

GREATER MANCHESTER PENSION FUND - LOCAL PENSIONS BOARD

30 September 2021

Commenced: 15:00

Terminated: 16:16

Present:	Councillor Fairfoull	Employer Representatives
	Jack Naylor	Employer Representatives
	Paul Taylor	Employer Representatives
	Jayne Hammond	Employer Representatives
	Michael Cullen	Employer Representatives
	Catherine Lloyd	Employee Representatives
	David Schofield	Employee Representatives
	Pat Catterall	Employee Representatives

Apologies for Absence Chris Goodwin and Mark Rayner

15 DECLARATIONS OF INTEREST

There were no declarations of interest.

16 MINUTES

The minutes of the Local Pensions Board meeting on the 29 July 2021 were approved as a correct record.

17 GMPF STATEMENT OF ACCOUNTS AND ANNUAL REPORT 2020-2021

Consideration was given to a report of the Director of Pensions / Assistant Director of Pensions for Local Investments and Property. The report provided information of the governance arrangements for the audit of GMPF Accounts 2020/21.

Members of the Local Board were advised that auditors had been conducting their work on the GMPF Audit and IAS 19 assurance during July, August and September. At the present time there were no indications of material concerns. The GMPF Management Panel received a report attached to this report as Appendix 1 at its meeting on 17 September. The completion of the main council audit had not yet been completed by Mazars, and there was therefore a short delay to the timetable for completion of the governance arrangements for the GMPF audit.

It was stated that Letters of Assurance from the management of the Fund and those charged with governance would be provided to the auditors very shortly. At completion of the audit a findings report would be agreed with management and would be presented to Tameside Audit Panel ahead of the statutory deadline of 30 November 2021.

Following this the Annual report would be published ahead of statutory deadline of 31 December.

RESOLVED

That the report be noted.

18 ADMINISTRATION UPDATE

Consideration was given to a report of the Director of Pensions / Assistant Director for Administration. The report provided the Local board with an update on key activities taking place in the Administration section during the last quarter, including comments on administration

performance and on complaints and disputes. The report also detailed the areas of focus for the next quarter.

It was explained that the relevant key strategy business plan projects for the Administration, Funding and Accountancy teams were:

1. My Pension online improvements
2. Working differently
3. IT infrastructure, DR arrangements and cyber security
4. Ensuring good governance

Members were advised that business continuity plans and the approach being taken to manage the impact of the Coronavirus outbreak on service delivery remained largely unchanged. Changes relating to the receipt and scanning of post had been made to create a more robust and long-term way of dealing with this area of work and further strengthening business continuity plans. The transition to using My Pension online for all key processes continued, and officers had also been feeding into future system developments to My Pension through their participation in the CLASS group. Officers are now also starting to consider what the longer-term working arrangements might look like and to begin engagement sessions with teams.

It was stated that overall administration workflow and performance remained consistent. The administration performance dashboard for quarter 1 April to June 2021, was attached at Appendix 1. The main themes of the complaints received over the quarter related to either issues with logging into My Pension, regulatory or policy decisions that members were unhappy with or minor delays in processing some casework. The compliments related to good customer service provided by GMPF colleagues. There were six suggestions, with two being for the Fund to consider expanding online facilities to members to allow them to contact us by email and to allow members to update any name changes on their My Pension account, both of which are being investigated.

The Head of Pensions Administration explained the annual project to issue the benefit statement had been completed. One Local Authority had been unable to provide data on time to be able to issue annual benefits statement before the 31 August 2021. Whilst this data had now been received and the benefits statement had been issued this was a breach of the law. It was further explained that a breach report had been submitted to the Pensions Regulator.

It was reported that another key annual task being undertaken was that of calculating and producing pension saving statements for those members who exceeded or were close to exceeding the annual allowance tax limits. This work was progressing well and all statements are on course for being issued by the statutory deadline of 6 October.

Members heard that checks were regularly carried out to ensure that members who lived overseas were still alive and receiving their pension correctly, to ensure that no fraudulent activity was taking place. So far this year, 2254 checks had been made and this exercise had resulted in the Fund becoming aware of 32 deaths so far.

Employer Services had continued to receive applications for admission to the Fund, 73 applications were in progress. It was reported that all employers, except for newly admitted employers, had now on-boarded onto iConnect monthly data collection. One Local Authority on-boarded in August 2021 with March 2021 data. Now that all employers were on-boarded and submitting monthly data files, the Employer Data team was working with those employers who are behind on their monthly files or having difficulty in submitting them.

