	770	795
Net Return from Investments	1,170	1,218	1,267
<u>Net Change in Fund</u>	<u>931</u>	<u>934</u>	<u>934</u>

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 3 months 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 the Management Panel alongside the final accounts at a future meeting.

3. BUDGET CHANGES FROM 2018/19 AND BUDGET FOR 2019/20

3.1 The key changes are set out in **Appendix 1** 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. **Appendix 2** sets out the proposed budget for 2019/20

4. MEDIUM TERM FINANCIAL PLAN 2019-2022

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
Pay Inflation	2%
Employer Payroll	From actuarial valuation
Pensioner Profile	From actuarial valuation
Budget	2019/20 taken forward

4.2 The proposed medium term financial plan for 2019-2022 is shown below.

	2019/20	2020/21	2021/22
	£m	£m	£m
Fund Size at Start of Year	22,500	23,484	24,540
Fund Size at end of Year	23,484	24,540	25,615
Pensions Paid	835	870	906
Contributions received	684	740	740
Transfers	0	0	0
Net Cashflow	-151	-130	-166
Administration Costs	35	35	35
	0	0	0
Investment Income	433	456	480
Increase in Value of Investments	737	765	796
Net Return from Investments	1,170	1,221	1,276
<u>Net Change in Fund</u>	<u>984</u>	<u>1,056</u>	<u>1,075</u>

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 2019/20

<u>Type of Expenditure</u>	Original Estimate 2018/19	Increase/ (decrease)	Original Estimate 2019/20	Projected outturn 2018/19	Increase/ (decrease)	Original Estimate 2019/20
	£000	£000	£000	£000	£000	£000
Staff Costs						
Staff Costs	6,456	691	7,147	5,961	1,186	7,147
Indirect On-Costs	114	30	144	99	45	144
	6,570	721	7,291	6,060	1,231	7,291
Direct Costs						
Membership of Trade Organisations	105	9	114	116	(2)	114
Travel and Subsistence	95	8	103	90	13	103
Premises	944	(27)	917	933	(16)	917
Postage, Printing, Telephone	215	(11)	204	204	0	204
Office Equipment and Software	1,065	317	1,382	1,111	271	1,382
Bank Charges and Nominee Fees	447	28	475	287	188	475
Investment Management Fees	19,751	3,196	22,947	17,581	5,366	22,947
Actuary and Professional Fees	1,700	360	2,060	1,608	452	2,060
Performance Measurement Services	127	13	140	87	53	140
Communications	292	0	292	300	(8)	292
	24,741	3,893	28,634	22,317	6,317	28,634
Central Establishment Charges	403	8	411	403	8	411
Less:						
Recovery of Management and Legal Fees	(730)	(445)	(1,175)	(737)	(438)	(1,175)
Admin Fees	(56)	20	(36)	(59)	23	(36)
Commission Recapture	(100)	50	(50)	(20)	(30)	(50)
	30,828	4,247	35,075	27,964	7,111	35,075

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APPENDIX 2

Expenditure	Change £000	Policy £000	Contractual & Inflation £000	Other £000	Significant components of changes
Staffing	691	514	177	-	125 Provision for 2% pay award and related pension costs 100 Development of management structure in response to pooling and other LGPS related demands 52 Salary Scale incremental advances 414 Net effect of introduction of 10 new posts: Admin +10 Investments +1 Local Investments, Legal & Accountancy +2 Employer Funding -3
Indirect on Costs	30	-	-	30	Increase in provision for staff training.
Membership of Trade Organisations	9	-	9	-	Inflationary increases
Travel and Subsistence	8	-	8	-	Inflationary increases
Premises	(27)	-	-	(27)	Reduction in required provision for business rates
Postage, Printing, Telephone	(11)	(11)	-	-	Small reduction in provision based on reduced postage volumes and savings generated from introduction of new MFD contract.
Office Equipment and Software	317	313	4	-	143 Estimate of Increase in Altair fees re expected increase in users & members. 40 Provision for outsourced hosting of Agresso 130 Estimate of Yr. 1 costs for implementation of i-connect 4 Small inflationary increases in current license agreements
Bank Charges & Nominee Fees	28	-	28	-	Increased custodian bank charges due to increase in value of Fund assets being held.
Investment	3,196	3,300	(104)	-	634 Estimate of contractual/inflation increase in UBS and L&G public

