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GREATER MANCHESTER PENSION FUND - LOCAL PENSIONS BOARD

Day: Thursday
Date: 9 January 2020
Time: 3.30 pm
Place: Guardsman Tony Downes House, Manchester Road,
Droylsden, M43 6SF

Item No.	AGENDA	Page No						
1.	APOLOGIES To receive any apologies for absence from Members of the Board.							
2.	DECLARATIONS OF INTEREST To receive any declarations of interest from Members of the Board.							
3.	MINUTES The Minutes of the meeting of the Local Pensions Board held on the 26 September 2019 to be approved as a correct record.	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,</td><td>3&10</td><td>Disclosure would, or would be likely to prejudice the commercial interests of the Fund and/or its agents which could in turn affect the interests of the beneficiaries and/or tax payers.</td></tr></tbody></table>	Item	Paragraphs	Justification	6, 7, 8, 9, 10, 11, 12, 13,	3&10	Disclosure would, or would be likely to prejudice the commercial interests of the Fund and/or its agents which could in turn affect the interests of the beneficiaries and/or tax payers.	
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5.	GOOD GOVERNANCE PROJECT To consider a report of the Assistant Director of Pensions (Funding and Business Development).	7 - 38						
6.	SUMMARY OF GMPF DECISION MAKING To consider a report of the Assistant Director of Pensions (Funding and Business Development)	39 - 44						

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

Item No.	AGENDA	Page No
7.	RISK MANAGEMENT AND MEMBER DEVELOPMENT To consider a report of the Assistant Director of Pensions (Funding and Business Development).	45 - 130
8.	PENSIONS REGULATOR REPORT To consider a report of the Assistant Director of Pensions (Funding and Business Development).	131 - 136
9.	RISK MANAGEMENT AND AUDIT SERVICES 2019/20 To consider a report of the Head of Risk Management and Audit Services.	137 - 146
10.	RECORD KEEPING To consider a report of the Assistant Director for Administration.	147 - 192
11.	MEMBER COMMUNICATIONS To consider a report of the Assistant Director for Administration.	193 - 212
12.	CYBER SECURITY To consider a report of the Head of Pensions Administration.	213 - 244
13.	ADMINISTRATION UPDATE To consider a report of the Head of Pensions Administration	245 - 252
14.	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 Louis Garrick, Senior Democratic Services Officer, to whom any apologies for absence should be notified.

Agenda Item 3

GREATER MANCHESTER PENSION FUND

LOCAL PENSIONS BOARD

26 September 2019

Commenced: 3.00pm

Terminated: 4.35pm

Present: Councillor Fairfoull (Chair) Employer Representative
Michael Cullen Employer Representative
Paul Taylor Employer Representative
David Schofield Employee Representative
Catherine Lloyd Employee Representative

Apologies for absence: Councillor Cooper, Jayne Hammond, Pat Catterall

17. CHAIR'S OPENING REMARKS

The Chair welcomed everyone to the meeting and announced that the Fund had won the Scheme Administration Award at the LAPFF Investment Awards. He congratulated everyone involved and said it reflected the significant work being undertaken on continual improvement.

18. DECLARATIONS OF INTEREST

There were no declarations of interest submitted by Members.

19. MINUTES

The Minutes of the meeting of the Local Pensions Board held on 13 June 2019, having been circulated, were signed by the Chair as a correct record.

20. 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>
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 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.

21. LOCAL BOARD TERMS OF REFERENCE

Consideration was given to a report of the Assistant Director, Funding and Business Development, explaining that the Terms of Reference for the Local Board required periodic review by the Administering Authority and the Administering Authority had sought the views of the Local Board as part of the review.

As part of the most recent review a plan was proposed for limiting Board members to two 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 summarised the feedback received and proposed a final plan for recommendation to the Administering Authority.

Discussion ensued in respect of the Terms of Reference and, with reference to 'Knowledge and Understanding (including Training), suggested that 'Board members shall participate in training' be reworded to read: 'Board members *must* participate in training'.

