

**GREATER MANCHESTER PENSION FUND - LOCAL PENSIONS BOARD**  
**14 January 2021**

**Commenced: 15:00**

**Terminated: 16:55**

<b>Present:</b>	<b>Councillor Fairfoull</b>	<b>Employer Representatives</b>
	<b>Paul Taylor</b>	<b>Employer Representatives</b>
	<b>Michael Cullen</b>	<b>Employer Representatives</b>
	<b>Jayne Hammond</b>	<b>Employer Representatives</b>
	<b>Mark Rayner</b>	<b>Employee Representatives</b>
	<b>Catherine Lloyd</b>	<b>Employee Representatives</b>
	<b>David Schofield</b>	<b>Employee Representatives</b>
	<b>Chris Goodwin</b>	<b>Employee Representatives</b>
	<b>Pat Catterall</b>	<b>Employee Representatives</b>

**Fund Observer: Councillor Ryan**

**29      DECLARATIONS OF INTEREST**

There were no declarations of interest.

**30      MINUTES**

The minutes of the meeting of the Local Pensions Board meeting on the 1 October 2020 were approved as a correct record.

**31      GMPF STATEMENTS OF ACCOUNTS AND ANNUAL REPORT 2019-2020**

Consideration was given to a report of the Director of Pensions / Assistant Director of Local Investments and Property. The report provided information on the governance arrangements for the audit of GMPF accounts and provided an update on the reports to Panel on 17 July 2020 and 18 September 2020.

It was reported that the deadline for the Audit of local government accounts was changed to 30 November 2020. For GMPF the main concerns were the valuation of illiquid investments caused by acute public market volatility at the year-end date. The draft accounts were produced in line with the original timetable and the audit process was very close to completion at the time of writing.

The auditors had concluded their work and issued a draft Audit Completion Report which had been considered by the Tameside MBC's Audit Panel. This report was complementary about the quality of accounts produced, made no recommendations for internal controls and reported that there were no adjustments to the accounts. During the audit process there were some improvements and amendments to disclosures made at suggestion of the auditors.

It was explained that Regulation 57 of the LGPS Regulations 2013 required administering authorities to publish their pension fund annual report, in relation to the Scheme year ending on the 31 March, on or before the following 1 December. The Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 extended the publication for local authority accounts (England and Wales) to 30 November 2020. There were no plans for an automatic extension of the publication date for the annual report and accounts. The Fund had therefore published the Annual Report on the website noting that the accounts had not been formally signed off on the basis that there was no expectation that any changes would be required.

**RESOLVED**

**That the report be noted.**

## **32 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 an update on the 2020/21 business planning objectives set by the Administration section, an update on the strategic or services improvement projects, comments on performance and challenges, and comments on complaints and disputes.

The Head of Pension Administration detailed the six key business plan items for the financial year, several tasks had been progressed over the last quarter. In relation to objective 1, data retention, security and storage, a new data retention policy had been drafted and was to be finalised in the coming weeks. The planning stage for the project to move files to OneDrive and SharePoint was also coming to a close.

With regards to objective 2, customer journeys, a preferred contact centre solution had been identified and was in the process of being procured. This solution, called Enghouse, was a cloud-based system that integrated with Microsoft Teams. The procurement phase of the project was expected to be concluded in early January 2021.

As part of the GMPF website redevelopment project, officers had been working with the web design company on a social value project to develop an online game that promoted the benefits of saving to primary school children. In line with objective 4, in addition to the resources that had been produced for the children, additional resources would also be provided for parents to highlight the importance of saving for retirement.

Also linked to objective 4, GMPF had been taking part in the Pension Dashboards Programme (PDP) data working group as the LGPS fund representative. This had involved providing feedback to the data working group on proposed data standards. The PDP had published a first version of the usage guide for pensions dashboards data standards. The guide was intended to allow pension providers to have early sight of the data elements and assess availability and quality of these data items. Officers were working with the software supplier to determine whether the data standards proposed were agreeable and would result in LGPS funds being able to provide adequate data.

Work has continued on objective 6, with officers drawing up a draft performance monitoring template and looking into how employer performance information could be collated and stored in a clear and efficient way.

