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GREATER MANCHESTER PENSION FUND - LOCAL PENSIONS BOARD

Day: Thursday
Date: 6 October 2022
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 any apologies for absence.							
2.	DECLARATIONS OF INTEREST To receive any declarations of interest.							
3.	MINUTES To receive the minutes of the Local Pensions Board meeting on the 28 July 2022.	1 - 10						
4.	GMPF STATEMENT OF ACCOUNTS AND ANNUAL REPORT 2021-2022 To consider the attached report of the Assistant Director, Local Investments and Property.	11 - 18						
5.	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</td><td>3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10</td><td>Disclosure would, or would be likely to commercial interests of the Fund and which could in turn affect the inte beneficiaries and/or tax payers.</td></tr></tbody></table>	Item	Paragraphs	Justification	6, 7, 8, 9, 10, 11, 12	3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10	Disclosure would, or would be likely to commercial interests of the Fund and which could in turn affect the inte beneficiaries and/or tax payers.	
Item	Paragraphs	Justification						
6, 7, 8, 9, 10, 11, 12	3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10	Disclosure would, or would be likely to commercial interests of the Fund and which could in turn affect the inte beneficiaries and/or tax payers.						
6.	ADMINISTRATION UPDATE To consider the attached report of the Director of Pensions / Assistant Director for Administration.	19 - 34						

From: Democratic Services Unit – any further information may be obtained from the reporting officer or from Louis Garrick, Senior Democratic Services Officer, 0161 342 3049 or louis.garrick@tameside.gov.uk, to whom any apologies for absence should be notified.

Item No.	AGENDA	Page No
7.	PENSIONS ADMINISTRATION AND BENEFITS REVIEW To consider the attached report of the Director of Pensions / Assistant Director of Pensions Administration.	35 - 46
8.	2022 ACTUARIAL VALUATION To consider the attached report of the Director of Pensions / Assistant Director for Funding and Business Development.	47 - 72
9.	BUSINESS PLANNING AND RISK MANAGEMENT To consider the attached report of the Director of Pensions.	73 - 110
10.	SUMMARY OF GMPF DECISION MAKING To consider the attached report of the Director of Pensions / Assistant Director for Funding and Business Development.	111 - 114
11.	THE PENSIONS REGULATOR (TPR) To consider the attached report of the Director of Pensions / Assistant Director for Funding and Business Development.	115 - 144
12.	PROGRESS REPORT ON RISK MANAGEMENT AND AUDIT SERVICES 9 JULY 2022 TO 16 SEPTEMBER 2022 To consider the attached report of the Interim Head of Risk Management and Audit Services.	145 - 154
13.	URGENT ITEMS To consider any additional items the Chair is of the opinion shall be dealt with as a matter of urgency.	
14.	DATE OF NEXT MEETING To note the date of the next meeting of the Local Pensions Board on 26 January 2023.	

From: Democratic Services Unit – any further information may be obtained from the reporting officer or from Louis Garrick, Senior Democratic Services Officer, 0161 342 3049 or louis.garrick@tameside.gov.uk, to whom any apologies for absence should be notified.

Agenda Item 3

GREATER MANCHESTER PENSION FUND - LOCAL PENSIONS BOARD

28 July 2022

Commenced: 15:00

Terminated: 16:45

Present:

**Councillor Fairfoull
Michael Cullen
Jayne Hammond
Paul Taylor
Mark Rayner
Catherine Lloyd
Chris Goodwin**

**Employer Representative - Chair
Employer Representative
Employer Representative
Employer Representative
Employee Representative
Employee Representative
Employee Representative**

Apologies for Absence David Schofield

1 DECLARATIONS OF INTEREST

Paul Taylor declared a prejudicial interest in Item 15 – Progress Report on Risk Management and Audit Services 4 April 2022 to 8 July 2022 as Group Change Director at LTE Group.

2 MINUTES

The minutes of the Local Pensions Board meeting on the 7 April 2022 were approved as a correct record.

3 ADMINISTRATION UPDATE

Consideration was given to a report of the Director of Pensions / Assistant Director for Pensions Administration. The report provided the Local Board with a summary of the key activities taking place in the Administration Section during the last quarter, including comments on administration performance and on complaints disputes.

The administration performance dashboard for quarter 4, January to March 2022, was attached to the report at Appendix 1. The first six months of this year had been particularly busy. Member newsletters were issued to contributors and those with benefits on hold in February to disclose pension transfer changes and provided a general update. These were closely followed by the issuing of P60s and newsletters for pensioner members in March and April. Annual benefit statements to those with benefits on hold were then issued in May. All these communications had generated increased levels of member engagement, which was reflected in the call, email, and website statistics, and in the number of members attending an event.