In regards to Developments and Technologies, it was reported that work on the project to replace and renew both the IT hardware and software infrastructure of GMPF continued. Work this quarter had focussed on two main areas. The first was the migration of pension legal data from a Tameside MBC (TMBC) managed case management system to a cloud-based version. The second area was that of system backup and Disaster Recovery arrangements. Both projects continued to progress well despite delays to the anticipated timescales. Work relating to probation service changes was a

key focus last quarter, with Community Rehabilitation Companies ceasing to exist in June and their employees transferring mainly to the National Probation Service.

Members were advised that a report following an audit on cyber controls had now been received and contained several recommendations. Responses to the recommendations made had been identified and an action plan has subsequently been created. A specification for third-party cyber support and services had been drawn up and a route to procurement has been identified under the Crown Commercial Services (CCS) framework, which would allow cyber support services to be procured in an efficient and compliant manner.

The focus within Communications and Engagement had been on implementing the new contact centre system Enghouse, which went live in July 2021. Since then, training and system configuration work had been carried out to deploy new functionality and the new options available. In the three months prior to going live, the Customer Services team answered an average of 71% of calls offered. Since implementation, this has increased to 87%.

It was stated that online events continued to be popular and well received. The 'Take control of your local government pension' sessions have been continually fully booked. Over 1,000 members have attended sessions since April.

Regular meetings with Aquila Heywood continued due to issues relating to accessing and registering for My Pension. Evidence had been gathered by customer services each month and provided to Aquila Heywood to help them to try to identify what the causes might be. Some software changes were implemented in the last Altair release and early statistics suggest that less errors had been occurring during member activity, resulting in a better user experience.

Members of the Board discussed the issues experienced by one Local Authority and their third party provider.

RESOLVED

That the report be noted.

19 DEMONSTRATING KNOWLEDGE AND UNDERSTANDING

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 highlighted new training opportunities available to Members of the Board and Members of the GMPF Management Panel.

The Assistant Director for Funding and Business Development advised the Board that members had a requirement to be knowledgeable in pension matters as set out in the Pension Regulator's Code of Practice 14. Pages 12 to 17 of the Code of Practice 14 set out the knowledge and understanding required of Board members. It was explained that the upcoming introduction of a refreshed CIPFA Knowledge and Skills Framework, and the Scheme Advisory Board's Good Governance project were expected to also place requirements on Board members to be sufficiently knowledgeable.

It was stated that given the regulatory need for Local Pension Boards to have sufficient knowledge and understanding to conduct their role, it was imperative that Board members continued to seek development opportunities. To help facilitate this, GMPF had signed up to Hymans Robertson's LGPS Online Learning Academy.

LGPS Online Learning Academy was an online platform designed to support the training needs of Pension Committees, Pension Boards and Fund Officers. It consisted of a series of video presentations with supplemental learning materials and multiple-choice questions. The six main modules on Hymans' LGPS Online Learning Academy were:

- An introduction to LGPS oversight bodies, governance, legislation and guidance
- LGPS administration, including policies and procedures, pension fund auditing

- LGPS valuations, funding strategy and LGPS employers
- Investment strategy, pooling and responsible investment
- Performance monitoring and procurement
- Current issues in the LGPS

Members of the Board discussed their experiences with the modules on the LGPS Online Learning Academy platform.

RESOLVED

That the report be noted and Members undertake the recommended training via the Online Learning Academy.

20 SUMMARY OF GMPF DECISION MAKING

Consideration was given to a report of the Director of Pensions / Assistant Director for Funding and Business Development. The report summarised the recommendations made by the GMPF Working Groups over the period from July 2021 to September 2021, which were approved at the Management Panel meeting on the 17 September 2021. It also summarised the decisions made by the Management Panel.

The Assistant Director for Funding and Business Development highlighted that at the meeting of the Administration, Employer Funding and Viability Working Group on the 30 July 2021 the Working Group received a report on changes to the death grant payment guidelines. The Working Group recommended that the changes to the death grant payment guidelines be approved. The Working Group also received a report, which set out the review of and changes to the Pensions Administration Strategy. The Working Group recommended that the changes made to the Pension Administration Strategy be approved. It was also highlighted that the Working Group considered a report on the revised Communications Policy and Communications and Engagement Strategy, which the Working Group recommended to be approved.

