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GREATER MANCHESTER PENSION FUND - LOCAL PENSIONS BOARD

Day: Thursday
Date: 26 September 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.							
3.	MINUTES To receive the Minutes of the meeting of the Local Pensions Board held on 13 June 2019.	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 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>6, 7, 8, 9, 10, 11, 12, 13, 14</td><td>3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10 3&10</td><td>Disclosure would, or would be likely to pre the commercial interests of the Fund and agents which could in turn affect the intere the beneficiaries and/or tax payers.</td></tr></tbody></table>	Item	Paragraphs	Justification	6, 7, 8, 9, 10, 11, 12, 13, 14	3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10 3&10	Disclosure would, or would be likely to pre the commercial interests of the Fund and agents which could in turn affect the intere the beneficiaries and/or tax payers.	
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6, 7, 8, 9, 10, 11, 12, 13, 14	3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10 3&10	Disclosure would, or would be likely to pre the commercial interests of the Fund and agents which could in turn affect the intere the beneficiaries and/or tax payers.						
5.	TERMS OF REFERENCE Report of the Assistant Director, Funding and Business Development, attached.	7 - 20						
6.	SUMMARY OF GMPF DECISION MAKING Report of the Assistant Director of Pensions, Funding and Business Development, attached.	21 - 26						

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
7.	POOLING UPDATE Report of the Assistant Director of Pensions, Funding and Business Development, attached.	27 - 32
8.	HYMANS GOVERNANCE SURVEY Report of the Assistant Director of Pensions, Funding and Business Development, attached.	33 - 36
9.	ADMINISTRATION UPDATE Report of the Head of Pensions Administration attached.	37 - 46
10.	2019 ACTUARIAL VALUATION Report of the Assistant Director of Pensions, Funding and Business Development, attached.	47 - 86
11.	THE PENSIONS REGULATOR Report of the Assistant Director of Pensions, Funding and Business Development, attached.	87 - 110
12.	RESULTS OF THE PENSION REGULATOR'S PUBLIC SERVICE GOVERNANCE AND ADMINISTRATION SURVEY 2018 Report of the Assistant Director of Pensions, Funding and Business Development, attached.	111 - 114
13.	RISK MANAGEMENT AND BUSINESS PLANNING Report of the Assistant Director of Pensions, Funding and Business Development, attached.	115 - 218
14.	RISK MANAGEMENT AND AUDIT SERVICES 2019/2020 Report of the Head of Risk Management and Audit Services attached.	219 - 224
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, to whom any apologies for absence should be notified.

GREATER MANCHESTER PENSION FUND

LOCAL PENSIONS BOARD

13 June 2019

Commenced: 3.00pm

Terminated: 5.15pm

Present:	Councillor Fairfoull (Chair)	Employer Representative
	Michael Cullen	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: Councillor Cooper

1. DECLARATIONS OF INTEREST

There were no declarations of interest submitted by Members.

2. MINUTES

The Minutes of the meeting of the Local Pensions Board held on 14 February 2019, having been circulated, were signed by the Chair as a correct record.

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

RESOLVED

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

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

<u>Items</u>	<u>Paragraphs</u>	<u>Justification</u>
5, 6, 7, 9, 10, 11, 12, 13, 14, 15, 16	3&10, 3&10, 3&10, 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.

4. SUMMARY OF GMPF DECISION MAKING

The Assistant Director of Pensions, Funding and Business Development, submitted a report summarising the decisions made by the GMPF Working Groups from December 2018 to March 2019 and which were submitted for approval at the Management Panel meeting on 12 April 2019.

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.

RESOLVED

That the content of the report be noted.

5. 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.

It was explained that on 3 January 2019, MHCLG released new draft statutory guidance on LGPS asset pooling for 'informal' consultation, a copy of which was appended to the report. Parties that were being consulted included pools, administering authorities and local pension boards.