The Director of Pensions further explained that, in conjunction with Observer to the Fund, Councillor Pantall, a development framework was being formulated for Trustees (Management and Local Board members).

RESOLVED

- (i) That the content of the report be noted;**
- (ii) That the proposals, as set out in the report, be supported; and**
- (iii) That no. 25 of the Terms of Reference be reworded as follows:
'Board members *must* participate in training in order to meet and maintain the requirements set out in the Board's Knowledge and Understanding Policy and Framework'**

22. 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 March 2019 to July 2019, which were submitted for approval at the Management Panel meeting on 19 July 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.

23. 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 Director and Assistant Director updated members on developments. It was explained that on 3 January 2019, MHCLG released new draft statutory guidance on LGPS asset pooling for 'informal' consultation. As per discussion at previous 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 key points of the Northern LGPS response were detailed in the report, including legal advice obtained from Counsel.

Members of the Northern LGPS Shadow Joint Committee met Rishi Sunak MP (at that time the Minister responsible for the LGPS) on 3 April 2019 and discussed the Pool's key concerns. A further meeting between MHCLG Civil Servants and Northern LGPS officers was held on 16 May 2019. Discussions covered the Northern LGPS' response to the consultation, recent progress in developing performance and cost benchmarking in the pool and implementing next steps. Luke Hall MP had since replaced Rishi Sunak MP as the Minister responsible for the LGPS.

Government had not yet formally provided indication of when it may publish its consultation response or issue a final version of the guidance. At the meeting on 3 April 2019, the Minister indicated that 93 responses to the consultation had been received. MHCLG indicated that a likely next step was for a formal consultation on the statutory guidance to be issued; however this did not arrive prior to the summer Parliamentary recess.

Wirral MBC, the administering authority of MPF was due to provide approval to the inter-authority agreement on 14 October 2019, the sealing of the inter-authority agreement would establish the Northern LGPS Joint Committee.

GMPF transferred custody of its assets from JP Morgan to Northern Trust on 1 July 2019, WYPF were due to transfer to Northern Trust on 1 November 2019. MPF were already an existing Northern Trust client. Consolidated custody arrangements would facilitate enhanced reporting across the pool as a whole.

A procurement exercise was set to be launched shortly to cover existing and future requirements for external property investment management for the Pool. A 10 year framework covering multiple lots was expected to be set up by Tameside MBC on behalf of the Pool.

LGPS Pooling national developments were also discussed as detailed in the report.

RESOLVED

That the content of the report and the developments since the previous meeting, be noted.

24. HYMANS ROBERTSON'S GOOD GOVERNANCE SURVEY

The Assistant Director, Funding and Business Development submitted a report informing Members of the Working Group about the results of Hymans Robertson's Good Governance Survey, which formed part of the 'Good Governance' project it was facilitating for the Scheme Advisory Board.

It was explained that Hymans Robertson originally proposed four different governance models which they sought comment on:

- *Option 1 – Improved practice:* Introduce guidance or amendments to LGPS Regulations 2013 to enhance the existing arrangements by increasing the independence of the management of the fund and clarifying the standards expected in key areas.
- *Option 2 – Greater ring-fencing of the LGPS within existing structures:* Greater separation of pension fund management from the host authority, including budgets, resourcing and pay policies.
- *Option 3 – Joint Committee ('JC'):* Responsibility for all LGPS functions delegated to a JC comprising the administering authority and non-administering authorities in the fund. Inter-authority agreement ('IAA') makes JC responsible for recommending budget, resourcing and pay policies.

- *Option 4 - New local authority body*: An alternative single purpose legal entity that would retain local democratic accountability and be subject to Local Government Act provisions.

SAB decided upon 6 criteria that were used to assess proposed changes to LGPS governance arrangements. These were 'standards', 'conflicts of interest', 'representation', 'clarity', 'consistency' and 'cost'.

