

## GREATER MANCHESTER PENSION FUND - LOCAL PENSIONS BOARD

**Day:** Thursday  
**Date:** 13 June 2019  
**Time:** 3.00 pm  
**Place:** Guardsman Tony Downes House, Manchester Road,  
 Droylsden, M43 6SF

Item No.	AGENDA	Page No						
1.	<b>APOLOGIES FOR ABSENCE</b> To receive apologies for absence.							
2.	<b>DECLARATIONS OF INTEREST</b> To receive any declarations of interest.							
3.	<b>MINUTES</b> To receive the Minutes of the meeting of the Local Pensions Board held on 14 February 2019.	1 - 6						
4.	<b>LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) 1985 - EXEMPT ITEMS</b>  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, 6, 7, 9, 10, 11, 12, 13, 14, 15, 16</td><td>3&amp;10, 3&amp;10, 3&amp;10, 3&amp;10, 3&amp;10, 3&amp;10, 3&amp;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, 6, 7, 9, 10, 11, 12, 13, 14, 15, 16	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.	
Item	Paragraphs	Justification						
5, 6, 7, 9, 10, 11, 12, 13, 14, 15, 16	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.						
5.	<b>SUMMARY OF GMPF DECISION MAKING</b> Report of the Assistant Director of Pensions, Funding and Business Development, attached.	7 - 12						
6.	<b>POOLING UPDATE</b> Report of the Assistant Director of Pensions, Funding and Business Development, attached.	13 - 50						
7.	<b>HYMANS GOVERNANCE SURVEY</b>	51 - 54						

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.

Item No.	AGENDA	Page No
	Report of the Assistant Director of Pensions, Funding and Business Development, attached.	
8.	<b>GMPF AUDIT 2018/19 AND DRAFT ACCOUNTS</b>	55 - 116
	Report of the Assistant Director of Pensions, Local Investment and Property, attached.	
9.	<b>ANNUAL REPORT</b>	117 - 122
	Report of the Assistant Director of Pensions, Funding and Business Development, attached.	
10.	<b>EXIT PAYMENT CAP</b>	123 - 126
	Report of the Assistant Director of Pensions, Funding and Business Development, attached.	
11.	<b>ADMINISTRATION UPDATE</b>	127 - 170
	Report of the Pensions Operations Manager attached.	
12.	<b>2019 ACTUARIAL VALUATION</b>	171 - 176
	Report of the Assistant Director of Pensions, Funding and Business Development, attached.	
13.	<b>THE PENSIONS REGULATOR</b>	177 - 200
	Report of the Assistant Director of Pensions, Funding and Business Development, attached.	
14.	<b>CHANGES TO THE LOCAL VALUATION CYCLE AND THE MANAGEMENT OF EMPLOYER RISK CONSULTATION</b>	201 - 206
	Report of the Assistant Director of Pensions, Funding and Business Development, attached.	
15.	<b>RISK MANAGEMENT AND AUDIT SERVICES - ANNUAL REPORT 2018/2019</b>	207 - 220
	Report of the Head of Risk Management and Audit Services attached.	
16.	<b>RISK MANAGEMENT AND AUDIT SERVICES PLANNED WORK 2019/2020</b>	221 - 260
	Report of the Head of Risk Management and Audit Services attached.	
17.	<b>URGENT ITEMS</b>	
	To consider any additional items the Chair is of the opinion shall be dealt with as a matter of urgency.	

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## GREATER MANCHESTER PENSION FUND

### LOCAL PENSIONS BOARD

14 February 2019

Commenced: 3.00pm

Terminated: 5.10pm

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

**Apologies for absence:** Mark Rayner

#### 30. CHAIR'S OPENING REMARKS

The Chair welcomed everyone to the meeting and introduced Michael Cullen, Borough Treasurer at Stockport MBC, who was attending the meeting as an observer, with a view to replacing Richard Paver when he ended his term of office with the Local Board in May 2019.

The Chair, on behalf of the Local Board, thanked Richard for his hard work and wished him well for the future. He further welcomed Mr Cullen to the meeting.

In respect of terms of office for union representatives, the Director of Pensions commented that, further to discussion at previous meetings on this matter, she would pursue a response from the TUC in respect of this matter and report further at the next meeting of the Board.

#### 31. DECLARATIONS OF INTEREST

There were no declarations of interest submitted by Members.

#### 32. MINUTES

The Minutes of the meeting of the Local Pensions Board held on 15 November 2018, having been circulated, were signed by the Chair as a correct record.

#### 33. 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>
5,8,9,10,11, 12,13,14	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.