In regards to Member Services, before the start of the pandemic, work had begun on changing the casework workflows within the Altair pension system that measure performance using target times. This work had to be put on hold while work linked to moving processes online was prioritised. However, work recommenced in quarter 4 and most workflows were amended with effect from 1 April 2022 so regular reporting could recommence across a wider number of areas.

It was reported that the regulations stated that a member should give the Fund at least three months' notice if they wanted to request payment of their benefits. Before the pandemic, GMPF had generally been able to respond to a request within two to four weeks, but this became on average four to eight weeks throughout the pandemic period due to demand and the changes to working arrangements. For the last six months, the team had been working towards moving this process online, which should significantly reduce the wait times. They have worked with the software supplier and other funds to ensure developments are made in My Pension that would allow the transition to online processing to take place.

It was explained that demand from members to access their benefits had increased. This was likely to be due to the fact the members with benefits on hold received their annual benefit statement in May 2022 and it could also be due to some members wishing to take their benefits early due to financial pressures caused by the cost-of-living crisis. This meant that the wait times had increased further and so tackling this area of work and reducing wait times was the primary focus for the service at present.

The work to produce Annual Benefit Statements for 2021/2022 for both contributing members and members with benefits on hold has been taking place. The statements for members with benefits on hold were all uploaded to member My Pension accounts by 31 May 2022. Statements for contributing members for two of the larger employers was completed as a pilot exercise in June 2022. The remaining statements for contributing members would be uploaded to My Pension accounts by 31 August 2022. All members who had requested paper communications or an alternative form for accessibility reasons will also receive a copy in their chosen format by 31 August.

The project to move processes online continues to progress, with the following processes all now online:

- New starters
- Benefits on hold
- Leavers with less than two years
- Immediate retirements
- Internal transfer options (1 of 6)

As part of the Funds anti-fraud work, the team undertook an annual process to confirm pensioners that live overseas were still alive and due their pension, referred to as an existence check. This annual exercise was now underway, with 2,271 members being written to in June 2022.

As mentioned at the last meeting, in January 2022, the DWP laid before Parliament the Occupational and Personal Pension Schemes (Disclosure of Information) (Requirements to Refer Members to Guidance etc) (Amendment) Regulations 2022. Since the last meeting, work had been undertaken and completed to make the necessary changes to fulfil the requirements of these regulations.

In regards to Employer Services, there continued to be a significant number of employers applying to join GMPF with 79 applications currently being progressed. A further 30 enquiries had also been made by employers considering applying for admission.

Monthly data submissions continued to be monitored at the TPR breaches meeting held monthly. Two large employers were behind with their iConnect submissions for April, May, and June 2022 due to payroll software issues. It was expected that both employers would be up to date by 31 July 2022. The Employer Data team had been monitoring employers who had been sent a notice of warning letter during the last quarter. Out of the 230 employers who were in breach of the terms of the Pension Administration Strategy, 210 of these had demonstrated an improvement in their performance. The remaining 20 cases were being escalated in line with the Pension Administration Strategy.

The new employer year in review reports had been distributed to the ten local authorities for 2021/2022. These reports provide each employer with statistics and information relating to their GMPF members and highlighted how well it was thought that they were fulfilling their role as an LGPS employer.

It was reported that demand had been high on the Customer Services team during the last six months. The dashboard at Appendix 3 reflected this, and response wait times for emails as well as calls had been higher than normal.

Registrations for My Pension continued to increase steadily. Annual benefit statement notification

emails were due to be emailed to all contributing members that the fund held an email address for in the next quarter. This would include those who were not yet registered for my pension to initiate engagement and encourage sign up.

RESOLVED

That the information provided in the report be noted.

4 GMPF IT & SYSTEMS UPDATE

Consideration was given to a report of the Director of Pensions / Assistant Director of Administration. The report provided the Local Board with a summary of the main IT work and related projects being worked on.

The Assistant Director for Pensions Administration delivered a presentation on the roles, responsibilities, infrastructure, current strategic objectives and priorities of the systems team. The Strategic Lead for Developments and Technologies set out the strategic objectives and priorities:

1. Further reduce on premise footprint
2. Replacement of remaining physical hardware
3. Back-up and disaster recovery enhancements
4. Further increase cyber resilience
5. Implement and develop new service desk software
6. Microsoft Licencing procurement
7. Legal casework system replacement
8. Transform the Altair testing process to maximise benefits

The Board were reminded that there was a GMPF overarching system risks and IT risk register. Ongoing projects that posed risks included:

- TMBC changes / policy changes – Multi Factor Authentication, Single Sign on and Office 365
- BACS software replacement
- Domain privilege management
- System log management

Future priorities would include reviewing website hosting where websites were hosted by Tameside MBC. Systems would look at utilising Office AV to support hybrid working and meetings. The development of SharePoint Hub and maximising the features and functionality within Microsoft 365 to maximise efficiencies. Future priorities would also include improving efficiencies through AI and robotics.

