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GREATER MANCHESTER PENSION FUND - MANAGEMENT/ADVISORY PANEL

Day: Friday
Date: 20 July 2018
Time: 10.00 am
Place: Guardsman Tony Downes House, Manchester Road, Droylsden, M43 6SF

From: Democratic Services Unit – any further information may be obtained from the reporting officer or from Carolyn Eaton, Senior Democratic Services Officer, to whom any apologies for absence should be notified.

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2018 ANNUAL REPORT

Tameside Metropolitan Borough

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Contents

Chair's introduction

Greater Manchester Pension Fund (Chair)
Cllr Brenda Warrington

Welcome to the 2017/18 Annual Report of the Greater Manchester Pension Fund (GMPF), my first as Chair of GMPF following the tragic death of Cllr Kieran Quinn at the end of 2017. In his seven years as Chair of the GMPF Management Panel, his stewardship can only be described as visionary. He was a pioneer in using the financial power of pension funds to invest locally for regeneration and social good. His legacy is plain to see, and it falls to us to continue and improve upon the work that he began.

It therefore gives me great pleasure to report that 2017/18 has been another successful year for GMPF. The year saw positive returns in almost all investment categories, while the Main Fund achieved a return of 4.2%; outperforming a number of comparative benchmark indexes.

Period	GMPF actual return per annum	GMPF specific benchmark return per annum
2017/18	4.2%	3.3%
5 years	8.9%	8.3%
10 years	8.1%	7.5%
25 years	8.5%	8.0%

The Main Fund has also consistently delivered annual returns 0.6% higher than that of the average local authority over 30 years and over periods of 15, 20, 25 and 30 years has ranked in the top 10 of such funds. GMPF's assets have increased to almost £22.5 billion from £21.2 billion the previous year, with membership and employer numbers as of March 2018 at 370,000 and 560 respectively, an increase from March 2017 numbers of 358,000 and 515. This includes the 5,820 active, deferred and pensioner members of First Bus, whose pensions had previously been administered by the South Yorkshire and West Yorkshire Pension Funds. Administration costs per member remain lower per year than the Local Government Pension Scheme (LGPS) average.

As has been the case in previous years, this growth has been undertaken in a challenging financial and economic climate. All funds within the LGPS continue to grapple with post-financial crisis monetary policy. The UK base rate of interest is currently set at 0.5%, and despite rumours of further increases at the start of the current financial year, falling inflation and weak growth since then have meant that interest rates are likely to stay close to their current level for the short to medium term. This has placed extra pressure on pension funds, particularly around higher values being placed on pension promises earned, and the performance of assets required to meet those promises. GMPF and its employers also face the continued impact of austerity measures and government policies on public sector delivery, perpetuating the risk of financial difficulties within public sector organisations and potentially weakening GMPF's covenant strength. Internationally, although much of the major political upheaval we saw last year has abated, there still remain areas of considerable uncertainty that investors and pension funds should continue to be aware of; most notably the negotiations of Britain's exit of the European Union and, further afield, the economic policies of the current US administration, particularly in regards to international trade.

A notable addition to this year's Annual Report is the section on the Pension Fund's approach to Climate Risk. We whole-heartedly support the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD). Financial decarbonisation of the economy is a complex and challenging issue, particularly for long-term investors such as pension funds. However, this has not stopped us committing to the Paris Agreement goal of 100% of our assets being compatible with the net-zero emissions ambition by c2050. Progress towards this goal will be regularly evaluated in line with our objective of maintaining long-term financial performance, taking care to avoid stranded assets and ensuring that we can continue to deliver affordable and sustainable pensions for employers and taxpayers. GMPF will continue to use its position on the Local Authority Pension Fund Forum (LAPFF) and the Institutional Investor's Group on Climate Change to engage with and challenge companies in which we have an interest. We stand by the belief, which 80% of our stakeholders agree with, that this consultative approach is more effective than divesting our holdings and passing the buck on to someone else who may not share our commitment to responsible investment.

We are also continuing to lead the way in using the unique financial firepower of pension funds to progress local investment opportunities, providing a commercial return and supporting the wider economy of Greater Manchester and North West England. This year saw a number of significant new acquisitions by the Greater Manchester Property Venture Fund (GMPVF), including the Soapworks on the site of the former Colgate Palmolive factory in Salford adjacent to the Manchester Ship Canal, and a large industrial park at Broadfield, Heywood Rochdale. The GMPVF also sold its holding in the Globe Park Industrial Estate in Rochdale, which had been successfully redeveloped to provide 38,000 square feet of industrial space across 17 units. We're also a partner in the £800 million project to develop Airport City on land with the Enterprise Zone next to Manchester Airport, and are supporting the construction of a number of new residential and offices developments across Greater Manchester through a variety of joint ventures, partnerships and finance opportunities, including Matrix Homes, Urban Splash, Select Property Group and Renaker.

As of March 2018 GMPF also has £466 million worth of assets invested in infrastructure projects, with an annualised return of 10.2% per year so far, an impressive rate of return for a relatively immature portfolio.

Despite a great deal of change, both within GMPF and in the wider environment, we have continued to deliver strong returns during the year, building on our long term outperformance and innovative investment opportunities. Going forward, we will continue to meet future challenges by communicating with all of our stakeholders, and balancing the short and long term needs of employers to ensure stability and consistency.

My sincere thanks go out to the management team, as well as members of the Panel, Advisors, the Local Pensions Board, Investment Managers and, most of all, our staff for their hard work and effort over the past twelve months.

Key achievements

- Main Fund return of 4.2%, outperforming comparative benchmarks indexes.
- Increase in value of GMPF's assets from £21.2 billion to £22.5 billion.
- Increase in membership from 358,000 to 370,000.
- Increase in employers from 515 to 560.
- Successfully navigated sustained political and financial uncertainty.
- Continued our commitment to making 100% of our assets compatible with the net-zero emissions by c2050 ambition.
- Continued to engage and challenge through the LAPFF and other forums.
- Acquisition of the former Colgate Palmolive factory site, and industrial park in Broadfield.
- Partner in £800 million Airport City project and a number of residential and office developments throughout the region.
- £466 million worth of assets invested in infrastructure projects.

Management structure

Tameside MBC became GMPF's administering authority in 1987, and established a management structure which is still the backbone of the operation today.

Pension Fund Management Panel

The Management Panel carries out a similar role to the trustees of a pension scheme. They are the key decision makers for:

- Investment strategy
- Monitoring investment activity and performance
- Overseeing administrative activities
- Guidance to officers in exercising delegated powers

Each local authority within Greater Manchester is represented on the Management Panel, as is the Ministry of Justice.

Pension Fund Advisory Panel

The Pension Fund Advisory Panel works closely with the Management Panel, and advises them in all areas. Each local authority is represented on the Advisory Panel, and there are six employee representatives nominated by the North West TUC.

The members of the Panels as at 31 March 2018 are listed on the following page.

Local Board

The GMPF Local Pensions Board was established early in 2015 and became operational from April 2015. The role of the Local Board is to assist Tameside MBC in its role as administering authority, in particular, to assist with :

- Securing compliance with the Regulations, any other legislation relating to the governance and administration of the Scheme, and requirements imposed by the Pensions Regulator in relation to the Scheme; and
- Ensuring the effective and efficient governance and administration of the Scheme

External advisors

Four external advisors assist the Advisory Panel, in particular regarding investment related issues. A key element is helping it to question the portfolio managers on their activities. The advisors are:

RS Bowie, Guardian Partner, Hymans Robertson

L Brown OBE, Retired Director of Finance

P Moizer, Professor and Dean of Business School, University of Leeds

M Powers, Retired Investment Manager.

Management Panel

Councillor B Warrington	*Tameside (Chair)*
Councillor GP Cooney	*Tameside*
Councillor J Fitzpatrick	*Tameside*
Councillor J Lane	*Tameside*
Councillor C Patrick	*Tameside*
Councillor S Quinn	*Tameside*
Councillor VP Ricci	*Tameside*
Councillor M Smith	*Tameside*
Councillor JC Taylor	*Tameside*
Councillor D Ward	*Tameside*
Councillor M Francis	*Bolton*
Councillor J Grimshaw	*Bury*
Councillor P Andrews	*Manchester*
Councillor A Jabbar	*Oldham*
Councillor A Brett	*Rochdale*
Councillor M Barnes	*Salford*
Councillor JN Pantall	*Stockport*
Councillor A Mitchell	*Trafford*
Councillor T Halliwell	*Wigan*
P Herbert	*Ministry of Justice*

Management Panel Members during the year

Councillor K Quinn	*Tameside*
Councillor J Middleton	*Tameside*

Advisory Panel

Councillor B Warrington	*Tameside (Chair)*
Councillor M Francis	*Bolton*
Councillor J Grimshaw	*Bury*
Councillor P Andrews	*Manchester*
Councillor A Jabbar	*Oldham*
Councillor A Brett	*Rochdale*
Councillor M Barnes	*Salford*
Councillor JN Pantall	*Stockport*
Councillor A Mitchell	*Trafford*
Councillor T Halliwell	*Wigan*

Employee representatives

A Flatley	*GMB*
K Allsop	*UNISON*
M Baines	*UNISON*
K Drury	*UNITE*
F Llewellyn	*UNITE*
J Thompson	*UNITE*

Local Board

Employer representatives

Councillor W Fairfoull	*Tameside (Chair)*
Councillor J Cooper	*Tameside*
J Hammond	*Representative of GM Monitoring Officers*
R Paver	*Representative of GM Treasurers*
P Taylor	*Representative of non local authority employers*

Scheme Member representatives

D Schofield	*GMB*
C Lloyd	*UNISON*
M Rayner	*UNISON*
C Goodwin	*UNITE*
P Catterall	*Pensioner representative*

Working groups

GMPF also has six permanent working groups which consider particular areas of its activities and make recommendations to the Management Panel. These working groups cover the following matters:

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

Frequency of meetings

The Panels and working groups typically meet quarterly and GMPF's active investment managers attend Panel meetings. Managers also attend the Investment Monitoring and ESG working group annually to report on corporate governance and responsible investment matters.

Officers to GMPF 2017/18

The Director of Governance and Pensions is GMPF's administrator and acts as the link for members, advisers and investment managers between meetings.

The Chief Executive and the Director of Governance and Pensions provide legal and secretarial services to the Management and Advisory Panels. The Section 151 Officer, Tameside MBC, is responsible for the preparation of GMPF's Statement of Accounts.

S Pleasant MBE	*Chief Executive, (Head of Paid Service), Tameside MBC*
SJ Stewart	*GMPF's Solicitor, Director of Governance and Pensions, Section 5 Monitoring Officer, Tameside MBC*
K Roe	*Director of Finance, GMPF's Section 151 Officer to the Fund during the period of the completion of the accounts, Tameside MBC*

Consulting Actuary

GMPF's Consulting Actuary is Hymans Robertson.

Attendance and training 2017/18

The following section shows attendance at the various Management Panel and working group meetings, and includes a list of training events and conferences attended.

Attendance at meetings

Cllr K Quinn[1]	**Pension Fund Management Panel** 100%	**Policy & Development Working Group** 100%		
Cllr B Warrington[2]	**Pension Fund Management Panel** 100%	**Policy & Development Working Group** 100%		
Cllr G Cooney	**Pension Fund Management Panel** 100%	**Alternative Investments Working Group** 100%	**Employer Funding Working Group** 75%	**Policy & Development Working Group** 100%
Cllr J Fitzpatrick	**Pension Fund Management Panel** 75%	**Property Working Group** 100%	**Employer Funding Working Group** 100%	**Policy & Development Working Group** 33%
Cllr J Lane	**Pension Fund Management Panel** 75%	**Pension Administration Working Group** 100%	**Property Working Group** 100%	
Cllr C Patrick	**Pension Fund Management Panel** 75%	**Pension Administration Working Group** 75%	**Employer Funding Working Group** 75%	
Cllr S Quinn	**Pension Fund Management Panel** 100%	**Pension Administration Working Group** 75%	**Property Working Group** 50%	**Policy & Development Working Group** 66%
Cllr V Ricci	**Pension Fund Management Panel** 100%	**Investment Monitoring & ESG Working Group** 75%	**Alternative Investments Working Group** 66%	
Cllr M Smith	**Pension Fund Management Panel** 100%	**Property Working Group** 75%	**Policy & Development Working Group** 66%	
Cllr J Taylor	**Pension Fund Management Panel** 75%	**Investment Monitoring & ESG Working Group** 75%	**Policy & Development Working Group** 66%	
Cllr D Ward	**Pension Fund Management Panel** 75%	**Alternative Investments Working Group** 66%	**Property Working Group** 50%	
Cllr P Andrews	**Pension Fund Management Panel** 25%	**Pension Administration Working Group** 25%	**Investment Monitoring & ESG Working Group** 25%	
Cllr M Barnes	**Pension Fund Management Panel** 75%	**Alternative Investments Working Group** 33%	**Property Working Group** 25%	
Cllr A Brett	**Pension Fund Management Panel** 100%	**Pension Administration Working Group** 100%	**Investment Monitoring & ESG Working Group** 100%	
Cllr J Grimshaw	**Pension Fund Management Panel** 100%	**Pension Administration Working Group** 100%	**Investment Monitoring & ESG Working Group** 100%	**Property Working Group** 75%
Cllr T Halliwell	**Pension Fund Management Panel** 100%	**Alternative Investments Working Group** 100%	**Property Working Group** 100%	
Cllr A Jabbar	**Pension Fund Management Panel** 25%	**Alternative Investments Working Group** 66%	**Employer Funding Working Group** 75%	
Cllr A Mitchell	**Pension Fund Management Panel** 100%	**Investment Monitoring & ESG Working Group** 75%	**Employer Funding Working Group** 75%	
Cllr J Pantall	**Pension Fund Management Panel** 100%	**Investment Monitoring & ESG Working Group** 75%	**Policy & Development Working Group** 100%	
K Allsop	**Pension Fund Management Panel** 75%	**Investment Monitoring & ESG Working Group** 25%	**Property Working Group** 50%	**Employer Funding Working Group** 50%
A Flatley	**Pension Fund Management Panel** 75%	**Pension Administration Working Group** 50%	**Employer Funding Working Group** 100%	
F Llewellyn	**Pension Fund Management Panel** 100%	**Investment Monitoring & ESG Working Group** 50%	**Employer Funding Working Group** 100%	
J Thompson[3]	**Pension Fund Management Panel** 100%	**Property Working Group** 100%		
K Dury	**Pension Fund Management Panel** 100%	**Property Working Group** 100%	**Alternative Investments Working Group** 66%	
P Herbert	**Pension Fund Management Panel** 75%			

Pension Fund Management Panel - conferences & training events

PLSA Local Authority Conference 15-17 May	UBS Trustee Training 9 August	EPFIF Pensions Trustee Circle 24-25 Sept	LGE Fundamentals Training Day 1 4 October	PLSA Annual Conference 18-20 October	Stewardship Event 19 October	LGE Fundamentals Training Day 2 1 November	SPS Annual Northern Investment Conference 16 November
Cllr J Pantall	Cllr K Quinn[1]	Cllr A Brett	Cllr T Halliwell	Cllr J Lane	Cllr K Quinn[1]	Cllr P Andrews	Cllr A Brett
	Cllr J Fitzpatrick	K Drury		Cllr S Quinn	Cllr G Cooney	Cllr C Barnes	K Allsop
	Cllr J Lane	A Flatley		Cllr J Grimshaw	Cllr M Smith	Cllr T Halliwell	
	Cllr S Quinn			Cllr J Pantall	Cllr S Quinn		
	Cllr V Ricci				Cllr V Ricci		
	Cllr D Ward				Cllr D Ward		
	Cllr P Andrews				Cllr J Pantall		
	Cllr C Barnes				F Llewellyn		
	Cllr J Grimshaw				K Drury		
	Cllr A Mitchell				A Flatley		
	Cllr J Pantall						
	K Allsop						
	K Drury						
	A Flatley						
	F Llewellyn						
	P Herbert						

Pension Fund Management Panel - conferences & training events

SPS LGPS Conference 23 November	Investec Trustee Training 4 December	LGE Fundamentals Training Day 3 5 December	LAPFF Annual Conference 6-8 December	PLSA Investment Conference 7-9 March	PIRC Spring Seminar 29 March
Cllr G Cooney	Cllr K Quinn[1]	Cllr P Andrews	Cllr K Quinn[1]	Cllr J Pantall	Cllr G Cooney
Cllr M Smith	Cllr G Cooney	Cllr C Barnes			
Cllr D Ward	Cllr J Fitzpatrick				
	Cllr C Patrick				
	Cllr S Quinn				
	Cllr V Ricci				
	Cllr J Taylor				
	Cllr D Ward				
	Cllr P Andrews				
	Cllr C Barnes				
	Cllr A Brett				
	Cllr J Grimshaw				
	Cllr T Halliwell				
	Cllr A Jabbar				
	Cllr A Mitchell				
	Cllr J Pantall				
	K Allsop				
	F Llewellyn				

Cllr K Quinn[1]
Passed away
25 Dec 2017

Cllr B Warrington[2]
Appointed Chair
31 Jan 2018

J Thompson[3]
Appointed
5 Feb 2018

GMPF Local Pension Board

Report of Councillor Bill Fairfoull, Chair, GMPF Local Pension Board.

The GMPF Local Pension Board (The Board) was established following the Public Service Pensions Act 2013, which required all public sector pension schemes to set up representative local pension boards by 1 April 2015.

Now in its third year, The Board continues to fulfil its dual purpose of giving members and employers a unique opportunity to be more involved with the oversight of GMPF, and also assisting Tameside MBC in its role as administering authority. In particular, the Board ensures compliance with all relevant legislation and regulations, and contributes to the effective and efficient governance and administration of the scheme. It also assists GMPF in implementing any new requirements imposed by the Pensions Regulator in relation to the scheme.

The role of Local Pension Boards is one of oversight, with the decision making body remaining the GMPF management Panel. However, the Board plays a valuable role in scrutinising compliance with LGPS investment and administrative regulations and how GMPF officers are implementing the decisions made by the Panel. It also provides GMPF with input into its decision-making processes from a scheme member and an employer perspective.

Board membership

The makeup of the Board is determined by Regulation 107(2) of the Act, which states that Local Pension Boards are required to contain an equal number of employer and scheme member representatives. Due to the large number of members and employers participating in GMPF and the scale of assets held by the fund, the membership has grown from 2 each of employer and scheme representatives at its creation to 5 of each today.

The two most recent appointments to the board are a representative of non-local government employers and a pensioner member representative, who were selected from a large number of applicants. Other scheme member representatives are nominated by the main trade unions; Unison, GMB and Unite. Two of the employer representatives on the board are elected members appointed by the administering authority. The other two employer representatives are nominated by the Association of Greater Manchester Municipal Treasurers and the Association of Greater Manchester Monitoring Officers.

The members of The Board at 31 March 2018, who they represent, and their attendance record at Board meetings during 2017/18, are shown in the table below.

Local Pension Board - representatives and attendance levels		
Employer representatives		
Cllr W Fairfoull	*Tameside (Chair)*	100%
Cllr J Cooper	*Tameside*	66%
J Hammond	*Representative of GM Monitoring Officers*	66%
R Paver	*Representative of GM Treasurers*	66%
P Taylor	*Representative of non local authority employers*	100%
Scheme member representatives		
M Rayner	*UNISON*	33%
C Lloyd	*UNISON*	100%
D Schofield	*GMB*	33%
C Goodwin	*UNITE*	66%
P Catterall	*Pensioner representative*	100%

The Board met three times during the 2017/18 year. Information about The Board, including Terms of Reference and a Register of Member's Public Interests, is publically available on the GMPF website via the following link: **https://www.gmpf.org.uk/behindthescenes/board.htm**. The minutes of board meetings, including from previous years, can be found on the Tameside Council website at: **http://tameside.moderngov.co.uk/mgCommitteeDetails.aspx?ID=229**.

The Board has an annual budget of £51,400. During the 2017/18 year, the costs of The Board were £21,050.

Local Pension Board Member Training

The Public Service Pensions Act 2013 requires members of local pension boards to acquire appropriate "knowledge and understanding" in order to carry out their role. Put simply, members of the Board should possess a level of competence that will allow them to understand fully and, if necessary, to challenge any information or advice they are given.

To ensure that this is satisfied, members of The Board have carried out an analysis of their level of knowledge and understanding, both as individuals and as a collective group. This allows training to be focused in the areas where improvements can be made to the knowledge and understanding of The Board as a whole.

Board members also utilise the bespoke Pubilc Sector Scheme training materials produced by the Pensions Regulator, such as the Public Service Toolkit.

In addition, Board members attend the two training days a year facilitated by GMPF fund managers and attend the training sessions which form part of GMPF Management Panel meetings. Board members are also encouraged to attend useful and relevant seminars and conferences.

The table below shows attendance of Board members at training events and conferences over the year.

Local Pension Board - attendance at conferences & training events

UBS Training Day 9 August	Stewardship Event 19 October	Investec Training Day 4 December	CIPFA Spring Seminar 14 March
Cllr B Fairfoull	M Rayner	Cllr B Fairfoull	R Paver
Cllr J Cooper	C Lloyd	Cllr J Cooper	
R Paver	P Catterall	C Lloyd	
P Taylor	P Taylor	C Goodwin	
M Rayner			
P Catterall			

A particular highlight of the year for me was attending the ground breaking Stewardship Event in October which gave a great insight into the responsible investment activities of GMPF and its managers.

A close working relationship between the GMPF Board and Management Panel is essential to the smooth running of both bodies. Board members receive all reports which are considered by the Panel, are encouraged to attend Panel meetings and have the power to commission additional reports from GMPF Officers if appropriate. The minutes for each Board meeting are noted at the subsequent Management Panel meeting.

Annual Review

A significant achievement this year was the continued evolution of the Northern Pool. GMPF, the Merseyside Pension Fund (MPF) and the West Yorkshire Pension Fund (WYPF) have come together to pool their assets in order to create improvements in scale, value for money, governance and facilitating infrastructure investment.

In total, the collective asset pool totals some £46 billion of funds under management – around 1/5 of the total LGPS assets and 180% above the £25 billion scale target set by the government. The participating funds have a long history of excellent investment returns and low costs, and the view of The Board is that we are confident that the pooling arrangements will ensure this continues.

The Board has received reports over the year on a whole range of matters including; GMPF's compliance with the new General Data Protection Regulations (GDPR).GMPF has been undertaking a comprehensive review to ensure the interaction with members, employers and other relevant partners is fully compliant with GDPR.

Other reports considered include changes to GMPF's investment manager monitoring regime as well as future medium term financial planning.

Senior officers from the administering authority's internal audit function attend each board meeting and provide an overview of future scheduled audits related to GMPF and discuss key findings from audits undertaken over the previous quarter. A significant preportion of internal audit days are allocated to visiting the teams at GMPF employers who provide our adminstration team with membership data.

I would like to thank all members of The Board for their hard work and diligence. As Chairman of The Board I would also like to thank the GMPF Management Panel, officers and advisors for their continued support and assistance over what has been an exceptional year for the GMPF.

Councillor Bill Fairfoull, Chair, GMPF Local Pension Board.

Top 20 equity holdings

1	Royal Dutch Shell	£338 million
2	BP	£293 million
3	HSBC Holdings	£220 million
4	Barclays	£183 million
5	Lloyds Banking Group	£171 million
6	GlaxoSmithKline	£156 million
7	Glencore	£145 million
8	Rio Tinto	£139 million
9	Anglo American	£133 million
10	3i Group	£129 million
11	Royal Mail	£109 million
12	Aviva	£100 million
13	Tesco	£91 million
14	Centrica	£87 million
15	Vodafone Group	£83 million
16	Unilever	£80 million
17	Shire	£72 million
18	Carnival	£71 million
19	Balfour Beatty	£70 million
20	Royal Bank of Scotland	£63 million

Major holdings

GMPF publishes a list of all its equity and bond holdings each year, following the completion of its external audit.

The list can be found on GMPF's website at: **www.gmpf.org.uk/investments/holdings.htm**

Investment report

Investment management

Management of GMPF's assets is determined within the context of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 1998 as amended. These require GMPF to have regard to both the diversification and suitability of its investments and to take proper advice in making investment decisions.

During 1994, the Management Panel decided to separate GMPF's assets into two distinct parts - a Main Fund and a Designated Fund - in order to reflect a major difference between most of GMPF's employers and that of a small number of employers in their liability profiles. The Designated Fund is used for employers who have a very high proportion of pensioner liabilities.

At 31 March 2018, the total Fund value was £22,497 million. Of this total, £21,969 million was held in the Main Fund and invested across a broad spread of assets whilst £528 million was held in the Designated Fund and invested in UK index-linked gilts, cash and pooled funds designed to provide protection against higher than expected inflation.

The UK index-linked gilts and cash portfolios of the Designated Fund are passively managed in-house and the inflation protection funds are passively managed by Legal & General Investment Management.

During the course of 2000/01 an extensive review of the external management arrangements of the Main Fund was undertaken and culminated in the adoption of a Fund specific benchmark. UBS Asset Management (UK) act as an active manager and Legal & General Investment Management act as a passive manager. UBS manage a securities portfolio investing in equities, fixed interest and index linked bonds on a multi-asset discretionary basis, whilst Legal & General manage a multi-asset indexed securities portfolio.

In 2014 the Management Panel reaffirmed its decision to introduce two new mandates, a global equity mandate and a debt/credit mandate. The global equity mandate was awarded to Investec Asset Management Ltd and was funded in 2015. The debt/credit mandate was awarded to Stone Harbor Investment Partners and was funded in 2017.

GMPF published a Core Belief Statement in 2009 setting out the key underlying beliefs of the Management Panel in relation to investment issues and GMPF's overall approach to investment matters. These beliefs were reviewed in 2018 and provide the bedrock rationale underpinning GMPF's investment activity. The Core Belief Statement can be found at the back of this report.

The chart on the following page summarises the management arrangements for the Main Fund at the end of the year.

Custody of financial assets and banking

GMPF uses an independent custodian - currently the JP Morgan Chase Bank - to safeguard its financial assets and the rights attaching to those assets. The Custodian is responsible for the safe-keeping of GMPF's financial assets, the settlement of transactions, income collection, overseas tax reclamation and other administrative actions in relation to the investments.

GMPF's banker is Royal Bank of Scotland.

The remaining comments and results in this Investment Report relate solely to the Main Fund

Investment strategy

In December 2000 the Panel adopted a GMPF specific benchmark, which defines the proportion of the Main Fund to be invested in each asset class.

Each year the Management Panel reviews the Main Fund's investment strategy restrictions for the coming year. The benchmark in place at the end of 2017/18 is summarised in the charts on the following page.

Each of the asset managers has been given a specific benchmark reflecting their perceived skills and the relative efficiency of markets. The active multi-asset manager is given a range for each asset class allowing them to make tactical asset allocation decisions. Investec and Stone Harbor are relatively unconstrained against Global Equity and absolute return benchmarks respectively.

GMPF's target allocation to private equity is 5% of Main Fund value, which, at the year end, was implemented by new commitments to specialised funds of £280 million per year. GMPF's target allocation to infrastructure funds is 5% of Main Fund value, which, at the year end, was implemented by new commitments to specialised funds of £210 million per year. The target allocation to the 'Special Opportunities Portfolio' (SOP) is 5% of Main Fund value. Current realistic benchmark allocations for private equity, infrastructure and SOP are 3%, 2% and 1.5% respectively.

The following statements can be found later in this report by clicking the hyperlinks below. These are also available in hard copy on request:

• **Funding Strategy Statement**	The statement sets out how the Management Panel balances the conflicting aims of affordability, stability and prudence in the funding basis.
• **Governance Policy** • **Governance Compliance Statement**	GMPF is required to maintain and publish a Governance Policy and a Governance Compliance Statement detailing its governance arrangements.
• **Core Belief Statement**	This sets out the underlying beliefs of the Management Panel in relation to investment issues.
• **Investment Strategy Statement**	GMPF is required to maintain and publish an Investment Strategy Statement detailing its investment arrangements.

Management arrangements

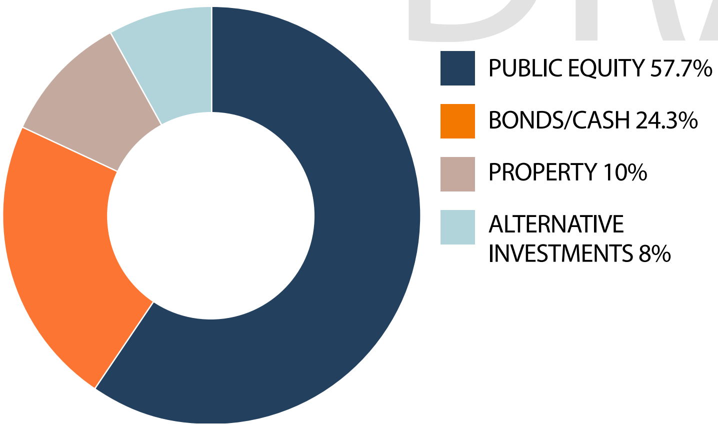
Total Main Fund
£21,969 million

Externally managed	**£19,019 million**
Securities Portfolio	
UBS	£8,190 million
Legal & General	£7,659 million
Investec	£1,123 million
Stone Harbor	£1,118 million
Property	
LaSalle	£810 million
GVA	£119 million

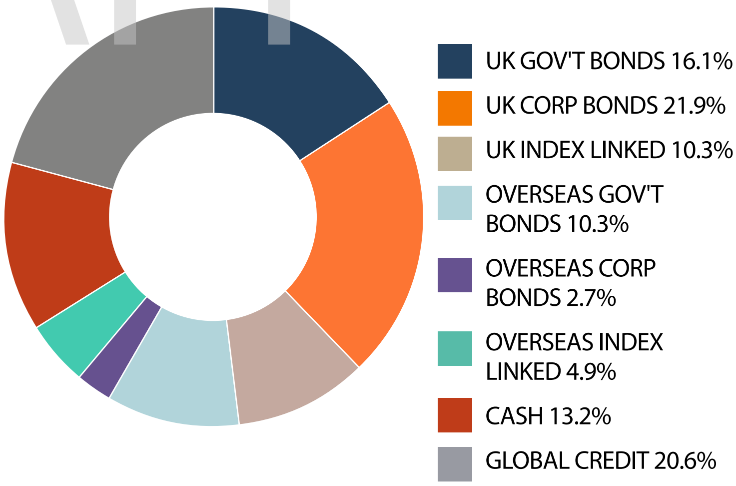
Internally managed	**£2,950 million**
Cash & Alternatives	£2,219 million
Property	£731 million

Benchmark asset allocation

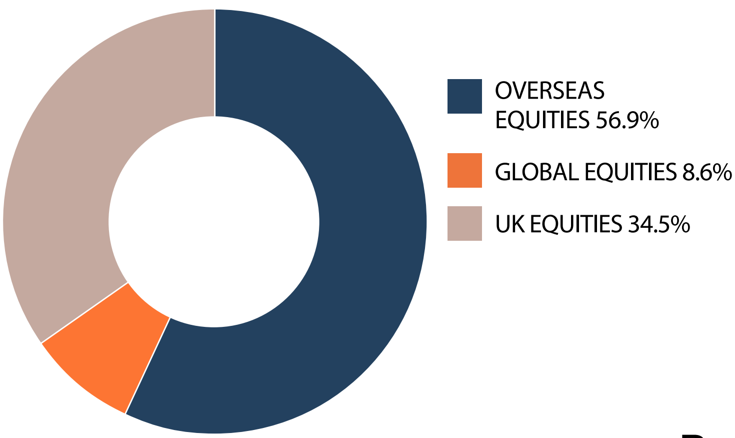
Major asset class split



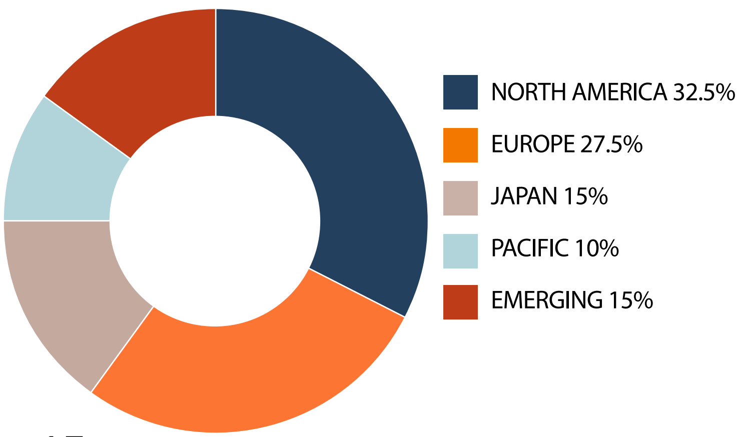
Bonds/cash split



UK/Non-UK equity split



Overseas equity split



Investment strategy *(continued)*

GMPF targets local investment through the Property Venture Fund (target allocation range up to 3% of the Main Fund) and other allocations. Such local investment is restricted to 5% of Main Fund value.

The graph bottom left shows the net effect, on an economic exposure basis, of the total investment activity of the Main Fund during the year, based on the Panel's restrictions. As can be seen, there has been a switch out of UK and Overseas Equities and Cash predominantly into Global Credit, Alternatives and Property.

Performance

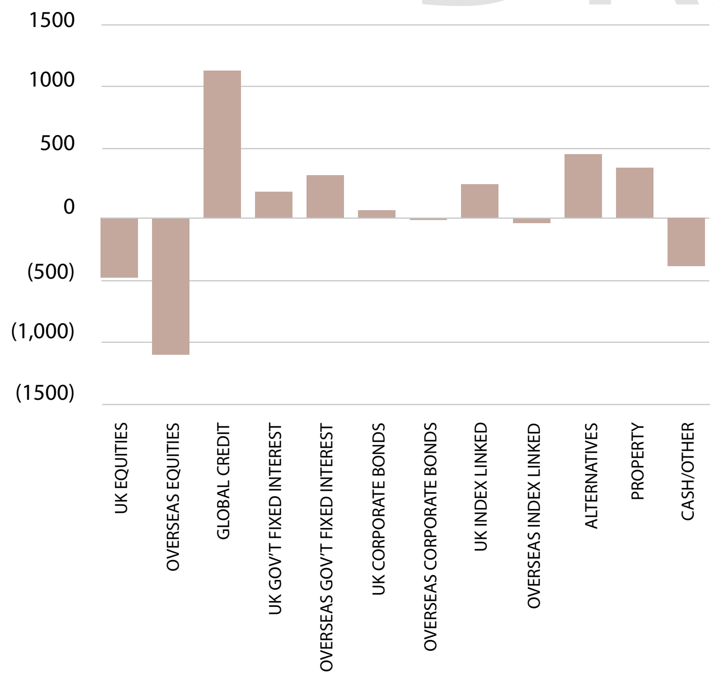
The graph bottom right compares the return achieved by the Main Fund with the market/benchmark index return in each of the main investment categories during the year.

The year saw positive returns in all investment categories except Government and Index-Linked Bonds, with the highest returns being achieved in Property, Alternatives and UK and Overseas Equities.

The Main Fund achieved a return of 4.2% during the year, out-performed the benchmark index in Alternatives, UK, Overseas and Global Equities, and Corporate Bonds, but under-performed the benchmark in Government Bonds, Index Linked Bonds and Property.

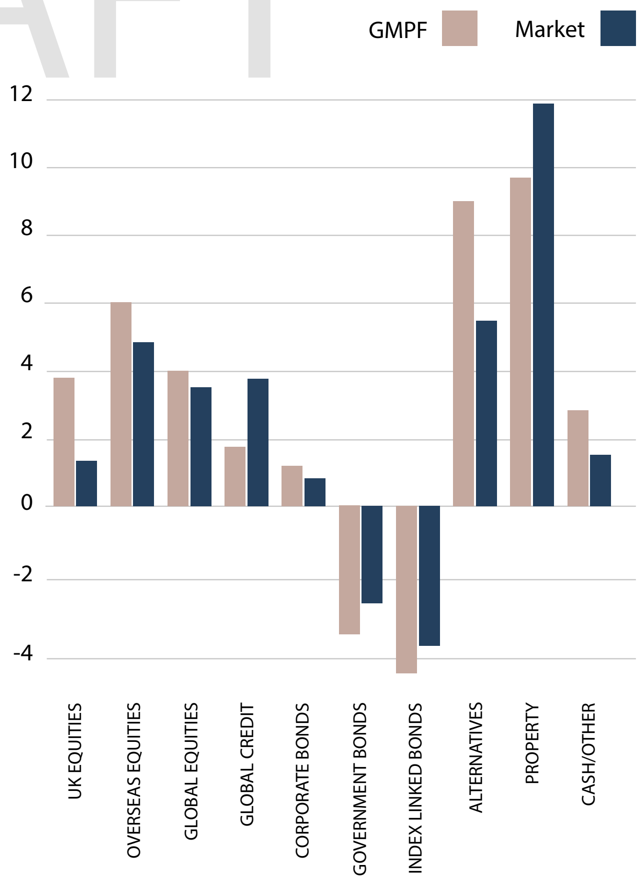
NET INVESTMENT (£m)

Year ended 31 March 2018



INVESTMENT RETURNS (%)

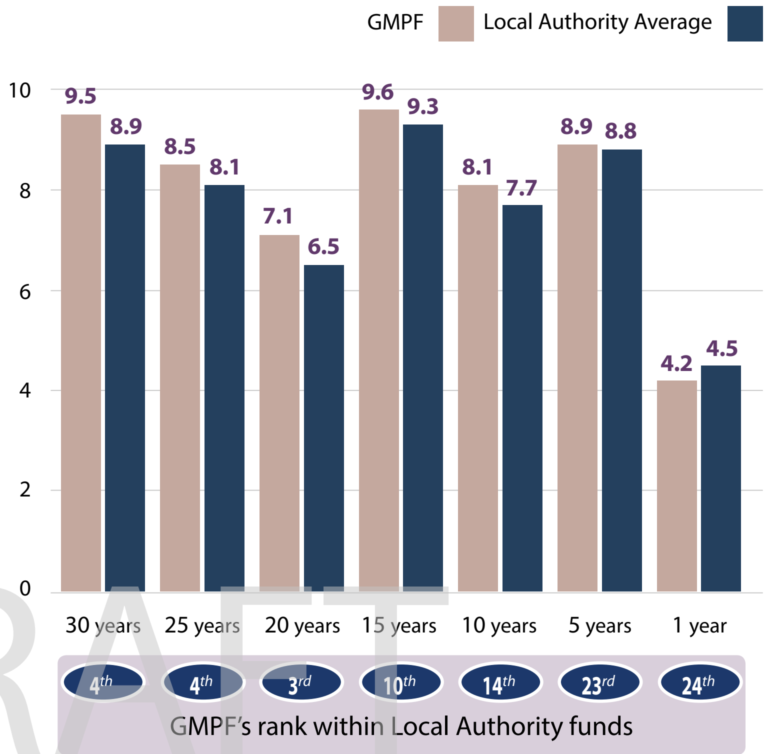
Year ended 31 March 2018



GMPF subscribes to PIRC's Local Authority Pension Performance Analytics Service in order to assess its performance relative to all other funds which operate under the same regulations. The graph top right looks at the Main Fund's performance as compared to the local authority average over various durations extending between 5 years and 30 years. Over the long term the Main Fund has consistently outperformed the average local authority by around 0.6% per year and, over periods of 15, 20, 25 and 30 years, has ranked in the top 10 of such funds.