#### **34. 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 September 2018 to January 2019 and which were submitted for approval at the Management Panel meeting on 18 January 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 updated the Board in respect of the successful Northern Pool Stakeholder event, which had taken place on 23 January 2019 at Aintree Racecourse and had been very well attended including by the Local Board. She added that all three funds in the Northern Pool had now signed up to the Responsible Investment Policy.

#### **RESOLVED**

**That the content of the report be noted.**

#### **35. GMPF BUDGET 2019/20 AND FUTURE MEDIUM TERM FINANCIAL PLANNING**

Consideration was given to a report of the Assistant Director of Pensions, Local Investments and Property, who explained that the report had been submitted to the Management Panel meeting on 18 January 2019 seeking their approval of the expenditure budget for GMPF for 2019/2020 with a medium term financial plan.

#### **RESOLVED**

**That the Expenditure Budget for GMPF for 2019/2020 and the medium term financial plan, as approved by the Management Panel on 18 January 2019, be noted.**

#### **36. UPDATE ON GMPF'S PENSIONS TAX SUPPORT**

A report was submitted by Assistant Director of Pensions, Funding & Business Development, updating Board members on the Pensions tax support provided to GMPF members likely to be affected by either the Lifetime Allowance or the Annual Allowance.

It was reported that the support offered had been taken up by a significant number of members and had garnered positive feedback. Indications were that the additional support provided had also helped ease the administrative burden for GMPF in this area.

#### **RESOLVED**

**That the content of the report be noted.**

### **37. LOCAL GOVERNMENT PENSION SCHEME UPDATE**

Consideration was given to a report of the Assistant Director of Pensions, Funding & Business Development, which provided an update on the latest developments regarding the Local Government Pension Scheme as follows:

- GMP Equalisation;
- LGPS Regulation Amendments 2018 (S12018/1366);
- Pension Dashboard; and
- New Fair Deal.

#### **RESOLVED**

**That the content of the report be noted.**

### **38. LGPS COST MECHANISMS**

A report of the Assistant Director of Pensions, Funding and Business Development, was submitted providing the Board with an update on the LGPS cost cap mechanisms and the potential result in changes to LGPS benefits.

#### **RESOLVED**

**That the content of the report, including the potential impact on the LGPS and GMPF, be noted.**

### **39. 2019 ACTUARIAL VALUATION**

The Assistant Director of Pensions, Funding and Business Development, explained that the 31 March 2019 actuarial valuation process was about to commence. The valuation would determine employer contribution rates from 1 April 2020. The report provided a high level update on some of the key factors which would likely influence the valuation outcomes;

The report gave details of:

- Funding Strategy Statement;
- 2016 Valuation Results and Subsequent Experience;
- Setting Assumptions for the 2019 Valuation;
- Public Service Pension Scheme Cost Management Process;
- Scheme Advisory board Suggested Benefit Changes;
- Pause in the Cost Cap Process;
- Advance payment of Contributions; and
- Preparing for the Valuation.

The report summarised that, although the effective date of the next actuarial valuation was approaching, there were still areas of material uncertainty regarding the benefits to be valued and the expected cost of funding the benefits. Updates would be provided to the GMPF Management Panel, the Local Board and employers on a regular basis going forward.

#### **RESOLVED**

**That the content of the report be noted.**

### **40. 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.

In terms of correspondence with Government, it was explained that the Northern Pool had submitted its most recent progress update to Government on 22 October 2018. This covered the period up to 30 September 2018. A link to the progress report and its appendices was provided in the report. MHCLG had acknowledged receipt of the submission; however, no formal response had been received to date.

It was also reported that, on 3 January 2019, MHCLG released its draft statutory guidance on LGPS asset pooling for 'informal' consultation, a copy of which was appended to the report. The guidance set out the requirements on administering authorities and was intended to replace previous guidance, and built on previous Ministerial communications and guidance on investment strategies.

The consultation would remain open for 12 weeks to allow the various interested parties the opportunity to respond with the consultation closing on 28 March 2019.

The draft statutory guidance had blurred the original 4 criteria in the 2015 guidance, and in its place had introduced 6 sections, covering, structure and scale, governance, transition of assets to the pool, making new investments outside the pool, infrastructure investment and reporting. A copy of a presentation delivered to the Management Panel and Northern Pool Shadow Joint Committee, explaining in further detail the various implications of the draft statutory guidance, was appended to the report.

Updates on the progress of the main ongoing workstreams for the Northern Pool were set out in the report, including the decision taken at the meeting of the Shadow Joint Committee on 10 January 2019 to change the name of the Pool to Northern LGPS, which was deemed to be more representative of the purpose of the Pool and had other practical advantages such as being easier to find via internet search engines.