Members of the Board discussed how the use of AI would impact the number of team members within the service. In response to questions it was explained that AI was seen as a way to enhance customer experience and could even generate more work and contact for staff.

RESOLVED

That the report be noted.

5 2022 ACTUARIAL VALUATION

Consideration was given to a report of the Director of Pensions / Assistant Director of Pensions for Funding and Business Development.

Members of the Local Pensions Board were advised that the actuarial valuation process would determine the funding position of GMPF at 31 March 2022 and contribution rates for each participating employer from 1 April 2023. All LGPS funds in England and Wales were undertaking

actuarial valuations at this time. Traditionally actuarial valuations in the LGPS had been undertaken every 3 years. At the time of the 2019 valuation Government consulted on aligning the local valuation cycle in the LGPS with the 4-yearly valuation cycle for other Public Service Pension Schemes. Government confirmed in its response that it would not be changing the valuation cycle at the 2019 valuation but did not rule out a change in future. The most likely outcome was that the contribution rates set at this valuation will also apply for a 3-year period.

Preliminary indications are that GMPF will disclose a broadly similar funding level at the 2022 valuation compared to 31 March 2019. GMPF's investment return have exceeded the assumption made at the 2019 valuation, but an increase in future expected price inflation is likely to increase the present value of the Fund's liabilities, offsetting much of the asset gains.

Members of the Board received a presentation which detailed the valuation timetable, how employer contribution rates were calculated and the experience since the 2019 valuation. The Assistant Director detailed the key 2022 valuation assumptions which were set out in the funding strategy statement including investment returns, CPI, life expectancy and salary growth.

The Board were advised that the Funding Strategy Statement ('FSS') provided guidance to the Actuary in undertaking the actuarial valuation. Given the focus on the affordability and sustainability of public sector pensions, the FSS had become a key document in defining how an administering authority will meet its responsibilities in managing an LGPS fund. Management Panel had agreed initial methodology and actuarial assumptions for consultation with employers. The FSS explained how the actuarial assumptions, which would be used to calculate draft results for consideration at the autumn meetings of the Management Panel and the Administration, Employer Funding and Viability Working Group had been derived.

A draft version of the updated FSS was attached as Appendix 1 to the report. The updated FSS incorporated GMPF's policies on the usage of 'Employer Flexibilities' and assessing exit credits which could be payable to employers, which were created during the inter-valuation period.

It was highlighted that a key area for consideration at this valuation was whether there would be any material benefits from a change in approach to how GMPF structures Multi Academy Trust ('MAT') participations.

Officers have held discussions with a variety of MATs to understand their views.

Discussion ensued between Board Members on the FSS. Members of the Board expressed how consultation with employers would be crucial this year due to the pressures that employers would be under.

RESOLVED

That the Local Board Note the report and Hymans Robertson's slides which are attached as Appendix 1.

6 SUMMARY OF GMPF DECISION MAKING

Consideration was given to a report of the Director of Pensions / Assistant Director of Pensions for Funding and Business Development. The report summarised the recommendations made by the GMPF Working Groups over the period from April 2022 to July 2022, which were approved at the Management Panel meeting on 15 July 2022.

The Assistant Director for Funding and Business Development summarised the recommendations made by the Administration, Employer Funding and Viability Working Group and Investment Monitoring and ESG working Group on the 8 April 2022 and the recommendations made by the Policy and Development Working Group on the 23 June 2022.

At its 15 July 2022 meeting, the GMPF Management Panel approved the recommendations from

the various Working Group meetings.

The 2022 actuarial valuation was discussed at this meeting, with the Fund's actuary, Hymans Robertson, providing a presentation. The main discussion centred on the Funding Strategy Statement. Under Regulation 58 of the LGPS Regulations it was necessary to consult with relevant parties on the FSS. It was recommended that the Management Panel:

- (i) **Note the report and the presentation from Hymans Robertson**
- (ii) **Approve the draft Funding Strategy Statement for consultation with employers following further discussion at the Administration, Employer Funding and Viability Working Group on 29 July.**

Investment Strategy and tactical positioning during 2022/23 were discussed. This report provided an opportunity to review the benchmark asset allocations for the Main Fund and to consider any changes to the investment restrictions. Investment strategy is crucial in determining the investment success of the Fund in relative and absolute terms over the long term. The report examined the various asset classes, their challenges and opportunities going forward. It was recommended that the Management Panel:

- (i) **Approve the recommendations set out at Section 17 of the report. (The recommendations cover 12 issues ranging from overall Main Fund asset allocation to benchmark indices).**

A report was presented to Management Panel undertaking a review of the Fund's Investment Management arrangements and the appointments of the Fund's external active Securities Managers. The Investment Management arrangements of the Fund reflect a wide range of significant past decisions concerning how the Fund chooses to position itself in terms of the management of its assets. These significant decisions include, inter alia, a consideration of the choice of benchmark and the detail of any bespoke benchmark, and whether, for example, to adopt active versus passive management or specialist versus multi-asset management. It was recommended that the Management Panel:

- (i) **Note the report**
- (ii) **Endorse the continuing rebalancing of the Main Fund Asset Allocation that was considered as part of the 2018/19 Investment Strategy. (The Main Fund is formally monitored once a year immediately following the review of Investment Strategy and rebalanced back to the Main Fund benchmark allocation as necessary. The nature, timing and detailed implementation of any required benchmark changes are settled by the Director of Pensions following consultation with the Advisors and/or managers where appropriate).**

RESOLVED

That the report be noted.

7 POOLING UPDATE

Consideration was given to a report of the Director of Pensions / Assistant Director for Funding and Business Development. This report provided an update on the activities of the Northern LGPS Pool and relevant national pooling developments.

Members of the Board were provided with an update on the expected revisions to the draft statutory guidance on LGPS asset pooling. Prior to the recent ministerial changes, which included Greg Clark replacing Michael Gove as Secretary of State at DLUHC, civil servants had indicated that a consultation on several key policy areas for the LGPS was expected to be issued in autumn 2022. This consultation was expected to cover LGPS pooling as well as other related matters such as the implementation of TCFD ('Task-force on Climate-Related Financial Disclosure') requirements for LGPS funds.

RESOLVED

That the report be noted.

8 LOCAL BOARD ANNUAL REPORT

Consideration was given to a report of the Director of Pensions / Assistant Director for Funding and Business Development. 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 would not be finalised until the administering authority's accounts were approved, this was expected to occur in autumn. The guidance for establishing and operating local pensions boards issued by the LGPS Scheme Advisory Board recommends that it is good practice for local boards to publish an annual report of their activities. The draft GMPF Local Board annual report for 2021/22 could be seen attached at Appendix 1.

Members of the Board discussed the attendance at conferences and training events set out in the report. The Assistant Director for Funding and Business Development encouraged all members of the Board to continue to actively seek training opportunities and complete the online modules provided by Hymans Robertson.

RESOLVED

That the report be noted.

9 BUSINESS PLANNING AND RISK MANAGEMENT

Consideration was given to a report of the Director of Pensions. The report provided details of the current business plan and highlighted the current key risks being monitored.

The report set out the progress being made on the six key strategic projects set out in the 2021/22 business plan. All projects were reported to be on track, with the key project 3, IT infrastructure, DR arrangements and cyber security being reported as having a minor lag.

Overall, progress was generally in line with the timescales. All business plan tasks continued to be monitored and reviewed each month by the Director of Pensions. Details of updates and revisions to the business plan for 2022/23 would be presented at the next meeting in September.

The overarching risk register was reviewed and updated at least once each quarter and the latest version was included within this report for review at Appendix A. The key risks being monitored at present were listed on the 'Current Issues' tab.

RESOLVED

That the report be noted.

10 THE PENSIONS REGULATOR (TPR)

Consideration was given to a report of the Director of Pensions / Assistant Director for Funding and Business Development / Assistant Director for Pensions Administration. The report provided a copy of the current breaches log and decisions made by the Scheme Manager regarding the reporting of these breaches, including details of the late payment of contributions. The report also provided an update on the Pensions Regulator's proposed Single Code of Practice.

A copy of the current breaches log (excluding late payments of contributions) was attached as Appendix 1. The criteria that officers use to assist them in assessing whether a breach might be deemed 'material' was also attached at Appendix 2. GMPF Officers met on a monthly basis to consider the materiality of any breaches, which had occurred and discuss appropriate actions to be taken to minimise the potential for breaches to occur in future.

The report set out that one of the key requirements of Code of Practice number 14 was that Scheme Managers operate appropriate systems and controls to ensure that contributions were paid to the Scheme in accordance with requirements in the Scheme Regulations. Officers met on a monthly basis to discuss issues that related to the monitoring of late contributions and other payments (such as early retirement strain costs) and examined options for revising and improving current processes. Following the implementation of monthly data collection from employers, compliance with data submission deadlines was also monitored.