PENSION FUND RETURNS (% pa)

PIRC Local Authority Survey - Financial years to 31 March 2018



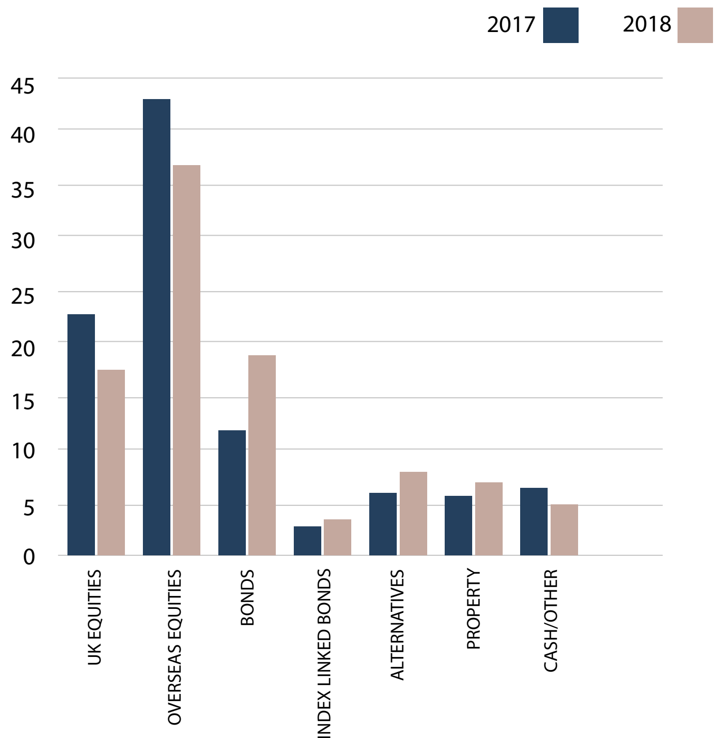
> The year saw positive returns in almost all investment categories.

Portfolio distribution

The distribution of assets across the main investment categories within the Main Fund changes as a result of the investment strategy followed by the managers and the performance achieved within each investment category. These changes are shown, on an economic exposure basis, in the graph bottom right.

PORTFOLIO DISTRIBUTION (%)

Market value at 31 March



Equities portfolio: Iberdrola

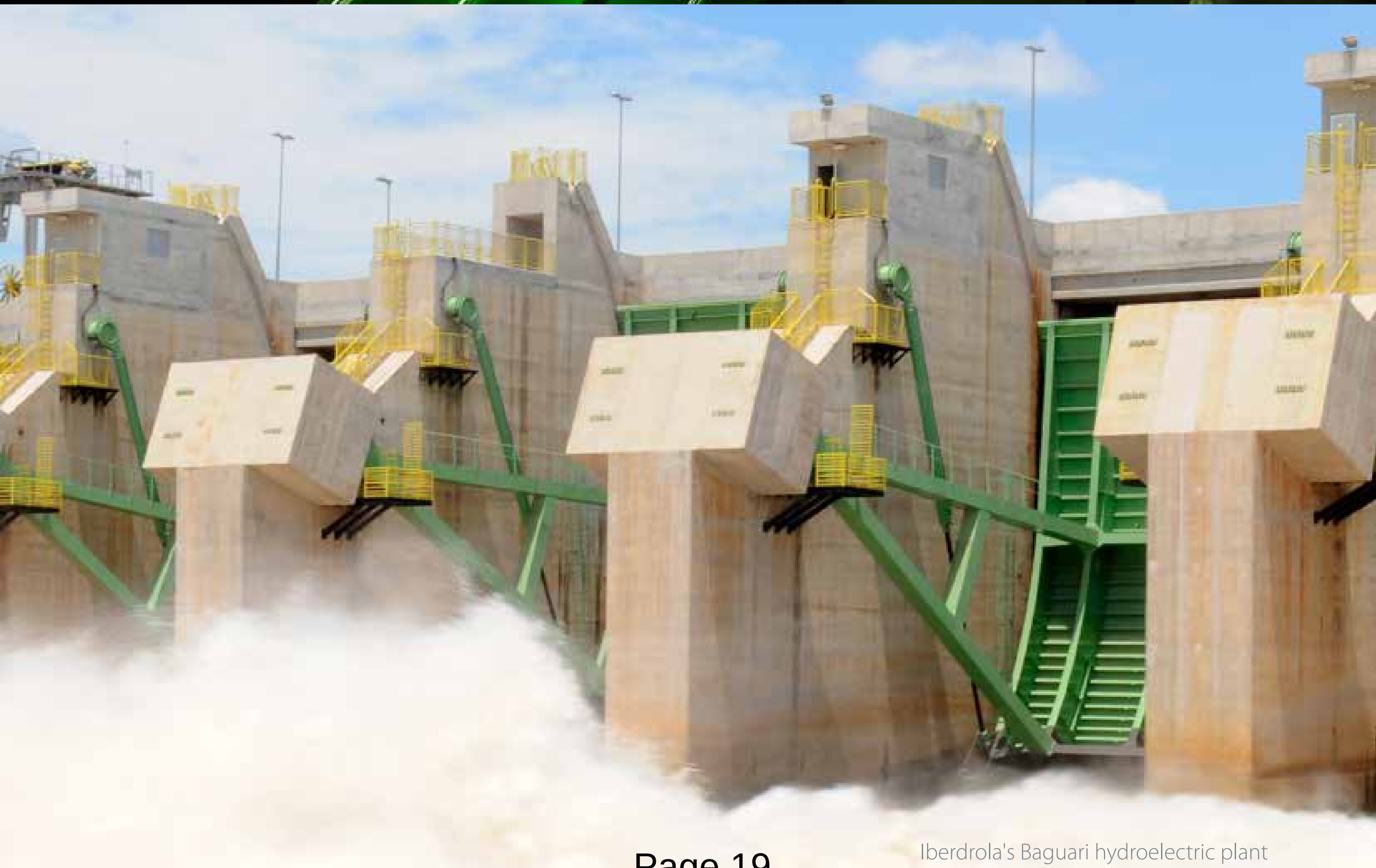
Iberdrola is a Spanish electricity utility company, based in Bilbao. A truly global company, with operations on both sides of the Atlantic, its subsidiaries include Scottish Power, Avangrid in the US, Iberdrola Mexico and Neoenergia Holding in Brazil.

It is a world leader in wind energy, and together with Navantia, Iberdrola is currently building The East Anglia ONE project. Once operational in 2020, it will be the largest offshore wind farm in the world, occupying an area the size of 30,000 football pitches, and capable of supplying 714 megawatts of clean electricity - enough to power half a million homes.

This commitment to clean energy can only be achieved by investing heavily in research and development and innovation (R&D&i), and Iberdrola sees this as a key factor in achieving future growth. They plan to invest €24,000 million in their strategic markets during the period 2016-2020, with a strong focus on developing clean and efficient energy sources to meet the global emissions reduction targets committed in the Paris Climate Conference.

IBERDROLA

Iberdrola's Aina R+D project (Valencia)



Iberdrola's Baguari hydroelectric plant

Economic background

Over the past year global growth has been positive. At the same time global monetary policy remains very accommodative by historical standards though the direction of monetary policy appears to be tightening. Among central banks in the developed world the Federal Reserve (Fed) is the most advanced in this respect, having already raised interest rates several times with more expected in 2018.

Some political risks diminished over the past 12 months. In mainland Europe populist parties did not come to power though gains were made by them in the Italian elections. Other political risks nevertheless remain, including uncertainty over the final Brexit deal and uncertainty around many of the international deals and treaties that President Trump is seeking to renegotiate.

In the UK 2017/18 started with a surprise general election, as Prime Minister Theresa May sought to strengthen her position before the start of Brexit negotiations. The opinion polls initially painted a positive picture for the Conservative party but no party won a clear majority.

President Trump announced his tax reform plan, reducing corporation tax to 15%. He also announced that the US would renegotiate, rather than withdraw from, the North American Free Trade Agreement (NAFTA).

In the Eurozone, investor attention was focused on the French presidential election from which the centrist and pro-European, Emmanuel Macron emerged as the clear winner in the second round. The result of this and other European elections alleviated fears of a rise in populism and was associated with a strengthening of European equity markets and the Euro.

Geopolitical and policy events remained the major talking points during the third quarter of 2017, as economic data continued to be positive and volatility within many markets remained subdued. There were fiery exchanges of rhetoric between the US and North Korea, as the North Koreans tested a number of nuclear devices and fired missiles over Japan, breaching UN resolutions.

The repeated failure to pass healthcare reform measures in the Senate created doubts about President Trump's ability to get any notable legislation enacted, so his revised tax reform proposals in September were viewed positively by investors. Chancellor Merkel's victory in the German general election in September was inconclusive requiring difficult coalition negotiations.

Following dovish statements (looser monetary policy) from the European Central Bank (ECB) and Bank of Japan (BoJ), market guidance from the Fed was the main focus for investors as the summer of 2017 drew to a close. The Fed's more hawkish tone (tighter monetary policy), following its September meeting, surprised markets as the Fed suggested it would begin trimming its USD 4.5 trillion balance sheet in October and signalled a further interest rate hike in 2017.

Markets continued to focus on political developments over the final quarter of 2017, as equities advanced and volatility remained low amidst signs of strong economic growth.

Attention was focused on the progress of the tax reform proposals through the US Congress seen as a key priority for the Trump administration. Markets were cheered by clear signs of a legislative package emerging which had support across the Republican party and a deal was finally passed in December 2017. This extra stimulus, applied to an economy that was already quite strong, is likely to have been a factor behind the rise in US bond yields in 2018.

Other political events during the quarter received a more mixed response from investors. Whilst there was progress in the Brexit negotiations, talks over the formation of a coalition government broke down in Germany.

A third interest rate increase in 2017 from the Fed had been widely predicted and therefore came as no surprise in December. Speculation over the leadership of the Fed was resolved in November with Jerome Powell being nominated as its next Chair, to replace Janet Yellen in 2018. The Bank of England (BoE) increased its key overnight borrowing rate for the first time in more than a decade in November and expected that further increases in rates will be limited and gradual. In the meantime, other major central banks, such as the ECB and the BoJ, remained committed to continuing loose monetary policies.

In the first quarter of 2018, investment markets and investor sentiment changed sharply. Fears about the direction of the US administration's economic policy, particularly in relation to trade, increased as the quarter progressed. There was widespread interest in the first public pronouncements of Jerome Powell, the new Chair of the Fed, which were seen as more aggressive than expected. As anticipated, the Fed increased its key short term interest by 0.25% in March 2018 whilst noting that the economic outlook had strengthened in recent months. The Fed's counterparts in Japan, Europe and the UK left interest rates unchanged.

There were a number of political developments during the first quarter of 2018 which were also of interest to investors, particularly in Europe where German Chancellor, Angela Merkel, finally secured another term after successful coalition talks. China's National Party Congress abolished presidential term limits and gave premier Xi Jinping authority to stay in power indefinitely.

Whilst the UK's Brexit negotiations saw terms agreed for a transition period after the UK leaves the EU in March 2019, a number of key issues remain unresolved. It is unclear whether there is an agreed position across the UK government on areas such as the border with Northern Ireland. To add to the uncertainty with the EU, and in sharp contrast to the government's position, the opposition Labour party leader, Jeremy Corbyn, committed to keeping the UK in a customs union.

Although the BoE kept overnight borrowing rates on hold over the quarter it made clear that it would increase rates in 2018, if necessary, given the recent strength in labour markets.

Private equity

Since 1981 GMPF has invested in private companies through pooled vehicles raised by specialised management teams. Nine new fund commitments and one follow-on commitment, together totalling almost £326 million, were made by GMPF during 2017/18. The portfolio of 104 active funds is diversified by stage of investment (from early stage investments to very large buyout investments) and geographic location across the UK, Europe, the US and Asia.

As at 31 March 2018 the target rate of annual new fund commitments was £280 million. Of the £1,846 million committed to funds, some £1,187 million has been drawn down and invested by managers and £987 million has been returned to GMPF as distributions of sales of investments and income. The value of assets currently invested in private equity was £773 million.

During 2011, GMPF undertook a fundamental review of private equity performance measurement in conjunction with its specialist adviser (Capital Dynamics), leading to the adoption of a vintage decade approach. The since inception performance remains stable, with an annualised return of 16.5% as at 31 March 2018. 1980 vintage commitments have returned over 12% per year, whilst 1990 vintage commitments have returned over 25% per year. The performance of funds invested between 2000 and 2010 is over 9% per year.

Private equity portfolio: Willerby

Through its private equity partner Equistone, GMPF has invested in Willerby, the UK's largest manufacturer of holiday homes and lodges. The company can trace its roots back to 1946, and a beehive maker called Walter Allen! He decided he could design and build a better touring caravan than the models available at the time. So that's exactly what he set about doing, from a factory in the tiny village of Willerby near Hull. Over 70 years later, the company has grown into a multi-million pound business, operating from a sprawling 90 acre site, not far from its original location. As well as holiday homes and lodges, its range includes innovative themed leisure accommodation, which can be found all over the UK at attractions such as Alton Towers and Warwick Castle.

Infrastructure funds

The infrastructure programme commenced in 2001 and GMPF's specialist adviser is Capital Dynamics Ltd. Six new fund commitments totalling over £400 million were made by GMPF during 2017/18 and the portfolio grew to 29 active investments, with five funds having already been fully realised.

As at 31 March 2018, the target rate of annual new fund commitments was £210 million, having increased from £150 million per annum with effect from 1 July 2017. As the portfolio is immature, it is recognised that the 5% target allocation will take several years to achieve. Of the £1,012 million committed, some £488 million has been drawn down and invested by managers. In addition, £170 million has been received back through distributions of sales of investments and income.

As at 31 March 2018 the value of assets currently invested in infrastructure was £466 million. Although the infrastructure portfolio is immature, the since inception performance has improved to an annualised return of 10.2% per year as at 31 March 2018.

Special Opportunities Portfolio

GMPF established the Special Opportunities Portfolio (SOP) in 2009/10 in order to broaden the range of assets in which it invests, to improve diversification and assist with stability, and to take advantage of opportunities as they arise or as market conditions allow.

Four new fund commitments totalling £458 million were made by GMPF in 2017/18, resulting in a portfolio of fifteen active investments. Of the £1,001 million committed/invested to date, some £628 million has been drawn down and invested by managers. In addition, £151 million has been received back through distributions of realisations and income. A number of potential opportunities remain under active consideration.

As at 31 March 2018 the value of the investments within SOP was £543 million. The short lifespan of the portfolio to date does not yet lend itself to the calculation of meaningful performance numbers, but overall positive returns have been generated since the first investment was made in 2009.

"As at 31 March 2018 the value of assets within infrastructure funds was £466 million."

GLIL

An artist's impression of the Aventra train, manufactured by Bombardier in Derby. Ninety of these trains (comprised of 750 vehicles) will provide a significantly enhanced passenger experience on key routes within the South Western network, including the Windsor, Reading and West London lines.

Direct infrastructure

In April 2015, GMPF and the London Pensions Fund Authority formed a joint venture to invest directly in infrastructure assets, with a focus on the UK. The joint venture is structured as a limited liability partnership (LLP) and has been named GLIL Infrastructure LLP (GLIL). As part of the LGPS pooling discussions, West Yorkshire, Merseyside and Lancashire County Council pension funds joined GLIL in December 2016, resulting in total commitments to GLIL of £1.3 billion. GMPF is the largest participant in the venture.

GLIL began investing in October 2015 and has completed six transactions with a total value of almost £680 million. The most recent and largest of these transactions is the £294 million acquisition of a minority stake in Anglian Water Group Limited, which supplies water and wastewater services to more than 6 million customers in the South East of England.

One of GLIL's earliest transactions was the purchase from SSE of a 21.7% stake in Clyde wind farm for £150 million. At the time of investment, Clyde had 152 operational turbines capable of generating 350MW and a further 54, more powerful turbines, under construction. The new turbines became fully commissioned in September 2017 and at this point GLIL invested an additional £30 million and secured an option to invest more in the summer of 2018. Clyde now has a total generation capacity of 522MW, making it one of the largest on-shore windfarms in Europe.

GLIL's remit includes investment in new build (so-called "greenfield") infrastructure projects and alongside our partnership with Iona to construct £130 million of bioenergy plants around the UK, we have also financed two joint ventures for the build and commissioning of more than a thousand new rail vehicles across two rail franchises in the south of England. The latest transaction will see 750 vehicles being built at Bombardier's factory in Derby, supporting valuable UK engineering jobs and providing a large fleet of modern, spacious and efficient trains to enhance journey times and passenger experience on the South Western franchise.

LPP Local Pensions Partnership | Merseyside Pension Fund | West Yorkshire Pension Fund | gmpf

Morgan Quarter, Cardiff.

Property

At 31 March 2018, GMPF's main UK property portfolio comprised 43 directly owned assets (two of which are owned through Joint Ventures and Club Deals) and six indirectly owned specialist holdings. The portfolio was valued at that date at £933 million. In addition to this, two assets had exchanged with completion due in April and September. Therefore, including commitments, the portfolio was valued at £1.069 billion. There is an additional £340 million invested in six UK balanced property pooled vehicles and a further £64 million committed to alternative funds.

In 2017/18, LaSalle Investment Management completed its third year as property investment manager and continued its overhaul of the main UK portfolio through selling smaller underperforming assets as well as acquiring prime, large and dominant assets. In the year, LaSalle acquired three investments totalling just over £230 million. This comprised a retail warehouse park in Watford for £55.5 million, a shopping centre in Cardiff for £54.9 million and a further shopping centre in Norwich for £120 million (which was acquired in partnership with West Yorkshire Pension Fund). LaSalle disposed of 4 assets totalling £18.5 million all of which were secondary retail properties. This year has represented the busiest yet in terms of net transactions for LaSalle and demonstrates its ability to deploy capital. The direct property portfolio is now more in-line with the IPD benchmark with average lot sizes increasing from £6.8 million at appointment in 2014, to £18.5 million as at 31 March 2018. The portfolio remains overweight to the retail sector relative to the benchmark, albeit the quality of this exposure has significantly improved since LaSalle's appointment with the acquisition of a number of large, prime schemes.

In 2017, the aggregate total return for the main property portfolio (which does not include the balanced property pooled vehicles) was 7.2%, underperforming the IPD benchmark of 9.6%, and ranking the portfolio in the 80th percentile. Underperformance was largely due to transactional costs incurred in acquiring the direct properties and the portfolio's underweight allocation to the industrial sector which was by far the best performing sector. The specialist indirect exposure also reduced portfolio returns by producing a return of 4.7%. Relative GMPF performance is shown in the table below. Short and long term performance still remains behind the IPD benchmark, and as such a strategic review in the property investment allocation is currently being undertaken.

TOTAL PROPERTY PERFORMANCE

Period ending 31 December 2017

Duration	GMPF	Benchmark IPD Median
1 year	7.2%	9.6%
3 years	7.1%	8.8%
5 years	9.0%	11.0%
10 years	4.2%	5.8%
20 years	7.7%	8.6%

During 2015, GMPF made its first venture into indirectly owning overseas property, through investments into four funds focusing on investments in North and Western Europe, the U.S. and parts of Asia.

In 2016, investments were made into four further overseas funds operating in the Nordics and Western Europe. This was also the year that GMPF made its first foray into alternative real estate related investments, in the form of a subscriptions into a U.S. real estate debt fund.

In 2017, GMPF made another investment into a U.S. real estate debt fund, as well as its first commitment into an Asia-Pacific fund targeting core properties in the region, but with a greater focus on Japan and Australia.

As at 31 March 2018, over £470 million had been committed (translated as at the subscription date) across 13 funds. However, just over £184 million had been drawn down against these commitments and was at work as at the reporting date.

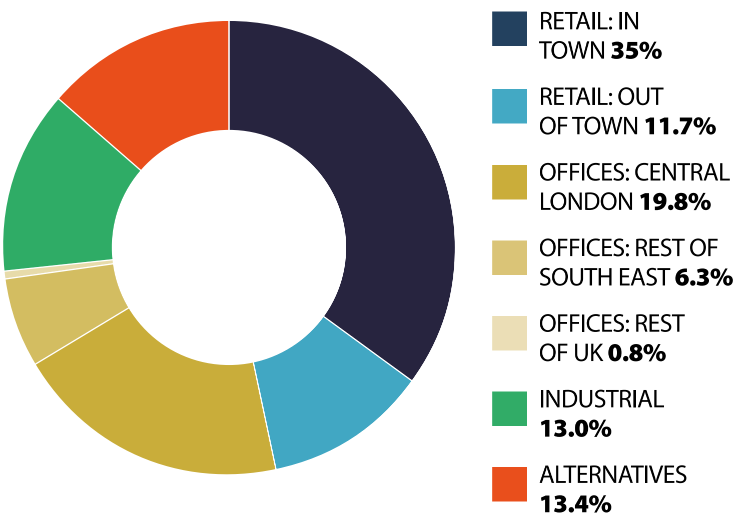
Top right: intu Chapelfield, a fresh, contemporary shopping centre in the heart of East Anglia's vibrant and thriving capital.

Right: Colne Valley Retail park, Watford is let to various tenants including DFS, Oak Furnitureland, Dreams, Carpetright, ScS, Harveys and Natuzzi.

PORTFOLIO RELATIVE TO BENCHMARK

Retail	+8.0%
Office	-0.7%
Industrial	-8.8%
Alternatives	+1.5%

DIRECT PORTFOLIO STRUCTURE (% of capital value) End 2017



Greater Manchester Property Venture Fund (GMPVF)

GMPVF has an allocation of up to £650 million, and creates property investments by a process of site acquisition, building design, direct property development and property letting/management, in order to generate state of the art office, residential, retail and industrial/workshop accommodation.

Since its establishment in 1990, GMPVF has developed more than 1 million square feet of commercial buildings within the Greater Manchester area.

GMPVF has the twin aims of generating a commercial rate of return and supporting the area. GMPVF also seeks to make an environmental impact through regeneration. To date, all completed developments have generated a profit.

The target area for GMPVF is the North West of England with a particular focus on Greater Manchester. GVA, a firm of property consultants with national coverage, is the advisor to GMPVF.

During the year GMPVF acquired a development known as the Soapworks *(pictured on this page)*, being the former Colgate Palmolive factory in Salford, which is adjacent to the Manchester Ship Canal. The building provides a mixture of secure income and development potential. The secure income is from a number of occupiers, including Government bodies and large private sector tenants. The adjacent vacant building is suitable for a number of alternative uses including offices, residential or hotel.

in 2017/18, GMPVF also acquired a large industrial park at Broadfield, Heywood Rochdale. This site is subject to multiple tenancies and will require ongoing asset management to maximise income, retain occupiers and reduce voids.

During the year, GMPVF sold its holding in the Globe Park Industrial Estate, Rochdale. This site was successfully developed by GMPVF in 2002, to provide 38,000sqft of industrial space across 17 units. Since its initial development, the site generated income of £1.4 million.

Following opportunities identified to provide development debt finance, GMPVF has granted two development loan facilities during 2017/18. Urban Splash is utilising a £5 million loan facility to build 72 new family homes at Trinity Way, Salford. These homes are being constructed off site using a modular construction system. Renaker has a £30 million loan facility from GMPVF and is currently building phase 1 of its Deansgate Square development, which will provide 350 apartments at a site adjacent to Castlefield, in Manchester City Centre. The loan funding to Renaker was done in partnership with the Manchester Housing Investment Fund (a £300 million fund made available from the GM Combined Authority).

By offering debt finance, GMPVF is able to generate a commercial rate of return and support a broader range of developments than could be carried out by GMPVF alone. It is expected that further development loans will be agreed in 2018/19.

GMPVF entered into a joint venture with Select Property Group during 2017/18 to jointly develop two apartment buildings at the former BBC site, at Oxford Road, Manchester City Centre. This will provide 683 units, which will be available for rent. The development, known as Circle Square, is currently under construction and due to complete in summer 2021.

GMPVF is a partner with Manchester Airport Group, Maple Oak and Beijing Construction and Engineering Group to develop Airport City on land within the Enterprise Zone adjacent to Manchester Airport. This £800 million project will develop offices, advanced industrial, hotel and logistics accommodation, over the next 10-15 years.

Other sites owned by GMPF, on which development plans are being progressed, include:

- The former Royal Mail Sorting Office, Stockport
- Chorlton Cross Shopping Centre, Manchester
- A 0.38 acre cleared site at Old Haymarket, Liverpool city centre
- An office development in city centre Manchester;
- A 19 acre site known as Preston East located adjacent to Junction 31A of the M6
- An office development in Didsbury, Manchester

GMPVF formed Matrix Homes - a joint venture with Manchester City Council - and has developed an initial phase of 240 family homes across five sites in Manchester. Matrix Homes is seeking to develop a further phase of housing across additional sites proposed by the City Council.

GMPVF is actively pursuing further opportunities for Matrix Homes to progress additional housing development in partnership with other Greater Manchester Authorities.

The aim for the next two to three years is to continue to build a broad portfolio of investment opportunities.

New family homes at Trinity Way, Salford.

Local Investments - *Invest 4 Growth*

The objective of Invest 4 Growth was to make investments that provide a commercial return and also have a beneficial economic, social or environmental impact. These aims followed and implemented the ideas of a significant report, of the same name, authored by the Smith Institute, and commissioned by local authority funds. This is consistent with the twin aims applied successfully over many years to local investment. GMPF approved an allocation of £50 million in the initiative in March 2014.

Invest 4 Growth was a collaborative project with several other LGPS funds, where a number of participating funds pooled resources to carry out due diligence and negotiate investment management fees with external managers. This resource sharing and the economies of scale due to the cumulative total of commitments enabled GMPF and the other Funds to make savings on the investment costs and achieve a diversified portfolio.

During 2017/18, there has been a significant increase in the speed of investment by the underlying managers, which has been partly due to some positive press coverage and increased central Government support for Social Impact Bonds and outcomes based payments contracts, which have had a knock on benefit to the Invest 4 Growth portfolio.

GMPF is the largest participant of Invest 4 Growth initiative and has now fully committed its allocation of £50 million, of which £42 million has been drawn down as at 31 March 2018 and invested by the fund managers. It is too early to judge investment performance, but so far the mangers are making satisfactory progress against the initial objectives.

Local Investments - *Impact Portfolio*

Following on from the Invest 4 Growth initiative, GMPF has approved an allocation of up to £330 million into an Impact Portfolio. This portfolio has the same twin aims of generating a commercial return and delivering a positive local impact. GMPF is seeking to collaborate with other Pension Funds, specifically the Northern Pool members, to develop a diversified portfolio and achieve cost benefits from greater economies of scale.

As at 31 March 2018, total commitments of £247 million have been made into a number of investments, with £100 million cash drawn down. Areas of investment include: the provision of supported living accommodation, renewable energy, loans to small and medium sized businesses and private equity with a focus on impact investing. Alongside these investments, into nationally focused pooled funds, GMPF will seek co-investment opportunities to enhance the impact in the North West and reduce the overall investment management costs.

Top: Shaw Healthcare is one of the UK's leading providers of residential and nursing care for the elderly. It is also one of the ten largest employee owned companies in the UK, with over 3,500 employees. It is backed by Bridges Evergreen Holdings, a new permanent capital vehicle designed to provide patient capital and hands-on support to ambitious mission led businesses.

Left: Single Homeless Prevention Service (SHPS) is a collaboration between a group of organisations with a common goal: to prevent and relieve homelessness for single people in Brent aged 18 and over. The programme has been backed by the Bridges Social Impact Bond Fund - the first dedicated SIB fund anywhere in the world – and the delivery is being led by Crisis and Thames Reach.

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Approach to Ethical Investments and Corporate Governance

GMPF invests in various company shares and bonds, government bonds, property and cash around the world and has an excellent long term investment track record. This helps keep our employer contribution rates at the lower end of the range for local authorities and, in turn, enables the authorities to spend more money on front line services whilst maintaining attractive pensions for staff.

We invest over 50% of GMPF's assets in well diversified portfolios of UK and overseas company shares. Further assets are invested in company bonds. GMPF has holdings in some of the largest companies in the world. You can see a list of GMPF's top twenty holdings on page 13 of this report and a full list of GMPF's holdings can be found on the Investments Homepage of GMPF's website.

We have delegated the investment management of these portfolios of company shares and bonds to a small number of external professional fund management firms. However, we give the investment managers detailed guidelines within which to work.

The cornerstone of our policy on ethical investment is our interpretation of the legal position. In our view, applying ethical, environmental or any other non commercial policy either to investments generally or to selecting fund managers, would be inconsistent with our legal duties and responsibilities. We also have a statutory responsibility to ensure proper diversification of investments. Thus we have a policy of not interfering in the day to day investment decisions of GMPF's investment managers. Moreover, we do not actively invest in or disinvest from companies solely or largely for social, ethical or environmental reasons. This policy is described in Section 9 of GMPF's Investment Strategy Statement.

Although we will listen to special interest groups that oppose some of GMPF's investments, for example in alcohol, gambling or pharmaceuticals, we cannot let this detract from our duty.

Considerations such as these have led us to decide not to have or develop a detailed generalised ethical investment policy. We prefer to concentrate on developing a policy that involves using voting and other contacts to positively influence company behaviour. In our view, simply disinvesting from particular companies is a denial of responsibility. As responsible institutional investors we seek to influence companies' governance arrangements, environmental, human rights and other policies by positive use of shareholder power. An example of GMPF following this stance was our concerted involvement in a campaign to secure improvement in News Corporation's approach to corporate governance arrangements. However, none of this prevents us applying ethical or environmental criteria on a case by case basis if considered relevant and appropriate. For example, for many years we chose not to invest in South Africa. Moreover, the legal status of GMPF is such that all property is held by Tameside MBC and consequently we would not do anything that conflicted with its statutory duties as a Local Authority.

The whole area of voting and exercising influence over the companies one holds shares in is known as corporate governance. GMPF has a well-developed approach to such matters including:

- Implementing its voting policy in partnership with a specialist advisor (currently PIRC Ltd) who provides appropriate research and vote execution services that cover the major markets in which shares with voting rights are held. GMPF votes in line with the recommendations of its advisor, having judged that the advisor's voting guidelines promote high standards of corporate governance and responsibility and enable GMPF to exert a positive influence as shareholders concerned with value and values;
- Having an Investment Monitoring and ESG Working Group whose role is to oversee corporate governance and related matters, including monitoring GMPF's external managers' stewardship behaviour;
- Monitoring developments in corporate governance and the activities of GMPF's managers in this area;
- GMPF is also a member of the Local Authority Pension Fund Forum (LAPFF), which provides a large investor base to influence companies' corporate governance and social responsibility; and the Institutional Investor Group on Climate Change, a forum for pension funds and investment managers; and
- Enhancing and refining its engagement approach by undertaking a carbon footprint assessment. This assessment will identify the key sectors and stocks that are contributing to GMPF's carbon risk and will provide a quantitative assessment of carbon risk at an absolute level and relative to a benchmark. A key benefit of the assessment is that it will assist in identifying opportunities to engage with our fund managers and portfolio companies.

We have considered the possibility of investing in specialist ethical investment funds or vehicles, but our current view is that evidence on the returns of such funds or vehicles is not as clear as it might first appear. For example, the seemingly competitive returns of ethical funds or vehicles could simply be the result of the well known small companies effect and not the result of ethical investing at all. The small companies effect arises because small companies can give above average returns at different times within an economic cycle.

Ethical vehicles tend to invest more in small companies rather than large ones, because large companies are more likely to have dealings in areas that ethical vehicles dislike. For this reason and others, including that such investment would tend to run counter to our overall preference for using shareholder influence, GMPF does not invest in such specialist investment vehicles. However, we do review this periodically.

Approach to Climate Risk

GMPF actively supports the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) and sets out below its approach to managing climate risk within the TCFD's four thematic areas of Governance, Strategy, Risk Management and Metrics and Targets.

GOVERNANCE

Recommended Disclosure (a) Describe the board's oversight of climate-related risks and opportunities.	The Pension Fund Management Panel (the Panel) is responsible for managing climate-related issues, as part of its remit of having responsibility for GMPF's investment strategy. The Investment Monitoring and ESG Working Group, a specialist subcommittee of the Panel, also considers issues relating to climate change. The Panel and Working Group consider climate change issues across GMPF and specifically in areas such as Strategic Asset Allocation, Investment Strategy and Risk Management with the aim of minimising adverse financial impacts and maximising the opportunities for long-term economic returns on our assets. GMPF has committed to undertake annual carbon footprints of the Fund's applicable assets. The results of these are reported to the Panel.
Recommended Disclosure (b) Describe management's role in assessing and managing climate-related risks and opportunities.	Day-to-day management of GMPF's climate change strategy is delegated to the external Fund Managers, who operate under GMPF's policies on ESG. An annual carbon footprinting exercise is used to assess both the risks from climate change, but also areas of opportunity. GMPF employs a specialist advisor, PIRC, to instruct its voting activity on active equity holdings, including on areas such as climate change. GMPF also incorporates Voting Alerts from the Local Authority Pension Fund Forum on climate change within its policy. The Panel are ultimately responsible for these relationships.

STRATEGY

Recommended Disclosure a)

Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.

GMPF considers climate-related issues across multiple timeframes and has strategies to help address these. GMPF identifies climate-related issues through collaboration with organisations such as the Local Authority Pension Fund Forum, the Institutional Investor Group on Climate Change, the Transition Pathway Initiative and the Principles for Responsible Investment. This has led to co-filing and supporting resolutions for action related to climate change and better disclosures of climate-related issues.

Recommended Disclosure b)

Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.

GMPF's ESG policies and considerations, including climate change, are incorporated into the mandates of the external Fund Managers via their respective Investment Management Agreements. External Fund Manager appointments also take ESG considerations into account, and these are monitored on an ongoing basis.

GMPF also makes a number of investments with positive impacts on climate change; these are only made where an acceptable level of financial return is also expected. Climate-related investment opportunities are available in areas such as energy efficiency, choice of energy sources, products and services and new markets. GMPF considers that currently there are relatively limited climate related investment opportunities in the public markets with more opportunities existing in the private markets across private equity, private debt, infrastructure and real assets. This has asset allocation implications due to the illiquidity and complexity of some of these asset classes. Property is a significant asset class allocation and the Fund is aware that buildings are responsible for over one-third of total green-house gas emissions in the UK. For directly-held properties, the Fund works with its property management teams on focus areas such as energy management and owner-occupier relations to reduce these emissions, and indirectly held property managers do likewise.

Within the last two years, GMPF has increased its strategic allocation to infrastructure to 10%, unlocking over £2 billion of assets for this purpose. A key strategy within this allocation is investments in low carbon and renewable energy opportunities.

Recommended Disclosure c)

Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

GMPF has compared several of its portfolios against a 2 degrees benchmark, as part of a collaboration with ShareAction on a European-wide project led by the World Wide Fund for Nature (WWF) using a methodology currently being developed and tested by the Sustainable Energy Investment (SEI) metrics research consortium, led by 2 Degrees Investing Initiative. This pointed out areas of alignment or otherwise with a 2 degrees scenario within GMPF's investments, noting that scenario testing is an inexact science, and is being held back by a lack of disclosure from many companies. The Panel continue to campaign for enhanced company disclosure to address this issue.

RISK MANAGEMENT

Recommended Disclosure a) Describe the organization's processes for identifying and assessing climate-related risks.	GMPF believes that each of the following categories of risks, as outlined by the TCFD, pose a material financial risk, and are thus each a cause for concern: • Market and Technology Shifts (e.g. reduced market demand for higher carbon products) • Reputation (e.g. growing expectations for responsible conduct from stakeholders) • Policy and Legal (e.g. increased input/operating costs for high carbon activities) • Physical Risks (e.g. chronic changes and more frequent and severe extremes of climate) Day-to-day management of GMPF's climate change strategy is delegated to the external Fund Managers, who operate under GMPF's policies on ESG issues. This means that the external Fund Managers take into account any climate-related risks when making their investment decisions. GMPF's carbon footprinting also helps assess climate-related risks, including the identification of companies to engage with.
Recommended Disclosure b) Describe the organization's processes for managing climate-related risks.	A significant pillar of GMPF's efforts to manage climate change risk is through engagement with companies, both through the external Fund Managers and in collaboration with wider industry groups such as the Local Authority Pension Fund Forum, the Institutional Investor Group on Climate Change, the Transition Pathway Initiative and the Principles for Responsible Investment. For example, through collaborative activities, GMPF aims to support 1.5 to 2 degree business model scenarios and participate in: • engagement with companies to improve their approaches to climate change as well as encourage them to report on their actions for future business model scenarios; • influencing policy makers; and • promotion of relevant research projects in areas such as developing standardised carbon intensity measures, and investment initiatives that improve information flow and investment opportunities. GMPF's external Fund Managers will also implement our ESG policies in their management of the portfolios.
Recommended Disclosure c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	As set out above, the external Fund Managers have GMPF's ESG policies incorporated into their Investment Management Agreements. Day-to-day management of climate change strategy is delegated to the external Fund Managers. This means that the external Fund Managers take into account any climate-related risks when making their investment decisions.

METRICS AND TARGETS

Recommended Disclosure a)

Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.

