

GREATER MANCHESTER PENSION FUND

LOCAL PENSIONS BOARD

24 July 2017

Commenced: 2.00pm

Terminated: 3.55pm

Present:	Councillor Fairfoull (Chair)	Employer Representative
	Councillor Cooper	Employer Representative
	Richard Paver	Employer Representative
	Paul Taylor	Employer Representative
	Dave Schofield	Employee Representative
	Catherine Lloyd	Employee Representative
	Pat Catterall	Employee Representative
	Mark Rayner	Employee Representative

Apologies for absence: **Chris Goodwin**

1. DECLARATIONS OF INTEREST

In noting that reports and minutes of Local Board meetings were submitted for information only and that no decisions were made, Board members declared their interests as follows, for transparency:

Member	Subject Matter	Type of Interest	Nature of Interest
Richard Paver	Agenda Item 4	Personal	Chair of a Multi-Academy Trust in Manchester and a member of the Finance Committee at MMU
Mark Rayner	Agenda Item 4	Personal	Spouse of Shadow Secretary of State for Education

2. MINUTES

The Minutes of the meeting of the Local Pensions Board held on 30 March 2017, having been circulated, were signed by the Chair as a correct record.

Mr Paver made reference to Minute 37, Internal Audit Visits to Contributing Bodies – Outcomes and Learning, and the most appropriate way forward to address issues found at the visits, to ensure the correct contributions were being sent to the Pension Fund.

The Director of Pensions assured Board Members that the Pensions Administration Team would continue to work with Internal Audit to identify ‘themes’ and agreed that a more systematic approach was required. She added that the Greater Manchester Authorities were giving consideration to designating a shared resource to work specifically with GMPF.

3. EDUCATION SECTOR EMPLOYERS

Consideration was given to a report of the Assistant Director of Pensions, Funding and Business Development, which explained that, over recent years, changes in the education sector had

increased administrative complexity for Local Government Pension Scheme (LGPS) Administering Authorities and increased resource requirements.

The report provided the Board with an update on national developments relating to education sector employers and recent initiatives designed to improve how academy schools and their contractors interacted with LGPS Administering Authorities. The report also provided an overview of Greater Manchester Pension Fund's current administration and funding arrangements in relation to education sector employers.

Discussion ensued with regard to the above and in particular, the difficulties arising from the outsourcing of contracts by schools and Academies and the impact this has on the Pensions Administration team in respect of the quality of data received.

RESOLVED

That the content of the report be noted.

4. SUMMARY OF GMPF DECISION MAKING

The Assistant Director of Pensions, Funding and Business Development, submitted a report summarising the decisions made by the GMPF Management Panel at its meeting on 21 July 2017 and the recommendations made by the six GMPF working groups.

It was explained that Tameside MBC delegated its decision making in respect of GMPF to the Management Panel which in turn permitted the Director of Pensions to implement its strategy via delegated powers. The Pension Fund Advisory Panel worked closely with the Management Panel, and advised them in all areas. Each local authority was represented on the Advisory Panel, and there were five employee representatives nominated by the North West TUC.

Four external advisors assisted the Advisory Panel, in particular regarding investment related issues. A key element was helping it to question the Fund's investment managers on their activities. GMPF also had six permanent working groups, which considered particular areas of its activities and made recommendations to the Management Panel. The Working Groups covered:-

- Alternative Investments;
- Policy and Development;
- Employer Funding Viability;
- Investment Monitoring and Environmental, Social and Governance (ESG);
- Pensions Administration; and
- Property.

The Panels and Working Groups met quarterly and the recommendations of each of the working groups from the meetings that had taken place since the last meeting of the Local Board, were set out in the report.

Members sought further information in respect of the Employer Funding Viability Working Group and the review of escalation procedures for employer related debt.

The Assistant Director explained that this would be discussed further at the next meeting of the Working Group on Friday 28 July 2017.

RESOLVED

That the content of the report be noted.

5. GMPF STATEMENT OF ACCOUNTS AND ANNUAL REPORT 2016-17

A report of the Assistant Director of Pensions, Local Investments and Property, was submitted explaining that the GMPF Statement of Accounts and Annual Report had been submitted to the GMPF Management Panel on 21 July 2017.

The report provided details of the governance arrangements for approval of GMPF accounts and a simplified accounts summary.

A copy of the Audit Findings report was appended to the report and a link was also provided to the Annual Report, as published on the GMPF website.

It was noted that the Auditors had given a clean bill of health and the accounts were unqualified.

Members were also asked to note the Local Board Annual Report contained within the GMPF Annual Report, which summarised the activity of the Board over the past year.

RESOLVED

- (i) That the governance arrangement for approval of GMPF accounts be noted;**
- (ii) That the Audit Findings Report from Grant Thornton be noted; and**
- (iii) That the Annual Report and specifically the section on Local Board activities, be noted.**

6. ASSESSMENT OF LOCAL BOARD TRAINING NEEDS

Consideration was given to a report of the Assistant Director of Pensions, Funding and Business Development, which explained that the 2015 Governance Regulations required employer and Member representatives to have the 'capacity' to represent employers and Members respectively. Board members were also required to acquire appropriate 'knowledge and understanding' of pension matters, under the Pensions Act 2004. The degree of knowledge and understanding must be 'appropriate for the purposes of enabling the individual to properly exercise the functions of a member of a Local Board'.

Shortly after its inception, each member of the Board undertook an individual assessment of their knowledge and understanding in order to identify the training needs of the Board as a whole. The results of the assessment were appended to the report.

The agreed areas for improvement of collective knowledge and understanding were identified as follows:-

- Internal Controls;
- Resolving disputes; and
- Funding and Investment.

These areas were the focus of the training programme during 2016.