Attached to the report at Appendix 3 were details of expected contribution payments (with matching remittance information) which had not been received by GMPF by the 19th of the month following the month to which they relate (for example 19 June for May contributions) for February 2022 through to May 2022.

Further analysis on the contribution payments received in respect of the February 2022 to May 2022 period, specifically detailing the number of employers making payments (and the amount of contribution payments received) in accordance with GMPF's deadline of the first day of the following month could be found attached at appendix 4.

RESOLVED

That the report be noted.

11 RISK MANAGEMENT AND AUDIT SERVICES PLANNED WORK 2022/23

Consideration was given to a report of the Interim Head of Risk Management and Audit Services. The report presented the planned work for the Risk Management and Audit Service for 2022/23.

It was reported that 300 days would be provided to the Greater Manchester Pension Fund in 2022/23. The full Annual Audit Plan for 2022/23 was included at Appendix 1. The overall Annual Audit Plan for Tameside Council, which included the days for the Greater Manchester Pension Fund, was approved by the Audit Panel on 15 March 2022.

Productive days per auditor were estimated and any changes to the assumptions made would be reflected during the year and reported to the Local Board as part of the progress reports. The plan would be kept under constant review and regular meetings would be held with the Senior Management Team and the Chair of the Local Board to ensure that it reflects the keys risks for the Pension Fund going forward.

The report set out that the Internal Audit Strategy and the Internal Audit Charter were approved by the Audit Panel on 15 March 2022 and were attached at Appendix 2 and Appendix 3 for the information of the members of the Local Board.

In addition, the Quality Assurance and Improvement Programme approved by the Audit Panel on 15 March 2022 was attached to the report at Appendix 4.

RESOLVED that members NOTE:

- (i) Internal Audit Plan for 2022/23 shown at Appendix 1 and note the planned work for the Risk Management and Insurance Team.**
- (ii) the Audit Strategy for 2022/23 shown at Appendix 2.**
- (iii) the Audit Charter for 2022/23 shown at Appendix 3.**
- (iv) the Quality Assurance and Improvement Programme for 2022/23 shown at Appendix 4.**

12 RISK MANAGEMENT AND AUDIT SERVICES - ANNUAL REPORT 2021/22

Consideration was given to a report of the Interim Head of Risk Management and Audit Services. The report summarised the work performed by the Service Unit and provided assurances as to the

adequacy of the Councils systems of internal control.

In regards to audit coverage. It was reported that the actual days delivered to 31 March 2022 of 321 were higher than the Revised Plan of 300 by 21 Days.

The Interim Head of Risk Management and Audit Services highlighted the audit opinions issued in relation to risk/system based audit work for 2021/22, compared to 2020/21 and 2019/20. In total there were 11 final reports issued in 2021/22, of which 8 were given a high opinion, 1 medium, 1 low and 1 consultancy.

In addition to the reports issued, a number of days were allocated throughout the year to work that did not generate a report with a level of assurance attached. The areas listed below are examples of this work:-

- Advice and consultancy work provided to support the implementation of new or updated systems/processes;
- Computer Audit Advice (provided by Salford Computer Audit Services);
- Investigations into allegations of Fraud/Irregularities;
- Investigating Information Incidents;
- Control Reports;
- Review of iConnect submissions by Employers;
- Advice re Life Certificate process;
- Digital Tax, and
- Advice in relation to the procurement of the new BACS System.

The percentage rate of all recommendations implemented for 2021/22 was 85% compared to 90% in 2020/21. Due to COVID-19 the implementation of recommendations had been delayed in some areas and where significant issues were still outstanding a second Post Audit Review would be scheduled.

In regards to anti-fraud work there were two cases investigated during the period April 2021 to March 2022.

The data sets for the National Fraud Initiative (NFI) 2020 Exercise were uploaded to the Cabinet Office' Secure System in October 2020 and the initial matches identified for Tameside were received in February 2021, although the website was refreshed on an ongoing basis as matches were added. A summary of the key matches identified for investigation was detailed in the report.

The report set out the key priorities for the Risk Management and Insurance team during 2021/22 and the progress against these priorities.

It was explained that the performance of the section was monitored in a variety of ways and a number of indicators had been devised to enable comparisons between financial years and between similar organisations. Formal benchmarking using the Chartered Institute of Public Finance and Accountancy had not taken place for a number of years due to budget cuts and capacity; however, the North West Chief Audit Executive Group was aiming to reintroduce the comparison of a small number of key performance indicators, albeit this had been delayed due to COVID-19.

The Key Performance Indicators for Internal Audit as a whole for 2021/22 were detailed in the report with a comparison to the two previous years 2020/21 and 2019/20.

