Tameside Metropolitan Borough

ASHTON-UNDER-LYNE · AUDENSHAW · DENTON · DROYLSDEN · DUKINFIELD · HYDE · LONGDENDALE · MOSSLEY · STALYBRIDGE

GREATER MANCHESTER PENSION FUND - MANAGEMENT/ADVISORY PANEL

Day: Friday
Date: 17 November 2017
Time: 9.30 am
Place: Guardsman Tony Downes House, Manchester Road, Droylsden, M43 6SF

NB – THE BASEMENT CAR PARK AT GUARDSMAN TONY DOWNES HOUSE WILL BE AVAILABLE FOR YOUR USE ON THE DAY

Item No.	AGENDA	Page No
	GENERAL BUSINESS	
1.	**CHAIR'S OPENING REMARKS**	
2.	**APOLOGIES FOR ABSENCE**	
3.	**DECLARATIONS OF INTEREST**	
	To receive any declarations of interest from Members of the Panel.	
4.	**MINUTES**	
a)	**MINUTES OF THE PENSION FUND ADVISORY PANEL**	1 - 12
	To approve as a correct record the Minutes of the meeting of the Pension Fund Advisory Panel held on 22 September 2017.	
b)	**MINUTES OF THE PENSION FUND MANAGEMENT PANEL**	13 - 18
	To approve as a correct record the Minutes of the meeting of the Pension Fund Management Panel held on 22 September 2017.	
c)	**MINUTES OF THE ANNUAL GENERAL MEETING**	19 - 22
	To approve as a correct record the Minutes of the Annual General Meeting held on 22 September 2017.	
5.	**LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985**	
a)	**URGENT ITEMS**	
	To consider any items which the Chair is of the opinion shall be considered as a matter of urgency.	

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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b) EXEMPT ITEMS

The Proper Officer is of the opinion that during the consideration of the items set out below, the meeting is not likely to be open to the press and public and therefore the reports are excluded in accordance with the provisions of the Schedule 12A to the Local Government Act 1972.

Items	Paragraphs	Justification
8, 9, 10, 11, 12, 13, 14, 15, 16,	3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10	Disclosure would, or would be likely to prejudice the commercial interests of the Fund and/or its agents which could in turn affect the interests of the beneficiaries and/or tax payers.

6. PENSION FUND WORKING GROUPS MINUTES

a) POLICY AND DEVELOPMENT WORKING GROUP 23 - 28

To consider the Minutes of the meeting held on 5 October 2017.

b) INVESTMENT MONITORING AND ESG WORKING GROUP 29 - 32

To consider the Minutes of the meeting held on 13 October 2017.

c) PENSIONS ADMINISTRATION WORKING GROUP 33 - 38

To consider the Minutes of the meeting held on 13 October 2017.

d) ALTERNATIVE INVESTMENTS WORKING GROUP 39 - 42

To consider the Minutes of the meeting held on 20 October 2017.

e) EMPLOYER FUNDING VIABILITY WORKING GROUP 43 - 48

To consider the Minutes of the meeting held on 27 October 2017.

f) PROPERTY WORKING GROUP 49 - 52

To consider the Minutes of the meeting held on 27 October 2017.

7. MANAGEMENT SUMMARY 53 - 56

Report of the Director of Pensions attached.

ITEMS FOR DISCUSSION/DECISION

8. POOLING UPDATE 57 - 84

Report of the Assistant Director of Pensions, Funding and Business Development, attached.

9. FINANCING ARRANGEMENTS FOR GUARDSMAN TONY DOWNES HOUSE 85 - 96

Report of the Assistant Director of Pensions, Local Investments and Property, attached.

From: Democratic Services Unit – any further information may be obtained from the reporting officer or from Carolyn Eaton, Senior Democratic Services Officer, on 0161 342 3050 or carolyn.eaton@tameside.gov.uk to whom any apologies for absence should be notified.