The minutes of the Northern Pool Shadow Joint Committee meetings which had taken place on 20 September and 22 November 2018, were attached to the report for information.

Further details were also given of LGPS Pooling Developments nationally.

Discussion ensued in respect of the information provided in the report, particularly in respect of the draft guidance and the implications for the Northern LGPS and the Fund.

#### **RESOLVED**

- (i) That the content of the report be noted, including the autumn progress report submitted to Government and the implications of the new pooling guidance which had recently been released for consultation; and**
- (ii) That a copy of the Fund's response to the consultation on the draft statutory guidance be circulated to Board members.**
- (iii) That the Chair and/or Director be authorised to submit representations and objection to the MHCLG Local Government Finance Reform and Pensions consultation on pooling issued the 3 January 2019 to ensure that GMPF's stakeholders interests are properly represented.**

#### **41. 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 overpayment and debt monitoring and how this process could be improved.

## **RESOLVED**

**That the content of the report be noted.**

## **42. 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 information about Pensions Regulator activity in the last quarter.

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;
- Actions progressed to improve or strengthen compliance;
- The Pensions Regulator and Peer Review Programme with Metropolitan Fund colleagues; and
- The Pensions Regulator's Public Service Governance and Administration Survey 2018.

In terms of the Breaches Log, members sought clarification in respect of issues involving a specific GMPF employer and sought reassurance that this matter was being monitored and escalated in a timely way.

The Director of Pensions suggested that an invitation to a future meeting of the Management Panel and Local Board be extended to the Pensions Regulator.

## **RESOLVED**

- (i) **That the work being undertaken or planned to ensure GMPF complies with TPR'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;**
- (iv) **That the work being undertaken with the other Metropolitan Funds to progress the 'peer review' programme be noted; and**
- (v) **That the Pensions Regulator be invited to attend a future meeting of the Management Panel and Local Board.**

## **43. 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 31 December 2018.

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

- Contribution Income;
- National Probation Service (NPS) – Review of Assumed Pensionable Pay (APP);
- Visit to Contributing Body – Southway Housing Trust (Manchester) Ltd;
- Visit to Contributing Body – Salford University; and

- Visit to Contributing Body – Manchester Metropolitan University.

Draft reports were also issued as follows:

- Control Report – Pension Overpayment Fraud;
- Visit to Contributing Body – Oldham College; and
- Transfer to Assets from Capital Group.

A summary of the Post Audit Reviews completed to 31 December 2018 was presented, which detailed that the majority of the recommendations made had been implemented.

Other work carried out in the period and work in progress as at 31 December 2018, was detailed and discussed at length including fraud generally.

#### **RESOLVED**

**That the content of the report be noted.**

#### **44. URGENT ITEMS**

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

**CHAIR**



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<b>Report To:</b>	<b>GMPF LOCAL BOARD</b>
<b>Date:</b>	13 June 2019
<b>Reporting Officer:</b>	Sandra Stewart, Director of Pensions  Paddy Dowdall Assistant Director (Local Investments and Property)
<b>Subject:</b>	<b>GMPF AUDIT 2018/19 AND DRAFT ACCOUNTS</b>
<b>Report Summary</b>	The annual audit of GMPF's accounts is currently in progress. Attached as appendices to this report for discussion are the Fund's auditor Mazars Audit Strategy Memorandum and the draft 2018/19 GMPF accounts.
<b>Recommendations:</b>	Members are asked to note :  (i) The GMPF Audit Plan 2018/19 which was approved by GMPF Management Panel on 12 April 2019.  (ii) The draft GMPF Accounts 2018/19.
<b>Policy Implications:</b>	None.
<b>Financial Implications:</b>	None arising directly from this report.
<b>(Authorised by the Section 151 Officer)</b>	
<b>Legal Implications:</b>	A LGPS administering authority must produce an annual report and accounts in line with statutory provisions.
<b>(Authorised by the Solicitor to the Fund)</b>	
<b>Risk Management:</b>	GMPF's accounts are used to provide information to a variety of users and for a variety of purposes. The accuracy of the statements is critical in the determination of employer costs and there are clearly reputational issues relating to the validity of the accounts. Compliance with the accounting Code provides reassurance on the integrity of the statements and mitigates against the possibility of material misstatement.
<b>ACCESS TO INFORMATION:</b>	<b>NON-CONFIDENTIAL</b>  <b>This report does not contain information which warrants its consideration in the absence of the Press or members of the public.</b>
<b>Background Papers:</b>	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.

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