The guidance set out the requirements on administering authorities and was intended to replace previous pooling guidance, in particular the LGPS Investment Reform Criteria and Guidance issued in November 2015.

As per discussion at previous Shadow Joint Committee meetings, the draft statutory guidance had blurred the original four criteria in the 2015 guidance. In its place, the guidance had six sections covering: structure and scale, governance, transition of assets to the pool, making new investments outside the pool, infrastructure investment and reporting. The presentation delivered to the Northern LGPS Shadow Joint Committee at its meeting on 10 January 2019 considered in further detail the potential implications of the draft statutory guidance.

An initial Northern LGPS response to the consultation was sent to the Minister on 19 March 2019. A detailed commentary on individual paragraphs of the new guidance was also provided as an appendix to the Pool's response. This had been drafted by the Pool's legal advisor, Squire Patton Boggs. The Chambers previously used by the Pool, had been instructed to provide opinion on specific aspects of the new draft guidance and how this interacted with existing legislation. Final opinion was received on 28 March 2019 and this was sent to Government (links to this were provided in the report).

The Pool's response to the consultation had been made publically available on the Northern LGPS website and it received significant press coverage, details of which were provided in an appendix to the report.

It was reported that Members of the Northern LGPS Shadow Joint Committee met the Minister on 3 April 2019 and discussed the Pool's key concerns with the draft guidance and potential amendments which could make the guidance more acceptable to the Pool. Following the meeting with the Minister, the Chair received a letter from the Minister thanking the Northern LGPS Pool for attending their meeting to discuss its concerns regarding the draft guidance. A copy of the letter was appended to the report. Further to the letter, MHCLG Civil Servants met with Northern LGPS officers on 16 May 2019. During the meeting there were discussions about the Northern LGPS' approach to pooling, whether FCA regulation would be appropriate and the cost-efficiency of the Northern LGPS.

It was further explained that, pending further developments on replacement pooling guidance key steps required for the Pool include: the approval of the inter-authority agreement which would establish the Northern LGPS joint committee, the updating of each fund's Investment 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 and continued updating of the Northern LGPS website to include the required performance, cost and stewardship information.

Each fund participating in the Pool was required to disclose pool-related information in their 2018/19 annual reports. A consistent approach to reporting was agreed at the Northern LGPS Shadow Joint Committee meeting on 16 May 2019.

LGPS Pooling national developments were also detailed in the report.

RESOLVED

That the content of the report and the developments since the previous meeting, in particular the final response submitted to the consultation on new statutory draft guidance and subsequent dialogue with Government, be noted.

6. HYMANS ROBERTSON GOOD GOVERNANCE PROJECT SURVEY

The Assistant Director of Pensions, Funding and Business Development, submitted a report informing the Local Board about the GMPF Management Panel's response to Hymans Robertson's governance survey, which formed part of the 'Good Governance' project it was facilitating for the Scheme Advisory Board. It was explained that GMPF already operated governance arrangements which were broadly similar to option 2 of Hymans' proposals, as did many of the other metropolitan LGPS funds.

RESOLVED

That the content of the report be noted.

7. GMPF AUDIT 2018/19 AND DRAFT ACCOUNTS

Consideration was given to a report of the External Auditor, Mazars LLP, which set out their approach to the 2018/19 audit.

It was noted that the estimated audit fee for 2018/2019 was £43,383.

RESOLVED

That the content of the report, including the GMPF Audit Plan 2018/19 as approved by the GMPF Management Panel on 12 April 2019; and the draft GMPF Accounts 2018/19, be noted.

8. ANNUAL REPORT

A report was submitted by the Assistant Director of Pensions, Funding and Business Development, explaining that, in line with best practice, GMPF had previously included a report on the activity of the Local Board within the GMPF Annual Report. The GMPF Annual Report 2018/19 would be submitted to the GMPF Management Panel on 19 July 2019 for approval.