Members received a breakdown of several projects where work had been progressed over the last quarter. The Head of Pension Administration highlighted that the transition to monthly data collection had progressed well. Only 21 employers remain to be on-boarded. Also, the retiring members online process and been changed to enable it to be moved online, this would be implemented early in 2021. It was stated that phase one of the address tracing project had been completed with addresses for over 5,500 members being traced. Phase two of the project would begin with GMPF working with Target Professional Services to locate the remaining members.

Members were advised that workloads across the section would continue to be monitored closely over the coming months. A number of solutions could be investigated and implemented to successfully manage these likely increases.

The Complaints and Disputes Board continued to meet monthly and all learning points were passed back to the relevant team. Regarding formal disputes received since October 2020, there had been two stage 1 dispute cases considered and four stage 2 cases. Further, the new I-casework system was implemented in October 2020. All complaints and compliments were now being logged in the new system.

### **RESOLVED**

**That the report be noted.**

### 33 CYBER SECURITY UPDATE

Consideration was given to a report of the Director of Pensions / Assistant Director for Pension Administration. The report provided the Local Board with an update on the work carried out to strengthen controls linked to cyber security and to ensure the expectations of the Pension Regulator were met.

The Assistant Director for Pension Administration reported that in November 2020, the Pension Administration Standards Association (PASA) issued Cybercrime guidance to help administrators in their work to reduce the risks and impact of cybercrime.

GMPF officers had been working on several tasks in recent months in order to strengthen resilience against cyber attacks and ensure its approach, procedures and documents were in line with the guidance issued by PASA and TPR and general industry best practice. As part of this work, GMPF specific strategy and policy documents had been created to sit alongside those of Tameside MBC. The strategy document set out GMPF's approach to cyber security, while the policy document confirmed the procedures and controls currently in place.

It was stated that GMPF intended to align itself with the standards set out in ISO27001 in order to ensure its cyber risk controls follow industry best practice. Officers carried out a gap analysis exercise last quarter against the ISO27001 standards in order to establish a framework for categorising existing controls and to identify where actions needed to be taken to introduce new controls or strengthen existing ones. The action plan created from this would be worked on over the coming months in order to ensure GMPF's controls align with the ISO27001 standards. Further, an audit had been initiated on the area of cyber security in order to ensure that the steps and overall approach were robust and met the objectives outlined within the strategy.

Work had also been undertaken to identify the cyber security statistics that were available and to establish where there were gaps in information. Firewall and email filtering software provided some statistics on the number of attacks that had been prevented.

Members of the Board discussed the progress that had been made towards ISO 27001 and suggested that the GMPF worked towards ISO 22301 following the completion of ISO 27001.

#### **RESOLVED**

**That the report be noted.**

### 34 EXIT PAYMENT CAP

Consideration was given to a report of the Director of Pensions / Assistant Director for Funding and Business Development, which provided an update on the latest developments regarding the cap on exit payments for public sector employees leaving employment and the proposed changes to the LGPS Regulations to facilitate this.

The Assistant Director for Funding and Business Development delivered an update on developments since the last meeting of the Local Pensions Board. It was reported that on the 4 November 2020 HM Treasury's public sector exit payments cap took effect through a statutory instrument. The consultation that was released by the Ministry of Housing, Communities and Local Government ('MHCLG') which included proposals on how to introduce the exit cap measures in the LGPS was closed for responses on 9 November 2020. GMPF submitted a consultation response to MHCLG which is attached as **Appendix 1**.

A further consultation on the draft LGPS amendment regulations closed for consultation on 18 December and it was expected that any amendments to the regulations would be made in early 2021.

It was explained that there was a significant conflict between the LGPS Regulations and the exit payments regulations which placed both in-scope employers and LGPS administering authorities in a difficult position.

Members of the Local Board discussed how the Fund would manage situations where employers were making redundancies.

**RESOLVED**

**That the report be noted.**

### **35 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 October 2020 to December 2020, which were approved at the Management Panel meeting on 11 December 2020.

The Assistant Director for Funding and Business Development summarised the agenda items discussed and the recommendations made by the Working Groups and decisions made by the GMPF Management Panel during the previous quarter.

It was reported that the Administration Employer Funding and Viability Working Group, Investment Monitoring Working Group and Policy and Development Working Group considered a number of items for noting. A recommendation was made by the Administration, Employer Funding and Viability Working Group to approve that GMPF take part in the next phase of the Pensions Dashboard Project.