It was reported that on the 30 July 2021 the Investment Monitoring and ESG Working Group considered a number of reports for noting and considered comments received on the draft Investment Strategy Statement following a public consultation period. The updated draft Investment Strategy Statement was recommended to be adopted by the Management Panel.

On the 2 September 2021 the Policy and Development Working Group considered a number of reports for noting, in addition the Working Group considered a report detailing updates to the global equity 'purchase/sale' trigger process. The Working Group recommended that the updated Fair Value estimate and associated trigger points be adopted subject to keeping them under review.

It was reported that at the meeting of the Management/Advisory Panel on the 17 September 2021 the all the recommendations of the Working Groups were approved. In addition the Management Panel reviewed the draft Annual Report and Accounts for 20/21 and were presented with the updated Investment Strategy Statement.

RESOLVED

That the report be noted.

21 POOLING UPDATE

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

Members of the Board were reminded that the Government was yet to yet to publish a response to the consultation and the 2015 guidance therefore remained in force. Civil servants (formerly of

MHCLG but now the Department for Levelling Up, Housing and Communities) continued to indicate that a new consultation on pooling guidance and potentially changes to the LGPS Investment Regulations are expected sometime later in the year, however it was possible that the change in Ministers and their stated briefs could lead to further delays.

Members were advised that MHCLG issued its annual request for a further progress update from each of the Pools, setting out the assets transferred to the pool as at 31 March 2021 and an estimate of costs savings achieved and those expected in future. The Department for Levelling Up, Housing and Communities was keen for all pools to be reporting progress in transferring assets to the pools and cost savings on a consistent basis. Further, representatives of Northern LGPS, ACCESS and the Wales Pensions Partnership had joined meetings which took place between the Chief Operating Officers and Chief Financial Officers of the five pools which operate their own FCA regulated fund manager in order to discuss how this could be achieved going forwards.

It was stated that the submission date was originally set for 3 September 2021, but LGPS pools requested an extension to allow time to update the annual returns on the revised basis and allow time for approval from pension committees. The revised deadline was agreed for 24 September 2021. It was highlighted that Northern LGPS' net cost savings for 2020/21 had been calculated as £30.5m (increasing from approximately £21m in 2019/20), giving total net savings since inception of £71.1m.

It was reported that at their July meeting the Northern LGPS Joint Committee agreed that as per last year, a Pool Annual Report be produced, which funds would have the option of including in their respective annual reports. This would act to provide some of the information to satisfy CIPFA guidance and could be used by the funds in their communications with stakeholders to provide evidence of the Pool's progress against its objectives. The Pool annual report was attached at Appendix 1.

RESOLVED

That the report be noted.

22 BUSINESS PLANNING, BUDGET AND RISK MANAGEMENT

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

The report detailed the progress being made on six key strategic projects as set out in the 2021/22 business plan. The Director of Pensions highlighted that the IT infrastructure, DR arrangements and cyber security project was progressing well, albeit slightly slower than initially planned. The replacement of the telephony systems was successfully completed in July and the migration of files to SharePoint was also underway.

With regards to the Property management arrangements, the procurement process had concluded with two managers Schroders and APAM selected. The implementation plan for transfer from La Salle had been agreed and had commenced. This would be complete by December at the latest.

It was stated that the key project to enhance stewardship strategies to had a slight delay. It was agreed that further training would be provided to Management and Local Board members, however, due to Covid the training needed to be translated into an online provision. It is hoped that this will be provided in quarter 3.

The latest version of GMPF's risk register was included within this report for review at Appendix A. Specific risks that had been being monitored closely by officers this quarter and to note relate to the following:

- Risks 11 & 17 – Failure of a Local Authority to provide timely data
- Risk 9 – Assessing the impact of the McCloud changes

- Risk 19 – Cyber security work

RESOLVED

That the Board note the progress on the key business plan tasks.

23 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 the Local Pensions board with a summary of the current breaches log and decisions made by the Scheme Manager regarding the reporting of these breaches, including details of any late payment of contributions. Further, the report provided an update on the Pensions Regulator's (TPR) proposed Single Code of Practice.

Members were advised that a copy of the current breaches log was attached at Appendix 1 and that the criteria that officers used to assist them in assessing whether a breach should be deemed 'material; was also attached at Appendix 2.