RESOLVED

That the report and the performance of the services during 2021/22 be noted.

At this juncture, Paul Taylor took no further part in the consideration of the following item of business, having declared a prejudicial interest as Group Change Director at LTE Group.

13 PROGRESS REPORT ON RISK MANAGEMENT AND AUDIT SERVICES 4 APRIL 2022 TO 8 JULY 2022

Consideration was given to a report of the Interim Head of Risk Management and Audit Services. The report summarised the work of the Risk Management and Audit Service for the period 4 April 2022 to 8 July 2022.

The progress report covered the work undertaken on the 2022/23 Plan for the period 4 April 2022 to 8 July 2022. The team continued to work remotely from home, in the main, although opportunities were now becoming available to work/meet in office space should staff wish to, as the COVID restrictions had now been lifted, and a hybrid way of working was developed.

The progress report showing the actual days spent against the planned days for 2022/23 was attached at Appendix 1. The service had spent 49.79 days against the 300 planned days up to 8 July 2022. During this period 4 final reports had been issued and 1 draft report had been issued. Two employer audits were discussed which both received a Medium Level of Assurance.

The audit of the LTE group identified key issues such as the incorrect calculation of Assumed Pensionable Pay and the failure to have an approved Discretions Policy in place. A number of issues were found in other areas and a total of six recommendations were made.

The audit of Trafford MBC identified key issues such as the incorrect reporting of Assumed Pensionable Pay on the iConnect file, the incorrect treatment of retrospective pay for pension purposes and the untimely submission of the monthly iConnect files. A number of issues were found in other areas and a total of eleven recommendations were made.

The iConnect Post Implementation Review received a Medium Level of Assurance. iConnect is a secure platform which enables employers of the Greater Manchester Pension Fund (GMPF) to submit pensions data for their employees on a monthly basis. iConnect reduces the costs and risks associated with processing pension data, by seamlessly generating automatic submissions of monthly data collection to GMPF in a single solution. The overall objective of the audit was to undertake a post implementation review in respect of the monthly data collection system, iConnect to ensure that the system was working as intended and contained all the necessary controls, as agreed with Internal Audit, during the implementation process. The introduction of monthly data collection, via the iConnect System, has been a significant project and has been managed well, with all employers now successfully on-boarded. The audit identified that further work is required to ensure that the systems are working as effectively as possible and that robust controls are in place to ensure complete and accurate data is held by the Pension Fund. The key area where further work was required to be undertaken by the Pension Fund is in relation to monthly data checks.

The audit of Sci-Beta received a High Level of Assurance. A robust control environment was found to be in place and no recommendations were made.

The report detailed four post audit reviews that had been carried out during this period:

- Ill Health and Early Retirement
- New Custodian – Northern Trust
- Employer Audit – University of Bolton
- Pensions Benefit Payable

It was reported that there had been a new potential fraud case reported in the period which resulted in the amount of £712.52 being overpaid. This matter is still being investigated.

14 URGENT ITEMS

There were no urgent items.

CHAIR

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Agenda Item 4

Report To: LOCAL PENSIONS BOARD

Date: 6 October 2022

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

Subject: **GMPF STATEMENT OF ACCOUNTS AND ANNUAL REPORT 2021-2022**

Report Summary This report is submitted for information and Members are asked to note the progress of the governance arrangements for the audit of GMPF Accounts 2021/22.

Recommendations: Members are asked to note the report.

Policy Implications: None.

Financial Implications: As the administering authority, Tameside MBC has important responsibilities in relation to the Greater Manchester Pension Fund. As the largest fund in the Local Government Pension Scheme, the Fund also has significant resources it deploys to meet those responsibilities. This report sets out where the responsibilities lie.

(Authorised by the Section 151 Officer)

The assumptions used for valuing assets will have an impact on the value of assets reported in the accounts. In most circumstances the impact is unlikely to be material.

Legal Implications: The administering authority must produce an annual report and accounts in line with statutory provisions.

(Authorised by the Solicitor to the Fund)

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. The audit process 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:

Appendix 1:	Report to Management Panel
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Further information can be obtained by contacting Paddy Dowdall Assistant Director (Local Investments and Property)

 Telephone: 0161 301 7140

 e-mail: Paddy.Dowdall@gmpf.org.uk

1. INTRODUCTION

1.1 This report provides an update on the last report to the Local Board on 28 July 2022.

2. UPDATE ON PROGRESS AND NEXT STEPS

2.1 The audit remains in progress, whilst field work is largely complete and no major issues have been identified, the AFR has not to date been issued by Mazars.