GMPF monitors the voting and engagement of all its external Fund Managers and proxy voting advisor on issues including climate change. GMPF has also undertaken carbon footprinting and measured the CO2 equivalent intensity per million pounds of revenue. The 2 degrees analysis measured the Fund's exposure to fossil fuels in relation to electric power generation, fossil fuel reserves and vehicle production.

Recommended Disclosure b)

Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.

GMPF has considered Scopes 1 and 2 in its analysis as at the time of measurement, Scope 3 data was not considered to be of a sufficiently robust standard to incorporate.

GMPF's carbon footprinting exercise found that as at 31 March 2017, the active equity holdings were 20.3% more efficient than the combined benchmark on the weighted average carbon intensity method, as recommended by TCFD.

Recommended Disclosure c)

Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.

GMPF's long-term goal is for 100% of assets to be compatible with the net zero emissions ambition by c2050 in line with the Paris Agreement.

Voting activity

GMPF's approach to proxy voting is described at Section 10 of the Investment Strategy Statement.

During the year, GMPF delegated the exercising of voting rights attached to its direct holdings to Pensions & Investment Research Consultants Ltd (PIRC). PIRC are an independent corporate governance and shareholder advisory consultancy that advises and provides research to GMPF on governance and other ESG issues. This will mean that GMPF's votes are typically cast in line with PIRC's voting policy. This aligns GMPF's approach with that of its pooling partners, Merseyside Pension Fund and West Yorkshire Pension Fund, enabling a shared voice on corporate governance issues.

With this delegation, GMPF's voting record is now provided online, and can be found at this link.

https://www.gmpf.org.uk/investments/esg.htm

In order to track the performance of various regional equity indices, the appointed external passive securities manager, Legal & General, holds shares in thousands of companies around the world. In the normal course of events, Legal & General typically implements its own Voting Policy for GMPF, but may vote the relevant holding according to GMPF's instructions on a case by case basis should GMPF so require.

More information on Legal & General's voting policy and records can be found at this link **www.lgim.com**

Financial performance report

Key financials

	£m	£m	£m
GMPF value at 31 March 2017			**21,271**
Contributions & benefits			
Employee contributions	140		
Employer contributions	600		
Pension benefits paid		(748)	
Net Transfers	367		
Management costs			
Investment		(25)	
Administration		(6)	
Oversight		(1)	
Investments			
Income	405		
Change in fair value	494		
Total change in value of GMPF			**1,226**
GMPF value at 31 March 2018			**22,497**

The table to the right shows the financial out-turn against the prediction for the year 2017/18 as agreed by the Management Panel at its meeting on 10 March 2017. The main variance is in Transfers due to GMPF taking on board the pension assets and liabilities for subsidiaries of FirstGroup plc from other LGPS Funds. There was also higher than expected pension contributions due to some authorities bringing forward their payment of pensions contributions in order to make efficient use of their cash balances.

	2017/18 prediction £m	2017/18 actual £m	Variance £m
GMPF size at start of year	**21,271**	**21,271**	
GMPF size at end of year	**22,064**	**22,497**	
Pension benefits paid	(690)	(748)	(58)
Contributions received	619	740	121
Transfers	0	367	367
Net cashflow	**(71)**	**359**	**430**
Management costs	**(30)**	**(32)**	**(2)**
Investment income	329	405	76
Increase in value of investments	565	494	(71)
Net return from investments	**894**	**899**	**5**
Net change in value of GMPF	**793**	**1,226**	**433**

The table below shows the financial forecast for period 2018-2021 as approved by GMPF Management Panel in March 2018 and updated for latest available information. Key issues to draw out remain as in previous years:

- The net negative cash-flow from contribution income less benefits paid is offset by investment income meaning that GMPF is not a forced seller of assets;
- These figures are based on long term projected average investment performance and short term volatility may cause significant variations to the figures in this forecast.

	2018/19 £m	2019/20 £m	2020/21 £m
GMPF size at start of year	**22,497**	**23,428**	**24,362**
GMPF size at end of year	**23,428**	**24,362**	**25,296**
Pension benefits paid	(816)	(861)	(910)
Contributions received	609	609	609
Transfers	0	0	0
Net cashflow	**(207)**	**(252)**	**(301)**
Management costs	(32)	(32)	(32)
Investment income	426	448	472
Increase in value of investments	744	770	795
Net return from investments	**1,170**	**1,218**	**1,267**
Net change in value of GMPF	**931**	**934**	**934**

Continued...

Expenditure monitoring statement for the 12 months to 31 March 2018

	12 months to March 2018		
	❶ Original estimate 2017/18 £000	❷ Actual expenditure 2017/18 £000	❸ (❷ - ❶) Variation £000
Type of expenditure			
Staff costs			
Staff costs	6,314	5,535	(779)
Indirect on costs	100	77	(23)
	6,414	**5,612**	**(802)**
Direct costs			
Publications & subscriptions	102	105	3
Travel and subsistence	106	83	(23)
Premises	1,110	1,153	43
Postage, printing, telephone	204	163	(41)
Office equipment & software	1,038	1,287	249
Investment advisory expenses	65	64	(1)
Bank charges and nominee fees	414	392	(22)
Investment management fees	18,261	17,090	(1,171)
Actuary and professional fees	1,802	870	(932)
Performance measurement services	128	91	(37)
Communications	285	248	(37)
	23,515	**21,546**	**(1,969)**
Central establishment charges	395	395	0
Less:			
Recovery of management and legal fees	(696)	(925)	(229)
Administration fees	(20)	(47)	(27)
Commission recapture	(100)	(46)	54
	29,508	**26,535**	**(2,973)**

Continued...

Commentary on outturn for the year

During the year the expenditure on administration and investments was less than budgeted. The main variances were:

- Expenditure on Investment management fees was less than predicted due to implementation of changes in strategy and fee reductions following negotiations.
- Expenditure on Actuary & Professional Fees was lower than expected due to more efficient implementation of pooling arrangements.
- Staffing costs were less than predicted due to implementation of changes in management structure.

The Fund account splits out expenditure into three activities in note 8 - these are investment, administration, and oversight and governance functions as required and defined by accounting standards. During the year monitoring of management expenditure is made on an overall basis and at service management level which may cut across these functions. It should be noted that the figure in the accounts of £32m includes investment transaction costs which are not controlled internally or monitored in the same way.

Three year budgeted expenditure

Due to the onset of pooling anticipated during the 3 year period 2017-2020 and a desire to review budgets on a zero based basis, the Management Panel has not approved a 3 year expenditure budget. The Panel has assumed constant expenditure on administration, investment management and oversight for the period 2018-2021 in the Medium Term Financial Plan. This will be subject to review when there is more visibility on future arrangements.

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STATEMENT OF ACCOUNTS

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TAMESIDE METROPOLITAN BOROUGH COUNCIL ON THE CONSISTENCY OF THE FINANCIAL STATEMENTS OF THE GREATER MANCHESTER PENSION FUND INCLUDED IN THE PENSION FUND ANNUAL REPORT.

Opinion

The financial statements of the Greater Manchester Pension Fund (the "pension fund") for the year ended 31 March 2018 which comprise the Fund Account, the Net assets statement and Notes to the Greater Manchester Pension Fund, including the Accounting Policies, are derived from the audited financial statements of the Greater Manchester Pension Fund for the year ended 31 March 2018 included in Tameside Metropolitan Borough Council's Statement of Accounts (the "Statement of Accounts").

In our opinion, the accompanying financial statements are consistent, in all material respects, with the audited financial statements in accordance with proper practices as defined in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2017/18 and applicable law.

Pension Fund Annual Report - Pension fund financial statements

The Pension Fund Annual Report and the pension fund financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the Statement of Accounts. Reading the pension fund financial statements and the auditor's report thereon is not a substitute for reading the audited Statement of Accounts and the auditor's report thereon.

Who we are reporting to

This report is made solely to the members of Tameside Metropolitan Borough Council (the 'Administering Authority'), as a body, in accordance with Part 5 paragraph 20(5) of the Local Audit and Accountability Act 2014 and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our work has been undertaken so that we might state to the members of the Administering Authority those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Administering Authority and the Administering Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

The audited financial statements and our Report thereon

We expressed an unmodified audit opinion on the financial statements of the Greater Manchester Pension Fund in the Statement of Accounts in our report dated xx July 2018.

Director of Finance (Section 151 Officer) responsibilities for the pension fund financial statements in the Pension Fund Annual Report

Under the Local Government Pension Scheme Regulations 2013 the Chief Financial Officer of the Administering Authority is responsible for the preparation of the pension fund financial statements, which must include the Fund Account, the Net Asset Statement and supporting notes and disclosures prepared in accordance with proper practices. Proper practices for the pension fund financial statements in both the Statement of Accounts and the Pension Fund Annual Report are set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2017/18.

Auditor's responsibility

Our responsibility is to express an opinion on whether the pension fund financial statements in the Pension Fund Annual Report are consistent, in all material respects, with the audited pension fund financial statements in the Statement of Accounts based on our procedures, which were conducted in accordance with International Standard on Auditing 810 (Revised), Engagements to Report on Summary Financial Statements.

Mike Thomas

Mike Thomas
for and on behalf of Grant Thornton UK LLP, Appointed Auditor

4 Hardman Square,
Spinningfields,
Manchester,
M3 3EB
xx July 2018

Fund account for the year ended 31 March 2018

31 March 2017 £000		Note	31 March 2018 £000
	Contributions and benefits		
(139,424)	Contributions from employees	5	(140,493)
(473,366)	Contributions from employers	5	(599,601)
(612,790)			(740,094)
(6,078)	Transfers in (bulk)	5a	(392,049)
(19,432)	Transfers in (individual)		(23,882)
(638,300)			**(1,156,025)**
725,550	Benefits payable	6	748,081
44,745	Payments to and on account of leavers	7	49,369
30,305	Management expenses	8	32,191
800,600			**829,641**
	Returns on investments		
(364,468)	Investment income	9	(412,092)
(84)	Investment returns by proxy	9a	0
(3,743,741)	Increase in fair value of investments	11	(494,206)
3,914	Taxation	10	3,964
(4,358)	(Profit)/loss on foreign currency		3,233
(4,108,737)	**Net (profit)/loss on investments**		**(899,101)**
(3,946,437)	Net increase in the Fund during the year		(1,225,485)
(17,324,623)	Net assets of the Fund at start of year		(21,271,060)
(21,271,060)	**Net assets of the Fund at end of year**		**(22,496,545)**

Net Assets Statement at 31 March 2018

31 March 2017 £000		Note	31 March 2018 £000
3,526,582	UK equities		3,478,118
4,974,026	Overseas equities		3,273,124
1,517,437	Bonds	11	1,325,276
127,002	UK index linked government bonds		157,505
387,035	Overseas index linked government bonds		335,354
552,470	Investment property	11	755,145
121	Derivative contracts	11	7,137
9,192,482	Pooled investment vehicles	11	12,491,416
868,391	Cash and deposits	11	587,141
118,567	Other investment assets	11	107,512
21,264,113	**Investment assets**		**22,517,728**
0	Derivative contract liabilities	11	(793)
(18,967)	Other investment liabilities	11	(42,462)
(18,967)	**Investment liabilities**		**(43,255)**
44,313	Current assets	11	45,689
(18,399)	Current liabilities	11	(23,617)
25,914	Net current assets		**22,072**
21,271,060	**Net assets of Fund**		**22,496,545**

1. Notes to the Accounts

From 1 April 2010 GMPF was required to prepare its financial statements under International Financial Reporting Standards (IFRS). The financial statements have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 based on IFRS, published by the Chartered Institute of Public Finance and Accountancy (CIPFA). This requires that GMPF accounts should be prepared in accordance with International Accounting Standard (IAS) 26, except where interpretations or adaptations to fit the public sector are detailed in the Code. The financial statements summarise the transactions of GMPF and deal with net assets at the disposal of the Management Panel. They do not take account of obligations to pay pensions and benefits which fall due after the end of the GMPF financial year. Under IFRS, GMPF is required to disclose the actuarial present value of promised retirement benefits. This is disclosed as a separate note (Note 25). The full actuarial position of GMPF which does take account of pension and benefit obligations falling due after the year end is outlined in Note 22. These financial statements should be read in conjunction with that information.

2. Accounting Policies

Basis of preparation: The accounts have been prepared on an accruals basis. That is, income and expenditure is recognised as it is earned or incurred including contributions receivable and pension benefits payable. Individual transfer values are recognised on a received or paid basis.

Financial assets and liabilities: On initial recognition, GMPF is required to classify financial assets and liabilities into held to maturity investments, available for sale financial assets, held for trading, designated at fair value through the Fund account, or loans and receivables. Financial assets may be designated as at fair value through the Fund account only if such designation (a) eliminates or significantly reduces a measurement or recognition of inconsistency, or (b) applies to a group of financial assets, financial liabilities or both that GMPF manages and evaluates on a fair value basis, or (c) relates to an instrument that contains an embedded derivative which is not evidently closely related to the host contract.

Contribution income: Normal contributions, both from the members and from the employer, are accounted for on an accruals basis at the percentage rate recommended by the fund actuary in the payroll period to which they relate. Employer deficit funding contributions are accounted for on the due dates on which they are payable under the schedule of contributions set by the scheme actuary or on receipt if earlier than the due date.

Employers' augmentation contributions and pensions strain contributions are accounted for in the period in which the liability arises. Any amount due in year but unpaid will be classed as a current financial asset. Amounts not due until future years are classed as long-term financial assets

Additional Voluntary Contributions (AVC): GMPF provides an AVC scheme for its contributors, the assets of which are invested separately from GMPF. These AVC sums are not included in GMPF's financial statements because GMPF has no involvement in the management of these assets. Members participating in this arrangement each receive an annual statement confirming the amount held in their account and the movements in the year. Further details are provided in Note 24.

Additional Voluntary Contributions Income: Where a member is able and chooses to use their AVC fund to buy scheme benefits, this is treated on a cash basis and is categorised within Transfers In.

Investment Income: Interest, property rent and dividends on fixed interest and equity investments and on short-term deposits has been accounted for on an accruals basis.

Accrued Investment Income: Accrued investment income has been categorised within investments in accordance with the appropriate Pensions Statement of Recommended Practice (SORP).

Foreign Income: Foreign income is translated into sterling at the rate applicable at the date of conversion. Income due at the year-end is translated at the rate applicable at 31 March 2018.

Foreign Investments: Foreign investments are translated at the exchange rate applicable at 31 March 2018. Any gains or losses arising on translation of investments into sterling are accounted for as a change in market value of investment.

Rental income: Rental income from operating leases on investment properties owned by GMPF is recognised on a straight line basis over the term of the lease. Any lease incentives granted are recognised as an integral part of the total rental income over the term of the lease. Contingent rents are only recognised when contractually due.

Benefits: Benefits includes all benefit claims payable by GMPF during the financial year.

Investment Values: All financial assets are valued at their fair value as at 31 March 2018 determined as follows:

At 31 March 2018	Valuation basis/technique	Main assumptions
Equities and bonds	Pricing from market data providers based on observable bid price quotations.	Use of pricing source. There are minor variations in the price dependent upon the pricing feed used.
Direct investment property	Independent valuations for freehold and leasehold investment properties at fair value; the main investment property portfolio has been valued by Colliers International Valuation UK LLP, Chartered Surveyors, as at 31 December 2017 subsequently adjusted for transactions undertaken between 1 January 2018 and 31 March 2018. The Greater Manchester Property Venture Fund portfolio has been valued as at 31 March 2018 by GVA. In both cases valuations have been in accordance with Royal Institute of Chartered Surveyors (RICS) Red Book which takes into account unobservable pricing inputs such as existing lease terms, independent market research, the nature of tenancies and tenant covenant strength, void levels, estimated rental growth and the discount rate.	Investment properties have been valued on the basis of open market value (the estimated amounts for which a property should exchange between a willing buyer and seller) and market rent (the expected benefits from holding the asset) in accordance with the RICS Appraisal and Valuation Manual. The values are estimates and may not reflect the actual values. Changes in rental growth void levels or the discount rate used will impact on valuations. General changes in property market prices could also affect valuations.
Indirect property (part of Pooled Investment Vehicles)	Independent valuations for freehold and leasehold properties less any debt within the individual property fund plus/minus other net assets.	Freehold and leasehold properties valued on an open market basis. Valuation carried out in accordance with the principles laid down by the RICS Appraisal and Valuation Manual and independent audit review of the net assets within the individual property fund. It is recognised that valuations could be affected by events occurring between the date of financial data provided by fund managers and GMPF's own financial reporting date, and also by post audit changes in the information provided by the fund managers. Changes to expected cash flows can also impact on the accuracy of valuations.

At 31 March 2018	Valuation basis/technique	Main assumptions
Derivatives	Derivative contracts are valued at fair value. Futures contracts' fair value is determined using exchange prices at the reporting date. The fair value is the unrealised profit or loss at the current bid market quoted price. The amounts included in change in market value are the realised gains and losses on closed futures contracts and the unrealised gains and losses on open futures contracts. The fair value of the forward currency contracts is based on market forward exchange rates at the year-end date and determined as the gain or loss that would arise if the outstanding contract was matched at the year end with an equal and opposite contract.	
Private equity, infrastructure and special opportunities portfolios	The funds are valued either in accordance with Accounting Standards Codification 820 or with International Financial Reporting Standards (IFRS). The valuation basis, determined by the relevant Fund Manager, may be any of quoted market prices, broker or dealer quotations, transaction price, third party transaction price, industry multiples and public comparables, transactions in similar instruments, discounted cash flow techniques, third party independent appraisals or pricing models.	In reaching the determination of fair value, the investment managers consider many factors including changes in interest rates and credit spreads, the operating cash flows and financial performance of the investments relative to budgets, trends within sectors and/or regions, underlying business models, expected exit timing and strategy and any specific rights or terms associated with the investment, such as conversion features and liquidation preferences. The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expense. The estimates and assumptions are reviewed on an on-going basis. It is recognised that valuations could be affected by events occurring between the date of financial data provided by fund managers and GMPF's own financial reporting date, and also by post audit changes in the information provided by the fund managers. Changes to expected cash flows can also impact on the accuracy of valuations.
Cash and other net assets	Value of deposit or value of transaction	Cash and account balances are short-term, highly liquid and subject to minimal changes in value.

Financial instruments at fair value through the fund account: Financial assets and liabilities are stated at fair value as per the Net Assets Statement which is prepared in accordance with the Pensions SORP, requiring assets and liabilities to be reported on a fair value basis. Gains and losses on financial instruments that are designated as at fair value through the Fund account are recognised in the Fund account as they arise. The carrying values are therefore the same as fair values.

Loans and receivables: Non-derivative financial assets which have fixed or determinable payments and are not quoted in an active market are classified as loans and receivables.

Cash and cash equivalents: Cash comprises of cash in hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to minimal risk of changes in values.

Acquisition costs of investments: Acquisition costs of non-equity investments are included in the purchase price.

Management Expenses: Investment management expenses paid directly by GMPF are included within Management Expenses within the Fund account on page 44. These costs together with other management costs are met from within the employer contribution rate. Certain of GMPF's external securities managers have contracts which include performance fees in addition to the annual management fees. The performance fees are based upon one off, non-rolling, 3 yearly calculations. It is GMPF policy to accrue for any performance fees which are considered to be potentially payable.

In addition certain investments in pooled vehicles, predominantly in private markets, alternatives and property have investment costs deducted directly by the investment managers. These costs are not charged directly to the Fund account nor analysed in Note 8. They are included in the fair value adjustments applied to assets concerned within the Fund account and corresponding notes. The performance of these investments is reported on a net basis. In line with CIPFA recommendations on improving disclosure of investment costs, Note 11a includes an estimate of these costs for this financial year and previous financial year.

Administration Expenses are included within Management Expenses within the Fund account. These costs are accounted for on an accruals basis. The costs of administration are met by employers through their employer contribution rate. All staff costs of the administering authority's pension service are charged direct to GMPF.

Net (Profit)/Loss on Foreign Currency: Net (profit)/loss on foreign currency comprises the change in value of short-term deposits due to exchange rate movements during the year.

Actuarial present value of promised retirement benefits: The actuarial present value of promised retirement benefits is assessed on an annual basis by the Actuary in accordance with the requirements of IAS19 and relevant actuarial standards. As permitted under IAS26, GMPF has opted to disclose the actuarial present value of promised retirement benefits by way of a note to the Net Asset Statement (see Note 25).

Derivatives: GMPF uses derivative financial instruments to manage its exposure to specific risks arising from its investment activities. GMPF does not hold derivatives for speculative purposes.

Derivative contract assets are fair valued at bid prices and liabilities are fair valued at offer prices. Changes in fair value of derivative contracts are included in change in fair value.

Future contracts are exchange traded and fair value is determined using exchange prices at their reporting date. Amounts due or owed to the broker are amounts outstanding in respect of initial margin and variation margin.

Forward foreign exchange contracts are over the counter contracts and are valued by determining the gain or loss that would arise from closing out the contract at the reporting date, by entering into an equal and opposite contract at that date.

Transfers: Transfer values represent amounts received and paid during the period for individual members who have either joined or left GMPF during the financial year and are calculated in accordance with Local Government Pension Scheme Regulations.

Individual transfers in/out are accounted for when received/paid, which is normally when the member liability is accepted or discharged. This reflects when liabilities are transferred and received. Transfers in from members wishing to use the proceeds of their additional voluntary contributions to purchase scheme benefits are accounted for on a receipts basis and are included in transfers in. Bulk (group) transfers are accounted for on an accruals basis.

Taxation: GMPF is a registered public service scheme under section 1(1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin, unless exemption is permitted. Irrecoverable tax is accounted for as a fund expense as it arises.

2a. Critical judgements in applying accounting policies

In applying the policies, GMPF has had to make certain judgements about complex transactions, or those involving uncertainty. Those with most significant effect are:

- GMPF will continue in operational existence for the foreseeable future as a going concern
- No investments are impaired (further detail on the investment strategy and approach to managing risk can be found in Note 4)

Any judgements made in relation to specific assets and liabilities, in addition to information stated in the relevant notes, can also be found in Note 2: Accounting Policies.

Compliance with IFRS requires the assumptions and uncertainties contained within figures in the accounts and the use of estimates to be explained. GMPF accounts contain estimated figures, taking into account historical experience, current trends and other relevant factors, as detailed below:

Unquoted equity, infrastructure and special opportunities investments

Unquoted equities are valued by the investment managers in accordance with Accounting Standards Codification 820 or with International Financial Reporting Standards (IFRS). The value of unquoted equities, infrastructure and special opportunities held via investment in specialist pooled investment vehicles at 31 March 2018 was £1,564,827,000 (£1,246,146,000 at 31 March 2017).

Pension fund liability

The present value of GMPF's liabilities is calculated every three years by an appointed actuary. For the purpose of reporting the actuarial present value of promised retirement benefits, this liability value is updated annually in intervening years by the Actuary. The methodology used is in line with accepted guidelines and in accordance with IAS 19. Assumptions underpinning the valuations are agreed with the Actuary and are summarised in Note 25. This estimate is subject to significant variances based on change to the underlying assumptions.

3. Classification of Financial Instruments

Accounting policies describe how different asset classes of financial instruments are measured and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the carrying amounts of financial assets and liabilities by category and net assets statement heading. No financial assets were reclassified during the accounting period.

	At 31 March 2018		
	Designated as fair value through profit and loss £000	**Loans and receivables £000**	**Financial liabilities at amortised cost £000**
Financial assets:			
Equities	6,751,242	0	0
Bonds	1,325,276	0	0
Index linked	492,859	0	0
Derivatives	7,137	0	0
Pooled investment vehicles	12,491,416	0	0
Cash	0	587,141	0
Other investment assets	0	107,512	0
Current assets	0	45,689	0
	21,067,930	**740,342**	**0**
Financial liabilities:			
Derivatives	(793)	0	0
Other investment liabilities	0	0	(42,462)
Current liabilities	0	0	(23,617)
	(793)	**0**	**(66,079)**
Total	**21,067,137**	**740,342**	**(66,079)**

Note: the above tables do not include investment property.

	At 31 March 2017		
	Designated as fair value through profit and loss £000	**Loans and receivables £000**	**Financial liabilities at amortised cost £000**
Financial assets:			
Equities	8,500,608	0	0
Bonds	1,517,437	0	0
Index linked	514,037	0	0
Derivatives	121	0	0
Pooled investment vehicles	9,192,482	0	0
Cash	0	868,391	0
Other investment assets	0	118,567	0
Current assets	0	44,313	0
	19,724,685	**1,031,271**	**0**
Financial liabilities:			
Derivatives	0	0	0
Other investment liabilities	0	0	(19,030)
Current liabilities	0	0	(18,336)
	0	**0**	**(37,366)**
Total	**19,724,685**	**1,031,271**	**(37,366)**

Note: the above tables do not include investment property.

Net Gains and Losses on Financial Instruments

All gains and losses on financial instruments were at fair value through the Fund account. The net profit for the year ending 31 March 2018 was £471,118,000 (£3,746,606,000 net loss as at 31 March 2017).

3a. Valuation of assets carried at fair value

The table below provides an analysis of the assets and liabilities of GMPF that are carried at fair value in the GMPF Net Asset Statement grouped into levels 1 to 3 based on the degree to which fair value is observable. Further details of the values shown can be found in Note 11.

	At 31 March 2018			
	Level 1 £000	**Level 2 £000**	**Level 3 £000**	**Total £000**
Financial assets:				
Equities	6,751,242	0	0	6,751,242
Fixed interest	0	1,325,276	0	1,325,276
Index linked	0	492,859	0	492,859
Derivatives	0	6,344	0	6,344
Pooled investment vehicles	0	9,553,574	2,937,842	12,491,416
Non financial assets (at fair value through profit & loss):				
Directly held investment property	0	0	755,145	755,145
Total	**6,751,242**	**11,378,053**	**3,692,987**	**21,822,282**

	At 31 March 2017			
	Level 1 £000	**Level 2 £000**	**Level 3 £000**	**Total £000**
Financial assets:				
Equities	8,500,608	0	0	8,500,608
Fixed interest	0	1,517,437	0	1,517,437
Index linked	0	514,037	0	514,037
Derivatives	0	121	0	121
Pooled investment vehicles	0	7,052,479	2,140,003	9,192,482
Non financial assets (at fair value through profit & loss):				
Directly held investment property	0	0	552,470	552,470
Total	**8,500,608**	**9,084,074**	**2,692,473**	**20,277,155**

The valuation of assets has been classified into three levels according to the quality and reliability of information used to determine the fair values.

Level 1

Inputs to Level 1 are quoted prices on the asset being valued in an active market where there is sufficient transaction activity to allow pricing information to be provided on an ongoing basis. Financial instruments classified as Level 1 predominantly comprise actively traded shares.

Level 2

Level 2 prices are those other than Level 1 that are observable e.g. composite prices for fixed income instruments and fund net asset value prices. This is considered to be the most common level for all asset classes other than equities.

Level 3

Level 3 prices are those where at least one input, which could have a significant effect on the instrument's valuation, is not based on observable market data. Such instruments would include the GMPF private equity and infrastructure investments which are valued using various valuation techniques that require significant management judgement in determining appropriate assumptions, including earnings multiples, public market comparables and estimated future cash flows.

The valuation techniques used by GMPF are detailed in Note 2.

A reconciliation of fair value measurements in Level 3 is set out below:

31 March 2017 £000		31 March 2018 £000
2,162,233	Opening balance	2,692,473
660,238	Acquisitions	1,092,756
(334,588)	Disposal proceeds/return of capital	(223,837)
0	Transfer in of level 3	0
	Total gains/losses included in the Fund account:	
56,131	- on assets sold	38,871
148,459	- on assets held at year end	92,724
2,692,473	**Closing balance**	**3,692,987**

GMPF has cash, other investment assets and liabilities. No valuation technique is required in relation to these investments and therefore assignment to a level is not applicable.

4. Financial risk management

The Management Panel of GMPF recognises that risk is inherent in any investment activity. GMPF has an active risk management programme in place and the measures which it uses to control key risks are set out in its Funding Strategy Statement (FSS).

The FSS is prepared in collaboration with GMPF's Actuary, Hymans Robertson LLP, and after consultation with GMPF's employers and investment advisors.

The FSS is reviewed in detail every 3 years in line with triennial valuations being carried out. A full review was completed by 31 March 2017.

GMPF's approach to risk measurement and its management is set out in its Investment Strategy Statement (ISS). The overall approach is to reduce risk to a minimum where it is possible to do so without compromising returns (e.g. in operational matters), and to limit risk to prudently acceptable levels otherwise (e.g. in investment matters).

The means by which GMPF minimises operational risk and constrains investment risk is set out in further detail in its ISS (available at www.gmpf.org.uk).

Some risks lend themselves to being measured (e.g. using such concepts as 'Active Risk' and such techniques as 'Asset Liability Modelling') and where this is the case, GMPF employs the relevant approach to measurement. GMPF reviews new approaches to measurement as these continue to be developed.

GMPF's exposures to risks and its objectives, policies and processes for managing and measuring the risks have not changed throughout the course of the year.

Market risk

Market risk is the level of volatility in returns on investments caused by changes in market expectations, interest rates, credit spreads, foreign exchange rates and other factors.

This is calculated as the standard deviation of predicted outcomes. GMPF is exposed to market risk through its portfolio being invested in a variety of asset classes.

GMPF seeks to limit its exposure to market risk by diversifying its portfolio as explained within its ISS and by restricting the freedom of its fund managers to deviate from benchmark allocations. The asset allocation has been made with regard to the balance between expected returns and expected volatility of asset classes and using advice from GMPF's investment advisor, Hymans Robertson LLP.

The table below shows the expected market risk exposure or predicted volatilities of GMPF's investments:

	Potential market movements (+/-)	
Asset type	**31 March 2017* p.a.**	**31 March 2018 p.a.**
UK equities	15.8%	16.8%
Overseas equities	18.4%	17.9%
Fixed interest - gilts	9.5%	9.5%
Index linked gilts	7.1%	7.2%
Corporate bonds	10.1%	10.2%
High yield debt	7.0%	6.7%
Investment property	14.2%	14.3%
Private equity	28.5%	28.3%
Infrastructure	15.9%	15.8%
Cash and other liquid funds	0.0%	0.5%
GMPF	11.6%	10.6%

** Restated due to change in investment classification by GMPF investment consultants, Hymans Robertson LLP. This does not change the overall GMPF volatility.*

The volatilities for each asset class and correlations used to create the total GMPF volatility have been estimated using standard deviations of 5,000 simulated one-year total returns using Hymans Robertson Asset Model, the economic scenario generator maintained by Hymans Robertson LLP.

The overall GMPF volatility has been calculated based on GMPF's target asset split as at 31 March 2017 and 2018. The calibration of the model is based on a combination of historical data, economic theory and expert opinion.

If the market price of GMPF's investments increases or decreases over a period of a year in line with the data within the table above, the change in the market value of the net assets available to pay benefits as at 31 March 2017 and 2018 would have been as shown in the tables overleaf.

Asset type	31 March 2018 £000	% Change p.a.	Value on increase £000	Value on decrease £000
UK equities	4,086,596	16.8%	4,773,144	3,400,048
Overseas equities	8,453,975	17.9%	9,967,237	6,940,713
Fixed interest bonds	1,673,834	9.5%	1,832,848	1,514,820
Index linked bonds	1,080,454	7.2%	1,158,247	1,002,661
Corporate bonds	1,320,887	10.2%	1,455,617	1,186,157
High yield debt	1,117,960	6.7%	1,192,863	1,043,057
Investment property	1,659,869	14.3%	1,897,230	1,422,508
Private equity	1,566,741	28.3%	2,010,129	1,123,353
Infrastructure	466,377	15.8%	540,065	392,689
Cash and other liquid funds	1,090,242	0.5%	1,095,693	1,084,791
GMPF	**22,516,935**	**10.6%**	**24,903,730**	**20,130,140**

Note: the above table does not include investment liabilities and net current assets.

Asset type	31 March 2017* £000	% Change p.a.	Value on increase £000	Value on decrease £000
UK equities	4,621,469	15.8%	5,351,661	3,891,277
Overseas equities	9,072,779	18.4%	10,742,170	7,403,387
Fixed interest bonds	1,276,527	9.5%	1,397,787	1,155,257
Index linked bonds	910,170	7.1%	974,752	845,548
Corporate bonds	1,301,919	10.1%	1,433,413	1,170,425
High yield debt	0	7.0%	0	0
Investment property	1,274,359	14.2%	1,455,318	1,093,400
Private equity	929,973	28.5%	1,195,016	664,931
Infrastructure	488,140	15.9%	565,754	410,526
Cash and other liquid funds	1,388,777	0.0%	1,388,777	1,388,777
GMPF	**21,264,113**	**11.6%**	**23,730,749**	**18,797,475**

Note: the above table does not include investment liabilities and net current assets.

** Restated due to change in investment classification by GMPF investment consultants, Hymans Robertson LLP. This does not change the overall GMPF volatility.*

Interest rate risk

GMPF invests in financial assets for the primary purpose of obtaining a return on investments whilst recognising that there is a risk that returns will not be as expected. Changes in the level of interest rates will contribute to the volatility of returns in all asset classes. The table in the section on market risk shows the expected volatility over one year for GMPF's investment portfolio. One area directly affected by interest rate changes is the level of income expected from floating rate cash instruments. As at 31 March 2018, GMPF had £360,925,000 (2016/17 £372,277,000) invested in this asset via pooled investment vehicles. Therefore, a 1% change in interest rates will increase or reduce GMPF's return by £3,609,000 (2016/17 £3,723,000) on an annualised basis.

Currency risk

GMPF invests in financial assets for the primary purpose of obtaining a return on investments whilst recognising that there is a risk that returns will not be as expected. Changes in the level of foreign exchange rates will contribute to the overall volatility of overseas assets. GMPF's approach is to consider these risks in a holistic nature. The table in the section on market risk shows the expected volatility over one year for GMPF's investment portfolio including overseas assets which are separately identified.

Credit risk

Credit risk represents the risk that the counterparty to a transaction or a financial instrument will fail to discharge an obligation and cause GMPF to incur a financial loss. The market values of investments generally reflect an assessment of credit risk in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of GMPF's financial assets and liabilities. The volatility of credit risk is encapsulated within the overall volatility of assets detailed in the table showing market risk.

In essence, GMPF's entire investment portfolio is exposed to some form of credit risk. However, the selection of high quality counterparties, brokers and financial institutions minimises the credit risk that may occur through the failure to settle a transaction in a timely manner.

Contractual credit risk is represented by the net payment or receipt that remains outstanding, and the cost of replacing the derivative positions in the event of counterparty default. The residual risk is minimal due to the various insurance policies held by the exchanges to cover defaulting counterparties.

Deposits are not made with banks and financial institutions unless they are rated independently and meet Tameside MBC's (TMBC), as administering authority, credit criteria. TMBC has also set limits as to the maximum percentage of the deposits placed with any one class of financial institution. In addition, TMBC invests an agreed percentage of its funds in the money markets to provide diversification. Money market funds chosen all had a "AAA" rating from a leading ratings agency.

TMBC believes it has managed its exposure to credit risk, and has had no experience of default or uncollectable deposits. GMPF's cash holding under its Treasury Management arrangements at 31 March 2018 was £484,072,000 (31 March 2017 £845,372,000). This was held with the following institutions:

Summary	**Rating**	**Balance at 31 March 2017 £000**	**Balance at 31 March 2018 £000**
Money market funds			
Fidelity	AAA	20,500	1,800
Aberdeen Assets	AAA	50,000	0
Blackrock Government	AAA	20,000	0
Blackrock	AAA	50,000	0
Insight	AAA	40,800	9,100
J.P. Morgan	AAA	50,000	0
HSBC	AAA	29,240	0
SSGA	AAA	50,000	0
Goldmans	AAA	32,880	0
IGNIS	AAA	50,000	75,000
D B Advisors	AAA	50,000	0
Prime Rate	AAA	50,000	0
Morgan Stanley	AAA	45,930	75,000
Legal & General	AAA	50,000	0
Invesco	AAA	50,000	0

Summary	Rating	Balance at 31 March 2017 £000	Balance at 31 March 2018 £000
Banks			
Heleba	A+	25,000	10,000
CIBC	AA-	25,000	0
Barclays	A	50,000	50,000
Commonwealth Bank of Australia	AA-	0	10,000
RBS	BBB+	16,022	6,672
Local authorities & public bodies			
Salford Council	N/A	0	5,000
Cambridgeshire County Council	N/A	10,000	10,000
Telford & Wrekin Council	N/A	10,000	3,500
Medway Council	N/A	0	10,000
Surrey Heath Borough Council	N/A	0	15,000
Eastleigh Council	N/A	0	18,000
West Dunbartonshire Council	N/A	10,000	10,000
Highland Council	N/A	0	5,000
London Borough Hackney	N/A	15,000	0
Birmingham City Council	N/A	25,000	0
London Borough of Enfield	N/A	0	10,000
North Tyneside Council	N/A	0	5,000
Gloucester City Council	N/A	0	5,000
Fife Council	N/A	0	5,000
GM Combined Authority	N/A	0	75,000
Northamptonshire Council	N/A	0	18,000
Stockport Council	N/A	0	27,000
North Ayrshire Council	N/A	5,000	0
Leeds City Council	N/A	15,000	25,000
Totals		**845,372**	**484,072**

Liquidity risk

Liquidity risk represents the risk that GMPF will not be able to meet its financial obligations as they fall due. TMBC therefore take steps to ensure that GMPF has adequate cash resources to meet its commitments. This will particularly be the case for cash from the liability matching mandates from the main investment strategy to meet the pensioner payroll cost; and also cash to meet investment commitments.

TMBC has immediate access to the GMPF cash holdings, with the exception of investments placed with other local authorities – where periods are fixed when the deposit is placed.

GMPF had in excess of £484 million cash balances at 31 March 2018.

All financial liabilities at 31 March 2018 are due within one year.

The majority of GMPF assets are liquid - their value could be realised within one week. The table below shows GMPF investments in liquidity terms:

31 March 2017 £000	Liquidity terms	31 March 2018 £000
18,381,640	Assets realisable within 7 days	18,527,448
55,000	Assets realisable in 8 - 30 days	165,000
35,000	Assets realisable in 31- 90 days	28,500
2,792,473	Assets taking more than 90 days to realise	3,795,987
21,264,113	**Total**	**22,516,935**

Management prepares periodic cash flow forecasts to understand and manage the timing of GMPF's cash flows. The appropriate strategic level of cash balances to be held is a central consideration when preparing GMPF's annual investment strategy.

