

# GREATER MANCHESTER PENSION FUND - LOCAL PENSIONS BOARD

28 September 2023

Commenced: 15:00

Terminated: 16:50

<b>Present:</b>	<b>Councillor Fairfoull</b>	<b>(Chair) Employer Representative</b>
	<b>Jack Naylor</b>	<b>Employer Representative</b>
	<b>Catherine Lloyd</b>	<b>Employee Representative</b>
	<b>Paul Taylor</b>	<b>Employer Representative</b>
	<b>Paul Entwistle</b>	<b>Employer Representative</b>
	<b>Michael Cullen</b>	<b>Employer Representative</b>
	<b>Alan Kniveton</b>	<b>Employee Representative</b>

**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 20 July 2023 were approved as a correct record.

## 17 LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985 – EXEMPT ITEMS

### RESOLVED

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

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

Items	Paragraphs	Justification
5, 6, 7, 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 prejudice the commercial interests of the Fund and/or its agents, which could in turn affect the interests of the beneficiaries and/or tax payers.

## 18 PENSIONS ADMINISTRATION AND BENEFITS REVIEW

Consideration was given to a report of the Director of Pensions / Assistant Director for Pensions Administration. The report provided a review of the work that was carried out by the Administrations teams during 2022/23 together with information about the membership of the Fund as of 31 March 2023. The report also provided the Local Board with an update on performance and engagement activities carried out in quarter 1.

Members were provided with a summary of key statistics and information which related to Fund membership and administration work which was appended to the report at appendix 1. It was

explained that the administration section had adapted to change over the last twelve months. A review of the structure of the section was undertaken during the year which ensured that the service was well placed to meet current and future expected demands. There was also a significant focus in the last year to ensure that IT and system disaster recovery plans and cyber security plans were robust which helped to mitigate against significant risks.

Members of the Local Board were advised that the total number of pension accounts administered by GMPF had continued to increase and it was reported that 2022/23 had the largest annual increase when compared to the last five years. The total number of pension accounts administered as of 31 March 2023 was 417,961. The largest group of members was those with benefits on hold, so with a deferred pension, deferred refund, or those who had a choice between the two and who left their decision as undecided. The next largest group was those who were in receipt of a pension, so members who had claimed their pension and those who were receiving a dependant's pension. It was further reported that most workload statistics had reverted to expected or slightly lower than expected levels after the disruption in 2020/21 and 2021/22 caused by the pandemic and related factors. However, in 2022/23 there was a significant increase in new joiners, probably as several large employers had undertaken automatic re-enrolment. It was explained that this had resulted in the number of contributing members of the Fund increasing overall.

It was further highlighted that 50% of the total contributing members in the Fund were employed by one of the ten Greater Manchester local authorities. 44 per cent belonged to other scheme employers, the majority of these were the National Probation Service and academy schools. Most GMPF employers had less than 99 members in the Scheme. GMPF had taken part in CEM administration benchmarking for four years and it was reported that cost and service scores had remained consistent each year, and GMPF had been shown to be a high service, low-cost administrator when compared with its peer group.

With regard to Member Services, Members of the Board were pleased to hear that the numbers of processes that members could access through their My Pension account had expanded and new functionality had been adopted that improved the experience for those members. Structural team changes had been implemented in two sections within Members Services which improved the customer's experience and ensured that teams would be in the best position to deal with expected future workloads that would be generated from McCloud and Pensions Dashboard projects. Discussion ensued with regard to existing pensioner customers use of My Pension and the Members were pleased to hear that there was uptake within this cohort.

It was explained that the support programme for employers had been expanded over the last twelve months and employers were able to access more training and support on a wide range of topics. The Employer Services team worked with the Fund's largest employers and developed their 'Year in Review' report, which provided feedback on how well GMPF believed they were meeting their employing authority responsibilities.