In respect of a query from Local Board members regarding terms of office for union members, the Director of Pensions explained that a response was still awaited from the TUC and it was agreed that the Director would report back at the next meeting of the Board.

RESOLVED

That the content of the report be noted.

9. EXIT PAYMENT CAP

Consideration was given to a report of the Assistant Director of Pensions, Funding and Business Development, informing Local Board members about the latest developments regarding the proposed public sector cap on exit payments.

It was explained that, on 10 April 2019, Government had opened a consultation on restricting exit payments in the public sector, including local government. The consultation would run for twelve weeks and would close on 3 July 2019. A link to the consultation was provided in the report. It was expected that there would be an LGPS specific consultation in the near future, but exact dates were not yet known.

RESOLVED

That the content of the report be noted.

10. ADMINISTRATION UPDATE

The Pensions Operations Manager submitted a report providing a summary of the following:

- An update on the 2019/20 business planning objectives set by the Administration section;
- Other strategic or service improvement administration projects currently being worked on;
- Comments on regular and other items of work currently being undertaken by the section; and
- Wider LGPS issues and items, including expected changes to the structuring of the Probation Service.

The report further commented on the CIPFA document entitled 'Administration in the LGPS: a guide for pensions authorities', published in March 2019.

RESOLVED

That the content of the report be noted.

11. 2019 ACTUARIAL VALUATION

The Assistant Director of Pensions, Funding and Business Development, explained that the 31 March 2019 actuarial valuation process had commenced for all LGPS funds in England and Wales. 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; and
- Setting Assumptions for the 2019 Valuation.

It was explained that the annual update meeting for employers would be held on 19 July 2019 following the Management Panel meeting. The agenda would include a presentation from the GMPF actuary outlining the valuation process and potential outcomes. This would be at a 'whole fund' level and would not be employer specific. The Actuary may also comment on Hymans Robertson's 'Club Vita' programme which was used to analyse life expectancy trends and set assumptions.

RESOLVED

That the content of the report be noted, including the valuation timescales and the factors potentially impacting the valuation outcomes.

12. THE PENSIONS REGULATOR

A report of the Assistant Director, Funding and Business Development and the Assistant Director for Pensions Administration 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.

Further to issues raised at the last meeting of the Board in respect of a specific GMPF employer, Members sought reassurance that this matter was being addressed. The Director of Pensions acknowledged the concerns raised and assured Board members that dialogue/communication was ongoing with the employer concerned in order to bring about a speedy resolution to the issue.

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; and
- Updates from the Pensions Regulator.

RESOLVED

- (i) **That the work being undertaken or planned to ensure GMPF continues to comply with TPR's Code of Practice number 14 be noted; and**
- (ii) **That the current breaches log and the decisions made by the Scheme Manager regarding reporting those breaches, be noted.**

13. CHANGES TO THE LOCAL VALUATION CYCLE AND THE MANAGEMENT OF EMPLOYER RISK CONSULTATION

Consideration was given to a report of the Assistant Director of Pensions, Funding and Business Development, giving information about the recently released consultation on proposed changes to the actuarial valuation cycle, Part 1 Scheme Employers, the introduction of deferred debt arrangements in the LGPS and clarification on the circumstances in which exit credits could be paid.

RESOLVED

That the content of the report be noted.

14. RISK MANAGEMENT AND AUDIT SERVICES - ANNUAL REPORT 2018/19

The Head of Risk Management and Audit Services submitted a report summarising the work performed by the Service Unit and provided assurances as to the adequacy of the Greater Manchester Pension Fund's system of internal control. Key achievements of the service provided to the Pension Fund for 2018/19 were detailed. The full year position of the audit plan was appended to the report. Actual days spent as at 31 March 2019 were 285 which equated to 95% and 93% of planned audits were completed in those days.