Management Fees					market management fees 2,600 Estimate of pre-approved Factor Based Investment, could be managed by either UBS or L&G. 700 Estimate of increase in replacement fee for new public markets manager (replacement for Capital) 335 La Salle property manager increased fee 1,100 Reduction in expected fee for Investec due to new fee agreement 27 Other minor contractual/inflation increases
Actuary and Professional Fees	360	120	254	(14)	254 Estimated actuary's fees relating to 2019 valuation 60 Estimated fees for employer covenant strength review (part of 2019 valuation) 60 Estimated increase in professional fees relating to member tax lifetime allowance advice 14 Reduction in treasury management advice fees
Performance Measurement Services	13	13	-	-	Increased provision to include investment data management review.
Central establishment charges	8	-	8	-	Inflationary increases
Recovery of Management and Legal Fees	(445)	(445)	-	-	300 Increase in base rates used for recharge of legal staff time to investment assets 145 Increase in recharges to be made to external vehicles GLIL and Matrix Homes.
Admin Fees	20	20	-	-	Decrease in expected number of admitted bodies joining the Fund in 2019/20.
Commission recapture	50	-	50	-	Reduced expectation of income based on current market conditions.
	4,247	3,824	434	(11)	

Agenda Item 7

Report to:	GMPF LOCAL PENSION BOARD
Date:	Thursday, 14 February 2019
Reporting Officer:	Sandra Stewart, Director of Pensions Euan Miller, Assistant Director, Pensions – Funding and Business Development
Subject:	UPDATE ON GMPF'S PENSIONS TAX SUPPORT
Report Summary:	The purpose of this report is to update the Local Pension Board on the pensions tax support provided to GMPF members likely to be affected by either the Lifetime Allowance or the Annual Allowance.
Recommendations:	That the Board note the information contained in the report.
Corporate Plan:	This report does not affect the Corporate Plan.
Policy Implications:	There are no policy implications to consider.
Financial Implications: (Authorised by the statutory Section 151 Officer & Chief Finance Officer)	The total cost of providing the support outlined in this report was £77,600. However, the support provided has reduced the resource requirements of GMPF in this area and we understand it has been of benefit to members.
Legal Implications: (Authorised by the Solicitor to the Fund)	It is a member's responsibility to ensure that they have paid the correct amount of tax each year, however all occupational pension schemes have a duty to provide members with the necessary information within a reasonable timescale to allow them to do this.
Risk Management:	Whilst it can provide some factual information such as pension estimates at different retirement dates, GMPF cannot provide financial advice to members or recommend a financial advisor, which is a common request from members.
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 Information:	The background papers relating to this report can be inspected by contacting Euan Miller  Telephone: 0161 301 7141  e-mail: euan.miller@tameside.gov.uk