The effects of reductions in public expenditure are expected to result in a significant maturing of GMPF's liabilities, with fewer employee members and more pensioner and deferred members. However, when income from investments is taken into account, GMPF is expected to continue to be cash flow positive for the foreseeable future and it will not be a forced seller of investments to meet its pension obligations.

5. Contributions

By Category

31 March 2017 £000		31 March 2018 £000
(139,424)	Employees contributions	(140,493)
	Employers:	
(459,512)	Normal contributions	(578,028)
(13,171)	Deficit recovery contributions	(21,573)
(683)	Augmentation contributions	0
(473,366)	**Total employer contributions**	(599,601)
(612,790)	**Total contributions**	**(740,094)**

By Authority

31 March 2017 £000		31 March 2018 £000
(379,346)	Part 1 Schedule 2 Scheme Employers	(502,662)
(103,855)	Designating bodies	(107,758)
(109,463)	Community admission bodies	(111,873)
(20,126)	Transferee admission bodies	(17,801)
(612,790)		**(740,094)**

Scheme employers can be split into those listed in Part 1 of Schedule 2 of the Local Government Pension Scheme (Administration) Regulations 2013 (as amended) (such as local authorities) which participate automatically, and those listed in Part 2 (such as town councils) which can only participate if they choose to do so by designating employees or groups of employees as eligible. Part 2 employers are called designating bodies. Community admission bodies provide a public service in the United Kingdom otherwise than for the purposes of gain and have sufficient links with a Scheme employer. Transferee admission bodies are commercial organisations carrying out work for local authorities under a best value or other arrangement. Further analysis by employer is contained in Note 20 of these statements.

At the 2016 Actuarial Valuation, GMPF was assessed as 93% funded. Some employers will make contributions in excess of their future service rate in order to help repay the deficit over a period of time.

The contribution rates specified in the Actuarial Valuation are minimum contribution rates. Some employers have made voluntary payments in excess of these minimum rates. In addition, a small number of employers were required to make explicit lump sum deficit payments – details of these can be found in the 2016 Actuarial Valuation report located at www.gmpf.org.uk.

Note 5a. Transfers in (bulk)

On 4 August 2017, the Secretary of State issued a Direction (under powers in Paragraph 3, Part 2, Schedule 3 of the Local Government Pension Scheme Regulations 2013) to consolidate the LGPS pension interests of First South Yorkshire Limited (an admission body in the South Yorkshire Passenger Transport Pension Fund) and those of First West Yorkshire Limited (an admission body in the West Yorkshire Pension Fund) into the same pension fund that held the LGPS pension interests of First Manchester Limited. First Manchester Limited participates in the Greater Manchester Pension Fund (GMPF) by virtue of an admission agreement with Tameside MBC (administering authority of GMPF). Consequently, from 1 November 2017, Tameside MBC became the administering authority for the LGPS pension interests of First South Yorkshire Limited and First West Yorkshire Limited. All these members and the associated assets held to meet the liabilities were directed to transfer to GMPF over the course of 2017/18 and 2018/19. As at 31 March 2018, £388 million had been transferred to GMPF under the Direction. There will be further transfers in 2018/19.

6. Benefits Payable

By Category

31 March 2017 £000		31 March 2018 £000
591,560	Pensions	624,569
117,452	Commutation & lump sum retirement benefits	108,343
16,538	Lump sum death benefits	15,169
725,550		**748,081**

By Authority

31 March 2017 £000		31 March 2018 £000
566,081	Part 1 Schedule 2 Scheme Employers	577,299
29,584	Designating bodies	30,634
116,905	Community admission bodies	125,445
12,980	Transferee admission bodies	14,703
725,550		**748,081**

Scheme employers can be split into those listed in Part 1 of Schedule 2 of the Local Government Pension Scheme (Administration) Regulations 2008 (as amended) (such as local authorities) which participate automatically, and those listed in Part 2 (such as town councils) which can only participate if they choose to do so by designating employees or groups of employees as eligible. Part 2 employers are called designating bodies. Community admission bodies provide a public service in the United Kingdom otherwise than for the purposes of gain and have sufficient links with a Scheme employer. Transferee admission bodies are commercial organisations carrying out work for local authorities under a best value or other arrangement. Further analysis by employer is contained in Note 20 of these statements.

7. Payments to and on account of leavers

31 March 2017 £000		31 March 2018 £000
2,393	Group transfers to other schemes	5,922
40,382	Individual transfers to other schemes	41,305
639	Payments for members joining state scheme	670
(179)	Income for members from state scheme	(70)
1,510	Refunds to members leaving service	1,542
44,745		**49,369**

8. Management Expenses

The costs of administration and investment management are met by the employers through their employer contribution rate.

In June 2016, CIPFA published guidance on Accounting for LGPS Management Costs. The aim of this guidance is to assist in the improvement of consistent and comparable data across LGPS funds. GMPF Scheme management costs have been categorised in accordance with this guidance in the tables below.

Investment management expenses

31 March 2017 £000		31 March 2018 £000
1,278	Employee costs	905
187	Support services including IT	256
5,842	Transaction costs (public managers)*	5,656
15,764	Management fees	17,424
338	Custody fees	357
23,409		**24,598**

** Transaction costs are incremental costs directly attributable to the sale and purchase of UK and Overseas equities. They fall into three distinct categories:*

Tax (UK stamp duty)	*£2,487,000*	*(2016/17 £2,134,000)*
Market levies	*£537,000*	*(2016/17 £410,000)*
Commissions	*£2,632,000*	*(2016/17 £3,298,000)*

Administrative costs

31 March 2017 £000		31 March 2018 £000
3,632	Employee costs	3,703
1,505	Support services including IT	2,277
155	Printing and publications	142
5,292		**6,122**

Oversight and Governance costs

31 March 2017 £000		31 March 2018 £000
480	Employee costs	488
404	Support services including IT	327
133	Governance and decision making costs	152
64	Investment performance monitoring	40
62	External audit fees*	62
104	Internal audit fees	106
49	Actuarial fees - investment consultancy	151
308	Actuarial fees	145
1,604		**1,471**

** Total fee paid to external auditors in 2017/18 is £62,337 (2016/17 £62,337) of which £5,996 (2016/17 £5,996) was paid in relation to work carried out on behalf of GMPF's main scheme employers*

9. Investment income

31 March 2017 £000		31 March 2018 £000
(45,165)	Fixed interest (corporate and government bonds)	(48,535)
(236,945)	Equities	(261,775)
(4,529)	Index linked	(4,419)
(46,285)	Pooled investment vehicles	(64,014)
(30,494)	Investment property (gross)	(34,426)
3,101	Investment property non-recoverable expenditure	4,188
(3,395)	Interest on cash deposits	(2,399)
(756)	Stock lending	(697)
0	Underwriting	(15)
(364,468)		**(412,092)**

In accordance with IAS 12 Income Taxes, investment income includes withholding taxes and irrecoverable withholding tax is analysed separately as a tax charge. Income received by Legal and General pooled funds is automatically reinvested within the relevant sector fund and thus excluded from the above analysis. Similarly, UBS pooled funds for Emerging Market Equities, Stone Harbor pooled funds for global credit , Aviva Investors Property Fund, Standard Life Pooled Property Pension Fund, Standard Life Investments UK Property Development Fund, EID Unit Fund, Darwin Leisure Property Fund and J.P.Morgan Strategic Property Fund Asia in which GMPF invest have income automatically reinvested with that fund.

9a. Investment Return by Proxy

On 1st June 2014, in accordance with Statutory Instrument 1146 (2014), GMPF became the sole administering authority for probation staff and former probation staff in England and Wales that have or are eligible for LGPS membership.

The transfer of assets from the former Administering Authorities was a staged process throughout 2014/15 to 2015/16 and 2016/17 (the final year of transfer), with the ceding LGPS funds paying an estimated compensatory amount to GMPF to reflect investment returns for the period between the agreed transfer date and the actual transfer value receipt date. Once the actual investment returns of the transferring funds were established, the amount was refreshed and an adjustment paid to or from GMPF to reflect this return.

10. Taxation

GMPF is exempt from UK income tax on interest and from capital gains tax on the profits resulting from the sale of investments. GMPF is exempt from United States withholding tax on dividends and can recover all or part of the withholding tax deducted in some other countries. The amount of withholding tax deducted from overseas dividends which GMPF is unable to reclaim in 2017/18 amounts to £3,964,000 (2016/17 £3,914,000) and is shown as a tax charge.

As Tameside MBC is the Administering Authority for GMPF, VAT input tax was recoverable on all GMPF activities including expenditure on investment and property expenses.

11. Investments at fair value

The following tables analyse the carrying amounts of the financial assets and liabilities by category.

Value at 1 April 2017 £000		**Purchases £000**	**Sales £000**	**Change in fair value £000**	**Value at 31 March 2018 £000**
	Designated as at fair value through the fund account				
8,500,608	Equities	2,130,354	(4,111,749)	232,029	6,751,242
1,517,437	Bonds	707,401	(837,695)	(61,867)	1,325,276
514,037	Index linked	144,273	(123,560)	(41,891)	492,859
552,470	Investment property	200,162	(20,575)	23,088	755,145
121	Derivatives	8,598	(12,749)	10,374	6,344
9,192,482	Managed and unitised funds	12,680,491	(9,714,029)	332,472	12,491,416
20,277,155		**15,871,279**	**(14,820,357)**	**494,206**	**21,822,282**
	Loans and receivables				
868,391	Cash				587,141
125,514	Other investments and net assets				87,122
21,271,060	**Total**				**22,496,545**

Value at 1 April 2016 £000		Purchases £000	Sales £000	Change in fair value £000	Value at 31 March 2017 £000
	Designated as at fair value through the fund account				
6,495,402	Equities	2,455,907	(2,332,607)	1,881,906	8,500,608
1,055,368	Bonds	1,015,155	(632,276)	79,190	1,517,437
565,447	Index linked	385,995	(506,043)	68,637	514,037
525,270	Investment property	62,229	(32,163)	(2,866)	552,470
(178)	Derivatives	15,562	(24,921)	9,658	121
7,911,323	Managed and unitised funds	838,952	(1,265,009)	1,707,216	9,192,482
16,552,632		**4,773,800**	**(4,793,019)**	**3,743,741**	**20,277,155**
	Loans and receivables				
627,785	Cash				868,391
144,206	Other investments and net assets				125,514
17,324,623	**Total**				**21,271,060**

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investment during the year.

Sales and purchases include £4,350,000,000 relating to a transfer between different pooled vehicles managed by Legal & General which was implemented through a specie transfer. They also include £4,900,000,000 relating to the transfer from Capital International to Legal & General which was made predominantly through specie transfer to reduce transaction costs.

Bonds

31 March 2017 £000		31 March 2018 £000
370,452	UK public sector quoted	272,343
237,234	Overseas public sector quoted	287,324
796,827	UK corporate quoted	695,157
112,924	Overseas corporate quoted	70,452
1,517,437		**1,325,276**

Investment property

31 March 2017 £000		31 March 2018 £000
517,210	UK - main investment property portfolio	636,435
35,260	UK - Greater Manchester Property Venture Fund	118,710
552,470		**755,145**

All investment property is located in England, Wales or Scotland and, in order to reduce risk, is diversified over several sectors which include high street retail, offices, industrial/retail warehousing, leisure, healthcare and student accommodation. Gross and net rental income are shown in Note 9 of these accounts.

With the sole exception of two investment properties, where a rent sharing agreement is in place with the freeholder, no directly held investment property has restrictions on its realisation, remittance of income or disposal proceeds.

Committed expenditure in relation to investment property can be found at Note 17.

In accordance with the Investment Property Strategy, decisions have been taken to sell fifteen investment properties. These were either being prepared for sale, were being marketed or prices had been agreed at 31 March 2018 (combined prices totalled £62,175,000).

The following tables summarise the movement in the fair value of investment properties over the year:

Movement in the fair value of investment properties in 2017/18	**£000**
Balance at 1 April 2017	552,470
Purchases	189,734
Expenditure during year	10,428
Disposals	(20,575)
Net gains/ (losses) from fair value adjustments	23,088
Balance at 31 March 2018*	**755,145**

** Of which £62,175,000 relates to properties being marketed at 31 March 2018*

Movement in the fair value of investment properties in 2016/17	**£000**
Balance at 1 April 2016	525,270
Purchases	57,768
Expenditure during year	4,461
Disposals	(32,163)
Net gains/(losses) from fair value adjustments	(2,866)
Balance at 31 March 2017	**552,470**

Future operating lease rentals receivable

31 March 2017 £000		**31 March 2018 £000**
24,171	Not later than 1 year	29,481
97,912	Later than 1 year, but not later than 5 years	116,166
146,943	Later than 5 years	152,099
269,026	**Total**	**297,746**

The future minimum lease payments due to GMPF under non-cancellable operating leases are stated above.

Where a lease contains a "tenant's break" clause, it is only up to this point that the aggregation is made.

Derivatives

31 March 2017 £000		31 March 2018 £000
	Investment assets:	
913	Forward currency contracts	1,196
0	Financial futures	5,941
913		7,137
	Investment liabilities:	
(792)	Forward currency contracts	(416)
0	Financial futures	(377)
121	**Net (liability)/asset**	**6,344**

Derivative receipts and payments represent the realised gains and losses on futures contracts and forward currency contracts. GMPF's objective in entering into derivative positions is to decrease risk in the portfolio.

31 March 2018	Settlement Date	Currency	Economic Exposure	Market Value
Contract			**000**	**£000**
FTSE 100 Index Future	Within three months	GBP	(13,777)	281
CME S&P 500 E Mini Index Future	Within three months	USD	(128,118)	4,906
Euro Stoxx 50 Future	Within three months	EUR	(25,457)	434
Swiss Market Index Future	Within three months	CHF	(6,144)	127
Topix Index Future	Within three months	JPY	(19,905)	(377)
Hang Seng Index Future	Within one month	HKD	(2,729)	2
SPI 200 Future	Within three months	AUD	(5,332)	191
Total			**(201,462)**	**5,564**

The above tables analyse the derivative contracts held at 31 March 2018 by maturity date.

The Forward Currency Contracts were all traded on an over-the-counter-basis.

31 March 2018	Settlement Date	Currency	Currency Bought	Currency	Currency Sold	Asset	Liability
Contract			**000**		**000**	**£000**	**£000**
Forward Currency Contact	Within one month	GBP	77,299	EUR	88,575	0	(416)
Forward Currency Contact	Within one month	USD	118,780	GBP	83,380	1,196	0
Total						**1,196**	**(416)**

Pooled investment vehicles

Pooled investment vehicles aggregate capital from multiple investors to pursue specified investment strategies. The table below analyses, by type and underlying asset class, funds in which GMPF invests.

31 March 2017 £000		31 March 2018 £000
297,106	UK property	467,982
83,589	Overseas property	154,417
0	Global credit	1,117,960
774,441	Overseas equity	430,573
322,541	UK private equity & infrastructure	539,426
826,408	Overseas private equity & infrastructure	1,056,474
80,460	UK special opportunities portfolio	53,445
188,417	Overseas special opportunities portfolio	272,477
2,572,962	**Managed funds**	**4,092,754**
300,329	Property	351,470
288	Overseas private equity	224
300,617	**Unit trusts**	**351,694**
40,865	Property	41,927
1,094,888	UK quoted equity	608,478
485,417	UK fixed interest	723,957
354,214	UK index linked securities	554,454
370,277	UK corporate bonds	508,106
372,277	UK cash instruments	360,925
3,324,312	Overseas quoted equity	4,750,280
183,422	Overseas fixed interest	390,210
21,891	Overseas corporate bonds	47,171
41,919	Overseas index linked securities	33,140
29,421	Inflation funds	28,320
6,318,903	**Insurance policies**	**8,046,968**
9,192,482	**Total pooled investment vehicles**	**12,491,416**

Cash

31 March 2017 £000		31 March 2018 £000
846,540	Sterling	533,208
21,851	Foreign currency	53,933
868,391		**587,141**

Other investments balances and net assets

31 March 2017 £000		31 March 2018 £000
17,599	Amounts due from broker	27,180
39,196	Outstanding dividends and recoverable withholding tax	40,884
19,735	Gross accrued interest on bonds	17,165
3,448	Gross accrued interest on loans	289
38,056	Investment loans	20,684
533	Other accrued interest and tax reclaims	1,310
118,567	**Other investment assets**	**107,512**
(18,531)	Amounts due to broker	(36,552)
0	Variation margin	(5,563)
(436)	Irrecoverable withholding tax	(347)
(18,967)	**Other investment liabilities**	**(42,462)**
19,695	Employer contributions - main scheme	33,770
307	Employer contributions - additional pensions	353
8,771	Property	5,508
8,127	Development of new Pensions office building	0
7,413	Other	6,058
44,313	**Current assets**	**45,689**
(7,224)	Property	(10,179)
0	Employer contributions - main scheme	(40)
(2,351)	Employer contributions - additional pensions	(1,795)
(4,196)	Admin & investment management expenses	(5,378)
(4,628)	Other	(6,225)
(18,399)	**Current liabilities**	**(23,617)**
25,914	**Net current assets**	**22,072**
125,514	**Other investment balances and net assets**	**87,122**

11a. Transaction and management costs not charged directly to the Fund account

Public managers

Since 1 April 2016 transaction costs in respect of the purchase and sale of equities have been respectively excluded or included in the prices reported in the Net Assets Statement and charged to the Fund Account. Details may be seen at Note 8.

Directly held property

Transaction costs continue to be capitalised and are implicit within the value of the assets concerned. These amounted to £1,389,000 for 2017/18 (£3,189,000 for 2016/17).

The CIPFA Code of Practice (and guidance related to the Code) does not require 'bid-offer spread' to be reported as a transaction cost.

Management Costs

Certain investments in pooled vehicles predominantly in private markets, alternatives and property have investment costs met within the vehicle rather than an explicit charge paid by GMPF. Thus, costs are not charged directly to the Fund Account nor analysed in Note 8. They are included in the fair value adjustments applied to assets concerned within the Fund Account and corresponding notes. The performance is reported on a net basis.

The table below shows estimates made for these costs during the current and previous financial year using methodology agreed with external advisers on private assets and include potential accrued performance fees.

31 March 2017 £000		31 March 2018 £000
23,457	Private market and alternative investments (performance related)	42,924
37,172	Private market and alternative investments (non-performance related)	47,377
5,030	Indirect investment property	9,283
65,659		**99,584**

12. Local investments

GMPF invests within the North West of England with a focus on the Greater Manchester conurbation in property development and redevelopment opportunities. This programme of investments is delivered through Greater Manchester Property Venture Fund

31 March 2017 £000		31 March 2018 £000
35,260	Greater Manchester Property Venture Fund	118,710

13. Designated funds

A small number of employers within GMPF have a materially different liability profile. Some earmarked investments are allocated to these employers. The underlying investment classes of designated funds are as follows:

31 March 2017 £000		31 March 2018 £000
0	UK Equities	23,610
0	Overseas equities	38,705
0	UK corporate bonds	50,594
127,001	Index linked gilts	315,391
0	Cash instruments	12,589
72,348	Cash	57,239
29,422	Inflation funds	28,192
1,239	Other investment balances	1,288
230,010		**527,608**

14. Summary of managers' portfolio values at 31 March

2017			2018	
£m	%		£m	%
		Externally managed		
7,804	36.7%	UBS Asset Management	8,190	36.4%
6,278	29.5%	Legal & General	8,005	35.6%
1,086	5.1%	Investec	1,123	5.0%
0	0.0%	Stone Harbor	1,118	5.0%
676	3.2%	LaSalle	810	3.6%
35	0.1%	GVA (advisory mandate)	119	0.5%
2,829	13.3%	Capital International	0	0.0%
18,708	**87.9%**		**19,365**	**86.1%**
		Internally managed		
1,499	7.1%	Alternatives	2,033	9.0%
201	0.9%	Designated funds	182	0.8%
482	2.3%	Property indirect	731	3.3%
381	1.8%	Cash, other investments and net assets	186	0.8%
2,563	**12.1%**		**3,132**	**13.9%**
21,271	**100.0%**	**Total**	**22,497**	**100.0%**

15. Concentration of investment

As at 31 March 2018, GMPF held, respectively, 11.7%, 9.5% and 11.8% of its net assets in insurance contracts MF32950, MF36558 and MF37010 with Legal & General Assurance (Pensions Management) Limited. They are linked long term contracts under Class III of Schedule 1 of the Insurance Companies Act 1982 and not "with profits" contracts.

The policy documents have been issued and the values are incorporated in the Net Asset statement within pooled investment vehicles. The policies' underlying asset classes are as follows:-

Policy MF32950

31 March 2017 £000		31 March 2018 £000
306,057	UK equities	0
1,966,002	Overseas equities	1,442,580
341,658	UK fixed interest	386,046
182,499	UK corporate bonds	190,058
90,346	Overseas fixed interest	95,216
260,874	UK index linked	290,540
222,520	UK cash instruments	235,318
3,369,956		**2,639,758**

Policy MF36558

31 March 2017 £000		31 March 2018 £000
788,830	UK equities	584,868
1,358,310	Overseas equities	993,091
143,760	UK fixed interest	109,691
187,779	UK corporate bonds	147,028
93,075	Overseas fixed interest	70,006
93,340	UK index linked	72,025
149,756	UK cash instruments	113,018
41,920	Overseas index linked	33,141
21,891	Overseas corporate bonds	17,428
2,878,661		**2,140,296**

Policy MF37010

31 March 2017 £000		31 March 2018 £000
0	Overseas equities	2,059,050
0	UK fixed interest	228,219
0	UK corporate bonds	120,426
0	Overseas fixed interest	224,989
0	Overseas corporate bonds	29,744
0		**2,662,428**

Stone Harbor

In addition to the above insurance policies, £1,118,000,000, 5% of GMPF's net assets, were held in global credit shares in the above fund which is a qualified investor alternative investment fund.

16. Notifiable interests

As at 31 March 2018 GMPF had holdings of 3% or over in the ordinary share capital of the following quoted companies:

UK Equity 31 March 2017 %		UK Equity 31 March 2018 %
7.9	Mothercare PLC	7.9
6.0	STV Group PLC	6.1
5.4	Chemring Group PLC	5.4
5.4	SIG PLC	5.4
5.3	TT Electronics PLC	5.3
4.4	Brown (N) Group PLC	5.2
3.5	Serco Group PLC	4.6
4.0	RPS Group PLC	4.0
3.8	Balfour Beatty PLC	3.8
3.6	Volution GRP PLC	3.6

17. Undrawn commitments

31 March 2017 £000	Asset type	Nature of commitment	31 March 2018 £000
2,691	Directly held investment property	Commitments regarding demolition or refurbishment work	1,166
0	Directly held investment propert	Commitments regarding purchases	95,000
1,456,171	Indirect private equity and infrastructure	Commitments to fund	1,664,617
216,910	Special opportunities portfolio	Commitments to fund	369,372
323,416	Property managed funds	Commitments to fund	343,054
44,424	Property unit trusts	Commitments to fund	40,975
34,025	Commercial/domestic based property unit trust	Commitments to fund	32,685
18,447	Local Investment 4 Growth Fund	Commitments to fund	9,230
104,250	Local Impact Portfolio	Commitments to fund	126,528
2,783	Greater Manchester Property Venture Fund	Commitments to lend	18,531
2,203,117			**2,701,158**

The above expenditure was contractually committed at 31 March and a series of staged payments are to be made at future dates.

18. Related party transactions

In the course of fulfilling its role as administering authority to GMPF, Tameside MBC incurred costs for services (e.g. salaries and support costs) of £6,497,000 on behalf of GMPF and reclaimed from HMRC VAT (net) of £1,676,000. Total payments due to Tameside MBC therefore, amounted to £4,821,000 (2016/17 £5,902,000). GMPF reimbursed Tameside MBC £3,538,000 for these charges and there is a creditor of £1,283,000 owing to Tameside MBC at the year-end (2016/17 £622,000 within Creditors). This creditor has been settled since the year end.

There is no direct charge to GMPF for the services of the Director of Governance & Pensions. This is also the case for the Chief Executive and the Director of Finance but a contribution towards their cost is included in the recharge as detailed above They receive no additional salary or remuneration for undertaking these roles. Details of the total remuneration of these officers will be published on the Tameside MBC website. The remuneration of the Chair of the Management Panel can be found by accessing the following link:

http://www.tameside.gov.uk/constitution/part6

Other key management personnel full time and total remuneration and employer's pension contributions are as shown below:-

Job Title	£
Assistant Director of Pensions (Special Projects)*	66,923
Assistant Director of Pensions (Investments) †	31,593
Assistant Director of Pensions (Funding & Business Development)	94,779
Assistant Director of Pensions (Local Investments & Property)	94,779

** Three day working week from June 2017*

† In post from December 2017

Paragraph 3.9.4.3 of the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom exempts Local Authorities on the Key Management Personnel disclosure requirements of IAS 24, on the basis that the disclosure requirements for officer remuneration and members' allowances detailed in Section 3.4 of the code (which are derived from the requirements of Regulation 7(2)-(4) of the Accounts and Audit (England) Regulations 2011 and Regulation 7A of the Accounts and Audit (Wales) Regulations (2005) satisfy the Key Management Personnel disclosure requirements of paragraph 16 of IAS 24.

The disclosures required by regulation 7(2)-(4) of the Accounts and Audit (England) Regulations can be found in the main accounts of the administering authority - Tameside MBC.

No senior officers responsible for the administration of GMPF have entered into any contract (other than their contract of employment) with Tameside MBC (administering authority).

A number of officers responsible for the administration of GMPF have directorships in companies which have been incorporated for the sole purpose of the investment administration and management of GMPF's assets and other assets which GMPF has a joint interest with other LGPS funds. These are:

Name	Position in GMPF 2017/18	Company in which directorship is held	Company Registration Number
Andrew Hall	Investment Manager	GMPF UT (Second Unit Holder) Limited	08725454
		Matrix Homes (General Partner) Limited	08980059
		Plot 5 First Street GP Limited	09904743
		Plot 5 First Street Nominee Limited	09919396
		Manchester Charles Street Residential (ELP GP) Limited	10977358
		Manchester Charles Street Residential (SLP GP) Limited	SC576947
Neil Charnock	Head of Legal Services	Hive Bethnal Green Limited	09362438
Patrick Dowdall	Assistant Director of Pensions (Local Investments & Property)	Matrix Homes (General Partner) Limited	08980059
		Hive Bethnal Green Limited	09362438
		GLIL Corporate Holdings Limited	10046509
		Plot 5 First Street Nominee Limited	09919396
		Plot 5 First Street GP Limited	09904743
		GMPF UT (Second Unit Holder) Limited	08725454
		Airport City (Asset Manager) Limited	08723467
		Manchester Charles Street Residential (ELP GP) Limited	10977358
		Manchester Charles Street Residential (SLP GP) Limited	SC576947
		CREP III Investment R S.à r.l	B 140 126
Steven Pleasant MBE	Chief Executive	Airport City (General Partner) Limited	08723477
Daniel Hobson	Senior Investment Manager	GLIL Corporate Holdings Limited	10046509
		GLIL Corporate Holdings 2 Limited	10824179
		Rock Rail East Anglia (Holdings) 1 Limited	10266130
		Rock Rail East Anglia (Holdings) 2 Limited	09918883
		Rock Rail East Anglia PLC	10360543
		Clyde Windfarm (Scotland) Limited	SC281105

The above receive no remuneration for these directorships.

Under legislation introduced in 2003/04, Councillors were entitled to join the pension scheme. However, separate legislation came into effect from 2014 rescinding this and all Councillors in the LGPS had their benefits deferred on expiry of their terms of office.

The following members of the Management and Advisory Panels are consequently deferred pensioners.

Name	Position
Cllr S Quinn	Councillor member
Cllr G Cooney	Councillor member
Cllr J Fitzpatrick	Councillor member
Cllr M Smith	Councillor member
Cllr D Ward	Councillor member
Cllr T Halliwell	Councillor member
Cllr C Patrick	Councillor member

In addition, the following Members of the Management and Advisory Panels, having attained the appropriate age or other criterion, are in receipt of pension benefits:

Name	Position
Cllr A Mitchell	Councillor member
Cllr J Taylor	Councillor member
Cllr S Quinn	Councillor member
Cllr J Lane	Councillor member
Cllr J Pantall	Councillor member

The following Members of the Management and Advisory Panel and the Local Board are deferred pensioners by virtue of their membership of GMPF in current or previous employments:

Name	Position
Cllr V Ricci	Councillor member
Cllr M Smith	Councillor member
K Allsop	Employee representative

The following Members of the Management and Advisory Panel and the Local Board, by virtue of their membership of GMPF in previous employments and attaining the appropriate age, are in receipt of pension benefits:

Name	Position
J Thompson	Employee representative
F Llewellyn	Employee representative
R Paver	Employer representative
P Catterall	Scheme member representative

Each member of the Local Board, the GMPF Management and Advisory Panels and Working Groups formally considers declarations of interest at each meeting. In addition, an annual return of all declarations of interest is obtained from the Members by their respective Councils. Those relevant to GMPF Management Panel or Board membership, i.e. where the organisation is a GMPF contributing employer, are listed on the next page:

Name	Position & Organisation
Cllr T Halliwell	Member of the Board of North West Employers' Association
Cllr J Taylor	Member of Greater Manchester Combined Authority Chairman of Tameside Sports Trust (Reg.No. 03531443)
Cllr M Smith	Employee of Manchester Working Ltd
Cllr G Cooney	Employee of Manchester City Council Director of Ashton Pioneer Homes Limited (Reg.No. 03383565) Director of Pioneer Homes Services Limited (subsidiary of Ashton Pioneer Homes Limited) (Reg.No. 06546606) Director of Ashton Pioneer Homes Developments Limited (subsidiary of Ashton Pioneer Homes Limited) (Reg.No. 03989251) Director of Mechanics' Centre Limited (Reg.No. 01983373) Director of New Charter Housing Trust Limited (Reg.No. 03807262)
Cllr V Ricci	Director of New Charter Homes Limited (subsidiary of New Charter Housing Trust) (Reg.No. 03807022)
Cllr A Mitchell	Committee Member of Groundwork Organisations
Cllr A Brett	Member of the Board of North West Local Authorities Employers' Association Member of Greater Manchester Combined Authority
Cllr B Fairfoull	Member of Manchester Airport Consultative Committee
Cllr A Jabbar	Member of Greater Manchester Combined Authority Member of the Unity Partnership Board Member of the Board of North West Local Authorities Employers' Association
M Rayner	Employee of Manchester City Council
D Schofield	Employee of Manchester City Council
R Paver	Employee of Greater Manchester Combined Authority Member of Executive Board of Transport for Greater Manchester Director of Commission for New Economy (Reg.No. 5678007) Director of MIDAS Limited (Reg.No. 03323710) Director of Education and Leadership Trust (Reg.No. 08913502)
A Flatley	Employee of Bolton MBC
J Hammond	Employee of Bury MBC
P Herbert	Employee of National Offender Management Service
C Lloyd	Employee of Tameside MBC
C Goodwin	Employee of University of Manchester
P Taylor	Employee of LTE Group
M Baines	Employee of Association for Public Service Excellence
K Drury	Employee of University of Manchester

The administering authority, Tameside MBC, falls under the influence of The United Kingdom Ministry of Housing, Communities and Local Government. GMPF may have significant holdings of UK Government bonds depending on investment decisions.

19. Employer related investment

As at 31 March 2018 GMPF had amounts on short-term loan to three contributing employers: Salford City Council £5,000,000 (2017 £Nil), Stockport MBC £27,000,000 (2017 £Nil) and Greater Manchester Combined Authority £75,000,000 (2017 £Nil). The investments were made by GMPF as part of its day-to-day treasury management activities.

As part of its normal investment activities conducted through its investment fund managers, GMPF owns shares with a market value of £10,717,000 (2017 £22,176,000) in First Group PLC which is the ultimate parent company of three subsidiaries who are contributing employers to GMPF.

GMPF has a minor holding in the Airport City joint venture, which is developing land adjacent to Manchester Airport for commercial use. The main stakeholder at Airport City being Manchester Airport Group, which is a contributing employer to GMPF.

GMPF has formed a joint venture with Manchester City Council, a contributing employer to GMPF, known as Matrix Homes, to develop residential property for both sale and to rent, at sites across Manchester.

20. Contributions received and benefits paid during the year ending 31 March

Contributions Received 2017 £m	**Benefits Paid 2017 £m**		**Contributions Received 2018 £m**	**Benefits Paid 2018 £m**
(32)	39	Bolton Borough Council	(31)	39
(20)	25	Bury Borough Council	(21)	27
(57)	94	Manchester City Council	(57)	95
(20)	32	Oldham Borough Council	(48)	32
(23)	32	Rochdale Borough Council	(24)	34
(27)	39	Salford City Council	(24)	39
(24)	31	Stockport Borough Council	(58)	32
(20)	31	Tameside Borough Council (administering authority)	(48)	31
(17)	24	Trafford Borough Council	(41)	25
(32)	40	Wigan Borough Council	(34)	40
(211)	209	Other scheme employers*	(224)	214
(130)	130	Admitted bodies*	(130)	140
(613)	**726**		**(740)**	**748**

A number of local authorities have brought forward their payment of pension contributions (total £114 million) in order to make efficient use of their cash balances.

* A full list of all scheme and admitted bodies can be found in the GMPF Annual Report 2017/18 which will be available at **www.gmpf.org.uk**

21. Investment Strategy Statement and Funding Strategy Statement

GMPF has published an Investment Strategy Statement and a Funding Strategy Statement. Both documents can be found on its website - **www.gmpf.org.uk**

22. Actuarial Review of GMPF

GMPF's last Actuarial valuation was undertaken as at 31 March 2016. A copy of the valuation report can be found on the GMPF website –

http://www.gmpf.org.uk/documents/policies/actuarialvaluation/2016.pdf

The funding policy is set out in the Funding Strategy Statement (FSS) dated March 2017. The key funding principles are as follows:

- to ensure the long-term solvency of GMPF as a whole and the solvency of each of the notional sub-funds allocated to individual employers;
- to ensure that sufficient funds are available to meet all benefits as they fall due for payment;
- to ensure that employers are aware of the risks and the potential returns of the investment strategy;
- to help employers recognise and manage pension liabilities as they accrue, with consideration as to the effect on the operation of their business where the Administering Authority considers this to be appropriate;
- to try to maintain stability of employer contributions;
- to use reasonable measures to reduce the risk to other employers, and ultimately to the Council Tax payer, from an employer ceasing participation or defaulting on its pension obligations;
- to address the different characteristics of the disparate employers or groups of employers to the extent that this is practical and cost-effective; and
- to maintain the affordability of GMPF to employers as far as is reasonable over the longer term.

The valuation revealed that GMPF's assets, which at 31 March 2016 were valued at £17,325 million, were sufficient to meet 93% of the present value of promised retirement benefits earned. The resulting deficit was £1,371 million.

The key financial assumptions adopted for the 2016 valuation were:

	31 March 2016	
Financial Assumptions	**% p.a. Nominal**	**% p.a. Real**
Discount rate	4.20%	2.10%
Pay Increases *	2.20% / 2.90%	0.1% / 0.8%
Price Inflation/Pension increases	2.10%	-

** A salary increase assumption of 2.2% p.a. was adopted for the Metropolitan Borough Councils, National Probation Service and the Police and Crime Commissioner. For all other employers a salary increase assumption of 2.9% p.a. was used.*

The liabilities were assessed using an accrued benefits method that takes into account pensionable membership up to the valuation date. It also makes an allowance for expected future salary growth to retirement or expected earlier date of leaving pensionable membership.

23. Stock lending

GMPF's custodian, J.P. Morgan, is authorised to release stock to third parties under a stocklending agreement. Under the agreement, GMPF does not permit J.P. Morgan to lend UK or US equities.

At the year end the value of stock on loan was £134,900,000 (31 March 2017: £141,100,000) in exchange for which the custodian held collateral at fair value of £139,800,000 (31 March 2017: £147,600,000), which consisted exclusively of UK, US, and certain other government bonds.

24. AVC Investments

GMPF provides an Additional Voluntary Contributions (AVC) scheme for its contributors, the assets of which are invested separately from GMPF. Therefore, these amounts are not included in the GMPF accounts in accordance with regulation 4(2)(b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 (SI 2009 No 3093).

GMPF's main AVC provider is Prudential where the sums saved are used to secure additional benefits on a money purchase basis for those contributors electing to pay additional voluntary contributions. The funds are invested in a range of investment products including with profits, fixed interest, equity, cash, deposit, property, and socially responsible funds, as follows:

Contributions paid	£8,396,744
Units purchased	1,587,139
Units sold	834,360
Fair value as at 31 March 2018	**£71,672,439**
Fair value as at 31 March 2017	£70,559,781

25. Actuarial present value of promised retirement benefits

CIPFA's Code of Practice on Local Authority Accounting 2017/18 requires administering authorities of LGPS funds to disclose the actuarial present value of promised retirement benefits in accordance with IAS26 Accounting and Reporting by Retirement Benefit Plans.

This value has been calculated by GMPF's Actuary, Hymans Robertson LLP, using the assumptions below.

Assumptions used

The assumptions used are those adopted for the administering authority's IAS19 Employee Benefits report at each year end as required by the CIPFA Code of Practice on Local Authority Accounting 2017/18.

Financial Assumptions

31 March 2017 % p.a.	Year ended:	31 March 2018 % p.a.
2.40%	Inflation/pension increase rate	2.40%
2.50%	Salary increase rate	2.50%
2.60%	Discount rate	2.70%

Mortality

Life expectancy is based on GMPF's VitaCurves with improvements in line with the CMI 2010 model, assuming the current rate of improvements has reached a peak and will converge to a long term rate of 1.25% p.a. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current pensioners	21.5 years	24.1 years
Future pensioners*	23.7 years	26.2 years

** future pensioners are assumed to be currently aged 45*

Commutation

An allowance is included for future retirements to elect to take 55% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 80% of the maximum tax-free cash for post-April 2008 service.

Value of promised retirement liabilities

31 March 2017 £m		31 March 2018 £m
27,345	Present value of promised retirement benefits	27,281

Liabilities have been projected using a roll forward approximation from the latest formal funding valuation as at 31 March 2016.