The Management Advisory Panel on the 11 December considered a number of reports including a report on: the introduction of the £95,000 public sector exit payment cap, the new regulations aimed at providing employers more flexibility when exiting the LGPS, and a report on multi-academy trust consolidation in the LGPS.

**RESOLVED**

**That the report be noted.**

### **36 RISK MANAGEMENT AND BUSINESS PLANNING**

Consideration was given to a report of the Director of Pensions, the report provided an update on the business continuity risks and plans, with particular emphasis on the impact of the coronavirus pandemic.

It was reported that many of the business continuity arrangements remained unchanged from those outlined at previous meetings. Several key areas of risk continued to be closely monitored and previous decisions and plans made had been carried out to ensure work continued to be progressed and completed in line with expectations. The Director of Pensions explained that the Covid Risk Register at **Appendix 2**, had been shared with the Pensions Regulator who had shared it more widely. It was highlighted that staff health and wellbeing due to Covid-19 restrictions was a concern and, therefore, the productivity of the workforce. It was further explained that in many situations working closely in an office could help create new innovative ways of working and increased productivity.

Members of the Board discussed the problems that could arise from the accumulation of annual leave due to staff wanting to take their leave during periods outside of Covid restrictions. The Director of Pensions reassured members of the Board that staff were being encouraged to take leave despite lockdown restrictions that were in place. However, there was a concern that leave

during a lockdown would not have the same positive effect on staff wellbeing as leave taken during more normal circumstances.

## **RESOLVED**

**That the report be noted.**

### **37 THE PENSIONS REGULATOR**

Consideration was given to a report of the Director of Pensions / Assistant Director for Funding and Business Development / Assistant Director for Administration. The report summarised the operation of the internal controls, which GMPF has in place to ensure continued compliance with the expectations of the Pensions Regulator (TPR).

It was reported that the current breaches log was attached as **Appendix 1**. The Head of Pension Administration reported audits with employers had continued, time had been spent on working with employers to ensure that recommendations were acted on. The introduction of I-Connect would help ensure consistency of monthly contributions and membership data and reduce the potential for breaches. The criteria that officers used to assist them in assessing whether a breach could be deemed 'material' was also attached at **Appendix 2**.

The Assistant Director for Funding and Business Development advised that **Appendix 3** detailed that expected contribution payments that had not been received by GMPF by the 19<sup>th</sup> of the month following which they related for the period August 2020 to October 2020 inclusive. **Appendix 4** provided some further analysis on the contribution payments received in respect of the period from August 2020 to October 2020.

It was reported that TPR had been invited to attend the January 2021 Board meeting although given the circumstances with the ongoing Pandemic and the increased economic fragility of the economy it was unlikely that TPR would be in a position to attend to provide an update on its planned engagement with GMPF for 2021.

## **RESOLVED**

**That the report be noted.**

### **38 NEW REGULATIONS ON EMPLOYER FLEXIBILITIES**

Consideration was given to a report of the Director of Pensions / Assistant Director for Funding and Business Development. The report delivered an update to the Local Board on the Ministry of Housing, Communities and Local Government's partial response to the review of interim valuations and flexibility on exit payments consultation and the new regulations which came into effect on 23 September.

It was reported that Statutory Guidance for administering authorities on the use of the new flexibilities was being developed by MHCLG. The guidance was likely to recommend that Administering Authorities update their Funding Strategy Statement (FSS) to ensure consistency with the regulation changes and to set out their policy position on the usage of these new powers. MHCLG opened a 3-week limited consultation on the draft guidance to enable comments. The consultation closed on 23 November 2020.

It was explained that under the new regulations, administering authorities were granted new powers to manage employer exits from the Scheme when an employer's last active member left employment. This included the power to offer 'deferred debt agreements' converting active employers into 'deferred employers' who continue contributing until their existing liabilities are fully funded without accruing any further future service liabilities. The amendment regulations also introduced a specific power to allow administering authorities to spread employer exit payments instead of requiring payment via a single lump sum.

It was further explained that the regulation changes had introduced the ability for administering authorities to conduct interim valuations for one or more employers in order to allow the adjustment of contribution rates via a revision to the Rates and Adjustments Certificate.