With regard to Communications and Engagement, changes were made during the year that enabled all email and website contact to be redirected through the Fund's contact centre system. This improvement meant that emails as well as calls would be managed through the system which brought efficiencies and improved oversight. It was reported that the member newsletters issued were very successful and created a lot of engagement. Member events continued to be well attended, and the events programme had been expanded which included new topics.

Members were further advised in relation to Developments & Technologies and it was reported that some of the largest projects that were undertaken during the year were linked to the development of the Fund's IT infrastructure. This work was undertaken alongside several other projects which were aimed to optimise the benefits of using Microsoft 365.

## **RESOLVED**

**That the report be noted.**

## 19 THE PENSIONS REGULATOR (TPR)

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 current breaches log and decisions made by the scheme Manager regarding the reporting of these breaches. The report also included an update on the TPR proposed Single Code of Practice now called the General Code.

A copy of the current breaches log (excluding late payments and contributions) was attached as Appendix 1. The criteria that officers used to assist them in assessing whether a breach might be deemed 'material' was also attached at appendix 2. It was explained that GMPF officers continued to meet monthly and considered the materiality of any breaches that had occurred and discussed the appropriate actions to be taken to minimise the potential for breaches to occur in the future.

It was explained that one of the key requirements of Code of Practice number 14 is that Scheme Managers operated appropriate systems to ensure that contributions are paid to the Scheme in accordance with requirements in the Scheme Regulations. Officers continued to meet monthly to discuss issues that related to the monitoring of late contributions and examined options for improving current processes. Following the implementation of monthly data collection from employers, compliance with data submission deadlines was also monitored.

As mentioned at previous Local Board meetings, TPR issued a consultation on its Single Code of Practice on 17 March 2021. TPR had recently issued communications which confirmed that the single code will now be called the General Code of Practice and was likely to be published late 2023. Members of the Board were advised that the TPR had started a risk review of the Fund and Members were reminded of the importance of considering the breaches log that was attached at appendix 1.

TPR had confirmed that the main aim of the General Code was to ensure consistency in its expectations for all types of pension scheme, and that the General Code would be considerably shorter than all the codes it replaced. Content would be separated into five key areas, being:

- The Governing Body
- Funding and investment
- Administration
- Communication and disclosure
- Reporting to TPR

GMPF had undertaken a GAP analysis which was appended to the April 2023 Local Board report. Further analysis would be undertaken when the final code was issued, and requirements were clear.

### **RESOLVED**

#### **That the Local Pensions Board**

- (a) Review the current breaches log and consider the decisions made by the Scheme Manager regarding reporting those breaches**
- (b) Note the other relevant developments set out in the report.**

## 20 SUMMARY OF GMPF DECISION MAKING

Consideration was given to a report of the Director of Pensions. The report summarised the recommendations made by the GMPF Working Groups over the period from July 2023 to September 2023, which were approved at the Management Panel on 15 September 2023. It also summarised the decisions made by the Management Panel at the same meeting.

The Director of Pensions summarised the recommendations made by the Administration, Employer Funding and Viability Working Group and Investment Monitoring and ESG Working Group on the 21 July 2023 and the recommendations made by the Policy and Development Working Group on the 7

September 2023.

At its 15 September 2023 meeting, the GMPF Management Panel approved the recommendations from the various Working Group meetings. The Panel were informed about the latest LGPS pooling consultation. Given the potential to impact GMPF and the Northern LGPS it was deemed that GMPF should submit a consultation response. It was recommended that the Management Panel:

- (a) **Note the report;**
- (b) **That the Director be authorised to submit representations to the DLUHC consultation on LGPS investments issued 11 July 2023 to ensure that GMPF's stakeholders' interests and in turn that of Northern LGPS are properly represented.**

The Panel received a report produced by The Good Economy which analysed the external local and impact investments that GMPF had made. The deployment and performance to date has been satisfactory. Concerns were raised that GMPF did not publicise its activities to stakeholders and potential investment partners. Therefore, stakeholders would be unaware of the positive impact that the Fund provided and restricted the Fund's future opportunities. Further work was deemed necessary which promoted GMPF's beneficial impact on society. It was recommended that the Management Panel:

- (a) **Note the report;**
- (b) **Agree to a public version of the impact assessment of GMPF's local investments being produced for the website.**

Members were advised that the Panel also considered the following reports for noting:

- Business Planning and Risk Management
- Quarterly Update on Responsible Investment Activity
- Update on GMPF's Approach to Climate Risk
- Performance Dashboard
- Pensions Administration Update
- LGPS Update

## **RESOLVED**

**That the report be noted.**

## **21 GMPF CYBER SECURITY AND BUSINESS CONTINUITY**

Consideration was given to a report of the Director of Pensions / Assistant Director for Pensions Administration. The report provided the Local Board with information about GMPF's management of cyber risk, and the work that has been done to increase cyber resilience. Members were also provided with information about GMPF's arrangements and plans for business continuity.

The Strategic Lead, Developments & Technologies delivered a presentation which detailed the work undertaken by GMPF during 2022/23 financial year and confirmed the key priorities that were set out in the 2023/24 strategy related to cyber security. It was explained that the Pensions Regulator (TPR) expectations had remained the same and the three-stage framework for cyber risk management was detailed:

- Seek – understand and quantify the risk
- Shield – protect the fund and its critical assets
- Solve – be able to react and recover quickly

The Cyber Security Strategy and Cyber Security Policy was provided to Members of the Board at appendix 1 and appendix 2 respectively. It was explained that both documents had been updated and aligned with the new Cyber Security Framework created by the National Cyber Security Centre (NCSC). It was reported that in order to achieve the final stage of the Pension Regulator's framework, a Cyber Security Incident Response Plan was developed and a contract was in place for

Incident Response support. A copy of the plan was attached at appendix 3. To supplement the plan, a First Response procedure was in place which dealt with early detection and reaction to cyber incidents. It was further advised that the GMPF team had worked with an external partner and developed an Incident Response Plan. Alongside this plan, it was explained that a set of cyber playbooks were created for use in the event of an incident. All documentation and plans that related to cyber security were designed to work in conjunction with GMPF's Disaster Recover and Business Continuity Plans and all Tameside MBC's corporate policies.

Throughout the last year the GMPF team had implemented several system controls which increased cyber security resilience. These activities were driven by the recommendations of the audit work and were based on risk levels and several protection mechanisms had been put in place. It was explained that although it was important to implement system controls that blocked cyber attackers from accessing the network, it would not always prevail as people were one of the biggest risk factors when it came to cyber security.

It was reported that officers had completed various tasks over the last two years that had increased the awareness of those who used the GMPF systems and therefore reduced the likelihood of cyber-attacks that succeeded. Members were advised that phishing emails had become more sophisticated and could be very convincing along with the use of Artificial Intelligence (AI). Regular communications which encouraged vigilance, updates on current threat patterns and workforce phishing tests had mitigated these risks. Whilst officers were pleased with the progress made in this area, they were aware that cyber security was an ever-evolving area, and the Fund continues to sought development and improvement to protect GMPF systems and the data held.

Plans for the remainder of the year were discussed and officers planned to work with a specialist partner throughout the remainder of 2023 on this project. Detailed discussion ensued in relation to the presentation, in particular with regards to accreditation and collaboration with other Funds to share knowledge and tools.

The Strategic Lead, Developments and Technologies then delivered a presentation with regard to business continuity and disaster recovery. It was explained that business continuity planning was the responsibility of the Fund Management team and ensured coverage of all the key elements of service delivery and business operations. The GMPF business continuity team reviewed, tested and developed the Business Continuity Plan which was a key priority. The team continued to meet quarterly and discussed plans related to business continuity. The Business Continuity Plan documents were updated following each meeting. A copy of the current plan was appended to the report at appendix 1.