Sensitivity analysis

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below.

31 March 2017			31 March 2018	
Approximate % increase to promised retirement benefits	Approximate monetary amount (£m)	Change in assumptions at year ended 31 March	Approximate % increase to promised retirement benefits	Approximate monetary amount (£m)
8%	2,188	0.5% increase in the Pension Increase rate	8%	2,182
2%	547	0.5% increase in the Salary Increase rate	2%	546
3%	820	1 year increase in member life expectancy	3%	818
10%	2,735	0.5% decrease in Real Discount rate	10%	2,728

It should be noted that the above figures are only appropriate for the preparation of the accounts of GMPF. They should not be used for any other purpose.

Actuarial statement

This statement has been prepared in accordance with Regulation 57(1)(d) of the Local Government Pension Scheme Regulations 2013. It has been prepared at the request of GMPF's Administering Authority for the purpose of complying with the aforementioned regulation.

Description of Funding Policy

The funding policy is set out in the Administering Authority's Funding Strategy Statement (FSS), dated March 2017. In summary, the key funding principles are as follows:

- to ensure the long-term solvency of GMPF as a whole and the solvency of each of the notional sub-funds allocated to individual employers;
- to ensure that sufficient funds are available to meet all benefits as they fall due for payment;
- to ensure that employers are aware of the risks and potential returns of the investment strategy;
- to help employers recognise and manage pension liabilities as they accrue, with consideration as to the effect on the operation of their business where the Administering Authority considers this to be appropriate;
- to try to maintain stability of employer contributions;
- to use reasonable measures to reduce the risk to other employers and ultimately to the Council Tax payer from an employer ceasing participation or defaulting on its pension obligations;
- to address the different characteristics of the disparate employers or groups of employers to the extent that this is practical and cost-effective; and
- to maintain the affordability of GMPF to employers as far as is reasonable over the longer term.

The FSS sets out how the Administering Authority seeks to balance the conflicting aims of securing the solvency of GMPF and keeping employer contributions stable.

Funding position as at the last formal funding valuation

The most recent actuarial valuation carried out under Regulation 62 of the Local Government Pension Scheme Regulations 2013 was as at 31 March 2016. This valuation revealed that GMPF's, which at 31 March 2016 were valued at £17,325 million, were sufficient to meet 93% of the liabilities (i.e. the present value of promised retirement benefits) accrued up to that date. The resulting deficit at the 2016 valuation was £1,371 million. Each employer had contribution requirements set at the valuation, with the aim of achieving full funding within a time horizon and probability measure as per the FSS. Individual employers' contributions for the period 1 April 2017 to 31 March 2020 were set in accordance with GMPF's funding policy as set out in its FSS.

Principal actuarial assumptions and method used to value the liabilities

Full details of the methods and assumptions used are described in the 2016 valuation report.

Method

The liabilities were assessed using an accrued benefits method which takes into account pensionable membership up to the valuation date, and makes an allowance for expected future salary growth revaluation to retirement or expected earlier date of leaving pensionable membership.

Assumptions

A market-related approach was taken to valuing the liabilities, for consistency with the valuation of GMPF assets.

The key financial assumptions adopted for the 2016 valuation were as follows:

Financial Assumptions	**31 March 2016**
Discount Rate	4.2%
Salary increase assumption	2.2%/2.9%*
Benefit increase assumption (CPI)	2.1%

** A salary increase assumption of 2.2% per annum was adopted for Metropolitan Borough Councils, National Probation Service and the Police and Crime Commissioner for Greater Manchester. For all other employers, we have adopted a salary increase assumption of 2.9% per annum.*

The key demographic assumption was the allowance made for longevity. The life expectancy assumptions are based on GMPF's VitaCurves with improvements in line with the CMI 2013 model, assuming the current rate of improvements has reached a peak and will converge to long term rate of 1.25% p.a. Based on these assumptions, the average future life expectancies at age 65 are as follows:

	Males	**Females**
Current Pensioners	21.5 years	24.1 years
Future Pensioners*	23.7 years	26.2 years

** Aged 45 at the 2016 valuation.*

Copies of the 2016 valuation report and Funding Strategy Statement are available on request from GMPF's Administering Authority.

Experience over the period since 31 March 2016

Since the last formal valuation, real bond yields have fallen placing a higher value on the liabilities. However, asset returns have been strong over the period leading to an overall improvement in the funding level to around 98% as at 31 March 2018. The next actuarial valuation will be carried out as at 31 March 2019. The Funding Strategy Statement will also be reviewed at that time.

Steven Law FFA

For and on behalf of Hymans Robertson LLP

18 April 2018

HYMANS ROBERTSON

Hymans Robertson LLP
20 Waterloo Street
Glasgow
G2 6DB

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SCHEME ADMINISTRATION

Scheme administration

Background to GMPF and LGPS

GMPF is the largest fund in the statutory Local Government Pension Schemes for England and Wales, Scotland and Northern Ireland. Tameside MBC is the administering authority for GMPF.

Employees of all local and joint authorities in the Greater Manchester area and of many other public bodies have automatic access to the LGPS (unless they are eligible to be a member of another public service pension scheme, such as the teachers, police officers, firefighters, Civil Service or NHS pension schemes). Employees of a wide range of other bodies that provide a public service can also join the LGPS if they are covered by a relevant resolution or by an admission agreement.

GMPF also provides the pension service for present and former probation employees in England and Wales. This includes those who were employed by the former Probation Trusts, plus those who have been or are employed by the National Probation Service or a community rehabilitation company.

There are also some councillors who are GMPF members, although they have all now stopped contributing, as a result of a change in the Regulations. A list of employers who contribute to GMPF can be found later in this report.

The LGPS is a defined benefit scheme. Benefits up to 31 March 2014 are worked out on a *final salary* basis, whereby membership up to that date, and pay on or near retirement is used to work out members' pension benefits.

Benefits from 1 April 2014 are worked out on a *career average* basis (sometimes known as a pension build up). Members who have chosen to be in the standard section of the career average scheme build up a pension of 1/49th of their pay each year. These benefits are then rolled forward each year, and adjusted in line with CPI. Alternatively, members can opt for the 50/50 section of the career average scheme, whereby they pay 50% of the standard contribution, and in return build up 50% of the standard pension for themselves.

Statutory regulations define the benefits to be paid. Benefits are not affected by GMPF's investment performance or market conditions.

A summary of the Scheme rules can be found later in this report.

Standard employee contributions vary according to levels of pay, ranging from 5.5% to 12.5% of pensionable pay.

Employers meet the balance of the cost of the LGPS through variable employer contributions. The employer contribution rates are set by GMPF's actuary every three years following a valuation.

Employer contribution rates can rise or fall depending on the funding position of GMPF and the estimated cost of providing benefits for future membership. The employer contribution rates for 2017/18 are shown later in this report. These were determined for the three years from 1 April 2017 by the valuation that took place as at 31 March 2016. The LGPS is registered with Her Majesty's Revenue and Customs, giving rise to various tax benefits, including tax relief on employee contributions.

Membership and Employers

The overall number of members continues to grow. Figures for the last three years are as follows:

	March 2016	March 2017	March 2018
Employees	111,819	109,446	110,100
Deferreds (all types)	125,855	130,533	134,181
Pensioners (all types)	114,618	118,132	125,861
TOTALS:	**352,292**	**358,111**	**370,142**

Employers

The number of employers contributing to GMPF also continues to grow.
Figures for the last three years are:

	March 2016	March 2017	March 2018
Employers with contributing members	470	515	560

The vast majority of new employers admitted were academies who had previously been local authority schools.

Value for money and performance

Our vision is to administer GMPF successfully, in a cost effective way, whilst meeting member expectations, and ensuring our statutory duties are met.

Data quality

The table below shows the quality of the member data held by GMPF. The Pensions Regulator sets a target of 100% accuracy for new common data received after June 2010.

Forename	100.00%
Surname	100.00%
Membership status	100.00%
Date of birth	100.00%
NI number	99.91%
Postcode	99.97%
Address	96.60%

Work continues to be undertaken to improve address data and this work will continue over the next twelve months and beyond.

Performance standards and measures

The pensions administration section uses a number of performance standards to assess whether it is meeting its statutory duties. These measures are also used to evaluate if it is meeting member expectations.

The table on the following page lists these standards, together with performance over the year.

In addition, formal complaints made and compliments received are monitored and reviewed.

Administration cost per member

GMPF cost	**£16.83** per year
LGPS average	**£20.14** per year

These figures are taken from the LGPS CIPFA benchmarking process for 2017.

Internal Audit opinions

A comprehensive risk based Internal Audit Plan is agreed annually. It covers the main administration, finance and investment systems on a cyclical basis and provides management with assurance that adequate internal controls are in place.

The table below summarises the levels of assurance given for the Internal Audit reports issued in 2017/18. Each report is given a rating, being either a *high*, *medium* or *low* level of assurance. Recommendations for improvements are given and are worked on over the next six months.

Level of assurance given	Number of audits 2017/18
HIGH	2
MEDIUM	0
LOW	0

Successes of note during 2017/18

100% of annual pension forecasts for deferred members and over 98% of those for employee members were issued on time.

We also successfully took on a total of approximately 5,820 active, deferred and pensioner First Bus members, whose pensions had previously been administered by South Yorkshire and West Yorkshire Pension Funds.

Summary of performance standards

Task	Total number of cases	Standard	Within Standard
1. Written queries answered or acknowledged	6,881	5 days	96.99%
2. New starters processed	18,394	10 days	99.81%
3. Changes in details processed	18,045	10 days	99.62%
4. Helpline telephone calls answered in office hours	57,370	100%	87.61%
5. Pensions forecasts for deferred members	100,033	Issued before 31 May	100.00%
6. Pensions forecasts for active members	103,947	Issued before 31 August	98.55%
7. Postings queries for employers issued	6,603	Within 1 month	99.73%
8. Technical guidance issued to employers	13	Within 2 months	100.00%
9. Pension savings statements	425	Issued before 6 October	99.76%
10. Estimates for divorce purposes	554	10 days	98.74%
11. Non LGPS transfers in processed	82	15 days	100.00%
12. Non LGPS transfer out quotations processed	1,396	10 days	98.71%
13. Non LGPS transfer out payments processed	295	10 days	98.31%
14. Internal and concurrent transfers processed	4,448	10 days	82.71%
15. Refund payments made	1,946	10 days	94.66%
16. Deferred benefits calculated	10,262	10 days	75.05%
17. Annuity quotations calculated	86	5 days	100.00%
18. APC illustrations calculated	219	10 days	93.15%
19. AVC amendments noted on ALTAIR	1,254	10 days	71.53%
20. New retirements benefit options sent	2,419	10 days	89.42%
21. New retirements processed for payment	2,368	5 days	96.92%
22. Deferred benefits processed for payment	4,245	5 days	98.87%
23. Notifications of death processed	3,897	5 days	86.14%
24. Dependants' pensions processed for payment	1,492	5 days	99.33%
25. Death grants processed for payment	596	5 days	92.28%
26. Retirement lump sum processed by payroll	5,672	5 days	99.63%
27. Payments recalled due to death	3,777	By noon on eve of pay day	100.00%
28. Changes to bank details made	1,605	By payroll cut off date	100.00%

EMPLOYER CONTRIBUTION RATES

Scheme employers	Contribution rate 2016-17 %	Contribution rate 2017-18 %
Academies Pool		
Middleton Academy Limited (St Anne's Academy)	17.0	17.0
Great Academies Education Trust	17.0	17.0
Oasis Community Learning (MediaCityUK Academy)	17.0	17.0
Essa Academy	17.0	17.0
Droylsden Academy	17.0	17.0
Bolton St Catherine's Academy	17.0	17.0
Northern Education Trust (Kearsley Academy)	17.0	17.0
St Bede Church of England Primary Academy	17.0	17.0
Audenshaw School Academy Trust	17.0	17.0
Urmston Grammar	17.0	17.0
Park Road Academy Primary School	17.0	17.0
Lever Edge Primary Academy	17.0	17.0
Wellacre Technology Academy Trust	17.0	17.0
Wellington School	17.0	17.0
Altrincham Grammar School for Boys	17.0	17.0
Sale Grammar School	17.0	17.0
Fairfield High School for Girls	17.0	17.0
Yesoiday Hatorah School	17.0	17.0
Sodexo Limited (Oasis MediaCityUK)	17.0	17.0
Ashton Pioneer Homes Pool		
Ashton Pioneer Homes Ltd [Trfd Staff]	23.0 + £14k	23.0 + £14k
Ashton Under Lyne Sixth Form College Pool		
Ashton Under Lyne Sixth Form College	17.0	17.0
BaxterStorey Ltd	17.0	17.0
AQA Pool		
AQA Education	24.7	20.5 + £714k
Bamford Academy Pool		
Bamford Academy	17.1	15.1
Base Academy Trust Pool		
BASE Academy Trust (Red Lane Primary) [from 01.08.16]	30.2	30.2
BASE Academy Trust (Masefield Primary) [from 01.08.16]	30.2	30.2
Better Choices Pool		
Employment & Regeneration Partnership Ltd	16.8	16.9

Scheme employers	Contribution rate 2016-17 %	2017-18 %
Big Life Schools Pool		
Big Life Schools (Longsight Community Primary)	17.2	17.2
Big Life Schools (Unity Community Primary)	17.2	17.2
Bishop Fraser Trust Pool		
The Bishop Fraser Trust (St James CE High School) [from 01.12.17]	n/a	20.8
The Bishop Fraser Trust (Canon Slade CE School) [from 01.12.17]	n/a	20.8
Bolton & Farnworth CoE Primary MAT Pool		
Bolton & Farnworth C of E Primary MAT (Bishop Bridgeman) [from 01.08.16]	29.8	29.8
Bolton & Farnworth C of E Primary MAT (St James CE Primary) [from 01.08.16]	29.8	29.8
Bolton At Home Pool		
Bolton at Home Ltd [Trfd Staff]	17.3	17.3
Bolton at Home Ltd [New Staff]	17.3	17.3
Bolton MBC Pool		
Bolton MBC	20.2	20.8 *
Canon Slade C of E School [to 30.11.17]	20.2	20.8
Dawn Construction Limited [to 10.06.16]	20.2	n/a
Bolton Community Leisure Limited	20.2	20.8
Monument Café Limited (Bolton)	20.2	20.8
JW Cleaning Services Ltd (Bolton 1)	20.2	20.8
Concerted Academies Trust (Smithills School)	20.2	20.8
Agilisys Limited (Ex Bolton)	20.2	20.8
Bolton Cares (A) Ltd [from 01.07.16]	20.2	20.8
Bolton Sixth Form College Pool		
Bolton Sixth Form College	17.0	18.2
Borough Care Pool		
Borough Care Ltd	22.2	29.0
Bright Futures Educational Trust Pool		
Bright Futures Educational Trust	19.1	19.1
Bright Futures Educational Trust (Cedar Mount Academy)	19.1	19.1
Bright Futures Educational Trust (Gorton Mount Primary Academy)	19.1	19.1
Bright Futures Educational Trust (Melland High School)	19.1	19.1
Bright Futures Educational Trust (Stanley Grove Primary Academy)	19.1	19.1
Bright Futures Educational Trust (Connell 6th Form College)	19.1	19.1
Sodexo - AGGS	19.1	19.1

Scheme employers	Contribution rate 2016-17 %	Contribution rate 2017-18 %
Bright Futures Educational Trust Pool *(continued)*		
Bulloughs Cleaning Services Ltd - BFET	19.1	19.1
Taylor Shaw (BFET)	19.1	19.1
Bury College Pool		
Bury College	21.8	22.2
Bury College Education Trust Pool		
Bury College Education Trust (Radcliffe Primary School)	13.0	20.2
Bury College Education Trust (Elton Community Primary School)	13.0	20.2
Bury MBC Pool		
Bury MBC	19.8	20.5 *
Six Town Housing Limited	19.8	20.5
Persona Care and Support Ltd	19.8	20.5
CRC Pool		
Northumbria CRC	14.0	14.0
Durham Tees Valley CRC	14.0	14.0
Humberside, Lincolnshire and North Yorkshire CRC	14.0	14.0
West Yorkshire CRC	14.0	14.0
Cheshire and Greater Manchester CRC	14.0	14.0
Merseyside CRC	14.0	14.0
South Yorkshire CRC	14.0	14.0
Staffordshire and West Midlands CRC	14.0	14.0
Derbyshire, Leicestershire, Nottinghamshire and Rutland CRC	14.0	14.0
Warwickshire and West Mercia CRC	14.0	14.0
Bristol, Gloucestershire, Somerset and Wiltshire CRC	14.0	14.0
Dorset, Devon and Cornwall CRC	14.0	14.0
Hampshire and Isle of Wight CRC	14.0	14.0
Thames Valley CRC	14.0	14.0
Bedfordshire, Northamptonshire, Cambridgeshire and Hertfordshire CRC	14.0	14.0
Norfolk and Suffolk CRC	14.0	14.0
Essex CRC	14.0	14.0
London CRC	14.0	14.0
Kent, Surrey and Sussex CRC	14.0	14.0
Cumbria and Lancashire CRC	14.0	14.0
Wales CRC	14.0	14.0
RISE Mutual CIC (Ex London CRC)	14.0	14.0
Shelter, Nat Campaign for Homeless People Ltd (Ex North CRC) [to 09.03.17]	14.0	n/a
Third Sector Consortia Management LLP (Trading As 3SC)	14.0	14.0

Scheme employers	Contribution rate 2016-17 %	Contribution rate 2017-18 %
CQC Pool		
Care Quality Commission	26.1 + £206k	29.6 + £486k
Carillion Academies Trust Pool		
Carillion Academies Trust (Inspire Academy)	17.2	17.2
Carillion Academies Trust (Discovery Academy) [from 01.09.16]	17.2	17.2
Christ Church CofE MAT Pool		
Christ Church C of E Multi Academy Trust [from 01.06.17]	n/a	18.3
Christ Church C of E Multi Academy Trust (St Johns Primary) [from 01.03.18]	n/a	18.3
City South Manchester Pool		
City South Manchester Housing Trust Limited [Trfd Staff]	17.3	21.6
City South Manchester Housing Trust Limited [New Staff]	17.3	21.6
Connexions Cumbria Pool		
Inspira Cumbria Limited	15.3 + £137k	24.1 + £137k
The Dean Trust Pool		
The Dean Trust Wigan [from 01.04.17]	n/a	16.0
The Dean Trust (Ashton On Mersey School)	17.9	16.0
The Dean Trust (Broadoak School)	17.9	16.0
The Dean Trust (Forest Gate Academy)	17.9	16.0
The Dean Trust (Ardwick)	17.9	16.0
The Dean Trust (Partington Central Academy) [from 01.09.16]	17.9	16.0
Eastlands Homes Partnership Pool		
Eastlands Homes Partnership Ltd	17.3	16.3
Education Learning Trust Pool		
Education Learning Trust (Gatley Primary School) [from 01.09.17]	n/a	21.4
Education Learning Trust (Bredbury Green Primary School) [from 01.09.17]	n/a	21.4
Elmridge Academy Trust Pool		
The Dunham Trust (Elmridge Primary School)	20.8	20.8
The Dunham Trust (Acre Hall Primary School)	20.8	20.8
The Dunham Trust (The Orchards) [from 01.09.16]	20.8	20.8
The Dunham Trust (Lime Tree Primary Academy) [from 01.07.17]	n/a	20.8
The Dunham Trust (Barton Clough Primary) [from 01.03.18]	n/a	20.8

Scheme employers	Contribution rate 2016-17 %	Contribution rate 2017-18 %
Enquire Learning Trust Pool		
The Enquire Learning Trust (Hawthorns School) [to 28.02.18]	24.3	24.3
The Enquire Learning Trust (Lime Tree Primary Academy) [to 30.06.17]	13.0	16.6
The Enquire Learning Trust (Manchester Road Primary Academy)	24.3	24.3
The Enquire Learning Trust (Linden Road Primary Academy)	24.3	24.3
The Enquire Learning Trust (Moorside Primary School)	24.3	24.3
The Enquire Learning Trust (Godley Primary) [from 01.04.16]	24.3	24.3
The Enquire Learning Trust (Oakfield Primary School) [from 01.04.16]	24.3	24.3
The Enquire Learning Trust (Flowery Field Primary) [from 01.06.16]	24.3	24.3
The Enquire Learning Trust (Bradley Green Primary Academy) [from 01.09.16]	24.3	24.3
The Enquire Learning Trust (Dowson Primary Academy) [from 01.09.16]	24.3	24.3
The Enquire Learning Trust (Endeavour Primary Academy) [from 01.11.17]	n/a	24.3
First Choice Homes Pool		
FCHO Ltd (I & P) [Trfd Staff]	17.9	18.7
FCHO Ltd (I & P) [New Staff]	17.9	18.7
First Group Pool		
First Manchester Ltd	26.6 + £4.9m	30.3 + £5.17m
First West Yorkshire Ltd [from 01.11.17]	n/a	30.3
First South Yorkshire Ltd [from 01.11.17]	n/a	30.3
Greater Manchester Combined Authority Pool		
Police and Crime Commissioner for Greater Manchester (Ex Salford CC)	18.7	21.2
Greater Manchester Combined Authority	17.2	21.2
Greater Manchester Fire and Rescue Service	22.5	21.2
Greater Manchester Waste Pool		
Greater Manchester Waste Disposal Authority [to 31.03.18]	19.8 + £535k	19.8 + £535k
The Laurus Trust Pool		
The Laurus Trust	16.7	16.7
Compass Contract Services (UK) Ltd (Laurus Trust)	16.7	16.7
Leverhulme Academy of CofE & Community Trust Pool		
Leverhulme Academy C of E & Community Trust (Rivington & Blackrod High School) [from 01.03.17]	17.0	17.0
Leverhulme Academy C of E & Community Trust (Harper Green) [from 01.03.17]	17.0	17.0
Loreto Grammar School Pool		
Loreto Grammar School (Academy)	17.9	17.1

Scheme employers	Contribution rate 2016-17 %	Contribution rate 2017-18 %
Manchester Airport Pool		
Manchester Airport plc	19.8 + £1.7m	22.2 + £1.646m
Manchester Airport Aviation Services Ltd	19.8	22.2
Manchester City Council Pool		
Manchester City Council	19.1	19.1 *
National Car Parks Manchester Ltd	19.1	19.1
Group 4 Total Security Limited	19.1	19.1
Eastlands Homes Partnership Ltd [Trfd Staff]	19.1	19.1
Amey Highways Limited	19.1	19.1
Peak Valley Housing Association Ltd	19.1	19.1
Manchester Working Limited	19.1	19.1
Adactus Housing Association Limited	19.1	19.1
Capita IT Services (BSF) Ltd (Ex-Man)	19.1	19.1
SPIE FS Northern UK Limited (Wright Robinson)	19.1	19.1
Enterprise Manchester Partnership Limited [to 21.12.17]	19.1	19.1
Mosscare Housing Limited	19.1	19.1
Jacobs Engineering UK Limited	19.1	19.1
Community Integrated Care	19.1	19.1
Inspirit Care Limited	19.1	19.1
The Altius Trust (MEA)	19.1	19.1
Manchester Health Academy	19.1	19.1
The Cooperative Academies Trust (MCMA)	19.1	19.1
Education & Leadership Trust (East Manchester Academy)	19.1	19.1
Greater Manchester Academies Trust (MCA)	19.1	19.1
The Cooperative Academies Trust (CAM)	19.1	19.1
Manchester Mental Health and Social Care Trust	19.1	19.1
One Education Limited	19.1	19.1
The King David High School	19.1	19.1
Cheetham Church of England Community Academy	19.1	19.1
Trinity Church of England High School	19.1	19.1
Greater Manchester Arts Centre Limited	19.1	19.1
St Barnabas C of E Primary Academy Trust	19.1	19.1
Wise Owl Trust (Briscoe Lane Academy)	19.1	19.1
E-ACT (Blackley Academy)	19.1	19.1
Wise Owl Trust (Seymour Road Academy)	19.1	19.1
Prospere Learning Trust (Chorlton High School)	19.1	19.1
Wythenshawe Catholic Academy Trust (St Anthony's)	19.1	19.1
Children of Success Schools Trust (Haveley Hey)	19.1	19.1
Children of Success Schools Trust (The Willows)	19.1	19.1

Scheme employers	Contribution rate 2016-17 %	Contribution rate 2017-18 %
Manchester City Council Pool *(continued)*		
Webster Primary School	19.1	19.1
Wythenshawe Catholic Academy Trust (St Paul's)	19.1	19.1
Oasis Community Learning (Harpur Mount)	19.1	19.1
Commission For The New Economy Limited (2) [to 31.03.17]	19.1	n/a
Manchester Central Convention Complex Limited [to 10.11.17]	19.1	19.1
Wythenshawe Catholic Academy Trust (St John Fisher)	19.1	19.1
The King David Primary School	19.1	19.1
Oasis Community Learning (Academy Aspinal)	19.1	19.1
Kingsway Community Trust (Green End Primary School)	19.1	19.1
Kingsway Community Trust (Ladybarn Primary School)	19.1	19.1
Beaver Road Academy Trust	19.1	19.1
Contour Homes Limited	19.1	19.1
Mears Limited [to 16.01.17]	19.1	n/a
Wythenshawe Catholic Academy Trust (St Elizabeth's Primary)	19.1	19.1
Burnage Academy for Boys	19.1	19.1
Crossacres Primary Academy	19.1	19.1
Dataspire Solutions Ltd (Our Lady's Catholic High)	19.1	19.1
Education and Leadership Trust (Levenshulme High School)	19.1	19.1
Education and Leadership Trust (Whalley Range High School)	19.1	19.1
Prospere Learning Trust (Piper Hill Special Support School)	19.1	19.1
Greater Manchester Academies Trust (MCPA)	19.1	19.1
Taylor Shaw - Cavendish Primary	19.1	19.1
Dolce Limited (MCC)	19.1	19.1
SS Simon and Jude C of E Academy Trust (St James CE Primary)	19.1	19.1
Prospere Learning Trust (Newall Green High School)	19.1	19.1
St James & Emmanuel Academy Trust (Didsbury CE Primary)	19.1	19.1
St James & Emmanuel Academy Trust (West Didsbury CE Primary)	19.1	19.1
The Cherry Tree Trust (Newall Green Primary School)	19.1	19.1
KGB Cleaning & Support Services Ltd (Barlow School) [to 19.02.17]	19.1	n/a
KGB Cleaning & Support Services Ltd (Enterprise Academy)	19.1	19.1
Catering Academy - Beaver Road Academy [to 31.08.17]	19.1	19.1
Greenwich Leisure Ltd (Manchester Sports)	19.1	19.1
Greenwich Leisure Ltd (Wythenshawe Forum)	19.1	19.1
Biffa Municipal Ltd.	19.1	19.1
Wise Owl Trust (Old Hall Drive Academy)	19.1	19.1
St James & Emmanuel Academy Trust (St Wilfrids CE Primary) [from 01.07.16]	19.1	19.1
Trinity Sport Services Ltd [to 07.01.18]	19.1	19.1
Integral UK Ltd - Cheethams Academy	19.1	19.1
Essential Hygiene Ltd - Cavendish School	19.1	19.1

Scheme employers	Contribution rate 2016-17 %	Contribution rate 2017-18 %
Manchester City Council Pool *(continued)*		
Taylor Shaw - St Aidans Primary School	19.1	19.1
Career Connect (Ex Better Choices/ MCC)	19.1	19.1
Prospere Learning Trust (Pioneer House High School) [from 01.09.16]	19.1	19.1
Sodexo (Harpur Mount)	19.1	19.1
Greater Manchester Learning Trust (Parrs Wood High School) [from 01.09.16]	19.1	19.1
CLIC Educational Trust (Chorlton Park Primary School) [from 01.09.16]	19.1	19.1
CLIC Educational Trust (Old Moat Primary School) [from 01.09.16]	19.1	19.1
Link Learning Trust (Barlow Hall Primary School) [from 01.04.17]	n/a	19.1
Link Learning Trust (Brookburn Primary School) [from 01.04.17]	n/a	19.1
Time Out Services Limited (Ex MCC) [from 01.12.16 to 30.11.17]	19.1	19.1
The Altius Trust (MEA Central) [from 01.09.17]	n/a	19.1
CLIC Educational Trust (Rolls Crescent Primary School) [from 01.09.17]	n/a	19.1
Sodexo Limited (Oasis Aspinal Academy) [from 01.01.17]	19.1	19.1
Caterlink Limited - Newall Green [from 18.04.16]	19.1	19.1
Caterlink Ltd - Chorlton High (Ex MCC) [from 18.04.16]	19.1	19.1
Integral - Plymouth Grove (Ex MCC) [from 01.09.16]	19.1	19.1
Mears Group Plc (Northwards Housing MCC) [from 03.04.17]	n/a	19.1
Bulloughs Cleaning Services Ltd - Barlow RC (Ex MCC) [from 20.02.17]	19.1	19.1
Dolce Ltd - Pike Fold School (Ex MCC) [from 01.01.18]	n/a	19.1
Dolce Ltd - St Bernards (Ex MCC) [from 01.04.17]	n/a	19.1
Caterlink Ltd - Heald Place (Ex MCC) [from 01.09.17]	n/a	19.1
Museum of Science and Industry Pool		
National Museum of Science and Industry	22.3	22.3 + £153k
NPS Pool		
National Probation Service	29.6	29.6
Other Local Authorities Pool		
Saddleworth Parish Council	22.8	21.9
Manchester Port Health Authority	22.8	21.9
Horwich Town Council	22.8	21.9
Shaw & Crompton Parish Council [to 31.07.16]	22.8	n/a
Shevington Parish Council	22.8	21.9

Scheme employers	Contribution rate 2016-17 %	2017-18 %
Oldham MBC Pool		
Oldham MBC	18.8	20.0 **
Oldham Community Leisure Limited	18.8	20.0
The Villages Housing Association Limited	18.8	20.0
Housing & Care 21	18.8	20.0
Kier Facilities Services Limited	18.8	20.0
The Unity Partnership Limited	18.8	20.0
Allied Publicity Services (Manchester) Limited	18.8	20.0
Bullough Cleaning Services Limited	18.8	20.0
Oasis Community Learning (Oldham Academy)	18.8	20.0
E-ACT (The Oldham Academy North)	18.8	20.0
Oldham College Community Academies Trust (Waterhead Academy) [to 31.07.16]	18.8	n/a
NSL Limited	18.8	20.0
The Pinnacle Learning Trust (The Hathershaw College)	18.8	20.0
Kier Facilities Services Limited (Oasis Oldham) [to 31.08.16]	18.8	n/a
Crompton House Church of England School	18.8	20.0
Sodexo Limited (Oasis Oldham)	18.8	20.0
Cranmer Education Trust (The Blue Coat School)	18.8	20.0
Oasis Community Learning (Limeside Academy)	18.8	20.0
Wates Construction Limited	18.8	20.0
Great Places Housing Association	18.8	20.0
Taylor Shaw Limited (Kier)	18.8	20.0
SMC Premier Cleaning Limited	18.8	20.0
Sodexo Limited (Limeside Academy)	18.8	20.0
New Bridge Multi Academy Trust (New Bridge School)	18.8	20.0
Oldham Care and Support Limited	18.8	20.0
Oldham College Community Academies Trust (Stoneleigh Academy) [to 31.07.16]	18.8	n/a
Focus Academy Trust (UK) Ltd (Roundthorn Primary Academy)	18.8	20.0
Focus Academy Trust (UK) Ltd (Coppice Primary Academy)	18.8	20.0
Sola Fide C of E Trust (St Chad's Church of England Primary School)	18.8	20.0
The Harmony Trust Ltd (Greenhill Academy)	18.8	20.0
Bright Tribe Trust (Werneth Primary)	18.8	20.0
The Oak Trust (North Chadderton School)	18.8	20.0

Scheme employers	Contribution rate 2016-17 %	2017-18 %
Oldham MBC Pool *(continued)*		
The Harmony Trust Ltd (Alt Academy)	18.8	20.0
The Harmony Trust Ltd (Westwood Academy)	18.8	20.0
The Harmony Trust Ltd (Richmond Academy)	18.8	20.0
Blue Support Services [to 30.09.16]	18.8	n/a
Catering Academy Ltd (Waterhead Academy)	18.8	20.0
Taylor Shaw Ltd (Royton and Crompton) [to 27.01.17]	18.8	n/a
Engie Services Limited	18.8	20.0
Focus Academy Trust (UK) Ltd (Freehold Community Primary)	18.8	20.0
Cranmer Education Trust (East Crompton St George CE Primary)	18.8	20.0
New Bridge Multi Academy Trust (Hollinwood)	18.8	20.0
Wolseley UK Ltd	18.8	20.0
Cranmer Education Trust (Mayfield Primary School)	18.8	20.0
SMC Premier Cleaning Ltd (Broadfield Primary)	18.8	20.0
Bulloughs Cleaning Services Ltd	18.8	20.0
The Harmony Trust (Northmoor Academy) [from 01.09.16]	18.8	20.0
Kingfisher Learning Trust [from 01.09.16]	18.8	20.0
New Bridge Multi Academy Trust (Springbrook) [from 01.12.16]	18.8	20.0
Focus Academy Trust (UK) Ltd (Lyndhurst Primary School) [from 01.12.16]	18.8	20.0
Sola Fide C of E Trust (St Annes C of E Lydgate Primary School) [from 01.04.17]	n/a	20.0
The Cooperative Academies Trust (Failsworth School) [from 01.09.17]	n/a	20.0
Essential Hygiene Ltd - St Edwards (Ex OMBC) [from 01.04.17]	n/a	20.0
Parkway Green Housing Trust Pool		
Parkway Green Housing Trust [Trfd Staff]	18.3	22.7
Parkway Green Housing Trust [New Staff]	18.3	22.7
Prestolee MAT Pool		
Prestolee Multi Academy Trust (Prestolee Primary School)	24.3	24.3
Prestolee Multi Academy Trust (Bowness Primary School)	24.3	24.3
Prestolee Multi Academy Trust (Waterloo Primary School) [01.09.17]	n/a	24.3
Prestolee Multi Academy Trust (Barton Moss Primary School) [01.09.17]	n/a	24.3
Rochdale Boroughwide Housing Pool		
Rochdale Boroughwide Housing Limited (I & P) [Trfd Staff]	18.0	18.0
Rochdale Boroughwide Housing Limited (I & P) [New Staff]	18.0	18.0

Scheme employers	Contribution rate 2016-17 %	Contribution rate 2017-18 %
Rochdale MBC Pool		
Rochdale MBC	19.7	20.5 *
Crossgates School	19.7	20.5
Smithy Bridge Foundation Primary School	19.7	20.5
St James' C of E Primary School [to 31.08.17]	19.7	20.5
Healey Primary School	19.7	20.5
Peopleprint Community Media Workshop [to 29.06.16]	19.7	n/a
Rochdale Boroughwide Cultural Trust	19.7	20.5
Alternative Futures Group Limited	19.7	20.5
Safeguard Solutions Limited	19.7	20.5
Capita IT Services (BSF) Limited	19.7	20.5
E.ON UK plc	19.7	20.5
Grosvenor Facilities Management Limited	19.7	20.5
Carillion Services Limited (Hollingworth)	19.7	20.5
Great Academies Education Trust (Middleton Tech School) [from 01.09.16]	19.7	20.5
Hollingworth Academy Trust	19.7	20.5
Carillion AMBS Ltd (Falinge)	19.7	20.5
Carillion AMBS Ltd (Wardle)	19.7	20.5
Rochdale Boroughwide Housing	19.7	20.5
PossAbilities CIC	19.7	20.5
Future Directions	19.7	20.5
Bulloughs Cleaning Services Ltd	19.7	20.5
Balfour Beatty Living Places Ltd	19.7	20.5
The Pennine Acute Hospitals NHS Trust	19.7	20.5
Office Depot UK [to 10.11.16]	19.7	n/a
St Teresa Of Calcutta Catholic Academy Trust (St Patricks) [from 01.10.17]	n/a	20.5
St Teresa Of Calcutta Catholic Academy Trust (Alice Ingham) [from 01.10.17]	n/a	20.5
N Compass Northwest Ltd (Ex RMBC) [from 01.05.17]	n/a	20.5
Mellors Catering Svs Ltd - St Gabriels (Ex Rochdale MBC) [from 01.09.17]	n/a	20.5
Salford Academy Trust Pool		
Salford Academy Trust (Albion High School)	21.5	21.5
Salford Academy Trust (Dukesgate Primary School)	21.5	21.5
Salford Academy Trust (Marlborough Road Primary School)	21.5	21.5
Salford Academy Trust (Irlam & Cadishead College) [from 01.07.17]	n/a	21.5
Salford City College Pool		
Salford City College	18.2	19.6

Scheme employers	Contribution rate 2016-17 %	Contribution rate 2017-18 %
Salford City Council Pool		
Salford City Council	20.0	19.7 *
St Ambrose Barlow RC High School	20.0	19.7
The Salfordian Trust Company Limited	20.0	19.7
Salford Community Leisure Limited	20.0	19.7
The Working Class Movement Library	20.0	19.7
Mitie PFI Limited	20.0	19.7
Compass Contract Services (UK) Limited	20.0	19.7
SPIE FS Northern UK Ltd (Salford)	20.0	19.7
City West Housing Trust Limited	20.0	19.7
Inspirit Care Limited	20.0	19.7
RM Education plc	20.0	19.7
SPIE FS Northern UK Limited (Salford 2)	20.0	19.7
The Landing at MediaCityUK Limited	20.0	19.7
Chevin Housing Association Limited	20.0	19.7
Salix Homes Limited	20.0	19.7
Career Connect	20.0	19.7
Aspire for Intelligent Care and Support (CIC) [to 30.06.16]	20.0	n/a
SPIE FS Northern UK Ltd (St Ambrose & St Patrick)	20.0	19.7
SPIE FS Northern UK Ltd (Moorside)	20.0	19.7
Salford Royal NHS Foundation Trust (ASC Contract) [from 01.07.16]	20.0	19.7
Salford Royal NHS Foundation Trust (Equipment Contract) [from 01.07.16]	20.0	19.7
Absolutely Catering Ltd (Graysons Restaurants) [to 24.07.17]	20.0	19.7
Aspens Services Ltd	20.0	19.7
Aspire For Intelligent Care & Support (CIC) (2) [from 01.07.16]	20.0	19.7
St Ambrose Academy Trust Pool		
St Ambrose College Academy Trust	17.8	17.0
Salford University Pool		
Salford University	20.7	21.1