GMPF was awaiting MHCLG's final guidance for administering authorities on the usage of these new employer flexibilities. The guidance was expected imminently. Once the guidance had been provided, it was likely that GMPF would need to detail a policy on its intended use of the increased employer flexibilities, which would form part of the Funding Strategy Statement. Any material change to the FSS would require a consultation with employers.

**RESOLVED**

**That the report be noted.**

**39 UPDATE ON GMPF PENSION TAX SUPPORT**

Consideration was given to a report of the Director of Pensions / Assistant Director for Funding and Business Development, which updated the Local Pensions Board on the pensions tax support provided to GMPF members likely to be affected by either the Lifetime Allowance or the Annual Allowance.

Members were reminded that for the last few years GMPF has been providing tax support sessions to members who were more likely to face the Annual Allowance and Lifetime Allowance Limit. These sessions had been run in conjunction with Mercer, a professional services firm that had significant experience of the Local Government Pension Scheme ('LGPS') and was authorised to provide independent financial advice to individuals, something that GMPF is unable to do.

It was reported that there were 3 webinar events held throughout October and November 2020. The webinars were held on various times and dates to provide more flexibility to members. A number of members also attended individual guidance sessions. It was hoped that the support members received translated into less GMPF administration resource spent on dealing with pensions taxation related queries. Whilst this was very difficult to objectively measure, anecdotal evidence suggested this to be the case.

It was explained that changes to the Annual Allowance taper which took effect from April 2020 could reduce the need for pensions tax support in future years, as less members would be subject to the complicated taper arrangements. GMPF's pensions tax support offering would need reconsidering when the next round of pension saving statements are produced in August 2021.

**RESOLVED**

**That the report be noted.**

**40 POOLING UPDATE**

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

Members were reminded that on 3 January 2019 MHCLG released new draft statutory guidance on LGPS asset pooling for 'informal' consultation. Parties that were consulted included pools, administering authorities and local pension boards. The draft statutory guidance had blurred the original four criteria in the 2015 guidance. In its place the guidance had 6 sections covering; structure and scale, governance, transition of assets to the pool, making new investments outside the pool, infrastructure investment and reporting. On 25 November 2020 the Government set out a commitment to consult on strengthening the framework for pooling in the Balance Sheet Review.

It was reported that the Balance Sheet Review refers to pools which made cumulative savings of £300m by September 2020, however there would have been material costs incurred in establishing the pools Northern LGPS' net of costs saving had been approximately £40m.

MHCLG had issued the slides attached as **Appendix 1** to the LGPS pools, which indicated that a new consultation on pooling guidance and potentially changes to the LGPS Investment Regulations is expected during 2021.

**RESOLVED**

**That the report be noted.**

**41 MANAGEMENT AND AUDIT SERVICES SEPTEMBER 2020 TO DECEMBER 2020**

Consideration was given to a report of the Head of Risk Management and Audit Services, which summarised the work of the Risk Management and Audit Service for the period 12 September 2020 to 31 December 2020.

The Head of Risk Management and Audit Services reported that the service had spent 207.71 days against the 320 planned days up to 31 December 2020. As a result of not having had full resources during the period, there was a projected shortfall in days to be provided in 2020/21 of approximately 30 days.

A final report had been issued on an audit of the retirement process. During the period April 2019 to March 2020, the Greater Manchester Pension Fund (GMPF) paid £785,637,071 in retirement benefits. The scope of the audit included retiring members, ill health retirement and deferred benefits into payment. The new Enhanced Admin to Payroll (EA2P) functionality in Altair had recently been introduced, therefore an examination was undertaken to ensure that the system was working as intended and contains the necessary internal controls. This audit was given a high Level of assurance.

The audit of an employer in the higher education sector was given a high level of assurance, a small number of recommendations were made to further enhance the controls that were already in place.

It was reported a number of draft reports had been issued which would be reported to the next meeting of the Local Pensions Board. A post audit review had been made to a higher education sector employer where 75% of the recommendations had been implemented.

It was stated that 3 audits that were included in the original plan that were to be rescheduled into the Internal Audit Plan for 2021/2022. These were the Compliance Function, the next phase of the Altair admin to payroll upgrade, and the review of Debtors.

**RESOLVED**

**That the report be noted.**

**42 URGENT ITEMS**

There were no urgent items.

**CHAIR**