It was reported that Hymans Robertson found little support amongst LGPS funds for significant changes to governance arrangements. Options 3 and 4 were rejected by the vast majority of funds for the additional cost and complexity they would introduce to the LGPS' governance arrangements.

Most respondents to the survey stated an affinity for Option 1 or Option 2. Although it was agreed by respondents that a 'one size fits all' approach should not be forced on LGPS funds. Hymans Robertson therefore, highlighted a series of potential changes, detailed within the report, without explicitly endorsing any one governance model over another.

It was concluded that Hymans Robertson's proposals would be reviewed by SAB who might seek to ask MHCLG to implement some of the suggested changes, subject to formal consultation with LGPS stakeholders.

RESOLVED

That the content of the report be noted.

25. ADMINISTRATION UPDATE

The Head of Pensions Administration submitted 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 being worked on currently;
- Comments on regular and other items of work currently being undertaken by the section; and
- Wider LGPS issues and items of note.

RESOLVED

That the content of the report be noted.

26. 2019 ACTUARIAL VALUATION

A report was submitted by the Assistant Director, Funding and Business Development, informing Board members that the 31 March 2019 actuarial valuation process was underway for all LGPS funds in England and Wales and providing an update on the valuation process and the potential issues arising.

Members were informed that precise date for issuing results to employers were still uncertain as the actuary was currently undertaking calculations. It was expected that preliminary results for the ten local authority pools would be available early October with other employers having preliminary results available in late October or early November.

Feedback from the Actuary was that GMPF's data quality compared favourably to other LGPS funds. However there were some LGPS-wide data issues related to administration software.

RESOLVED

That the content of the report be noted.

27. 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.

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
- TPR's aspiration to condense the numerous codes of practice currently in existence into one consolidated code of practice.

Consideration was given to the individual matters which were discussed.

The Director reminded the Board that the report set out the views of the Officers and it was for the Local Board to come to their own view as they had a separate duty to scheme Manager to report.

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.**
- (iii) That the Local Board having considered the decisions made by the Scheme Manager and raised relevant questions agreed those decisions as their own.**

28. RESULTS OF THE PENSION REGULATOR'S PUBLIC SERVICE GOVERNANCE AND ADMINISTRATION SURVEY 2018

Consideration was given to a report of the Assistant Director, Funding and Business Development, which informed the Local Board about the results of the Public Service Governance and Administration Survey 2018. A link to the survey results was provided in the report.

Key findings of the survey were detailed and discussed.

RESOLVED

That the content of the report be noted.

29. RISK MANAGEMENT AND BUSINESS PLANNING

A report was submitted by the Assistant Director of Pensions, Funding and Business Development, which explained that for many years the governance arrangements of GMPF had managed to effectively manage risks via a variety of channels. Given the increasing focus on risk management and recent changes to GMPF's governance arrangements it seemed an appropriate time to analyse whether and how the risk management processes could be strengthened and how they could be clearly documented to demonstrate their operation and effectiveness to relevant external parties such as the Pensions Regulator.

The report brought together all relevant aspects of risk management and proposed a process for Panel oversight of risk going forward, following presentation at the Policy and Development Working Group on 20 September 2019 and ahead of presentation for approval to the Management Panel on 18 October 2019.

Discussion ensued with regard to the content of the report, in particular the risk management cycle and Board members were supportive of the process outlined.

RESOLVED

- (i) That the content of the report be noted; and**
- (ii) The proposed process, as set out in the report, be supported.**

30. RISK MANAGEMENT AND AUDIT SERVICES 2019/20

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 1 April 2019 to 30 August 2019.

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

- Visiting to Contributing Bodies – Bolton at Home; and
- Visit to Contributing Bodies – Oldham College

Draft reports were also issued as follows:

- Review of GLIL

A summary of the Post Audit Reviews completed in the period 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 30 August 2019, was detailed and discussed.

RESOLVED

That the content of the report be noted.

31. URGENT ITEMS

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

CHAIR

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