Details of forthcoming Trustee training opportunities were also detailed.

Board members were further informed that the Pensions Regulator had developed an online learning programme specifically to help meet the needs of Pension Board members. The programme was broken down into 7 different modules and an individual completion of the individual models was automatically logged. A link for the Pension's Regulator's Toolkit was provided.

Discussion ensued with regard to training needs.

RESOLVED

That all Board members sign up for the Pension's Regulator's Toolkit and complete the learning programme, in order to define training needs going forward.

7. MANAGER MONITORING REGIME INCLUDING MONITORING ESCALATION

A report was submitted by the Assistant Director of Pensions, Investments, explaining that, in 2016, the Fund's approach to Manager Monitoring, and the Management Information that was presented to the Panel, was identified as areas for review and enhancement.

Members were informed that the broad intention of the review were threefold. Firstly, to update the arrangements for Securities Manager attendance at meetings of the Panel and its Working Groups. Secondly, to develop a codified and more structured Securities Manager Monitoring Escalation Protocol. Thirdly, to enhance the Management Information presented to Panel, through the use of a 'dashboard' approach.

At the September 2016 meeting of the Management Panel, the Panel accepted the recommendations made regarding the changes to the arrangements for Securities Manager attendance at Panels and Working Groups and the Monitoring Escalation Protocol.

The report set out the basis upon which Securities Managers would attend future Panels and Working Groups and summarised the results from the Monitoring Escalation Protocol as at 31 March 2017.

It was noted that the Fund's approach to Manager Monitoring and Management Information may need to change over the next 12 – 18 months in light of developments in relation to pooling and experience of any revised arrangements implemented.

RECOMMENDED

That the content of the report be noted.

8. RISK MANAGEMENT AND AUDIT SERVICES – ANNUAL REPORT 2016/17

The Head of Risk Management and Audit Services submitted a report summarising the work performed by the Service Unit and provided assurances as to the adequacy of the Pension Fund's systems of internal control.

Key achievements of the service provided to the Pension Fund for 2016/17 were detailed.

The full year position of the audit plan was appended to the report. Actual days spent as at 31 March 2017 were 267.91 which equated to 93% and 89% of planned audits were completed in those days.

It was reported that audits were undertaken on a number of the financial systems used by the Pension Fund. Where issues were identified as part of the systems audit work, action plans were agreed with management and where not already done, these would be followed up in due course:-

- Pensions Benefits Payable; and
- Debtors.

Details were also given of post audit reviews carried out and it was reported that assurance had been given that systems were now operating more effectively and that where recommendations made had not yet been implemented, Internal Audit was satisfied with the reasons put forward to management.

With regard to anti-fraud work and irregularity investigations, Board members were informed that there had been no fraud cases notified to the Internal Audit team during the year, in relation to the Pension Fund.

In respect of the National Fraud Initiative, it was reported that work was ongoing in relation to the NFI 2016 Data Matching Exercise, which became available from January/February 2017. Updates would be provided to future meetings of the Local Board as the investigations were progressed.

With regard to Information Governance, a number of the Information Governance Framework documents were refreshed during the year and presented to the Tameside Audit Panel in November 2016 for approval.

Progress was delayed in terms of reviewing the risk management and business continuity processes for the Council as the Risk and Insurance Manager, who transferred to Greater Manchester Connect on secondment in October 2015 had his secondment extended and the Risk and Insurance Officer was on Maternity Leave from November 2016. This would be carried forward as a high priority for 2017/18.

Key Performance Indicators for 2016/17 applicable to the Pension Fund were detailed in the report and it was reported that performance indicators had been achieved.

The report concluded that, overall, the Head of Risk Management and Audit provided reasonable assurance that arrangements to secure governance, risk management and internal control, within those areas reviewed, were suitably designed and applied effectively.

RESOLVED

That the content of the report and the performance of the Service Unit during 2016/17, be noted.

9. ANNUAL GOVERNANCE REPORT 2016/17

The Head of Risk Management and Audit Services submitted a report which presented the Annual Governance Statement for 2016/17 to the Board, for information.

RESOLVED

That the Annual Governance Statement for 2016/17 be noted.

10. RISK MANAGEMENT AND AUDIT SERVICES PLANNED WORK 2017/18

A report was submitted by the Head of Risk Management and Audit Services presenting the planned work for the Risk Management and Audit Service for 2017/18.

RESOLVED

- (i) That the Internal Audit Plan for 2017/18 be noted;**
- (ii) That the Internal Audit Strategy for 2017/18 be noted;**
- (iii) That the Internal Audit Charter for 2017/18 be noted; and**
- (iv) That the Quality Assurance and Improvement Programme for 2017/18 be noted.**

11. RISK MANAGEMENT AND AUDIT SERVICES 2017/2018

Consideration was given to a report of the Head of Risk Management and Audit Services summarising the work of the Risk Management and Audit Service for the 13 weeks to 30 June 2017.

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

- Debtors;
- Application Review of the Altair system;
- Review of the Management of Assets by LaSalle investment Management; and
- Pension Benefits Payable.

Draft reports were also issued as follows:

- Review of Fund Manager – Investec; and
- Advance Contributions Scheme.

Details were also given of audits in progress as follows:

- Visits to Contributing Bodies – National Probation Service;
- VAT;
- GM Property Venture Fund – Review of First Street Development;
- Transfer of Assets to Stone Harbor;
- Private Equity;
- Transfer of First Bus to GMPF; and
- National Fraud Initiative (NFI)

RESOLVED

That the content of the report be noted.

12. DATE OF NEXT MEETING

The Director of Pensions explained that, due to the scheduling of the Stakeholder event, which was to take place on 19 October 2017, the next meeting of the Local Board would be re-arranged and Members would be notified of the new date in due course.

CHAIR