With regard to anti-fraud work and irregularity investigations, it was reported that data sets for the NFI 2018 Data Matching Exercise were uploaded in October 2018 and the matches identified for Tameside were received in February 2019. The results were in the process of being investigated.

In respect of Risk Management and Insurance, approved priorities for 2018/19 were detailed. Key Performance Indicators for 2018/19 applicable to the Pension Fund were detailed in the report. It was reported that four of the five performance indicators had been achieved, however it was further acknowledged that not all the measures used were fully within the control of the team.

The report concluded that, from the work undertaken during 2018/19, the Local Board could take reasonable assurance that arrangements to secure governance, risk management and internal control, within those areas reviewed, were suitably designed and applied effectively. Where improvements had been highlighted, managers had agreed to implement the suggested recommendations and this would aid the management of risks and support the overall control environment.

The draft Annual Governance Statement for 2018/19 was presented to the Council's Audit Panel on 4 June 2019 for approval. The final Annual Governance Statement would be presented to the next meeting of the Local Board.

RESOLVED

That the content of the report and the performance of the Risk Management and Audit Service during 2018/19, be noted.

15. RISK MANAGEMENT AND AUDIT SERVICES PLANNED WORK 2018/19

Consideration was given to a report of the Head of Risk Management and Audit Services presenting the planned work for the Risk Management and Audit Service for 2019/20.

RESOLVED

- (i) That the Internal Audit Plan for 2019/20 (as at Appendix 1 to the report) be noted, including the planned work for the Risk Management and Insurance Team;**
- (ii) That the Audit Strategy for 2019/20 (as at Appendix 2 to the report) be noted;**
- (iii) That the Audit Charter for 2019/20 (as at Appendix 3 to the report) be noted; and**
- (iv) That the Quality Assurance and Improvement Programme for 2019/20 (as at Appendix 4 to the report) be noted.**

16. URGENT ITEMS

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

CHAIR

Agenda Item 5

Report to:	GMPF LOCAL PENSION BOARD
Date:	26 September 2019
Reporting Officer:	Sandra Stewart, Director of Pensions Euan Miller, Assistant Director, Pensions – Funding and Business Development
Subject:	LOCAL BOARD TERMS OF REFERENCE The terms of Reference for the Local Board require periodic review by the Administering Authority and the Administering Authority has sought the views of the Local Board as part of this review. As part of the most recent review a plan was proposed for limiting Board members to 2 consecutive terms of office and staggering the terms of office of Board members to ensure continuity and retention of skills and experience. These proposals were subsequently sent to relevant stakeholders for consultation. This report summarises the feedback received and proposed a final plan for recommendation to the Administering Authority.
Recommendations:	That the Board supports the proposals set out in the report.
Policy Implications:	None.
Financial Implications:	None.
(Authorised by the statutory Section 151 Officer & Chief Finance 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 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 Terms of Reference for the Local Board require periodic review by the Administering Authority and the Administering Authority has sought the views of the Local Board as part of this review. The Terms of Reference were initially adopted in February 2015 and last revised in July 2015. The 2015 Terms of Reference are attached as **Appendix 1** to this report.
- 1.2 Proposals to update the Terms of Reference were presented to the Local Pension Board at its 9 August 2018 meeting, with particular focus on developing terms of office for Board members which ensure continuity and retention of knowledge and skills. The August 2018 report is attached as **Appendix 2** for information.
- 1.3 The proposals suggested by the Local Board were subsequently sent to the NW TUC (who co-ordinate the appointment of employee representatives – excluding the Pensioner Member Representative) for comment. This report sets out feedback received and proposes a final plan for recommendation to the Administering Authority.
- 1.4 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

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 It was proposed in August 2018 that the Board remains at 10 members, with the same composition and method of appointment as at present, and that individual terms of office are set at 4 years, with Board members serving no more than 2 consecutive terms of office. Further, that in order to best maintain the knowledge and experience of the Board it was proposed that the conclusion of the existing terms of office are staggered over a 4 year period, with either 2 or 3 Board members' terms of office concluding each year.
- 2.5 The report presented on 9 August 2018 stipulated that the Administering Authority would write to the North West Trade Union Congress ('NW TUC') to input on the expiry of the terms of office for each of the employee representatives in accordance with the following plan:

Date	Board members with concluding term of office		
May 2019	Pensioner representative (automatically renew)	Representative of non-local government employers (automatically renew)	Representative of GM Treasurers

May 2020	Tameside MBC representative	Employee representative	
May 2021	Representative of GM Monitoring Officers	Employee representative	Employee representative
May 2022	Tameside MBC representative	Employee representative	

- 2.6 NW TUC has indicated it is comfortable with the proposals whilst noting that the proposals were not clear as to when the initial term of office for original Board Members should end and the second term start.
- 2.7 For the avoidance of doubt it is proposed that the second term of office for original board members starts from the dates shown on the table above. This will help maintain expertise within the Board.
- 2.8 The re-appointment of the representative of non-local government employers and the pensioner representative took place in May 2019. The representative of the GM Treasurers changed in May 2019 from Richard Paver to Michael Cullen. These appointments were in accordance with the original proposals.

3. RECOMMENDATIONS

- 3.1 As set out at the front of the report.

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.

Report To: **GMPF LOCAL PENSIONS BOARD**

Date: 9 August 2018

Reporting Officer: Sandra Stewart, Director of Pensions
Euan Miller, Assistant Director of Pensions (Funding and Business Development)

Subject: **LOCAL BOARD TERMS OF OFFICE**

Report Summary

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.

It was agreed at the previous meeting of the Board that a report be submitted to a future meeting of the Local Board for members' consideration, setting out proposals for Board composition and terms of office going forward.

The current Terms of Reference are attached as **Appendix 1** to this report for information.

Recommendations: To provide comment on the proposals set out in Section 3 of the report.

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.



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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.
- 1.3 It was agreed at the previous meeting of the Board that a report be submitted to a future meeting of the Local Board for members' consideration, setting out proposals for Board composition and terms of office going forward.

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 Fairfull as his replacement.
- 2.5 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.
- 2.6 At the previous meeting, Board members agreed that 4 year terms of office would be an appropriate term in order to maintain an appropriate range of skills and experience.

3. PROPOSAL

- 3.1 It is proposed that the Board remains at 10 members, with the same composition and method of appointment as at present, and that individual terms of office are set at 4 years, with Board members serving no more than 2 consecutive terms of office.
- 3.2 Board members will be expected to complete appropriate training, such as the Pensions Regulator's Public Service Toolkit and to attend relevant training events.
- 3.3 In order to best maintain the knowledge and experience of the Board it is proposed that the conclusion of the existing terms of office are staggered over a 4 year period, with either 2 or 3 Board members' terms of office concluding each year.
- 3.4 A proposed schedule for the expiry of the existing terms of office is set out in the table below.

Date	Board members with concluding term of office		
May 2019	Pensioner representative (automatically renew)	Representative of non-local government employers (automatically renew)	Representative of GM Treasurers
May 2020	Tameside MBC representative	Employee representative	
May 2021	Representative of GM Monitoring Officers	Employee representative	Employee representative
May 2022	Tameside MBC representative	Employee representative	

3.5 Due to the complexity of running a process to select the Pensioner and Non-Local Authority representatives, it is proposed that the current appointments automatically renew in 2019. The representative of GM Treasurers has also volunteered for his term of office to expire in 2019.

3.6 Tameside MBC will write to the North West TUC to ask it to determine the expiry of the term of office for each of the employee representatives in accordance with the table above. Tameside MBC AS Administering Authority will decide which of its representatives' term of office concludes in 2020 and which concludes in 2022.

4. RECOMMENDATIONS

4.1 To provide comment on the proposals set out in Section 3 of the report.

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