Scheme employers	Contribution rate 2016-17 %	Contribution rate 2017-18 %
Small Admitted Bodies Pool		
National Museum of Labour History	21.6	21.6
Wigan Metropolitan Development Co (Inv) Ltd	21.6	21.6
Groundwork Oldham & Rochdale	21.6	21.6
APSE	21.6	21.6
Greater Manchester Immig Aid Unit	21.6	21.6
Birtenshaw Hall School	21.6	21.6
North West Local Auth Empl Orgn	21.6	21.6
Rochdale CAB	21.6	21.6
Chethams School Of Music	21.6	21.6
Oldham CAB	21.6	21.6
Manchester CAB	21.6	21.6
Centre For Local Economic Strategies Ltd (CLES)	21.6	21.6
UNIAC	21.6	21.6
Manchester Centre For The Deaf	21.6	21.6
Rochdale Development Agency	21.6	21.6
Salford Foundation Ltd	21.6	21.6
Sparth Community Centre	21.6	21.6
Stockport CAB [to 11.10.16]	21.6	n/a
Tameside CAB [to 01.03.17]	21.6	n/a
Marketing Manchester	21.6	21.6
Council For Voluntary Service Rochdale	21.6	21.6
Mechanics Centre Ltd	21.6	21.6
Midas Limited	21.6	21.6
Greater Manchester Sports Partnership	21.6	21.6
Rochdale Law Centre	21.6	21.6
Metro Rochdale Employees Credit Union Limited	21.6	21.6
Shopmobility Manchester	21.6	21.6
Dance Initiative Greater Manchester	21.6	21.6
Cash Box Credit Union Ltd	21.6	21.6
Open College Network North West Region [to 30.09.16]	21.6	n/a
Groundwork MSSTT	21.6	21.6
Caritas Diocese Of Salford	21.6	21.6

Scheme employers	Contribution rate 2016-17 %	Contribution rate 2017-18 %
South Pennine Academies Pool		
South Pennine Academies (Waterhead Academy) [from 01.08.16]	18.8	20.0
South Pennine Academies (Willowpark Primary Academy) [from 01.08.16]	18.8	20.0
South Pennine Academies (Woodlands Primary Academy) [from 01.03.17]	20.0	20.0
South Pennine Academies (Greenacres Primary Academy) [from 01.03.18]	n/a	20.0
Southway Housing Trust Pool		
Southway Housing Trust (Manchester) Limited [Trfd Staff]	18.6	19.9
Southway Housing Trust (Manchester) Limited [New Staff]	18.6	19.9
Stagecoach Manchester Pool		
Greater Manchester Buses South Ltd	28.2 + £2.4m	30.4 + £1.5m
Stagecoach Services Limited	28.2	30.4
Stockport College Pool		
Stockport College Of Further & Higher Education	20.8	21.9
Stockport MBC Pool		
Stockport MBC	19.0	19.3 *
Life Leisure	19.0	19.3
Pure Innovations Ltd	19.0	19.3
Stockport Homes Ltd	19.0	19.3
Solutions SK Limited	19.0	19.3
Marple Hall School	19.0	19.3
Carillion (AMS) Ltd (Ex NPS Stockport)	19.0	19.3
Tameside College Pool		
Tameside College	18.2	18.8
Tameside MBC Pool		
Tameside MBC	20.2	21.0 *
Carillion Services Limited	20.2	21.0
Carillion LGS Limited	20.2	21.0
Carillion AMBS Ltd	20.2	21.0
The Manchester College Pool		
LTE Group (formerly The Manchester College)	18.1	18.1
Trafford College Pool		
Trafford College	18.7 + £273k	23.8
Caterlink (Trafford College) [from 16.05.16]	18.7	23.8

Scheme employers	Contribution rate 2016-17 %	Contribution rate 2017-18 %
Trafford MBC Pool		
Trafford MBC	20.4	20.4 *
Sale High School	20.4	20.4
Blessed Thomas Holford Catholic College	20.4	20.4
Essential Fleet Services Ltd	20.4	20.4
Market Operations	20.4	20.4
Amey LG Ltd	20.4	20.4
Trafford Leisure Community Interest Company	20.4	20.4
Floorbrite Cleaning Contractors Ltd (St Anne's) [to 15.07.16]	20.4	n/a
Floorbrite Cleaning Contractors Ltd (Springfield Primary)	20.4	20.4
Caterlink (Sale High School) [to 31.07.16]	20.4	n/a
Caterlink (Stretford High School) [to 31.07.16]	20.4	n/a
Transport for Greater Manchester Pool		
Transport for Greater Manchester	18.8	18.8
United Learning Trust Pool		
United Learning Trust (Manchester Academy)	14.9	15.6
United Learning Trust (Salford Academy)	14.9	15.6
United Learning Trust (Stockport Academy)	14.9	15.6
United Learning Trust (William Hulme's Grammar School)	14.9	15.6
United Learning Trust (Abbey Hey Primary)	14.9	15.6
United Learning Trust (Cravenwood Community Primary)	14.9	15.6
Caterlink (Ex United Learning Trust Stockport Academy)	14.9	15.6
The University of Manchester Pool		
The University of Manchester	22.9 + £708k	22.9 + £729k
Vision MAT Pool		
Vision Multi Academy Trust (Higher Lane Primary) [from 01.07.17]	n/a	18.0
Vision Multi Academy Trust (East Ward Primary) [from 01.07.17]	n/a	18.0
Vision Multi Academy Trust (Sunny Bank Primary) [from 01.07.17]	n/a	18.0
Wardle Academy Trust Pool		
Wardle Academy	23.4	19.7
Wardle Academy (Kentmere Primary School)	23.4	19.7
Wardle Academy (St Andrews C of E Primary School) [from 01.09.17]	n/a	19.7
Wardle Academy (St James C of E Primary School) [from 01.09.17]	n/a	19.7
West Hill School Pool		
West Hill School	19.8	16.8

Scheme employers	Contribution rate 2016-17 %	2017-18 %
Wigan MBC Pool		
Wigan MBC	19.6	19.6 *
Wigan & Leigh Housing Company Ltd [to 31.03.17]	19.6	n/a
Wigan Leisure & Culture Trust	19.6	19.6
NPS North West Limited	19.6	19.6
Western Skills Centre Limited	19.6	19.6
Always There Homecare Limited	19.6	19.6
Proco NW Limited	19.6	19.6
Leigh Sports Village Ltd	19.6	19.6
Lateral Academy Trust	19.6	19.6
Abraham Guest Academy Trust [to 31.03.17]	19.6	n/a
Leading Learners MAT (Tyldesley Primary School)	19.6	19.6
The Rowan Learning Trust (Hawkley Hall High School)	19.6	19.6
Wigan and Leigh Carers Centre	19.6	19.6
Makerfield Academy Trust (Byrchall High School)	19.6	19.6
Community First Academy Trust (Platt Bridge)	19.6	19.6
Agilisys Limited	19.6	19.6
Acorn Trust	19.6	19.6
The Learning Together Trust	19.6	19.6
Monument Café	19.6	19.6
Community First Academy Trust (Rose Bridge Academy)	19.6	19.6
The Keys Federation	19.6	19.6
The Rowan Learning Trust (3 Towers Alternative Provision)	19.6	19.6
Mellors Catering Services (Hindley High School)	19.6	19.6
Premier Care Limited	19.6	19.6
Change Grow Live (CGL) [to 19.01.18]	19.6	19.6
Brathay Trust [to 30.03.16]	19.6	n/a
The Rowan Learning Trust (Marus Bridge) [from 01.10.16]	19.6	19.6
Greengate Academy Trust (Orrell Holgate) [from 01.11.16]	19.6	19.6
Greengate Academy Trust (Orrell Lamberhead Green) [from 01.11.16]	19.6	19.6
The Wings CE Trust (Atherton St Georges CE Primary) [from 01.04.17]	n/a	19.6
The Wings CE Trust (St Marks) [from 01.04.17]	n/a	19.6
Mosaic Academy Trust (Standish Community High School) [from 01.12.17]	n/a	19.6
Willow Park Housing Trust Pool		
Willow Park Housing Trust	21.3	23.4
Willow Park Housing Trust [2nd Agreement]	21.3	23.4

Scheme employers	Contribution rate 2016-17 %	Contribution rate 2017-18 %
Individual Employers		
The Chief Constable of Greater Manchester	18.7	18.7
The University of Bolton	23.2	23.2
Manchester Metropolitan University	21.4	21.4
Liverpool Hope University	19.1	19.1
Royal Northern College Of Music	18.9	18.9
Borough Care Services Ltd	25.3 + £154k	25.3 + £154k
Bolton College	18.0 + £237k	18.0 + £244k
Holy Cross College	17.0	16.9
Loreto Sixth Form College	17.0	17.0
Xaverian Sixth Form College	17.0	16.4
Oldham College	14.9	16.8
The Pinnacle Learning Trust (Oldham Sixth Form College)	17.0	16.5
Hopwood Hall College	20.2	20.2
Aquinas College	17.0	18.0
Cheadle & Marple 6th Form College	21.2 + £39k	21.2 + £40k
Wigan & Leigh College	22.7	22.7
Winstanley College	17.0	16.5
St John Rigby College	17.0	17.4
Tameside Sports Trust	17.4	19.2
New Charter Housing Trust Limited	25.1	24.7
Positive Steps Oldham	14.4	16.4
Eastlands Trust (Formerly The Velodrome Trust)	22.7	22.7
Ace Centre (North)	12.8	16.1
Manchester & District Housing Association [to 31.05.17]	17.3	27.5
Trafford Housing Trust Ltd	18.0 + £397k	22.5 + £706k
Northwards Housing Limited	17.6	17.6
Viridor Waste (Greater Manchester) Limited	20.6	20.6
Altus Education Partnership (Rochdale Sixth Form College)	17.0	15.4
The Cooperative Academies Trust (The Swinton High School)	17.8	17.0
Healthy Learning Trust (Flixton Girls School)	19.0	17.3
Mellor Primary School	16.7	16.7
Broadoak Primary School	17.8	18.3
South Manchester Learning Trust (Reddish Vale Academy Trust)	16.7	16.2
Denton West End Primary School	18.3	16.6
Hazel Grove High School	16.8	17.0
Eagley Infant School	22.2	22.2
Eagley Junior School	24.0	24.0
Harwood Meadows Primary School	24.2	24.2
The Oakwood Academy Schools Trust	21.2	21.2

Scheme employers	Contribution rate 2016-17 %	2017-18 %
Individual Employers *(continued)*		
Broughton Jewish Cassel Fox	18.1	16.1
South Manchester Learning Trust (Altrincham College of Arts)	18.1	18.1
Forward As One Church Of England Multi Academy Trust	19.0	19.0
SS Simon and Jude C of E Multi Academy Trust	17.9	17.9
Chapel Street Community Schools Trust (Atherton Community School)	16.6	16.6
Northern Schools Trust (Wigan UTC)	18.6	18.6
Northern Education Trust (The Ferns)	17.9	17.9
St Anselms Catholic Multi Academy Trust	18.3	21.9
New Bridge Multi Academy Trust (Hawthorns School) [from 01.03.18]	n/a	24.3
The Olive Tree Primary Bolton Limited	15.0	14.2
New Islington Free School	15.0	15.0
Park Road Sale Primary	18.3	18.3
Beis Yaakov Jewish High School	26.0	26.0
Chester Diocesan Academies Trust (St Matthew's C of E Primary)	15.8	16.1
Focus Academy Trust (UK) Ltd (Manor Green Primary Academy)	32.9	32.9
Manchester Creative Studio	17.2	17.2
Collective Spirit Oldham [to 31.08.17]	16.9	16.9
The Kirkstead Education Trust (Hursthead Junior School)	19.7	19.7
Focus Academy Trust (UK) Ltd (Old Trafford Community Primary)	14.4	15.5
Essa Foundation Academies Trust (The Essa Primary)	15.0	15.0
Taylor Shaw Ltd (Moorfield Primary School)	22.8	28.9
Taylor Shaw Ltd (Mellor Primary School) [to 30.11.16]	18.3	n/a
Taylor Shaw Ltd (Romiley Primary School)	21.9	30.2 + £1k
Kingsway Community Trust (Cringle Brook Primary)	13.6	13.7
The Eddie Davies Educational Trust (Bolton Wanderers FS) [to 31.08.17]	14.5	14.5
Gatley Academy Trust (Gatley Primary School) [to 31.08.17]	21.4	21.4
Greater Manchester Sustainable Engineering UTC [to 31.08.17]	16.2	16.2
Focus Academy Trust (UK) Ltd (Deeplish Primary Academy)	24.5	24.5
Taylor Shaw Ltd (Kingsway High School)	21.6	27.6
Ashton West End Primary	26.5	26.5
Addiction Dependency Solutions	13.2	19.1
Sharples School A Multi Academy Trust [from 01.06.16]	29.6	29.6
Lever Academy Trust (Little Lever School)	24.8	24.8
Bolton UTC	17.2	15.9
Creative Industries UTC (UTC@MediaCityUK)	17.2	17.2
Bolton Muslim Academy Trust [from 01.09.16]	20.2	20.2
The Sovereign Trust MAT (Pictor Academy & Manor Academy)	25.9	25.9
Taylor Shaw (St Simon's Primary)	23.2	29.1
Taylor Shaw (St Mary's) [to 15.09.17]	25.1	33.2

Scheme employers	Contribution rate 2016-17 %	2017-18 %
Individual Employers *(continued)*		
Taylor Shaw (Nevill Road Primary) [to 31.07.16]	23.1	n/a
Taylor Shaw (Marple Hall High School)	22.3	28.7 + £13k
Taylor Shaw (Fairway)	18.7	29.0 + £1k
Abney Trust (The Kingsway School)	26.0	26.0
KGB Cleaning & Support Services Ltd (Ex Trafford College)	21.8	30.3 + £6k
Bolton Impact Trust	25.6	25.6
Career Connect (Achieve North West Contract)	30.0	30.0
Catering Academy (Ex Bolton College)	24.7	28.4 + £1k
Chester Diocesan Academies Trust (St Pauls C Of E Primary) [from 01.03.17]	19.6	19.6
CBRE Managed Services Ltd (Waterhead Academy) [to 31.10.16]	25.3	n/a
Taylor Shaw Ltd (Harrytown High School)	25.9	29.3 + £7k
Consilium Academies (Buile Hill) [from 01.08.16]	20.0	20.0
CBRE Managed Services Ltd (Oldham College)	25.5	28.8
The Hamblin Education Trust (North Cestrian School) [from 01.09.16]	17.2	17.2
Taylor Shaw (Stockport College)	19.5	24.3
Churchill Contract Services Ltd (Harper Green School) [from 01.06.16]	33.9	33.9
Elite Cleaning & Environmental Services Ltd	23.3	24.8
Shaw Education Trust (Castlebrook High School) [from 01.02.17]	17.4	17.4
Chatsworth Multi Academy Trust [from 01.10.16]	17.7	17.7
Oasis Community Learning (Broadoak Primary School) [from 01.07.17]	n/a	16.7
Aspireplus Educational Trust (Longdendale High School) [from 01.07.17]	n/a	17.9
Aspireplus Educational Trust (Rayner Stephens High School) [from 01.07.17]	n/a	16.5
Consilium Academies (Ellesmere Park High School) [from 01.07.17]	n/a	16.6
Mulberry Tree CE Multi Academy Trust (St Catherines Primary) [from 01.01.18]	n/a	20.8
T(N)S Catering Management Ltd [from 01.01.18]	n/a	31.9
Capita Secure Information Solutions Ltd (Ex GMP) [from 15.12.16]	31.6	31.6
Inspiring Learners MAT (Tyntesfield Primary School) [from 01.02.18]	n/a	20.4
Champion Cleaning Services Ltd - Ex Bury MBC [from 01.10.17]	n/a	33.0

* These employers can choose to pay either their annual contributions in advance in April each year or their contributions covering the period 1 April 2017 to 31 March 2020 in advance in April 2017. Where an employer chooses to make such payments in advance, the contribution rates shown should be multiplied by a factor of 0.9804 (annually in advance) or 0.9434 (3 year advance payment). Where advance contributions are to be paid, employers will need to agree with the Administering Authority and the GMPF actuary an estimate of pensionable pay for each year and if the actual pensionable pay is higher than the estimate then a balancing payment would be made following the year-end.

** This employer can choose to pay their annual contributions covering the period 1 April 2017 to 31 March 2020 in advance by 15 May 2017. If this employer chooses to make this advance payment, the contribution rate shown should be multiplied by a factor of 0.9449. Where advance contributions are paid, this employer will need to agree with the Administering Authority and the GMPF actuary an estimate of pensionable pay for each year and if the actual pensionable pay is higher than the estimate then a balancing payment would be made following the year-end.

The LGPS at a glance

The information below describes the LGPS as it was during 2017/18.

For information as it is now and other general information, please see our website **www.gmpf.org.uk**

Eligibility for membership

Membership is generally available to employees of participating employers who have contracts of employment of three months or more, are under the age of 75 and who are not eligible for membership of other statutory pension schemes. Membership of the LGPS is therefore not open to Police Officers, firefighters, civil servants, etc who have their own pension schemes. Employees of admission bodies and designating bodies such as a town or parish council can only join if their employer nominates them for membership of the LGPS.

Employee contributions

The rate of contribution payable by members of the main scheme varies according to pay, ranging from 5.5% to 12.5%. The pay ranges to which each contribution rate applies are adjusted each April in line with changes in the cost of living. Members of the 50/50 option pay half the main scheme contributions and build up half the normal main scheme pension.

Extra benefits

Members can pay additional pension contributions (APCs) to increase their pension. They can also pay money purchase additional voluntary contributions (AVCs) into a scheme operated in conjunction with the Prudential, to provide extra pension, extra lump sum, extra death benefits or permutations thereof. Both APCs and AVCs attract tax relief in most cases.

Retirement benefits

For each year of membership in the main scheme, an employee member builds up a pension of a 49th of the pay received during that year. This pension is then increased each year in line with inflation, to maintain its value in real terms. Someone in the 50/50 option builds up a pension of a 98th of the pay received during that year, which is again protected against inflation. Ill health pensions can also be awarded, based on one of three tiers, for those that satisfy the Scheme's criteria for permanent incapacity. Those in the 50/50 option have full ill-health and death cover. Membership that was built up before 1 April 2014 continues to provide benefits as it did at the time. Membership from 1 April 2008 to 31 March 2014 therefore provides final salary pensions based on 60ths. Membership before that also provides final salary benefits, based on 80ths. Members can normally exchange some annual pension for a larger lump sum at a rate of 1:12, in other words, every £1 of annual pension foregone produces £12 of lump sum. HMRC limits apply.

Generally a minimum of two years membership is required to draw retirement benefits.

Age of retirement

Normal pension age is age 65 or State pension age, whichever is the later, but:

- Pension benefits are payable at any age if awarded due to ill health;
- Members may retire with unreduced benefits from age 55 onwards if their retirement is on grounds of redundancy or business efficiency;
- Members may retire early at their own choice from 55 onwards and employer approval is not required. But generally early retirement reductions will apply.
- Members who have left employment may request payment of benefits from age 55 onwards, but actuarial reductions may apply where benefits come into payment before normal pension age;
- Members who remain in employment may also ask to retire flexibly from age 55 onwards if they reduce their hours of work or grade. Employer consent is required and actuarial reductions may apply;
- Payment of benefits may be delayed beyond normal pension age but only up to age 75.

There are also various protections regarding membership that are linked to earlier normal retirement ages that applied in earlier versions of the Scheme.

Benefits on death in service

A lump sum death grant is payable, normally equivalent to three years assumed pay. The administering authority has absolute discretion over the distribution of this lump sum among the deceased's relatives, dependants, personal representatives or nominees. Pensions may also be payable to the member's spouse, civil partner, eligible cohabiting partner and eligible dependent children.

Benefits on death after retirement

A death grant is payable if less than ten years pension has been paid and the pensioner is under age 75 at the date of death, in which case the balance of ten years pension is paid as a lump sum. Pensions are also normally payable to the member's spouse, civil partner, eligible cohabiting partner and any eligible dependent children.

Cost of living increases

Career average pensions that are being built up, and pensions in payment, are increased annually to protect them from inflation. Pensions increases are currently in line with the Consumer Prices Index.

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POLICY STATEMENTS

gmpf

2017
to date

FUNDING STRATEGY STATEMENT

Tameside
Metropolitan Borough

Funding strategy statement

Contents

For further information please contact ect@gmpf.org.uk

1. Introduction

This is the Funding Strategy Statement (FSS) of the Greater Manchester Pension Fund (GMPF), which is administered by Tameside MBC (*the Administering Authority*).

It has been prepared by the Administering Authority in collaboration with the GMPF Actuary, Hymans Robertson LLP, and after consultation with GMPF's employers and investment advisors. It is effective from 1 April 2017.

1.1 Regulatory framework

Members' accrued benefits are guaranteed by statute and defined by the LGPS Regulations. Members' contributions are fixed in the Regulations at a level which covers only part of the cost of accruing benefits. Employers currently pay the balance of the cost of delivering the benefits to members. The FSS focuses on how employer liabilities are measured, the pace at which these liabilities are funded and, insofar as is practical, the measures to ensure that employers or pools of employers pay for their own liabilities.

The FSS forms part of a framework which includes:

- The Local Government Pension Scheme Regulations 2013 and other LGPS Regulations;
- The Rates and Adjustments Certificate, which can be found appended to GMPF's triennial Actuarial Valuation report;
- Actuarial factors for valuing early retirement costs and the cost of buying extra service;
- GMPF's policy on admissions; and
- The Investment Strategy Statement (formerly the Statement of Investment Principles).

Operating within this framework, the Actuary carries out triennial valuations to set employers' contributions and provides recommendations to the Administering Authority when other funding decisions are required, for example when employers join or leave GMPF. The FSS applies to all employers participating in GMPF.

The key requirements relating to the FSS are that:

- After consultation with all relevant interested parties, the administering authority will prepare and publish its funding strategy.
- In preparing the FSS, the administering authority must have regard to:
  - FSS guidance produced by CIPFA in 2004, 2012 and 2016.
  - Its Investment Strategy Statement (formerly Statement of Investment Principles).
- The FSS must be revised and published whenever there is a material change in either the policy on the matters set out in the FSS, or the Investment Strategy Statement.
- The revised FSS should be completed and approved by the pensions committee prior to the completion of each valuation.
- The actuary must have regard to the FSS as part of the fund valuation process.

1.2 Reviews of FSS

The FSS is reviewed in detail at least every three years in line with triennial valuations being carried out, with the next full review due to be completed by 31 March 2020.

The FSS is a summary of GMPF's approach to funding liabilities. It is not an exhaustive statement of policy on all issues. If you have any queries please contact the GMPF Employers team in the first instance at **ect@gmpf.org.uk**.

2. Purpose

2.1 Purpose of FSS

The statutory requirement to have an FSS was introduced in 2004. The then Office of the Deputy Prime Minister (ODPM) [now the Department for Communities and Local Government (DCLG)] stated that the purpose of the FSS is:

- To establish a clear and transparent fund-specific strategy which will identify how employers' pension liabilities are best met going forward and reflect the different characteristics of different employers in determining contribution rates;
- To support the regulatory framework to maintain as nearly constant employer contribution rates as possible and to set contributions so as to ensure the solvency and long-term cost efficiency of GMPF are met; and
- To take a prudent longer-term view of funding those liabilities.

These objectives are desirable individually, but may be mutually conflicting.

This statement sets out how the Administering Authority has balanced the conflicting aims of affordability of contributions, transparency of processes, stability of employers' contributions, and prudence in the approach to funding the liabilities across the range of employers participating in GMPF.

2.2 Purpose of GMPF

GMPF is a vehicle by which scheme benefits are delivered. GMPF:

- Receives and invests contributions, transfer payments and investment income;
- Pays scheme benefits, transfer values and administration costs.

One of the objectives of a funded scheme is to reduce the variability of pension costs over time for employers compared with an unfunded (pay-as-you-go) alternative.

The roles and responsibilities of the key parties involved in the management of the LGPS are summarised in the Annex.

2.3 Aims of the Funding Policy

The objectives of GMPF's funding policy include the following:

- To ensure the long term solvency of GMPF as a whole and the solvency of each of the notional sub-funds allocated to individual employers;
- To ensure that sufficient funds are available to meet all benefits as they fall due for payment;
- To ensure that employers are aware of the risks and potential returns of the investment strategy;
- To help employers recognise and manage pension liabilities as they accrue, with consideration as to the effect on the operation of their business where the Administering Authority considers this to be appropriate;
- To try to maintain stability of employer contributions;
- To use reasonable measures to reduce the risk to other employers and ultimately to the Council Tax payer from an employer ceasing participation or defaulting on its pension obligations;
- To address the different characteristics of the disparate employers or groups of employers to the extent that this is practical and cost-effective; and
- To maintain the affordability of GMPF to employers as far as is reasonable over the longer term.

3. Target Funding Levels & Calculation of Contribution Rates

3.1 Target funding levels

GMPF's funding target for most ongoing employers is a *funding level* of 100%, calculated using the Actuary's ongoing funding basis (see section 3.2 below). The funding level is the ratio of the market value of assets compared to the present value of the expected cost of meeting the accrued benefits.

3.2 Ongoing funding basis

3.2.1 Demographic assumptions

The demographic assumptions are intended to be best estimates of future outcomes within GMPF as advised by the Actuary, based on past experience of GMPF and other pension funds. It is acknowledged that future life expectancy and, in particular, the allowance for future improvements in longevity, is uncertain. Employers should be aware that their contributions are likely to increase in future if longevity exceeds the funding assumptions.

The approach taken is considered reasonable in light of the long term nature of GMPF and the statutory guarantee underpinning members' benefits. The demographic assumptions vary by type of member and so reflect the different member profiles of employers.

3.2.2 Financial assumptions

The key financial assumption is the anticipated return on GMPF's investments. The investment return assumption makes allowance for anticipated returns in excess of UK Government Bonds ('gilts') from growth-seeking assets such as equities. There is, however, no guarantee that growth-seeking assets will out-perform gilts. The risk of under-performance is greater when measured over short periods such as the three years between formal actuarial valuations, when the actual returns and assumed returns can deviate sharply.

Given the long-term nature of the liabilities, a long term view of prospective returns from growth-seeking assets is taken. For the 2016 valuation, the assumption is that GMPF's investments will deliver an average additional return of 2.0% a year in excess of the return available from investing in long-dated UK gilts at the time of the valuation.

The same investment return assumptions are adopted for the majority of employers. The anticipated future return on investments may vary between employers who follow different investment strategies. In general, only variations which reduce the anticipated returns compared to the position of the majority of employers are allowed.

Pensions in payment, deferment and the pensions of active members accrued since 1 April 2014 increase in line with the Consumer Price Index ('CPI'). The assumption for future increases in CPI is set with reference to market estimates for increases in the Retail Prices Index ('RPI'), less 1% per annum to reflect the differences in the calculation of the two measures of inflation.

Following the introduction of the 2014 Scheme, salary growth has become a less material assumption. At the 2016 valuation, long-term salary growth is assumed to be equal to the future increase in RPI less 0.25% per annum.

There are some employer-specific short-term salary growth assumptions, reflecting known Government policy on public sector pay awards.

3.3 Funding targets for non-typical employers

For admission agreements that have no guarantor and are closed to new entrants, liabilities may be valued on a more prudent basis (i.e. using a discount rate that has a lower allowance for potential investment outperformance relative to UK Government bonds). The target in setting contributions for any employer in these circumstances is to achieve full funding on an appropriate basis by the time the agreement terminates or the last active member leaves in order to protect other GMPF employers. This policy will increase regular contributions and reduce, but not entirely eliminate, the possibility of a final deficit payment being required when a cessation valuation is carried out. *Please refer to Section 4 for the treatment of departing employers.*

GMPF may also adopt the above approach in respect of admission bodies with no guarantor and where the strength of covenant is considered to be weak but there is no immediate expectation that the admission agreement will cease. The Actuary agrees the financial and demographic assumptions to be used for each such employer with the Administering Authority.

3.4 Asset Share Calculations for Individual Employers

The Administering Authority does not formally account for each employer's assets separately. However, with effect from 31 March 2013, GMPF has operated a system of 'unitisation' where GMPF's assets are apportioned between employers on a monthly basis using contribution and benefit expenditure figures for each employer. This process also adjusts for transfers of assets and liabilities between employers participating in GMPF. The methodology adopted means that there will still be some difference between the asset shares calculated for individual employers and those that would have resulted had they participated in their own ring-fenced section of GMPF. However, this is greatly reduced compared to the *analysis of surplus* method that was used previously. As part of the valuation process, the Administering Authority's internal audit function has provided assurance on the operation of the unitisation system.

3.5 Derivation of Employer Contributions

Employer contributions are normally made up of two elements:

a) the estimated cost of future benefits being accrued, referred to as the *future service rate*; plus

b) an adjustment for the funding position of accrued benefits at the valuation date relative to GMPF's target funding level for that employer (*past service adjustment*). If there is a surplus of assets there may be a contribution reduction. However, if there is a deficit then additional contributions may be required. Any surplus or deficit contributions will be spread over an appropriate period.

The introduction of the LGPS Regulations 2013 has required contributions to be expressed in a prescribed manner, although the principles behind setting contribution rates are largely similar to before.

Under the Regulations the Actuary is required to prepare a **rates and adjustment certificate** specifying:

a) the primary rate of the employer's contribution; and

b) the secondary rate of the employer's contribution,

for each year of the period of three years beginning with the 1st April in the year following that in which the valuation date falls (i.e. 1 April 2017 to 31 March 2020 in the case of the 2016 actuarial valuation).

The primary rate of an employer's contribution is equivalent to a future service rate. The primary rate is calculated separately for all employers participating in GMPF. This is expressed as a percentage of the pay of their employees who are active members of GMPF.

The secondary rate of an employer's contributions is any percentage or amount by which, in the Actuary's opinion, contributions at the primary rate should be increased or reduced by reason of any circumstances specific to that employer, for example any past service adjustment. The sorts of specific factors which are considered are discussed in Section 3.6.

It is the adjusted contribution rate which employers are actually required to pay. In effect, separate future service rates are calculated for each employer, and together with individual past service adjustments reflecting employer-specific spreading and phasing periods, these constitute the *adjusted contribution rate*.

In calculating this adjusted rate the actuary must have regard to -

a) the existing and prospective liabilities arising from circumstances common to all those employers;

b) the desirability of maintaining as nearly constant a common rate as possible;

c) the current version of the administering authority's funding strategy statement; and

d) the requirement to secure the solvency of the pension fund and long term cost efficiency.

It is noted that securing solvency and long term cost efficiency is a regulatory requirement whereas a constant contribution rate remains only a desirable outcome.

For some employers it may be agreed by all relevant parties to pool contributions (see section 3.9.5.)

A breakdown of each employer's contribution rates following the 2013 valuation for the financial years 2014/15, 2015/16 and 2016/17 can be found in the 31 March 2013 Actuarial Valuation report (finalised in 2014). It also identifies which employers' contribution rates have been pooled with others.

3.6 Risk-based Contribution Rates

Recent actuarial valuations of GMPF involved calculating contribution rates using a *deterministic* approach. It was assumed that the assumptions made at the valuation would be borne out in practice.

The disadvantage of a deterministic approach is that it does not allow GMPF, the Actuary or the employers to assess the risk associated with the proposed contribution rate. Risk in this context means the likelihood that the employer will not achieve their funding target over an appropriate time period with regard to the characteristics of the employer.

At this valuation, the GMPF Actuary is adopting a *risk-based* approach which allows for thousands of possible future economic scenarios when assessing the likelihood of contributions being sufficient to meet both the accrued and future liabilities over a given time horizon for each employer.

Setting contribution rates using a risk-based approach requires GMPF and the Actuary to consider for each employer:

a) The employer's funding target (see sections 3.1-3.3 above)

b) How long the employer has to reach the funding target (the *time horizon* – see Section 3.9.2 below)

c) An appropriate likelihood of meeting the funding target within the time horizon (*likelihood of success*) e.g. 2/3rds or 75%.

Setting an appropriate likelihood for each employer requires an analysis of the risk posed to GMPF. Factors considered include:

- Liability profile including funding level, net cashflow (i.e. contributions received less benefits paid) and whether new members are being admitted;
- Security provided to GMPF in the form of a guarantee or an additional asset;
- The sector in which the employer operates, which may influence an employer's ability to make good any deficit which may arise in future.

More detail on the calculation of contribution rates is provided in the Actuary's report on the valuation.

Contribution rates will include expenses of administration to the extent that they are borne by GMPF.

3.7 Presentation of Employer Contribution Rates

Contribution rates are expressed as a % of pensionable salary for most employers. The Administering Authority may choose to specify that part of the contributions are payable as periodic lump sum cash amounts. This approach is generally applied for employers where the workforce/payroll is expected to decline in order to ensure sufficient contributions are made towards repaying any deficit.

Employers' contributions are expressed as minima, with employers able to pay additional contributions should they wish to do so. In addition, some employers may be permitted to pay contributions in advance of the date on which they would otherwise be due. Employers should discuss with the Administering Authority before electing to make one-off capital payments.

3.8 Allowance for early retirements

Many employers and employer pools have *early retirement allowances* built into their employer contribution rate as early retirements give rise to expected additional cost. Initially these allowances are used to fund any such costs. Costs in excess of the aggregate of the allowances are generally required to be met by separate lump sum employer contributions. Any unspent allowances are added to the employer's sub-fund at the next actuarial valuation.

Some employers have an allowance for ill health early retirements but do not have any allowance for non ill health early retirements built into their contribution rates. For these employers the costs of all non ill health early retirements are met by separate lump sum employer contributions.

Employers are able to take out an insurance policy from a third-party to protect against the cost of ill health early retirements. However, as the insurance policy is a contract between the employer and insurer, any allowance for ill health early retirements will still be included in the employer's contribution rate.

3.9 Solvency and Long-Term Cost Efficiency

3.9.1 Solvency issues & target funding levels

Under Section 13(4)(c) of the Public Service Pensions Act 2013, The Government Actuary's Department (GAD) (as the person appointed by the responsible authority) must, following an actuarial valuation, report on whether the rate of employer contributions to the pension fund is set at an appropriate level to ensure the solvency of the pension fund and long term cost efficiency. The definitions of these terms in the CIPFA guidance are provided in Section 6.

In developing the funding strategy, and in particular, the level of solvency being targeted for each employer, the Administering Authority has had regard to the potential outcomes of the subsequent review under Section 13(4)(c) and has considered the implications for its Key Performance Indicators as determined by the Scheme Advisory Board in England and Wales.

A key challenge for the Administering Authority is to balance the need for stable, affordable employer contributions with the requirement to take a prudent, longer-term view of funding and ensure the solvency of the GMPF. With this in mind, there are a number of prudential strategies that the Administering Authority may deploy in order to maintain employer contribution rates at as nearly a constant rate as possible. These include -

- Use of extended time horizons; [3.9.2]
- Phasing in of contribution increases / decreases; [3.9.3 – 3.9.4]
- The pooling of contributions amongst employers with similar characteristics and/or a community of interest [3.9.5]

In addition to these strategies for improving the stability of employer contributions, the Administering Authority may, at its absolute discretion, permit greater *flexibility* around the employer's contributions provided that the employer has provided additional *security* to the satisfaction of the Administering Authority. Such greater flexibility may include setting contribution rates assuming a reduced likelihood of meeting the target funding position and/or an extended time horizon/ deficit recovery period, or permission to join a pool with another body (e.g. a relevant and agreeable Local Authority). Additional security may include, but is not limited to, provision of a suitable financial bond, a legally-binding guarantee from an appropriate third party, or security over an employer owned asset of sufficient value.

The degree of greater flexibility extended to a particular employer is likely to take into account factors such as:

- The extent of the employer's deficit;
- The amount and quality of the security offered;
- The employer's financial security and business plan;
- Whether the admission agreement is likely to be open or closed to new entrants.

After including investment income, GMPF currently has positive net cash flow. Therefore, GMPF can take a medium to long term view on determining employer contribution rates to meet future liabilities through operating an investment strategy that reflects this long term view. This allows short term investment markets volatility to be managed in order to reduce volatility in employer contribution rates.

3.9.2 Appropriate Time Horizons

Following discussion with the Administering Authority, the actuary adopts specific time horizons for employers to achieve their funding target when calculating their contributions.

The time horizon starts at the commencement of the revised contribution rate (1 April 2017 for the 2016 valuation). For employers that continue to admit new entrants, the Administering Authority would normally expect the same time horizon to be used at successive triennial valuations, but would reserve the right to propose alternative periods, for example to improve the stability of contributions.

The Administering Authority normally targets an employer's sub-fund within GMPF to be fully funded over a period not exceeding 20 years. However, these are subject to the maximum lengths set out in the table.

Type of employer	*Maximum* length of time horizon
Employers listed under Part 1 or Part 2 of Schedule 2 to the 2013 LGPS Regulations (generally Statutory Bodies with tax raising powers and other Government 'supported' employers)	A period not exceeding 20 years
Community Admission Bodies with funding guarantees, subject to the approval of the guarantor and the agreement of the Administering Authority	A period not exceeding 20 years
Transferee (Best Value) Admission Bodies	The period from the start of the revised contributions to the end of the employer's contract or as otherwise agreed with the parent Local Authority letting the contract
All other types of employer	A period equivalent to the expected future working lifetime of the remaining scheme members or such other period approved by the Administering Authority.

This *maximum* period is used in calculating each employer's minimum contributions. Employers may opt to pay higher regular contributions than these minimum rates.

3.9.3 Phasing in of Contribution Rises and Reductions

The Administering Authority may elect to phase in any material changes to contribution rates. Phasing in periods will be influenced by the perceived credit worthiness of the employer.

3.9.4 The Effect of Opting for Longer Spreading or Phasing-In

Employers in deficit that are permitted and elect to use a longer time horizon or to phase-in contribution changes will be assumed to incur a greater loss of investment returns due to the fact that their assets will build up at a slower rate by opting to defer repayment. Thus, deferring paying contributions is expected to lead to higher contributions in the long-term (depending on the actual financial and demographic performance of GMPF relative to valuation assumptions).