The Business Continuity Plan also defined GMPF's business continuity testing strategy. Testing helped to ensure that plans were kept up to date and new scenarios would be considered. Members of the Board were informed that scenario testing was conducted by the Business Continuity Team quarterly. The scenarios tested usually involved events that would impact the whole Fund rather than specific departments. Localised testing by each department was also recommended and encouraged.

Wide ranging discussion ensued with regards to the presentation and Members were pleased to recognise the business continuity plans which were in place and the training available to staff to access.

The Chair thanked officers for the informative presentation.

## **22 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 highlights the current key risks being monitored.

The report set out the progress being made on the seven key strategic projects set out in the 2022/23 business plan. The seven key strategic projects were explained and summarised to Members of the Board.

The risk register was reviewed and updated at least once each quarter and the latest version was included within this report for review at Appendix 2. The key issues that were being monitored were listed on the 'Current Issues' tab.

Discussion ensued with regard to the resource required in relation to the data validation aspect of McCloud. Members of the Board sought further clarity on the data validation aspect of McCloud as this would be resource intensive. Members of the Board were assured officers continued to work on this and ensure that any missing data would be captured and uploaded effectively.

At the last meeting of the Local Board, risk 35 which concerned data protection was highlighted. It was reported that since then, officers had reviewed the actions that could be taken to reduce the risk rating. An update on the progress made would be provided at the next meeting.

#### **RESOLVED**

**That the report be noted.**

### **23 LOCAL BOARD GOVERNANCE REPORT FOR EMPLOYERS**

Consideration was given to a report of the Director of Pensions / Assistant Director for Pensions Administration. The report provided the Local Board with information about a proposed new Governance report for Employers.

Members were advised that the purpose of the Governance report for Employers is to provide GMPF's employers with the necessary assurance that GMPF's governance arrangements were robust and effective with proper oversight and accountability in place. It would further demonstrate how well GMPF serves its members by including key information about performance, system improvements and available support. The report was intended to be brief but informative, with further detailed information which supported the report be added to the GMPF website.

It was explained that officers from the various administration teams had discussed potential items for inclusion within the Governance report for Employers. The proposed list with brief details in respect of what could be included was outlined to Members of the Board. It was also proposed that the report would be created for the 2023/24 financial year and a timeline for implementation was provided to Members of the Board. Discussion ensued with regards to the report and Members were pleased with the proposal and understood the benefits that the report provided.

#### **RESOLVED**

**That the report is noted.**

### **24 INTERNAL AUDIT PROGRESS REPORT – SEPTEMBER 2023**

Consideration was given to a report of the Interim Head of Audit which provided an update on Internal Audit's work against the Greater Manchester Pension Fund (GMPF) Audit Plan as of September 2023.

It was explained that work had been slower than expected during this period as much of quarter one consisted of finalising 2022/23 reports. Resource issues were experienced within the Assurance team but plans were in place to procure services from a co-sourced partner. It was confirmed that the new permanent Head of Assurance would join in October 2023.

A summary of progress against the plan during this period was appended to the report at appendix 1. There were no specific issues that were highlighted through the work undertaken by Internal

Audit during the period. It was explained that a new system for reporting was being introduced and a system for audit follow up which targeted audit resources to areas of most significant / material risk. A review of previous audits had been undertaken which identified those audit recommendations which remained open. Managers would be asked to confirm the implementation status of their medium priority recommendations and audit would sample test evidence of implementation of highs to establish a baseline position. An update would be given at the next reporting period.

It was further explained that the following progress had been undertaken during the period:

- Implementation of a new terms of reference and reporting format (dashboard system) based on best practice.
- New priority and assurance ratings.
- New approach to follow up.
- Implementation of co-sourced arrangement with STAR procurement planned to be in place for October 2023.
- Start date agreed for new permanent Head of Assurance (23 October 2023).
- Commenced view of Audit Manual and Charter in preparation for external PSIAS assessment.
- Delivered training session to auditors (12 September 2023).

## **RESOLVED**

**That the report is noted.**

## **25 URGENT ITEMS**

There were no urgent items

**CHAIR**