1. INTRODUCTION

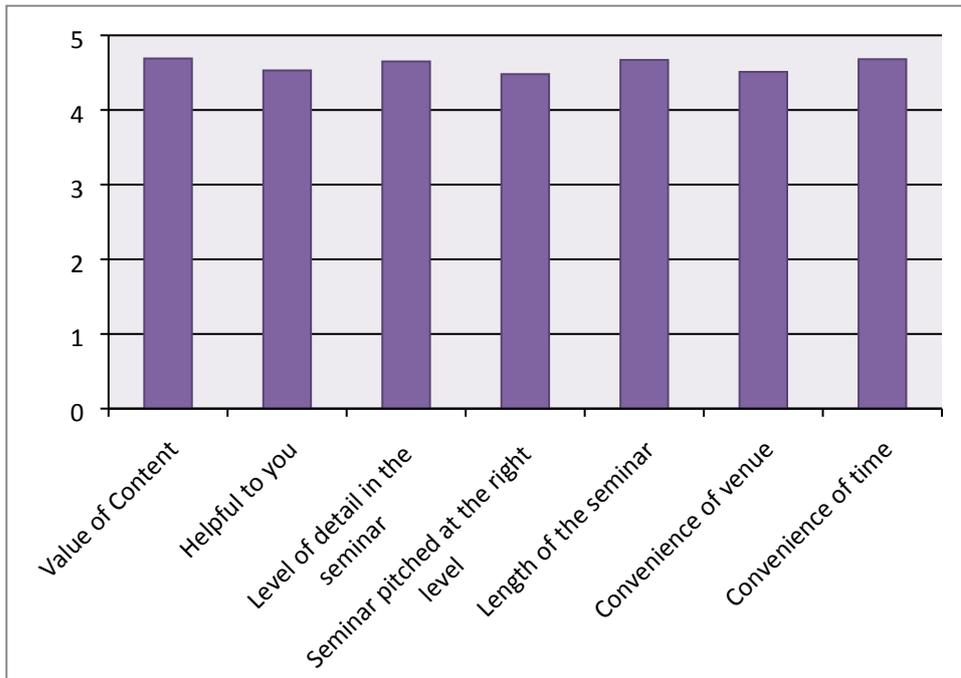
- 1.1 The Local Pension Board, at its 9 August 2018 meeting, asked the Fund to consider ways in which it could provide further support to its members. It was increasingly observed that more members were being affected by tax charges incurred from exceeding the Annual Allowance and Lifetime Allowance. The Annual Allowance was lowered to £40,000 in 2014 which has meant that since then more members have been exceeding their allowance.
- 1.2 Understandably, members find this area confusing and look for GMPF to provide support to help them navigate this process. Whilst it can provide some factual information, GMPF cannot provide financial advice to members or recommend a financial advisor which has been a common request.
- 1.3 To satisfy the request made for increased support, officers of the Fund devised a 3 stage process involving:
- Stage 1 – A group seminar led by an independent expert, with a question and answer session at the end
 - Stage 2 – Individual guidance sessions to help members learn how to calculate their tax liabilities and how to make payment of their taxes
 - Stage 3 – Formal individual financial advice from a regulated LGPS specialist advisor looking into the detailed specifics of a member's individual case
- 1.4 It was proposed that GMPF cover the costs associated with stage 1 and 2 and any member wishing to proceed onto stage 3 would need to pay for their own financial advice.
- 1.5 There were 4 seminar events held throughout October and November 2018. Seminar events took place at both GMPF's office and Mercer's office in the centre of Manchester to ensure that members were given flexibility when receiving support. Subsequent individual guidance sessions were held at GMPF's office on a number of different dates.
- 1.6 All members who (on the basis of information held by GMPF) exceeded the standard Annual Allowance were made aware of the process and a notification was also issued to all GMPF employers.

2. OUTCOME OF GMPF'S SUPPORT

- 2.1 210 GMPF members attended one of the main seminar events, with 87 members attending the individual guidance sessions.
- 2.2 Amongst the 210 attendees were a number of people acting as employer representatives who should be able to relay the information back to their organisations.
- 2.3 It was hoped that the support members and employer representatives received would translate into less GMPF administration resource spent on dealing with pensions taxation related queries, and this has proved to be the case.
- 2.4 The number of members who have elected for GMPF to pay their tax charge via the 'scheme pays' facility has been broadly similar to last year. 37 members have paid tax charges totalling £840,000 via scheme pays in respect of the 2017/2018 tax year. The corresponding figures for 2016/2017 were 42 members and tax charges of £991,000.
- 2.5 The event also allowed GMPF to raise the profile of the My Pension platform by informing members of its benefits and by providing information leaflets.

3. FEEDBACK

3.1 Feedback forms were handed to attendees of the main seminar events. The feedback received was generally very positive. The graph below shows the average scores garnered across the events; please note the scores are out of 5.



3.2 GMPF's members who attended the various seminar events left feedback such as "Wish I had this last year!" and "Very well delivered and informative. Nice pace and presentation. Examples really helped to understand". These two examples highlight the positive comments made by GMPF's members.

3.3 Informal feedback in the individual guidance sessions has also been positive. It was noted that members felt the support provided by GMPF went beyond the support offered by other funds and members felt that these sessions were a positive step towards dealing with the complex subject of pensions taxation.

4. CONCLUSION

4.1 The purpose of this work stream was to better support members with pensions taxation. The support offered was taken up by significant number of members and has garnered positive feedback. Indications are that the additional support provided has also helped ease the administrative burden for GMPF in this area.

5. RECOMMENDATIONS

5.1 As set out at the front of the report.

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