3.9.5 Pooled contributions

The Administering Authority allows employers [of similar types] to pool their contributions as a way of sharing experience and smoothing out the impact of experience on contribution rates.

Each of the ten Greater Manchester local authorities are the major employers in pools containing certain related employers. Upon a new employer joining GMPF, consideration is given by the Administering Authority and the relevant local authority on the appropriateness of joining a local authority pool.

Following GMPF becoming the sole Administering Authority for the Probation Service with effect from 1 June 2014, GMPF has also created a pool for the Community Rehabilitation Companies ('CRCs') and their sub-contractors.

In addition, separate pools are operated for some academy schools, colleges, town and parish councils and for smaller admission bodies. No new employers have been admitted to these pools for some time.

Those employers that have been pooled are identified in the Rates and Adjustment Certificate which is detailed in the 31 March 2016 Actuarial Valuation report (finalised in 2017).

Employers who do not wish to continue with current/historic pooling arrangements are requested to discuss the issue with the Administering Authority.

4. Other Aspects of Funding Strategy

4.1 Background

In addition to the collection of regular contributions from employers, GMPF will seek additional contributions from employers in certain circumstances in order to maintain the solvency of GMPF and protect the interests of other employers.

4.2 Exiting employers

4.2.1 Admission Bodies

An admission body is assumed to become an *exiting employer* under Regulation 64 of the 2013 LGPS Regulations on the termination of its admission agreement.

Admission agreements for transferee contractors are assumed to terminate at the end of the contract unless otherwise agreed by the relevant local authority and Administering Authority.

Admission agreements for other employers are assumed to terminate for any of the following reasons unless otherwise agreed by the relevant local authority and Administering Authority:

- Last active member ceasing active membership in GMPF;
- The insolvency, winding up or liquidation of the admission body;
- Any breach by the admission body of any of its obligations under the agreement that they have failed to remedy to the satisfaction of the Administering Authority;
- A failure by the admission body to pay any sums due to GMPF within the period required by the Administering Authority; or
- The failure by the admission body to renew or adjust the level of the bond or indemnity or to confirm appropriate alternative guarantor as required by GMPF.

In addition either party can voluntarily terminate the admission agreement by giving the appropriate period of notice as set out in the admission agreement to the other party (and the guarantor to the admission agreement where relevant).

4.2.2 Other Employers

An employer that is not an admission body may also become an exiting employer, for example as a result of the employer's last active member ceasing active membership in GMPF. However, the Administering Authority has the discretion to suspend the requirement for an exit payment (see 4.2.3. below) in specific circumstances where the relevant employer is likely to subsequently employ an active member within a period of no more than 3 years.

4.2.3 Exit payments

If an employer becomes an exiting employer under Regulation 64 of the 2013 LGPS Regulations, the Administering Authority may instruct the Actuary to carry out a special valuation to determine whether an exit payment is required from the employer.

The Administering Authority must look to protect the interests of other ongoing employers and will adopt valuation assumptions which, to the extent reasonably practicable, protect the other employers from the likelihood of any material loss emerging in future.

The assumptions adopted to value the exiting employer's liabilities for this valuation will therefore depend upon the circumstances. For example:

(a) Where there is no guarantor to the exiting employer's admission agreement (or no admission agreement exists), then in order to protect other employers in the Fund, the cessation liabilities and final deficit will normally be calculated using a "gilts cessation basis" with no allowance for potential future investment outperformance and with an allowance for further future improvements in life expectancy. This approach results in a higher value being placed on the liabilities than would be the case under a valuation on the ongoing funding basis and could give rise to significant payments being required.

(b) Where there is a guarantor to the exiting employer's admission agreement, it is possible that any deficit could be transferred to the guarantor. In some cases, particularly for Transferee Admission Bodies, the admission agreement may specify that all of the assets and liabilities in the admission body's sub-fund within GMPF will return to the sub-fund of the guarantor without needing to crystallise any deficit.

In other cases, the admission agreement may require the Administering Authority to seek repayment of the termination deficit from the exiting employer with any unpaid amounts then falling due on the guarantor. In such cases, a discussion may be held with the guarantor to determine the most appropriate basis for calculation and the timing of any deficit payments.

In all cases, GMPF's default position is that any termination deficit would be levied on the exiting employer as a capital payment.

In the event that GMPF is not able to recover the required payment in full directly from the exiting employer or from any bond, indemnity or guarantor, then:

(a) In the case of Transferee Admission Bodies the awarding authority will be liable. At its absolute discretion, the Administering Authority may agree to recover any outstanding amounts via an increase in the awarding authority's contribution rate over an agreed period;

(b) In the case of employers that are not Transferee Admission Bodies and have no guarantor, the unpaid amounts fall to be shared amongst all of the employers in the Fund. This will normally be reflected in contribution rates set at the formal valuation following the cessation date.

As an alternative to (b) above, where the exiting employer is continuing in business, GMPF, at its absolute discretion, reserves the right to enter into an agreement with the exiting employer to accept appropriate alternative security to be held against any deficit and to carry out the exit valuation on a less prudent valuation basis or recover the deficit over an agreed period.

This approach would be monitored as part of each triennial valuation and GMPF reserves the right to revert to a *gilts cessation basis* and seek immediate payment of any funding shortfall identified.

4.3 Employers with no remaining active members

In general an employer exiting GMPF due to the departure of the last active member, will pay an exit debt on an appropriate basis and consequently have no further obligation to GMPF. Thereafter it is expected that one of two situations will eventually arise:

a) The employer's asset share runs out before all its ex-employees' benefits have been paid. In this situation the other employers in GMPF will be required to contribute to pay all remaining benefits: this will be done by the Actuary apportioning the remaining liabilities on a pro-rata basis at successive formal valuations;

b) The last ex-employee or dependant dies before the employer's asset share has been fully utilised. In this situation the remaining assets would be apportioned pro-rata by the Actuary to the other GMPF employers.

4.4 Early Retirement Costs

In the valuation process, it is assumed that active and deferred members' benefits on retirement will be payable from the earliest age that the member could retire without incurring a reduction to their benefit and without requiring their employer's consent to retire. Members receiving their pension unreduced before this age (or enhanced on ill health grounds) are deemed to have retired "early" and the expected cost of providing that member's benefits will increase.

Any additional lump sum contributions which are required to be made by the employer under Section 3.8 arising from early retirements become due immediately upon the award of an early retirement. The Administering Authority may in exceptional circumstances agree that an employer be permitted to spread the payment of ill health early retirement costs over a period of time.

GMPF monitors each employer's, or pool of employers', early retirement experience compared to the allowances described in section 3.8 on an ongoing basis. This information is used to determine any necessary lump sum employer contributions.

4.5 Policies on bulk transfers

From time to time GMPF makes or receives a bulk transfer of members' accrued benefits from other LGPS funds or other occupational pension schemes ("external" transfer). GMPF also undertakes 'internal' bulk transfers, where the liabilities in respect of a group of members transfer from one employer to another. In the case of external transfers, the amount of assets transferred is determined in accordance with the LGPS Regulations. For internal transfers, the amount of assets is determined by the Actuary and Administering Authority in consultation with the ceding and receiving employer. Each case will be treated on its own merits, but in general:

- GMPF will seek the most cost effective method of transfer to keep professional and administration costs as low as possible;
- The maximum amount GMPF will pay on a bulk transfer is an amount equal to the asset share held by the transferring employee's employer and is capped at the value of the transferring employee's liabilities, measured on an appropriate actuarial basis;
- When a transfer takes place such that the transferring employer will no longer have any active membership then the transfer amount may be limited by the need for GMPF to meet the liabilities of any ex-employees of the employer;
- GMPF will not grant added benefits to members bringing in entitlements from another fund unless the asset transfer is sufficient to meet the added liabilities;
- GMPF may permit shortfalls to arise on bulk transfers if the employer has suitable strength of covenant and commits to meeting that shortfall in an appropriate period. This may require the employer's contributions to increase between valuations.

4.6. Pay awards in excess of assumptions made by the Actuary

Some admission agreements state that GMPF reserves the right to seek additional contributions from admission bodies if pay awards have been in excess of the rate assumed by the Actuary at previous actuarial valuations. Prior to seeking any such payment GMPF will consult the relevant guarantor to the admission agreement.

5. Links to investment strategy

Funding and investment strategy are inextricably linked. Investment strategy is set by the Administering Authority, after consultation with the employers and after taking investment advice.

5.1 Investment strategy

The investment strategies currently being pursued are described in GMPF's Investment Strategy Statement (formerly Statement of Investment Principles).

The investment strategies are set for the long-term, but the principal strategy (for the "Main Fund") is reviewed annually, to ensure that it remains appropriate to the relevant liability profile and takes account of major movements in market valuations. The Administering Authority has adopted a Main Fund benchmark, which sets the proportion of assets to be invested in key asset classes such as equities, bonds and property. As at 31 March 2016, the proportion to be held in equities and property was broadly 75% of the total Main Fund assets.

The investment strategy of lowest risk would be that which provides cashflows which replicate the expected benefit cashflows (i.e. the liabilities). Equity investment would not be consistent with this. This strategy informs policy for part of GMPF where liabilities are mature and employers have agreed such an approach.

The Main Fund's benchmark includes a significant holding in growth-seeking assets such as equities in the pursuit of long term higher returns than from a liability matching strategy. The Administering Authority's strategy recognises the relatively immature liabilities relevant to the Main Fund and the secure nature of most employers' covenants.

The same investment strategy is currently followed for all employers covered by the Main Fund. The Administering Authority can discuss with employers the feasibility of pursuing a more cautious investment strategy than the Main Fund norm.

5.2 Consistency with Funding Basis

For employers covered by the Main Fund, the funding basis adopts an asset outperformance assumption of 2.0% pa over and above the redemption yield on long term UK Government bonds. The Main Fund's current bespoke investment strategy is broadly 75% held in real assets and 25% in monetary assets. For employers pursuing a more cautious investment strategy than the Main Fund norm, a lower asset outperformance assumption may be adopted as appropriate. Both the Actuary and the investment adviser to GMPF consider that the funding basis fulfils the requirement to take a *prudent longer-term approach* to funding.

The Administering Authority is aware that in the short term – such as the three yearly assessments at formal valuations – the proportion of the assets invested in growth-seeking assets brings the possibility of considerable volatility and there is a material chance that in the short term, and even the medium term, asset returns will fall short of the outperformance target. The stability measures described in Section 3 will damp down, but not remove, the effect on employers' contributions.

GMPF does not hold a contingency reserve to protect it against the volatility of investments.

5.3 Balance between risk and reward

Prior to implementing its current investment strategies, the Administering Authority considered the balance between risk and reward by altering the level of investment in potentially higher returning, but more volatile asset classes, like equities. This process was informed by the use of asset-liability techniques to model the range of potential future solvency levels and contribution rates.

Being mindful of the sensitivity of individual employers' contributions to changes in investment returns, the Administering Authority continues to review the feasibility of implementing more bespoke investment strategies for individual employers or groups of employers. Enabling other investment strategies will require an increase in the number of investment mandates and potentially higher ongoing costs which would have to be borne by the employers. The potential benefits of multiple investment strategies need to be assessed against the costs.

5.4 Inter-valuation Monitoring of Funding Position

The Administering Authority monitors investment performance on a quarterly and annual basis. There is also detailed monitoring of additional liabilities arising from early and ill health retirements, the costs of which are met by employers. In addition, the Actuary routinely assesses the funding position, taking account of elements of actual experience compared to the financial assumptions underlying the valuation. Formally, the Administering Authority reports back to employers at the GMPF Annual General Meeting.

6. Key risks & controls

6.1 Types of Risk

The Administering Authority has an active risk management programme in place. The measures that the Administering Authority has in place to control key risks are summarised below under the following headings:

- financial;
- demographic;
- regulatory; and
- governance

6.2 Financial risks

Risk	Summary of control mechanisms
Fund assets fail to deliver returns in line with the anticipated returns underpinning valuation of liabilities over the long term.	*Only anticipate long-term return on a relatively prudent basis to reduce risk of under-performing.* *Analyse progress at three yearly valuations for all employers.* *Use of interim valuations to monitor funding levels.*
Inappropriate long term investment strategy.	*Set GMPF-specific benchmark, informed by asset-liability modelling of liabilities.* *Examine scope for extending employer-specific investment strategies.* *Annual review of investment strategy incorporates consideration of alternative approaches.*
Fall in risk-free returns on Government bonds, leading to rise in value placed on liabilities.	*Some investment in bonds helps to mitigate this risk and there is scope for employers to increase bond exposure.*
Active investment manager under-performance relative to benchmark.	*Short term (quarterly) investment monitoring analyses market performance and active managers relative to their index benchmark.* *GMPF has implemented a manager monitoring framework.* *Regular reporting to employers describes Main Fund performance. If appropriate, the Actuary will be asked to evaluate the implications.*
Pay and price inflation significantly more than anticipated.	*The focus of the actuarial valuation process is on real returns on assets, net of price and pay increases.* *Inter-valuation monitoring, as above, gives early warning.* *Some investment in bonds, particularly index-linked bonds, also helps to mitigate this risk.* *Employers pay for the impact of their own salary awards and are reminded of the geared effect on pension liabilities of any bias in pensionable pay rises towards longer-serving employees.*

Risk	Summary of control mechanisms
Effect of possible increase in employer's contribution rate on service delivery and admission/ scheduled bodies.	*Seek feedback from employers on scope to absorb short-term contribution rises.* *Mitigate impact through deficit spreading and phasing in of contribution rises.* *Consult employers on possibility of paying more (extra administration and higher regular contributions) to enable employer-specific investment strategies to give greater certainty of cost.*
Orphaned employers give rise to added costs for GMPF.	*GMPF seeks a cessation debt (or security/guarantor) to minimise the risk of this happening in the future.* *If it occurs, the Actuary calculates the added cost spread pro-rata among all employers.*

6.3 Demographic risks

Risk	Summary of control mechanisms
Pensioners living longer.	*Set mortality assumptions with some allowance for future increases in life expectancy.* *Actuary monitors experience of a large sample of pension funds when setting assumptions and makes allowance for the location and lifestyle of GMPF's membership.*
Deteriorating patterns of ill health and other early retirements.	*Employer contribution rates include an allowance to help meet the strains that arise from ill health early retirement costs.* *Early retirement experience and its financial impact are measured on an ongoing basis.*

6.4 Regulatory risks

Risk	Summary of control mechanisms
Changes to regulations, e.g. more favourable benefits package.	*The Administering Authority is alert to the potential creation of additional liabilities and administrative difficulties for employers and itself.*
Changes to national pension requirements and/or HM Revenue and Customs rules e.g. changes arising from Public Sector Reform.	*The Administering Authority considers all consultation papers issued by DCLG/HM Treasury and comments where appropriate.* *It will consult employers where it considers that it is appropriate.* *Any changes to member contribution rates or benefit levels will be carefully communicated with members to minimise possible opt-outs or adverse actions.* *Copies of all submissions are available for employers to see at www.gmpf.org.uk*

6.5 Governance risk

Risk	Summary of control mechanisms
Administering Authority unaware of structural changes in an employer's membership (e.g. large fall in employee members, large number of retirements).	*The Administering Authority monitors membership movements on an annual basis, via a report from the administrator to the Pension Fund Management Panel.* *The Administering Authority and Actuary will be involved in actioning any bulk transfer of members from an employer's sub-fund and will consider any subsequent risks.*
Administering Authority not advised of an employer closing to new entrants.	*The Actuary may be instructed to consider revising the rates and Adjustments certificate to increase an employer's contributions (under Regulation 64) between triennial valuations.* *Deficit contributions may be expressed as monetary amounts (see Actuarial Valuation report).*
Administering Authority failing to commission the Actuary to carry out a termination valuation for a departing Admission Body and losing the opportunity to call in a debt.	*In addition to the Administering Authority monitoring membership movements on an annual basis, it requires employers with Admission Agreements to inform it of forthcoming changes.* *It also operates a diary system to alert it to the forthcoming termination of Transferee Admission Agreements.*
An employer ceasing to exist with insufficient funding or adequacy of a bond.	*The Administering Authority believes that it would normally be too late to address the position if it was left to the time of departure.* *The risk is mitigated by:* ● *Seeking a funding guarantee from another scheme employer, or external body, wherever possible.* ● *Alerting the prospective employer to its obligations and encouraging it to take independent actuarial advice.* ● *Vetting prospective employers before admission.* ● *Offering lower risk investment strategies – with higher employer contributions - to reduce the risk of investment under performance and a significant debt crystallising on termination.*

7. Definitions

Solvency

The notes to the Public Service Pensions Act 2013 state that solvency means that the rate of employer contributions should be set at "such level as to ensure that the scheme's liabilities can be met as they arise". It is not regarded that this means that the pension fund should be 100% funded at all times. Rather, and for purposes of Section 13 of the Public Service Pensions Act 2013, the rate of employer contributions shall be deemed to have been set at an appropriate level to ensure solvency if:

- the rate of employer contributions is set to target a funding level for the whole fund (assets divided by liabilities) of 100% over an appropriate time period and using appropriate actuarial assumptions; and either
- employers collectively have the financial capacity to increase employer contributions, and/or the fund is able to realise contingent assets should future circumstances require, in order to continue to target a funding level of 100%; or
- there is an appropriate plan in place should there be, or if there is expected in future to be, a limited number of fund employers, or a material reduction in the capacity of fund employers to increase contributions as might be needed.

If the conditions above are met, then it is expected that the fund will be able to pay scheme benefits as they fall due.

Long term cost efficiency

The notes to the Public Service Pensions Act 2013 state that "Long-term cost-efficiency implies that the rate must not be set at a level that gives rise to additional costs. For example, deferring costs to the future would be likely to result in those costs being greater overall than if they were provided for at the time."

The rate of employer contributions shall be deemed to have been set at an appropriate level to ensure long term cost efficiency if the rate of employer contributions is sufficient to make provision for the cost of current benefit accrual, with an appropriate adjustment to that rate for any surplus or deficit in the fund.

In assessing whether the above condition is met, GAD may have regard to the following considerations:

- The implied average deficit recovery period.
- The investment return required to achieve full funding over different periods e.g. the recovery period.
- If there is no deficit, the extent to which the amount of contributions payable is likely to lead to a deficit arising in the future.
- The extent to which the required investment return is less than the administering authority's view of the expected future return being targeted by a fund's investment strategy taking into account changes in maturity/strategy as appropriate.

End of main body of FSS

Adopted by the Pension Fund Management Panel: 10 March 2017

ANNEX - Responsibilities of key parties

The Administering Authority should:

- operate GMPF as per the LGPS Regulations;
- effectively manage any potential conflicts of interest arising from its dual role as Administering Authority and a GMPF employer;
- collect employer and employee contributions, and investment income and other amounts due,
- ensure that cash is available to meet benefit payments as and when they fall due;
- pay from GMPF the relevant benefits and entitlements that are due;
- invest surplus monies (i.e. contributions and other income which are not immediately needed to pay benefits) in accordance with GMPF's Investment Strategy Statement (formerly Statement of Investment Principles and LGPS Regulations;
- communicate appropriately with employers so that they fully understand their obligations to GMPF;
- take appropriate measures to safeguard GMPF against the consequences of employer default;
- manage the valuation process in consultation with GMPF's actuary;
- prepare and maintain a FSS and a ISS/SIP, after consultation;
- notify the Actuary of material changes which could affect funding; and
- monitor all aspects of GMPF's performance and funding and amend the FSS and ISS/SIP as necessary and appropriate.

The Individual Employer should:

- deduct contributions from employees' pay correctly;
- pay all contributions, including their own as determined by the Actuary, promptly by the due date;
- exercise discretions within the regulatory framework;
- make additional contributions in accordance with agreed arrangements in respect of, for example, augmentation of scheme benefits, early retirement strain; and
- notify the Administering Authority promptly of all proposed material changes to membership or legal status which affect future funding.

The Actuary should:

- prepare valuations, including the setting of employers' contribution rates. This will involve agreeing assumptions with the Administering Authority, having regard to the FSS and LGPS Regulations, and targeting each employer's solvency appropriately;
- provide advice relating to new employers in GMPF, including the level and type of bonds or other forms of security (and the monitoring of these);
- prepare advice and calculations in connection with bulk transfers and individual benefit related matters;
- assist the Administering Authority in considering possible changes to employer contributions between formal valuations, where circumstances suggest this may be necessary;
- advise on the termination of Admission Bodies' participation in GMPF; and
- fully reflect actuarial professional guidance and requirements in the advice given to the Administering Authority.

Other parties:

- investment advisers (either internal or external) may be asked to assist in ensuring that GMPF's ISS/SIP remains appropriate, and consistent with this FSS;
- investment managers, custodians and bankers will typically all play their part in the effective investment (and dis-investment) of GMPF assets, in line with the ISS/SIP;
- auditors will comply with their auditing standards and sign off annual reports and financial statements as appropriate;
- the Local Pensions Board will review the valuation process and funding strategy and ensure they comply with the regulations and relevant guidance.
- The LGPS Scheme Advisory Board and the Government Actuary will also review GMPF's funding strategy as part of their monitoring of the LGPS as a whole.

End of annex

gmpf

2014 to date

GOVERNANCE POLICY

Tameside Metropolitan Borough

Governance Policy

Greater Manchester Pension Fund (GMPF) – Governance Policy Statement

1. Constitution

The Administering Authority operates within the Council's Governance arrangements.

The statutory officer roles required are an integral part of GMPF's governance arrangements, these are:

- Head of Paid Service - *Chief Executive*
- Monitoring Officer - *Executive Director of Governance [Borough Solicitor]*, and
- Chief Finance Officer - *Assistant Executive Director of Finance [Borough Treasurer]*

Further details of the Council's Governance arrangements can be found on the Council's website at **www.tameside.gov.uk/constitution**.

2. Delegation

Tameside MBC delegates its function in relation to maintaining the GMPF to the following:

- Pension Fund Management Panel
- Pension Fund Advisory Panel
- Pension Fund Working Groups
- The Executive Director of Pensions.

3. Frequency of meetings

The Pension Fund Management Panel, the Pension Fund Advisory Panel and the Pension Fund Working Groups meet at least quarterly.

4. Pension Fund Management Panel

Terms of Reference

Carries out a similar role to that of the trustees of a pension scheme. It is the key decision maker for:

- Investment Management
- Monitoring investment activity and performance
- Overseeing administrative activities
- Guidance to officers in exercising delegated powers.

The detailed terms of reference are reviewed annually by Tameside MBC and the current detailed delegations are contained in the Tameside MBC Constitution referred to below under the heading "ACCESS TO INFORMATION".

Structure

Consists of local Councillors, plus a representative of the Ministry of Justice (following selection of the Fund as the sole administering authority for the probation service's LGPS interests).

The majority of the Councillors are drawn from Tameside MBC and the other Councillors nominated by the remaining 9 local authorities within Greater Manchester acting through the Association of Greater Manchester Authorities. Currently all local authorities are represented on the Management Panel.

All members have voting rights.

5. Pension Fund Advisory Panel

Terms of Reference

To work closely with the Pension Fund Management Panel and to advise on all matters.

The detailed terms of reference are reviewed annually by Tameside MBC and the current detailed delegations are contained in the Tameside MBC Constitution referred to below under the heading *Access to information*.

Structure

Consists of 10 local Councillors one drawn from each of the 10 Greater Manchester local authorities, a representative of the Ministry of Justice and a minimum of 2 employee representatives nominated by the North West T.U.C. Current and long standing practice is to have 6 employee representatives.

All the elected members and employee representatives have voting rights.

6. Pension Fund Working Groups

Terms of reference

GMPF utilises Working Groups to consider in detail specific aspects of its activities and the monitoring of performance.

There are currently six Working Groups which consider particular areas of GMPF activities and make recommendations to the Pension Fund Management and Advisory Panels. The GMPF activities covered by the working groups are:

- Policy and Development
- Investment Monitoring and ESG
- Pensions Administration
- Alternative Investments
- Employer Funding and Viability
- Property

Structure

Membership of the Working Groups is drawn from the members of the Management and Advisory Panels. Each Working Group is chaired by a Tameside MBC Councillor.

7. Executive Director of Pensions

Terms of Reference

- Responsible for implementing the decisions of the Pension Fund Management Panel and for the day-to-day management of the affairs of the GMPF;
- The Executive Director of Pensions is the administrator to GMPF and acts as the link for members, advisers and investment managers between meetings; and
- The delegated powers of the Executive Director of Pensions are reviewed annually and the current powers are contained in the Tameside MBC Constitution referred to below under the heading *Access to information*.

In addition GMPF also has the following governance arrangements in place

8. External advisers

Four external advisers assist the Pension Fund Advisory Panel in particular regarding investment related issues.

9. Internal control

Tameside MBC provide internal audit arrangements to GMPF both as a tool of management and with direct reporting to the relevant Working Group, Panel and the Local Board.

10. External review

Tameside MBC including the GMPF is subject to external audit. The external auditors are appointed by Public Sector Audit Appointments Ltd (formerly the Audit Commission). This helps ensure that public funds are properly safeguarded and accounted for and are used economically, efficiently and effectively in accordance with the statutory and regulatory requirements. An audit opinion is given separately on the Fund's Annual Report and Accounts.

11. Annual Report and Accounts, Annual General Meeting and Bi Annual Pensioner Forum

Annually a Report and Accounts is produced for approval by the Pension Fund Management Panel at its meeting in September each year. The report currently includes the following sections:

- Chair's Introduction
- Management Structure
- Investment Report
- Statement of Accounts
- Scheme Administration
- Actuarial Statement and Employer Contributions
- Scheme at a glance

The Policy Statement comprising:

- Funding Strategy
- Investment Strategy Statement
- Governance Policy
- Governance Compliance Statement
- Core Belief Statement
- Communications Policy
- Pensions Administration Strategy

The Annual Report and Accounts is published on GMPF's website.

An Annual General Meeting, to which all employers are invited, is held within 7 months of the year end, usually early September.

Every two years GMPF hosts a Pensioners Forum. The Annual Report and Accounts are a key element of the Pensioner Forum.

12. GMPF Local Board

The GMPF Local Pension Board has been established to assist the Management Panel. In particular to assist:

- secure compliance with the Regulations, any other legislation relating to the governance and administration of the Scheme, and requirements imposed by the Pensions Regulator in relation to the Scheme; and
- ensure the effective and efficient governance and administration of the Scheme.

13. Risk management

Risk awareness is embedded into the performance management process. Risk Management will continue to feature in the training planned for all GMPF managers. Working Groups, Panel and the Local Board consider risk management issues.

14. Communication with employers

Meetings are held with GMPF employers at which administrative matters are discussed and updates provided on funding, investment matters and other key issues. Training events are also provided for employers and support is also provided by the Pensions Office.

15. Access to information

Via the GMPF website at **www.gmpf.org.uk** the GMPF Annual Report and Accounts can be accessed:

Via the Tameside MBC website at **www.tameside.gov.uk** Tameside MBC Constitution may be accessed which contains the Terms of Reference and Scheme of Delegation relating to the GMPF.

All of the above mentioned documents are also available in hard copy form upon request.

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2017
to date

GOVERNANCE COMPLIANCE STATEMENT

Tameside Metropolitan Borough

GMPF Governance Compliance Statement

Principle A - Structure

	Fully compliant
(a) The management of the administration of benefits and strategic management of fund assets clearly rests within the main committee established by the appointing council.	✓
(b) That representatives of participating LGPS employers, admitted bodies and scheme members (including pensioner and deferred members) are members of either the main or secondary committee established to underpin the work of the main committee.	**Partial**
(c) That where a secondary committee or panel has been established, the structure ensures effective communication across both levels.	✓
(d) That where a secondary committee or panel has been established, at least one seat on the main committee is allocated for a member from the secondary committee or panel.	✓

Principal A(b) – Structure

Reason for non-compliance:

In addition to the 10 local authorities within the Greater Manchester area the GMPF also has in excess of 450 non-local authority employers whose activities are diverse. It is considered impractical for each or groups of the non-local authority organisations to be separately represented on the GMPF committee.

To compensate for the lack of direct participation, GMPF holds an AGM to which all employers are invited and they have the opportunity to ask questions, and to raise any issues regarding administrative, investment and funding matters.

Meetings can also be held with individual or groups of employers as required.

At the Advisory Panel, there are 6 representatives of Scheme Members appointed by the North West TUC. These representatives also participate in GMPF's Working Groups.

Additionally, non local authority employers and scheme members are represented on the Pension Board. All members of the Pension Board are invited to attend as observers at all decision making committees to ensure adequate oversight, scrutiny and challenge through the Pension Board.

Principle B - Representation

	Fully compliant
(a) That all key stakeholders are afforded the opportunity to be represented within the main or secondary committee structure. These include: (i) employing authorities (including non-scheme employers, eg, admitted bodies); (ii) scheme members (including deferred and pensioner scheme members; (iii) where appropriate, independent professional observers; and (iv) expert advisors (on an ad-hoc basis).	Partial ✓ Partial ✓
(b) That where lay members sit on a main or secondary committee, they are treated equally in terms of access to papers and meetings, training and are given full opportunity to contribute to the decision making process, with or without voting rights.	✓

Principal B – Representation

Reason for non-compliance:

Principle B(a)(i) – see explanation provided previously at Principle A(b).

Principle B(a)(ii)&(iii) – GMPF considers that the roles envisaged by DCLG for an independent professional observer are already adequately catered for within GMPF's current governance arrangements through the participation in the Advisory Panel of 4 expert external advisors from diverse professional backgrounds and the invitation and right of all Pension Board members who include non-scheme employers and pensioner representatives to attend all meetings to ensure adequate oversight, scrutiny and challenge through the Pension Board.

Principle C - Selection and role of lay members

	Fully compliant
(a) That committee or panel members are made fully aware of the status, role and function they are required to perform on either a main or secondary committee.	✓
(b) That at the start of any meeting, committee members are invited to declare any financial or pecuniary interest related to specific matters on the agenda.	✓
C(a) Induction training is provided to new members. All members participate in mandatory training sessions and support is also provided for voluntary additional training. The induction of new members includes a copy of the Annual Report, that sets out the Management Arrangements and a summary of the responsibilities of the Management and Advisory Panels.	✓

Principle D - Voting

	Fully compliant
(a)The policy of individual administering authorities on voting rights is clear and transparent, including the justification for not extending voting rights to each body or group represented on main LGPS committees. All members of the Management and Advisory Panels have voting rights.	✓

Principle E - Training/facility/time/expenses

	Fully compliant
(a) That in relation to the way in which statutory and related decisions are taken by the administering authority, there is a clear policy on training, facility time and reimbursement of expenses in respect of members involved in the decision-making process.	✓
(b) That where such a policy exists, it applies equally to all members of committees, sub-committees, advisory panels or any other form of secondary forum.	✓
(c) That the administering authority considers the adoption of annual training plans for committee members and maintains a log of all such training undertaken.	✓

Principle F - Meetings (frequency/quorum)

	Fully compliant
(a) That an administering authority's main committee or committees meet at least quarterly.	✓
(b) That an administering authority's secondary committee or panel meet at least twice a year and is synchronised with the dates when the main committee sits.	✓
(c) That an administering authority who does not include lay members in their formal governance arrangements, must provide a forum outside of those arrangements by which the interests of key stakeholders can be represented.	✓

Principle G - Access

	Fully compliant
(a) That subject to any rules in the council's constitution, all members of main and secondary committees or panels have equal access to committee papers, documents and advice that falls to be considered at meetings of the main committee.	✓

Principle H - Scope

	Fully compliant
(a) That administering authorities have taken steps to bring wider scheme issues within the scope of their governance arrangements.	✓

Principle I - Publicity

	Fully compliant
(a) That administering authorities have published details of their governance arrangements in such a way that stakeholders with an interest in the way in which the scheme is governed, can express an interest in wanting to be part of those arrangements.	✓

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CORE BELIEF STATEMENT

2018

Tameside
Metropolitan Borough

This is the Core Belief Statement (*the Statement*) of the Greater Manchester Pension Fund (*GMPF*), which is administered by Tameside MBC (*the Administering Authority*).

It has been prepared by the Administering Authority in collaboration with GMPF's Actuary, Hymans Robertson LLP, and after consultation with GMPF's investment Advisors and Managers.

The objective of the Statement is to set out GMPF's key investment beliefs. Strategic decisions are taken in the context of the relevant GMPF objectives. These beliefs will form the foundation of discussions, and assist decisions, regarding the structure of GMPF, strategic asset allocation and the selection of investment managers.

1. Investment governance

1.1 GMPF has the necessary skills, expertise, diversity and resources to internally manage some assets, such as infrastructure, private equity, local investments and cash.

1.2 Investment consultants, independent advisors and officers are a source of expertise and research to inform Management Panel decisions.

1.3 GMPF has a governance structure that enables it to implement tactical views readily, but acknowledges that market timing is very difficult.

1.4 There can be benefits from collaboration with other like-minded pension funds.

2. Long term approach

2.1 The strength of the employers' covenant allows a longer term deficit recovery period and for GMPF to take a long term view of investment strategy.

2.2 The most important aspect of risk is not the volatility of returns but the risk of absolute loss and of not meeting the objective of facilitating low, stable contribution rates for employers and taxpayers alike.

2.3 Illiquidity and volatility are shorter term risks which offer potential sources of additional compensation to the long term investor. Moreover, it is important to avoid being a forced seller in short term markets.

2.4 Participation in economic growth is a major source of long term equity return.

2.5 Over the long term, equities are expected to outperform other liquid assets, particularly government bonds.

2.6 Well governed companies that manage their business in a responsible and sustainable manner will produce higher returns over the long term.

3. Appropriate investments

3.1 Allocations to asset classes other than equities and government bonds (eg corporate bonds, private equity and property) offer GMPF other forms of risk premia (eg additional solvency risk/ illiquidity risk).

3.2 Diversification across asset classes and asset types will tend to reduce the volatility of the overall GMPF return.

3.3 In general, allocations to bonds are made to achieve additional diversification. However, for a number of those scheme employers with mature liabilities, a bond allocation may have other benefits such as liability hedging.

4. Management strategies

4.1 Passive management provides low cost exposure to equities and bonds and is especially attractive in highly researched markets.

4.2 Active managers can add value over the long-term, particularly in relatively under researched markets and by following a rigorous approach it is possible to identify managers who are likely to add value.

4.3 The case for value investing is compelling, but it may result in prolonged periods of over and underperformance in comparison to a style neutral approach.

4.4 The fees paid to active managers should be aligned to the interests of GMPF rather than performance of the market, thereby ensuring the delivery of value for money to GMPF.

4.5 Active management performance should be monitored over multi-year rolling cycles and assessed to confirm that the original investment process on appointment is being delivered and that continued appointment is appropriate.

4.6 Employing a range of management styles can reduce the volatility of GMPF's overall returns but can also reduce overall outperformance.

2018

INVESTMENT STRATEGY STATEMENT

Tameside Metropolitan Borough

1. Background

1.1 This Statement has been prepared in accordance with the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (*the Regulations*). The Regulations require administering authorities to prepare, publish, and when appropriate revise, a written statement recording the investment policy of the pension fund; they also stipulate certain key issues which must be covered in the Statement.

1.2 The terms of appointments of any external investment managers include a provision that the investment manager must take account of, and shall not contravene, this Statement in undertaking its management role. Greater Manchester Pension Fund (*GMPF*) may terminate the appointment of any external investment manager by not more than one month's notice.

1.3 The Local Government Pension Scheme (*the Scheme*) was established by statute to provide death and retirement benefits for all eligible employees. The Scheme is a contributory, defined benefit occupational pension scheme.

1.4 Tameside MBC (*the Council*) became the administering authority of the GMPF in 1987 after the abolition of the Greater Manchester County Council in 1986. GMPF covers all ten district councils of Greater Manchester, the National Probation Service and numerous other smaller employers.

1.5 The Statement outlines the broad investment principles governing GMPF's investment policy. In preparing the Statement, the Council has consulted those persons it considered appropriate.

2. GMPF organisation and management arrangements

2.1 The investment powers of the Council under the Scheme are given in the Regulations. Amongst other matters, the Regulations require the Council to have regard to both the suitability and diversification of its investments and to take proper advice in making decisions regarding GMPF's investment matters.

2.2 The Council has delegated all its functions as GMPF's administering authority to the Pension Fund Management Panel (the *Management Panel* or the *Panel*) which routinely meets on a quarterly basis and whose Terms of Reference are detailed in the Council's "Constitution". Amongst other matters, the Panel decides on the investment policy most suitable to meet the liabilities under the Scheme and has ultimate responsibility for the investment strategy.

2.3 The Management Panel has in turn appointed a Pension Fund Advisory Panel and external professional Advisors, and has dedicated internal Officers of GMPF to advise it on the exercise of its delegated powers. There are also a number of Working Groups which report quarterly to the Panel on specialist matters.

2.4 The Director of Pensions exercises certain delegated powers as specified in the Constitution and provides the link between the Panel, the external professional Advisors and GMPF's investment managers. Each year a GMPF Business Plan is submitted by the Director of Pensions to the Management Panel for consideration.

2.5 A primary objective of the Council is to maintain a low and stable employer contribution rate. This is to be achieved by attempting to maximise the long-term investment return whilst not exceeding an acceptable degree of risk.

2.6 GMPF's assets are separated into two distinct parts – a Main Fund and a Designated Fund. This separation has been made in order to reflect a major difference in liability profiles between most GMPF employers and that of a small number of other GMPF employers.

2.7 Having taken appropriate advice, the Management Panel has decided that a bespoke benchmark, which is biased towards equity is a suitable investment benchmark for the management of the Main Fund. Detail on the Main Fund's bespoke benchmark is included in GMPF's Annual Report and Accounts. This benchmark will be reviewed annually and when appropriate in response to significant changes in the investment environment. The Designated Fund has a bespoke benchmark which is heavily orientated towards UK index linked stock.

2.8 The Management Panel has delegated the management of the majority of the Main Fund's securities portfolio, and the management of the Main Fund's direct property portfolio, to regulated, external, professional investment managers whose activities are defined and constrained by detailed Investment Management Agreements. The remainder of the Main Fund (including private equity, infrastructure, local investments, elements of the Special Opportunities Portfolio and UK cash), together with the majority of the Designated Fund, is managed internally by GMPF Officers. The 'Treasury Management' of all UK cash is undertaken by Officers of Tameside MBC.