With regards to late payments of contributions and escalations procedures, Officers met on a monthly basis to discuss issues that related to the monitoring of late contributions and other payments and examine options for revising and improving current processes. Appendix 4 provided further analysis on the contribution payments received in respect of June and July 2021, specifically detailing the number of employers making payments in accordance with GMPF's deadline of the first day of the following month.

Members were advised that the Pensions Regulator had issued an interim response to the consultation on the single code of practice. In the interim response TPR recognised that the term Governing Body was imperfect and would examine ways of improving terminology and clarity before the final version was implemented. TPR also acknowledged the complexities of limiting illiquid investments and had therefore removed the proposed 20% cap on illiquid assets for defined benefit pension schemes.

The Pensions Regulator stated that it did not currently have a firm final publication date for the new code. However, it did not expect to lay the new code in Parliament before spring 2022 and it was, therefore, unlikely to become effective before summer 2022. Given the expected delay in implementation, GMPF would seek to assess itself against the draft code of practice and would report back to the Board on progress at future meetings.

RESOLVED

That the relevant developments set out in the report be noted.

24 PROGRESS REPORT ON RISK MANAGEMENT AND AUDIT SERVICES 5 JULY 2021 TO 10 SEPTEMBER 2021

Consideration was given to a report of the Head of Risk Management and Audit Services. The report summarised the work of the Risk Management and Audit Service for the period 5 July to 10 September 2021.

The Head of Risk Management and Audit Services reported that the actual days spent against the planned days for 2021/22 was attached at Appendix 1. The Audit Service had spent 124 days against the 300 planned days up to 10 September 2021 and were slightly behind on days, but this was due to a higher proportion of annual leave having been taken in the first half of the year.

In regards to draft reports issued, two draft reports were issued during the period. These reports would be reported to the next meeting of the Board. The reports were as follows:

- Local Investments – Review of Greater Manchester Property Venture Fund; and
- Review of Fund Manager – Stone Harbor.

It was reported that a considerable amount of time was spent during this period on assisting a local authority On-Boarding to iConnect and auditing the April iConnect CSV file prior to the issuing of the Annual Benefit Statements. It was explained that the Audit Service had concerns in respect of the quality and accuracy of the data being provided by the authority's payroll provider. A significant amount of work was undertaken by the staff at the payroll provider, supported by the Pension Fund Employer Support Team, which enabled all files to be on-boarded successfully.

It was further explained that the March 2021 data was used to on-board all the employers and due to the significant amount of issues encountered and the problems with reporting into the CSV file it was decided that a further audit be undertaken on the April 2021 iConnect CSV file prior to it being imported into the iConnect System. This gave assurance to the Pension Fund that the ongoing monthly iConnect file was in the correct format and extracting the correct information from the iTrent Payroll System. As reported in previous items in the meeting this meant that there was a delay in the issuing of the Annual Benefit Statement to members for all the outlined employers in the report.

It was reported that during the period Audit Services had worked closely with the Pension Fund in respect of the implementation of the legal documents management system that is to be used by the Pension Funds Legal team. Work had taken place to ensure that all data had been migrated successfully. User acceptance testing had highlighted some significant issues with the performance of the system which were in the process of being resolved by the provider prior to any further work being undertaken.

It was stated that Audit had provided some advice and reconciliation work in respect of the migration of the EPICi and Dart Systems to a new server as a result of the server where these systems resided being identified by IT as a critical risk. Assistance was provided to ensure that the data had migrated successfully onto the new server. A small number of issues were initially identified which were resolved by the provider and the live migration was successful.

In regards to Post Audit Reviews there had been a review of the Retirement Process this found that of the 4 recommendations 3 had been implemented. Work was currently in progress to implement the final recommendation.

The Head of Risk Management reported there had been no new fraud cases reported in the period. Data matches from the National Fraud Initiative had been received back from the Cabinet Office and were distributed to the relevant teams within the Pension Fund for further investigation. It was explained that a number of the matches were still being worked through, but the Pensions to DWP Deceased had been completed. Of a total of 936 matches identified, there were 36 which had previously not been confirmed as deceased. However, as some of the pensions had been suspended for various reasons, there were 7 cases where an amount is owed to the estate of the deceased and another 29 cases where an overpayment had occurred. It was stated that Internal Audit was carrying out further work to investigate why the deceased members were not highlighted in mortality screening reports provided to the Pension Fund.

Members of the Board requested that the further work investigating why the deceased members were not highlighted in the mortality screening be reported to the Local Pensions Board.

RESOLVED

That the report be noted.

CHAIR