2.2 The internal team have made some amendments to disclosures within the accounts alongside some presentational changes following comments from the auditors.

2.3 The completion process for 2021/22 is subject to completion of 2020/21 audit by Mazars for Tameside. This is subject to a national resolution on a technical issue related the treatment of 'infrastructure' assets held by the local authority.


2.4 A further verbal update will be given at the meeting.

3. RECOMMENDATION

3.1 To note the report.

APPENDIX 1

Report To:	GMPF MANAGEMENT/ADVISORY PANEL
Date:	16 September 2022
Reporting Officer:	Sandra Stewart, Director of Pensions Paddy Dowdall Assistant Director (Local Investments and Property)
Subject:	GMPF STATEMENT OF ACCOUNTS AND ANNUAL REPORT 2021-2022
Report Summary	This report covers the draft annual report and accounts for GMPF including a summary financial report and updates Members with respect to the external audit.
Recommendations:	Members are asked to (i) Approve the Draft Annual Report (ii) Note the Summary Financial Report (iii) Note the update on progress of external audit
Policy Implications:	None.
Financial Implications: (Authorised by the Section 151 Officer)	As the administering authority, Tameside MBC has important responsibilities in relation to the Greater Manchester Pension Fund. As the largest fund in the Local Government Pension Scheme, the Fund also has significant resources it deploys to meet those responsibilities. This paper sets out where the responsibilities lie. The assumptions used for valuing assets will have an impact on the value of assets reported in the accounts. In most circumstances the impact is unlikely to be material.
Legal Implications: (Authorised by the Solicitor to the Fund)	The administering authority must produce an annual report and accounts in line with statutory provisions.
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. The audit process 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 INFORMATION:	Further information can be obtained by contacting Paddy Dowdall Assistant Director (Local Investments and Property)

 Telephone: 0161 301 7140

 e-mail: Paddy.Dowdall@gmpf.org.uk

1. INTRODUCTION

- 1.1 This report covers the draft annual report and accounts for GMPF including a summary financial report and updates Members with respect to the external audit.

2. DRAFT ANNUAL REPORT AND ACCOUNTS

- 2.1 The draft annual report is available for review at: [Annual report cover final copy \(gmpf.org.uk\)](https://www.gmpf.org.uk)
- 2.2 The summary financial report for 31 March 2022 is detailed below.

GMPF: Financial Performance Report 2021/2022

Simplified Statement of Accounts

	£m	£m	£m
Fund Value at 31 March 2021			26,890
Contributions and Benefits			(290)
Employee contributions	168		
Employer contributions	461		
Pension benefits Paid		941	
Net Transfers	22		
Management Costs			(120)
Investment		113	
Administration		6	
Oversight		1	
Investments			2,844
Income	587		
Change in market value of investments	2,257		
Total change in value of Fund			2,434
Fund Value 31 March 2022			29,324

Out-turn against medium term financial plan

- 2.3 The table below shows the financial out-turn against the prediction for the year 2021/22 as agreed by the Management Panel at its meeting on March 2021. The main variance was that, Investment returns were significantly higher than the long term average this year as markets were positive for the period creating a rise in valuation of assets.

	2020/22 prediction	2022/21 actual	Variance
	£m	£m	£m
Fund Size at Start of Year	26,890	26,890	
Fund Size at end of Year	27,890	29,324	1,434
Pensions Paid	917	941	24
Contributions received	551	629	78
Transfers	0	22	22
Net Cashflow	-366	-290	76
Management Costs	113	120	7
Investment Income	548	587	39
Increase in Value of Investments	931	2,257	1,326
Net Return from Investments	1,479	2,844	1,365
Net Change in Fund	1,000	2,434	1,434

Out-turn against prediction for management costs 2021/22

- 2.4 The table below shows the out-turn for expenditure against budget (ex-investment management external fees) for 2021/22

2.5 The main variances are due to:

- Significant development items initiated during the year incur expenditure in future years
- Saving on Northern Trust fees
- Significant savings on pooling, website consultants, external legal fees, investments advice and employer service costs
- Saving on Altair annual fee (paid in 20/21), hardware maintenance and infrastructure licenses and development
- Savings due to restricted use of building. (Rent costs understated - deferred to 2022/23)
- Cost of changing postal services to Adare, not as significant as expected in first year. On-going savings on travel and subscriptions.
- Increased divorce and admission fee income offset by reduced legal recharges.