2.9 The Main Fund is largely actively managed but has a significant element, which is passively managed on a pooled basis. Two of the appointed external securities managers have been given individual differing active multi-asset (ex property) discretionary benchmarks reflecting their perceived skills and the relative efficiency of markets. The third appointed external securities manager has a single broad equity market benchmark reflecting its specialist mandate. The fourth appointed external securities manager has an absolute return benchmark reflecting its specialist multi-asset credit mandate. These individual benchmarks are detailed in the Investment Management Agreements and have been chosen so as to be consistent with the overall bespoke benchmark determined for the Main Fund.

2.10 Each of the Main Fund's external active securities managers has been set the target of achieving a rolling three year average performance which exceeds the average performance of their individual benchmark by at least 1% per annum. GMPF anticipates that in two years out of three the external active multi-asset securities manager's annual performance will be within 4½% of the annual performance of their individual benchmark. The equivalent range for the specialist global equity securities manager is +/- 7% and +/- 6% for the specialist multi-asset credit securities manager.

2.11 The fees of two of the external active securities managers consist of two elements: an ad-valorem base fee together with a performance element which is capped at a prudent level of outperformance. The fees for the remaining external active securities manager consist of a fixed base fee with no performance element. The fees of the Main Fund's external passive securities manager consists of an ad-valorem base fee with no performance element. The fees of the external property manager comprise of a combination of a fixed and ad-valorem base fee with no performance element.

2.12 The Designated Fund is predominantly passively managed on a segregated basis.

2.13 The investment returns of the Main Fund, its underlying component portfolios and the Designated Fund are calculated quarterly by an external, third party professional performance measurement company appointed directly by the Council.

2.14 The Management Panel monitors the performance of the appointed external investments managers at each of its quarterly meetings. The performance of the specialist portfolios managed internally by GMPF Officers is monitored annually by the Panel.

3. The types of investments to be held

3.1 The Regulations require the Council to set out the maximum percentage of the total value of all investments of GMPF money that it will invest in particular investments or classes of investment. These maximum percentage limits are set out in an Appendix to this Statement, and are applicable only at the time the investment is made. Depending on market conditions, the allocations to specific investments or classes of investment may stray outside the maximum percentage limits before adjustments are made to rectify the situation. The Regulations also require that not more than 5% of the total value of all investments of GMPF money be invested in entities which are connected with the authority, within the meaning of section 212 of the Local Government and Public Involvement in Health Act 2007.

3.2 In addition to the Regulations, the Council has decided to further restrict the types of investment which the appointed external securities managers may hold and to restrict the type and extent of investment activity which they are permitted to undertake. These further detailed restrictions are extensive and are documented in a Schedule to each of the Investment Management Agreements.

3.3 GMPF assets currently include a UK and overseas spread of equity, fixed interest bonds (including those issued by Governments, companies and other entities), other debt securities (eg bank loans and securitised debt), index linked bonds, private equity, infrastructure and property. The Main Fund's external active multi-asset securities managers are permitted limited use of certain derivatives. The Main Fund's active specialist multi-asset credit manager is permitted use of certain derivatives for hedging, duration and currency management, asset allocation and security selection. GMPF supplements its investment income by participating in a Commission Recapture program.

4. The balance between different types of investments

4.1 The Regulations require the Council to have regard to the diversification of its investments.

4.2 The overall bespoke benchmark of the Main Fund comprises a mix of different assets which is sufficient to provide adequate diversification for the Main Fund. GMPF's Annual Report and Accounts contains more detail on the overall Main Fund benchmark.

4.3 The strategic balance of investments takes account of the risk/return characteristics of each asset class and in particular the potential for enhanced long term returns from equity and the higher level of short term volatility associated with that asset class. In this context, risk in relation to any asset class is considered 'in the round' rather than being analysed into the specific components of risk (eg liquidity, foreign exchange, interest rate sensitivity etc). Allowance is also made for the benefits of diversification across the asset class mix within the Main Fund. The overall bespoke benchmark provides a reasonable long-term balance appropriate to the liabilities relevant to the Main Fund and its funding position.

4.4 For the Main Fund, tactical asset allocation is delegated to the appointed external multi-asset securities managers who must operate within asset class and country restrictions which are documented in a Schedule to the Investment Management Agreements.

4.5 The bespoke benchmark of the Designated Fund has also been specifically chosen in the context of the relevant liabilities and funding position.

5. Risk: measurement and management

5.1 The Management Panel recognises that risk is inherent in any investment activity. The overall approach is to seek to reduce risk to a minimum where it is possible to do so without compromising returns (eg in operational matters), and to limit risk to prudently acceptable levels otherwise (eg in investment matters).

5.2 Operational risk is minimised by :

- Having custody of GMPF's financial assets provided by a regulated, external, third party, professional custodian appointed directly by the Council with control and liability issues thoroughly addressed in a Global Custody Agreement;
- Having the deeds of direct property investments held securely by GMPF's Legal Section;
- Documenting control and liability issues relating to the relationships with the appointed external investment managers in the Investment Management Agreements;
- Having an external, third party, accounting provider independently maintain complete accounting records relating to the investment activity of the appointed external securities managers and to the entitlements (eg income) arising from GMPF's securities portfolios;
- Officers of the Council's Internal Audit and of GMPF's Investments Group receiving reports on and reviewing the internal operating procedures of the appointed external custodian, securities managers and accounting provider; and
- Subjecting internal investment management activity to close Internal Audit scrutiny.

5.3 Investment risk is constrained by :

- Diversifying across investment managers;
- Diversifying across types of investment;
- Restricting external appointed investment manager activity as documented in a Schedule to or in relevant Clauses of the Investment Management Agreements;
- Selecting appropriate investment benchmarks in order to control the risk that the assets will not be sufficient to meet the liabilities whilst also having a strong likelihood of achieving a good return;
- Taking appropriate internal and external professional advice on the investment activity of both the externally managed securities portfolios and of the internally managed portfolios;
- Quarterly, formal, Management Panel monitoring of asset allocation against the investment benchmarks and asset class restrictions; and
- Quarterly, formal, Management Panel monitoring of investment manager and overall GMPF activity and performance.

5.4 Some risks lend themselves to being measured (eg using such concepts as 'Active Risk' and such techniques as 'Asset Liability Modelling') and where this is the case, GMPF employs the relevant approach to measurement. GMPF reviews new approaches to measurement as these continue to be developed.

6 The expected return on investments

6.1 There is a broad expectation that in the longer term the return on equity will be greater than on other assets.

6.2 The overall Main Fund return is expected to be broadly in line with the overall bespoke benchmark. Over the last twenty years this benchmark has averaged a return which is comfortably ahead of both price and earnings inflation over the same period. However over any shorter period, such as one or five years, actual Main Fund returns may vary significantly from the benchmark and indeed benchmark returns may vary significantly from their long-term averages.

6.3 Over the long term appropriate to the liabilities of the Scheme it is expected that the investment returns of both the Main Fund and the Designated Fund will be at least in line with the assumptions underlying the actuarial valuations.

7. The realisation of investments

7.1 General investment principles require that issues of liquidity and marketability be considered in making any investment decision. Pension payments are expected to exceed employer and employee contributions by around £100m per year over the coming three years. During this period, investment income, outwith that which is automatically reinvested within pooled vehicles, is anticipated to generate around £300m per year of receipts to GMPF. Thus it is not expected that there will be any material need to realise investments in the near future other than to seek higher returns.

7.2 The vast majority of the Pension Fund's assets are readily marketable. However some investments, such as property, and more so private market assets, are less easy to realise in a timely manner. Such relative illiquidity is not considered to have any significant adverse consequences for GMPF. However, over the coming couple of years, GMPF Officers will be investigating options for dealing with GMPF's deteriorating cash-flow position.

7.3 The Council informs the appointed external investment managers of any projected need to withdraw funds in order to enable the investment managers to plan an orderly realisation of assets when this proves necessary.

8. GMPF's approach to pooling investments

8.1 The Council has signed a memorandum of understanding with the administering authorities of the Merseyside Pension Fund and the West Yorkshire Pension Fund to create the Northern Pool ('the Pool') in order to meet the criteria for pooling investments released by Government on 25 November 2015.

8.2 The three funds submitted their pooling proposal to Government in July 2016 and the Department for Communities and Local Government provided its confirmation in January 2017 that it is content for the funds to proceed with the formation of the Pool as set out in the July 2016 proposal. A copy of the proposal is on GMPF's website.

8.3 Based on 31 March 2015 asset values, the total value of assets, across the three participating funds, to be invested in the Pool is £35.416 billion, which is in excess of the £25 billion criteria set by Government. All assets other than day-to-day cash used for scheme administration purposes will be invested via the Pool once transition is complete. Day to day cash is assumed to be 1% of total assets for each fund.

8.4 For the immediate future after inception of the Pool, GMPF's public-market assets will continue to be held in segregated mandates owned directly by the administering authority, but managed by the Pool. A single custodian will be appointed by the Pool, which will simplify the future consolidation of mandates.

8.5 All non-listed assets will be managed by the Pool from its formation. Subject to value for money requirements being fulfilled, new investments (i.e. those entered into after the formation of the Pool) in private market assets will be made on a shared ownership basis, via either collective investment vehicles or limited partnerships. Legacy private market assets (i.e. those entered into prior to the formation of the Pool) will be run-off on a segregated basis.

8.6 This approach will be reviewed periodically going forwards to ensure this continues to demonstrate value for money, particularly following any changes to funds' strategic asset allocations, pool management arrangements or taxation policy in the UK or internationally. The reviews will take place no less than every 3 years.

8.7 Once established it is intended that the Pool will provide the following services to the participating authorities on an in-house basis:

- Implement the strategic asset allocations of the participating authorities
- Management of UK and Overseas equities and bonds
- Selection of private equity, infrastructure & property funds
- Direct UK infrastructure investment via a collective investment vehicle
- Legal and accounting support

8.8 It is intended that the Pool will externally procure the following services:

- External fund management for certain mandates
- Common custodian for Pool (plus depositaries & fund administrators where required for any pooled funds that are established for non-listed assets)
- Investment management systems
- Audit services
- Performance analytics
- Responsible Investment advisory services
- Value for money reviews of structure

8.9 A Pool Oversight Board will be established to:

i) provide oversight of the Pool; and

ii) act as a forum for the participating authorities to express the views of their pension committees.

8.10 The Oversight Board's primary roles are to ensure that the Pool is effectively implementing the participating authorities' strategic asset allocations and to oversee reporting to the participating authorities' pension committees.

8.11 The legal structure of the Oversight Board is expected to be a joint committee. There will be clear separation of duties between the Oversight Board and the Pool. The Oversight Board will not be undertaking any regulated activities.

8.12 The Pool's governing documentation will grant the Oversight Body and each administering authority certain powers regarding the operation of the Pool, which can be used to ensure the effective performance of the Pool.

8.13 Reporting processes of the Pool will include regular written reports on the performance of Pool investments to the Oversight Body, which will be discussed at formal meetings. Officers of the Pool will also report to and present directly to the administering authorities' pension committees and local pension boards as appropriate.

8.14 A report on the progress of asset transfers will be made to the Scheme Advisory Board annually.

9. Socially responsible investment

9.1 GMPF holds a general policy of not interfering in the day to day investment decisions of its investment managers. However, GMPF may choose to actively invest in or disinvest from companies for social, ethical or environmental reasons, so long as that does not risk material financial detriment to GMPF.

9.2 As a responsible investor, GMPF wishes to promote corporate social responsibility, good practice and improved company performance amongst all companies in which it invests.

9.3 GMPF endeavours to be a socially responsible investor wherever possible but does so within the duties placed upon it under statute and under general trust law principles to manage the Scheme in the best financial interests of the Scheme members and beneficiaries.

9.4 From time to time GMPF will pursue certain specific issues direct with investee companies, either individually or, more usually, collectively with other institutional investors via its membership of the *Local Authority Pension Fund Forum* (LAPFF), its membership of the *Institutional Investors Group on Climate Change* (IIGCC), as a signatory to the *UN Principles for Responsible Investment* or by means of other ad-hoc groupings.

9.5 Climate change is a key financially material environmental risk. The Panel believe that, over GMPF's expected lifetime, climate related risks and opportunities will be financially material to the performance of the investment portfolio. As such, the Panel will consider climate change issues across GMPF and specifically in areas such as Strategic Asset Allocation, Investment Strategy, Investment Manager Selection and Risk Management with the aim of minimising adverse financial impacts and maximising the opportunities for long-term economic returns on GMPF's assets.

9.6 GMPF's long-term goal is for 100% of assets to be compatible with the net zero emissions ambition by c2050 in line with the Paris Agreement. The decarbonisation goal will be regularly evaluated in line with our objective of maintaining long term financial performance.

9.7 GMPF has undertaken a number of initiatives to enhance its approach to managing this risk. Company engagement is a key element of GMPF's approach to climate change. GMPF wishes to promote and encourage compliance with its own UK Environmental Investment Code. GMPF's appointed external securities managers are encouraged to operate a policy of constructive shareholder engagement with companies. GMPF is a Tier 1 signatory of the UK Stewardship Code.

9.8 By joining forces with over 70 other LGPS funds within LAPFF, we collectively have a very powerful voice in challenging companies to disclose their business models, and the assumptions that underpin their investment decisions, leading to greater capital discipline. This could have the dual success of enhancing shareholder value, whilst also reducing greenhouse gas emissions.

9.9 GMPF is a signatory to the Carbon Disclosure Project (CDP) which seeks information from major corporations world-wide on their Greenhouse Gas Emissions.

9.10 GMPF is a member of the IIGCC which is a forum for collaboration on climate change for European investors. The IIGCC seeks to promote a better understanding of the implications of climate change amongst its members and other institutional investors, and to encourage companies and markets in which its members invest to address any material risks and opportunities to their businesses associated with climate change and a shift to a lower carbon economy.

9.11 GMPF actively invests in low carbon and renewable energy technology and will seek to increase the scale of investment in this sector where suitable opportunities arise, in order to encourage a move toward a lower carbon economy. Within the strategic asset allocation to infrastructure, a key strategy is investments in low carbon and renewable energy opportunities.

9.12 The Panel has approved an allocation to Local Investments, which has the twin aims of generating a commercial return and delivering a positive social impact. GMPF's Annual Report and Accounts contains more detail on the specific investments within this allocation.

10. The exercise of investment rights

10.1 The exercise of rights which are not voting rights (eg dividend entitlements, rights issues etc) are delegated by the Council to GMPF's investment managers as part of their normal investment responsibilities.

10.2 GMPF wishes to exercise the voting rights attaching to its investments to promote and support good corporate governance principles. GMPF will report on its voting activity as part of its Annual Report & Accounts.

10.3 GMPF implements its voting policy in partnership with a specialist advisor (currently PIRC Ltd) who provides appropriate research and vote execution services that cover the major markets in which shares with voting rights are held.

10.4 GMPF votes in line with the recommendations of its advisor, having judged that the advisor's voting guidelines promote high standards of corporate governance and responsibility and enable GMPF to exert a positive influence as shareholders concerned with value and values.

10.5 The appointed external passive securities manager votes in respect of GMPF at every opportunity in the UK and in respect of companies in the vast majority of overseas markets except where practicalities are a significant obstacle.

10.6 In casting votes in respect of GMPF in the UK, the appointed external passive securities manager normally implements its own 'Voting Policy'. However the passive securities manager will vote in respect of GMPF according to GMPF's instructions on a case by case basis should GMPF so require.

11. Stocklending

11.1 GMPF itself has participated in a prudently structured Stocklending program via its Custodian since March 2003. However, GMPF suspended its Stocklending program between September 2008 and May 2011 in the wake of the 2008 financial crisis.

11.2 GMPF does not lend UK and US Equities and does not take Cash as collateral. The maximum volumes of stock "on loan" are set at a lower level than the Regulations permit. All loans must be pre-collateralised and be subject to recall upon demand.

11.3 Certain pooled vehicles within which GMPF invests may undertake an amount of Stocklending on behalf of the pooled vehicle investors. Where this occurs, the extent of the activity is disclosed by the pooled vehicle. GMPF considers this aspect of the pooled vehicle when making investment decisions.

APPENDIX TO INVESTMENT STRATEGY STATEMENT
TABLE OF LIMITS ON INVESTMENTS

MAIN FUND	
Asset class	**Limit (%)**
Total Equities	**40 – 85**
UK Equities	10 – 30
Overseas Equities	15 – 50
Global Equities	2 – 10
Total Bonds	**10 – 50**
Government Fixed Interest Bonds	2 – 17
Corporate Bonds	2 – 17
Government Index Linked Bonds	1 – 12
Multi-Asset Credit	2 – 10
Total Alternatives	**5 – 45**
Private Equity	0 – 7
Infrastructure	0 – 15
Special Opportunities	0 – 7
Local Investments	0 – 5
Property	3 – 15
Total Cash	**0 – 10**

DESIGNATED FUND	
Asset class	**Limit (%)**
Government Fixed Interest Bonds	0 – 100
Corporate Bonds	0 – 100
Government Index Linked Bonds	0 – 100
Other Liability Matching Assets*	0 – 100
Cash	0 – 100

*Other Liability Matching Assets include exposure to derivative instruments (eg interest rate and inflation swaps) used for liability matching purposes and are currently accessed via pooled funds.

There are a small number of employers whose liability profiles are significantly different from most of GMPF's employers. Investments in the Designated Fund reflect the specific liability profiles of these employers. The assets held in the Designated Fund have been specifically chosen in the context of the relevant liabilities and funding position. Given the nature and size of the Designated Fund, it is not considered appropriate to restrict the limits on Asset Classes. The proportion of assets within each asset class will change over time as GMPF develops its framework to meet the diverse needs of its employers.

End of appendix (23 March 2018).

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2014 to date

COMMUNICATIONS POLICY

Tameside
Metropolitan Borough

Communications Policy

Introduction

This statement is published to state the Greater Manchester Pension Fund's strategy of engagement with its stakeholders and to satisfy legislation(1) to prepare, maintain and publish a written statement setting out our policy concerning the following aspects of our communications activities:

1: Communications with contributing members

2: Communications with deferred members

3: Communications with pensioner members

4: Member self service (Mypension)

5: Communications with members' representatives

6: Communications with prospective members

7: Communications with employing authorities

8: Consultation & engagement strategy

The Statement of Communications Policy will be revised and republished following any material change in policy.

1 Communications with contributing members

1.1: Pension Statements
Once a year we send all members a pension statement direct to their home address. This summarises the basic information we hold about them such as date of birth, pay for pension purposes and normally gives estimates of the current and future value of the member's benefits. It also includes an estimate of the current value of survivors' pension benefits.

1.2: Pension Power newsletter
Usually twice a year we produce a newsletter, the main purpose of which is to satisfy disclosure requirements(2) by informing contributing members about changes in the regulations of the LGPS. Because of its nature, this publication is not produced at fixed times, but rather in response to changes in the regulations, with reference to the time restrictions imposed by the Disclosure Regulations. It is supplied as a link to an on online 'e-magazine' or mailed to members' home addresses, depending on their mailing preferences.

1.3: Website
Information about the Scheme is held on the website. We also publish newsflashes and bulletins on the website to provide topical updates about the Scheme, and members can sign up for our email alert service to keep abreast of these.

1.4: Twitter account
GMPF has a Twitter account, and from time to time we tweet snippets of information. You can find it at: @GMPF_LGPS.

1.5: Roadshows & seminars
We run information sessions in members' places of work. These are run on demand in conjunction with employers, for a minimum of 20 employees. We run more specialist sessions for members affected by issues such as a public services transferring to a private organisation. We also participate in pre-retirement courses, which are organised by a number of our employers.

1.6: Literature
The main point of reference for members to find out about the key aspects of the LGPS is our Members Guide. This is supported by a range of literature, which goes into more detail on topics such as making a nomination or topping up benefits. A different Guide is produced for councillor members to whom different rules apply, regarding the calculation of benefits.

1.7: Pensions helpline
We provide two helplines: 0161 301 7100 for pensioners and 0161 301 7000 for other members.

2 Communications with deferred members

A member who has left their employer and who has left their benefits on hold is classed as a deferred member. The two main ways of communicating with this class of member are as follows:

2.1: Pension statements
Once a year we send deferred members a pension statement direct to their home address. This summarises the basic information we hold about them and gives the up to date value of their benefits.

2.2: Newsletters
As the need arises we send a separate newsletter to all deferred members. This satisfies disclosure requirements by informing them about those changes in the regulations of the LGPS that affect them. Because of its nature, this publication

(1) Local Government Pension Scheme Regulations 2013.
(2) Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013.

is not produced at fixed times, but rather in response to changes in the regulations, with reference to the time restrictions imposed by the Disclosure Regulations. This newsletter is mailed to home addresses.

2.3: Pensions helpline
Deferred members can also telephone the helpline.

3 Communications with pensioner members

Pensioner members include retired members and dependants, for example widows. The main ways we communicate with this class of member are as follows:

3.1: Pensions Payslip
All pensioners receive a combined payslip and P60 when the April pension payment is made. Mailed with this is the Pensions Grapevine newsletter (see 3.2). All pensioner members will receive a May payslip and will also receive a payslip at any other time where the amount of net pension changes by more than £5.

3.2: Pensions Grapevine newsletter
This newsletter is mailed direct to home addresses. It is produced once a year and is sent with the April payslips. It includes information regarding the amount of pensions increase, tax codes, a summary of the Fund's finances and other information of relevance to pensioners.

3.3: Pensioners' Forum
This event is held every other year and gives pensioners an opportunity to visit information stands staffed by specialists in various fields such as tax, State benefits and will making. Presentations are made by staff from GMPF and visiting speakers, covering the Fund's finances, pensioner matters and other items.

3.4: Pensioners' helpline
Pensioners can telephone 0161 301 7100.

4 Member self service (Mypension)

There are currently issues with the third party software which facilitates our member self service. Once these are remedied, members will be able to register for Mypension, allowing them, via a PIN, to see data relating to themselves, such as pension payments.

5 Communications with members' representatives

Materials available to members are available on request to their representatives. Also, as new literature is produced, samples are sent to the six employee representatives that are members of the Pension Fund Advisory Panel.

6 Communications with prospective members

6.1: Basic information
It is a requirement under the Disclosure Regulations that all prospective members are given basic information about the Scheme. In view of this we ask all GMPF employers to give a copy of the Members' Guide (see 1.6) to every prospective member, either in hard copy form or as a website link. This should be done with their letter of appointment.

7 Communications with Employing Authorities

7.1: Annual General Meeting
We hold our AGM within 7 months of year end (generally in September) and an invitation is extended to every employer. The AGM includes a presentation summarising the Annual Report & Accounts.

7.2: Meetings/employer training
We host meetings to keep our employing authorities up to date with developments in the Scheme, and - for Local Authorities - to give them a forum to discuss common issues, good practice and so on.

As the need arises we host more specialist seminars on subjects such as auto-enrolment, and open these to representatives from all employers.

7.3: Employers' Website
We have a separate website for employers where they can access information of a more technical nature and download forms, copies of some presentations and so on.

7.4: Employer alerts
We issue employer alerts, which cover many aspects of the Scheme Regulations.

7.5: Employers' helpline
Employers also have a dedicated helpline which they can call upon for guidance: 0161 301 7200.

8 Consultation & engagement strategy

8.1: The strategy

The different types of member are consulted from time to time. A selection of each member group receives a questionnaire, in order to express satisfaction levels with our service, to make suggestions for improvement and any other comments.

8.2: Member groups

Representative groups are selected and up to 2000 questionnaires issued. The groups are:

- New Members
- Long-term active members
- New pensioners
- Long-term pensioner members
- Deferred Members
- Non-members & Leavers

8.3: Results

The results are reported to the Pensions Administration Working Group and published on the GMPF and Tameside websites. Recommendations for service improvement are considered and added to the Business Plan if appropriate.

PENSION ADMINISTRATION STRATEGY

2015
to date

Tameside Metropolitan Borough

Pension Administration Strategy

1: The Regulations

2: Review of the Pension Administration Strategy (PAS)

3: Scheme employer duties & responsibilities

4: Pensions Office duties & responsibilities

5: Unsatisfactory performance

Commencement date for this revised PAS: 1 April 2015.

This PAS recognises that for administration costs to be minimised, and the mutual service to the member to be maximised, Scheme employers[1] and the administering authority must co-operate closely.

1 The Regulations

1.1 This Strategy is made under regulation 59 of the Local Government Pension Scheme (LGPS) Regulations 2013. Related legislation includes:

- The LGPS (Benefits, Membership & Contributions) Regulations 2007
- The LGPS (Administration) Regulations 2008
- the LGPS (Transitional Provisions, Savings & Amendments) Regulations 2014
- the LGPS Regulations 1997
- the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2000
- the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 ("the Disclosure Regulations")
- the Pensions Act 1995
- the Pensions Act 2004
- the Pensions Act 2008
- the Data Protection Act 1998
- the Occupational Pension Schemes (Preservation of Benefit) Regulations 1991
- the Occupational Pension Schemes (Scheme Administration) Regulations 1996
- the Finance Act 2004
- the Automatic Enrolment (Miscellaneous Amendment) Regulations 2013
- the Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations 2014

including amendments to any of these Regulations.

This PAS is complemented by the *Pensions Office Guide to the Local Government Pension Scheme*[2].

2 Review of the PAS

2.1 This PAS will be reviewed at least triennially and will be revised following any material change in policies that relate to the PAS.

[1] Scheme employer means a body listed in Schedule 2 of the LGPS Regulations 2013 employing an employee who is eligible to be a member and includes an admission body.

[2] A Pensions Office Guide 2014 will be developed.

3 Scheme employer Duties & Responsibilities

3.1 Each Scheme employer *(the employer)* shall nominate a person who will act as the Pensions Office's primary contact. There may be separate contact persons for Pension Fund Accountancy.

3.2 Authorised officers whose names and specimen signatures are held by the Pensions Office (the Office) must sign all documents and/or instructions received from an employer. In signing a document an authorised officer is not merely certifying that the form comes from the employer stated, but also that the information being provided is correct. Consequently if an authorised officer is certifying information that someone else has compiled, for example leaving information including a final salary pay, career average pay, assumed pay, (s)he should satisfy him/herself that the information is correct.

3.3 It is the employer's responsibility to ensure that details of the nominated representative and authorised signatures are correct, and to notify the Office of changes to either immediately.

3.4 The employer shall provide the Office with year-end information to 31 March each year in an approved format no later than 7 May or the next working day. Such information should be accompanied by a statement, duly signed by an authorised officer. This statement must show for each employment of each of the Scheme employers, employees who have been active members of Greater Manchester Pension Fund (GMPF) during the Scheme year (1 April to 31 March), the information needed for each employment, (for example, employee and employer contributions and additional contributions, cumulative pensionable pay etc.)[3]. The information should distinguish those amounts representing deductions for voluntary contributions, with those for ARCs and APCs/SCAPCs being differentiated, and the employees paying those voluntary contributions.

3.5 During the year the employer should forward notifications to the Office, with 90% compliance or better (excluding retirements), as summarised in the table on the following page:

[3] This is to check the sum of the amounts on the statements provided during the scheme year tally with the amounts shown on the year-end statement. The information is also needed to ensure the member's pension record is correct and up to date and because the information may be needed to produce the annual benefit statements and pension savings statements.

Summary of Scheme employer Duties & Responsibilities

New starters [P1, New starter validation spreadsheet]	Within two months of the employee joining, or such shorter period as required by any auto-enrolment obligations (generally this tends to be before or within six weeks of the employee's automatic enrolment date).
Change in member's details [FORM P5]	Within 2 months of the event. Changes that are notified electronically, either on-line or via the P5s spreadsheet should also be made within two months of the event.
Early leavers [FORM P48 & EM48]	Outside of 3 months of joining: within 2 months of the employee leaving their employment or opting out of the scheme.
Early leavers [Spreadsheet PF48s or P1 or form P48]	Within 3 months of joining: within 1 month of the employee opting out or if leaving their employment, within two months of the event.
Retirements generally	With retirements it is recognised that some members retire with little or no notice and so the 90% performance standard will not apply. Nonetheless where possible it is the mutual desire of employer and Office to pay the tax-free retirement lump sum (cleared funds), into the member's bank account on the first day of retirement. Consequently, retirement notifications (Forms P71, P71f, P71i and EM71e) should be received by the Office at least a month before the member's retirement date where possible. Where the statutory underpin applies, notifications should be received a further two weeks earlier.
Ill health retirement	Regarding ill health retirements, some employers give notice whilst others make payments in lieu instead. With the latter it is understood that P71i or EM71e forms will be sent necessarily after the member has left. When a P71i or EM71e is not forwarded prior to retirement, it should be forwarded as soon as possible thereafter.
Early retirement at member's choice	Regarding early retirement at member's choice, if we receive a P71 for a member who has left their employment and is 55+ we will assume the employer has received an election on the Office's behalf from the member to receive immediate payment of benefits. This also applies for retirement after normal pension age (NPA)[4].
Flexible retirement	Regarding flexible retirement, if we receive a P71f for a member where their employer has agreed, under their discretion policy, to flexible retirement, we will assume the employer has received an election on the Office's behalf from the member to receive immediate payment of all or part of that member's benefits[5].
Disclosure Regulations	Great care must also be taken to avoid breaking the Disclosure Regulations. Consequently when a retirement takes place before NPA the latest a P71, P71f, P71i or EM71e is to be received in the Office is no later than one month after the date of retirement. Where a retirement takes place on or after NPA, the Office must receive the P71, P71f, P71i or EM71e no more than ten working days after the date of retirement.
Death in service [FORMS 74a to 74d]	within 3 working days of all the information being gathered, for example birth and marriage certificates.

[4] Under Regulation 32 of the LGPS Regulations 2013, written notices to receive the immediate payment of benefits in these cases are to the administering authority. In the actuality however the member will usually sign to receive immediate benefits as part of the employer/employee retirement process.

[5] See footnote 4.

3.6 Regarding the Data Protection Act 1998, the employer will protect from improper disclosure any information about a member contained (where applicable) on Altair, and also notifications of a member's pension details and any other item sent from the Office. It will also only use information supplied or made available by the Office for the operation of the LGPS.

3.7 Regarding the Disclosure Regulations, the employer will issue to all new employees eligible to join GMPF, at the time of appointment, a copy of the members' guide to the pension scheme (*your pension – a simple guide for new members*). This may be in the form of:

- directing all new members to GMPF's Members' website, where the guide is available to view and/or download; or
- issuing a booklet; or
- issuing a PDF.

Text for inclusion in appointment emails/letters is referred to in section 2.17 of the Pensions Office Guide to the LGPS 2008[6].

3.8 The employer will ensure that both employee and employer contributions are deducted at the correct rate, including any contributions that are due on leave of absence with reduced or no pay and any additional contributions GMPF request the employer to collect. Contributions (but not additional voluntary contributions) should be paid to GMPF on a monthly basis by BACS payment to GMPF's bank account. (Bank details are provided on the form P8 – Payment Advice). The P8 form should be completed (there are guidance notes on the form), certified by an authorised officer and emailed to contributions@tameside.gov.uk in advance of the payment. All contributions (but **not** additional voluntary contributions) should be paid to GMPF by the first working day of the month following the month of deduction. If a completed P8 is not provided for the payment then it cannot be allocated. This will register as a late payment and interest may be charged. If payment of contributions is overdue by more than one month the employer will be required to pay interest. Under the Pensions Act 2004 and the Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations 2014, the Pensions Regulator may be notified if contributions are not received by the 19th of the month (or 22nd of the month if paid electronically) following that in which they were deducted.

3.9 The employer will pay any additional voluntary contributions to the in-house additional voluntary contributions provider within one week of them being deducted. Under the Pensions Act 2004 and the Occupational Pension Schemes (Scheme Administration) Regulations 1996, the Pensions Regulator may be notified if contributions are not received by the 19th of the month (or 22nd of the month if paid electronically) following that in which they were deducted.

3.10 In the event of the Office being fined by the Pensions Regulator, this fine will be passed on to the relevant employer where that employer's action or inaction (for example the failure to notify a retirement within the time limits described above), caused the fine.

3.11 From time to time Tameside MBC auditors may request member data or may ask to attend at employer offices to carry out audits regarding, for example, the calculation of final salary pays, career average pays and assumed pays. Employers are requested to co-operate with these activities.

3.12 Employers' discretions policies: employers are required to formulate, publish and keep under review a policy statement in relation to the exercise of a number of discretions under the LGPS. The policies need to be in place and published at employers by 30 June 2014. A copy of the policies should be forwarded to GMPF as soon as possible thereafter and by no later than two months after 30 June 2014. Any subsequent revisions to the policies must be published and copied to GMPF within one month of the change in policy.

3.13 The employer will act on behalf of the administering authority regarding receiving elections for looking back in time pay figures. Ordinarily these elections should be made no later than one month prior to the date on which the member stops active membership. However, in the event of a member leaving with less than a month's notice, this requirement will be waived.

[6] This will be included in the 2014 Guide.

3.14 The employer will reply:

(i) to postings queries raised by the Office by 6 July each year[7];

(ii) to queries about pay (excluding retirements[8]), within 15 working days; and

(iii) other queries, especially those raised at the point of retirement, as soon as possible.

3.15 Employers with a link into Altair will be expected to use all of its features, for example, to calculate early retirement estimates and to answer queries that have been raised via *Work Flow* (formerly known as *Task Manager*).

4 Pensions Office Duties & Responsibilities

4.1 The Office will act for the employer regarding:

- the issue of notifications of a member's pension details, with the employer continuing to be responsible for employer decisions, and the Office for administering authority decisions;
- the determination of benefits following the death of a deferred beneficiary or pensioner;
- the payment of annual or spouses' compensation, and any adjustments due arising from, for example, re-employment;
- asking the member, within 3 months of joining GMPF (or us being notified), for a statement in writing listing all the person's previous periods of membership of a public service pension scheme.

4.2 To issue forms, newsletters, booklets and such other materials as are necessary for the administration of the Scheme and compliance with disclosure requirements.

4.3 To support employers by way of:

- employer bulletins/alerts;
- the *Pensions Office Guide to the Local Government Pension Scheme*;
- technical notes;
- the GMPF employers' website;
- Pensions Officer Meetings, with employers being invited to submit agenda items;
- day to day contact.

4.4 To provide technical guidance by way of an employer bulletin within 2 months of any Regulatory changes.

4.5 There is also an open invitation for employer Pensions Officers and other representatives to visit the Office, subject to notice, to discuss any aspect of co-operation.

4.6 To produce postings queries for employers within one month of the receipt of a complete and correct year-end return.

4.7 To produce annual benefit statements for despatch to contributors by 31 August each year (assuming receipt of accurate year-end information from the employer by 7 May).

4.8 Pension savings statements to be issued each year to members who have exceeded the annual allowance, within six months of the end of the tax year, by 6 October (assuming receipt of all information needed from the employer by 6 July), or if requested by the member, pension savings statements to be issued by the later of three months from the request and six months from the end of the tax year (6 October).

4.9 Annual benefit statements to be issued to deferred members by 31 May.

4.10 Regarding the standards shown on the following page, to operate at 90% (or better) performance for non-statutory standards and 100% for statutory standards. A day is a working day:

[7] This is derived from a HMRC requirement and is needed to enable GMPF to generate pension savings statements in relation to the annual allowance where members have exceeded the annual allowance in GMPF. This deadline is also needed to enable GMPF to issue annual benefit statements by the statutory deadline of 31 August.

[8] Pay queries in relation to retirements should be responded to as soon as possible from the date the query was made by GMPF and by no later than 15 working days.

	Work flow	Standard
1	Letters/emails from members (or member's representatives) answered or acknowledged	**5 days**
2	New starters processed	**10 days**
3	Changes in details processed	**10 days**
4	Calls to the Helpline answered in office hours	**100%**
5	Annual benefit statements for deferred members issued	**By 31 May**
6	Annual benefit statements for active members issued	**By 31 August[9]**
7	Postings queries for employers issued	**Within 1 month[10]**
8	Technical guidance issued to employers via bulletins	**Within 2 months of any Regulatory changes**
9	Pension savings statements issued	**By 6 October[11]**
10	Estimates for divorce processed	**10 days**
11	Non-LGPS transfers in processed	**15 days**
12	Non-LGPS transfer out quotations processed	**10 days**
13	Non-LGPS transfer out payments processed	**10 days**
14	Internal and concurrent transfers processed	**10 days**
15	Refund payments made	**10 days**
16	Deferred benefits calculated	**10 days**
17	Annuity quotations calculated	**5 days**
18	APC/SCAPC illustrations calculated	**10 days**
19	AVC amendments noted on Altair	**10 days**
20	New retirement benefit options sent	**10 days[12]**
21	New retirements processed for payment	**5 days[13]**
22	Deferred benefits processed for payment	**5 days[14]**
23	Notification of a death processed	**5 days**
24	Dependants' pensions processed for payment	**5 days**
25	Death grants processed for payment	**5 days**
26	Tax-free retirement lump sum processed by Payroll	**5 days**
27	Payments recalled due to death	**By noon on the eve of payday**
28	Changes to bank details made	**By payroll cut off date**

5 Unsatisfactory performance

5.1 Where an employer materially fails to operate in accordance with the standards described in this PAS, which leads to extra costs being incurred by the administering authority, the administering authority may issue a written notice to the employer requiring that these extra costs be met by the employer.

[9] Where year-end returns have been received on time.

[10] Where complete and correct year-end returns have been received.

[11] Where the member has exceeded the annual allowance (limit currently £40,000) and information needed has been received on time, or where member has requested a statement, by the later of three months from the request and 6 October.

[12] Or within 20 days of the retirement date if the retirement notification is received sufficiently in advance.

[13] Or within 10 days of the retirement if the election is received sufficiently in advance.

[14] See footnote 13.

Useful contacts

General members' enquiries

Greater Manchester Pension Fund
Guardsman *Tony Downes* House
5 Manchester Road
Droylsden, M43 6SF

If calling in person please use M43 7UH for satnav.

Visit **www.gmpf.org.uk** for general information or to send us a message.

0161 301 7000

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Special thanks to all the organisations who agreed to be featured in this report, including Willerby, Iberdrola, Bridges Fund Management Ltd, Shaw Healthcare, and the Single Homeless Prevention Service.

Administered by Tameside Metropolitan Borough

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