Type	Total Out-turn 2021/22	Total Budget 2021/22	Variance Fav (Adv)
Staffing	7,109,594	7,113,177	3,583
Leadership & Development	91,899	589,900	498,001
Governance	206,684	269,120	62,436
Custody	440,379	488,620	48,241
Actuarial Fees	289,775	275,500	(14,275)
Professional Fees	738,382	2,080,010	1,341,628
IT and Equipment	445,704	1,295,640	849,936
Premises	731,093	1,011,760	280,667
Other General Costs	343,118	794,309	451,191
Income	(743,615)	(1,230,000)	(486,385)
	9,653,013	12,688,036	3,035,023
Central Establishment Charges	458,435	478,067	19,632
Total Pre-Investment Management Fees	10,111,448	13,166,103	3,054,655

External Investment Management Fees

2.6 The table below shows investment fees paid directly by GMPF against forecast, variances will be due to changes in asset valuations and fee negotiation by investments team from that projected at start of the year, notably an excellent result with UBS.

Area	Subset	Original Annual Budget 2021/22	Actual Out-turn 2021/22	Variance Fav (Adv)
External Managers	UBS (incl designated fund)	13,220,000	10,095,856	3,124,144
	L&G	2,400,000	2,041,213	358,787
	91 (formerly Investec)	1,830,000	1,879,990	(49,990)
	Sci Beta	1,200,000	1,140,998	59,002
	Stone Harbour (credit manager)	3,850,000	4,168,888	(318,888)
		22,500,000	19,326,945	3,173,055
Property	Main Portfolio Investment Management	2,329,000	932,772	1,396,228
	Main Portfolio Other	110,000	72,789	37,211
	Local Portfolio Investment Management	115,000	115,000	0
	Local Portfolio Other	0	3,303	(3,303)
	2,554,000	1,123,864	1,430,136	

Investment Fees Private Markets

- 2.7 Certain investments in pooled vehicles, predominantly in private markets, alternatives and property have investment costs charged directly by the investment managers from either asset values or capital calls/payments. These costs are allocated directly to the Fund Account where information is available to the Custodian by the investment manager, on an as paid rather than on an accruals basis. This is a change in policy for 2022.
- 2.8 Where costs are charged by these managers and not disclosed to the Custodian, they are included in the fair value adjustments applied to assets concerned within the Fund Account and corresponding notes; in previous years all of these costs were treated this way
- 2.9 The table below shows an estimate of a fuller charge to these private market funds on an accruals basis including performance related fees. for 2021/22 and 200/21 The material variance is the performance fees which reflects the strong performance achieved by these assets during the period.

31 March 2021 £000		31 March 2022 £000
	GMPF Private market and alternative investments	
89,516	performance related	182,440
66,417	non-performance related	67,604
	GMPF Indirect investment property	
10,078	performance related	15,502
20,098	non-performance related	19,149
	Northern LGPS Investments (NPEP/GLIL)	
4,669	performance related	17,621
10,580	non-performance related	12,634
201,358	Total	314,950

Three-year Financial Plan

- 2.10 The table below shows the financial forecast for period 2021-2024 as approved by GMPF Management Panel on 16 September 2022. Key issues remain consistent with previous years.
- The net negative cash-flow from contribution income less benefits whilst accelerating due to the maturity of the Fund, is offset by investment income meaning that GMPF is not going to be a forced seller of assets for the foreseeable future.
 - These figures are based on long term projected average investment performance of 5.2% taken from and short-term volatility may cause significant variations to the figures in this forecast.
 - GMPF has changed the way in which it discloses some costs for private market assets, (those specifically reported to the custodian) that were previously deducted at source by investment managers, effectively netting against investment performance. These were previously disclosed as note to accounts but not expensed through accounts. Some costs which are not reported to the Fund are This does not affect the projected change in fund value for the 3-year period.
 - Due to the general uncertainty, specific forthcoming issues with how costs from pooled investments are treated, and a desire to review budgets on a zero-based basis, the Management Panel has not approved a 3-year budget for management costs with the exception of AUM movements for external management fees.

	2022/23	2023/24	2024/25
Fund Size at Start of Year	29,324	30,408	31,437
Fund Size at end of Year	30,408	31,437	32,459
Pensions Paid	945	1,052	1,107
Contributions received	629	629	629

Transfers	0	0	0
Net Cashflow	-316	-423	-478
Management Costs	125	130	135
Investment Income	618	650	683
Increase in Value of Investments	907	932	951
Net Return from Investments	1,525	1,581	1,635
Net Change in Fund	1,084	1,029	1,022

3. UPDATE ON PROGRESS OF EXTERNAL AUDIT

- 3.1 At the time of writing a draft audit findings report for GMPF is not available. Following comments from Mazars local and national review team the team are making some presentational changes to certain disclosures. The verbal updates from the auditors so far are that there are no material or high-risk findings, a verbal update will be provided at the meeting.

4. RECOMMENDATIONS

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

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