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10.	**REVIEW OF INVESTMENT MANAGEMENT ARRANGEMENTS**	
a)	**FEEDBACK ON STAGE II REPORT**	97 - 124
	To receive a presentation of the Assistant Director of Pensions, Investments.	
b)	**STAGE III REPORT**	
	To receive a presentation from Hymans Robertson.	
11.	**TRAINING ITEM - LGPS PERFORMANCE UPDATE**	
	Presentation of David Cullinan, PIRC	
12.	**PERFORMANCE DASHBOARD**	125 - 142
	Report of the Assistant Director of Pensions, Investments, attached.	
13.	**UPDATE ON INVESTMENT MANAGEMENT COSTS BENCHMARKING**	143 - 146
	Report of the Assistant Director of Pensions, Investments, attached.	
14.	**REPORTS OF THE MANAGERS**	147 - 164
	Report of the Assistant Director of Pensions, Investments, attached. To review the performance of Investec Asset Management.	
15.	**ADVISOR COMMENTS AND QUESTIONS**	
16.	**UPDATE ON GMPF APPROACH TO RESPONSIBLE INVESTMENT**	165 - 230
	To receive a report of the Assistant Director of Pensions, Investments, and a presentation of Alan MacDougall of PIRC.	

ITEMS FOR INFORMATION

17.	**PENSIONS ADMINISTRATION UPDATE**	231 - 240
	Report of the Pensions Policy Manager attached.	
18.	**FUTURE TRAINING DATES**	
	Trustee training opportunities are available as follows. Further information/details can be obtained by contacting Loretta Stowers on 0161 301 7151.	

Training Day Location to be confirmed	**4 December 2017**
Fundamentals Training Day 3 Park Plaza Hotel, Leeds	**5 December 2017**
LAPFF Annual Conference Highcliffe Marriott, Bournemouth	**6-8 December 2017**
CIPFA Barnett Waddingham Seminars for Local Board Members	**26 February 2018 - London 28 February 2018 – Wolverhampton 2 March 2018 - Leeds**
PLSA Investment Conference	**7–9 March 2018**

From: Democratic Services Unit – any further information may be obtained from the reporting officer or from Carolyn Eaton, Senior Democratic Services Officer, on 0161 342 3050 or carolyn.eaton@tameside.gov.uk to whom any apologies for absence should be notified.

EICC Edinburgh	
PLSA Local Authority Conference Cotswold Water Park Hotel, Gloucestershire	**21–23 May 2018**
CIPFA Barnett Waddingham Annual Event for Local Board Members London	**27 June 2018**
PLSA Annual Conference Liverpool	**17–19 October 2018**

19. DATES OF FUTURE MEETINGS

Management/Advisory Panel	23 March 2018
Local Pensions Board	14 December 2017 29 March 2018
Pensions Administration Working Group	19 January 2018 6 April 2018
Investment Monitoring and ESG Working Group	19 January 2018 6 April 2018
Alternative Investments Working Group	26 January 2018 13 April 2018
Property Working Group	2 February 2018 20 April 2018
Policy and Development Working Group	1 February 2018 22 March 2018
Employer Funding Viability Working Group	2 February 2018 20 April 2018

GREATER MANCHESTER PENSION FUND - ADVISORY PANEL

Friday, 22 September 2017

Commenced: 10.00 am **Terminated:** 12.45 pm

Present: Councillor K Quinn (Chair)

Councillors: Barnes (Salford), Brett (Rochdale), Grimshaw (Bury), Halliwell (Wigan), Mitchell (Trafford) and Pantall (Stockport)

Employee Representatives:
Mr Allsop, Mr Drury, Mr Flatley and Mr Llewellyn

Advisors:
Ms Brown, Mr Moizer and Mr Powers

Apologies for Absence: Councillor Ward

25. CHAIR'S OPENING REMARKS

The Chair was pleased to announce that 2016/17 had been a successful year for the Greater Manchester Pension Fund with strong relative and absolute investment performance and a good actuarial valuation result. The Fund had increased by £400 million over the quarter with assets of over £21 billion. The Fund had grown significantly since 2010 and had outperformed by £3 billion over the last 30 years compared to the level of performance of an average Local Government Pension Fund.

He was also pleased to announce that the Fund had been selected by an independent panel of judges as the winner of the Infrastructure Award at the LAPF Investment Awards 2017. This was due to the significant work that had been carried out on one of the four pooling criteria set by Government (facilitating infrastructure investment). The Fund had a dedicated infrastructure allocation that focussed on the UK. In addition, Greater Manchester Pension Fund invested in infrastructure through GLIL, a collective investment vehicle that had been formed together with the London Pension Fund Authority, which Lancashire, Merseyside and West Yorkshire pension funds had recently joined. GLIL had commitments of £1,275 million to invest directly in infrastructure.

It was reported that there were new Financial Conduct Authority requirements for the Fund to be regarded as ‘professional’ investors (MiFID II) and the Chair of the Scheme Advisory Board was working with the Local Government Association, the Investment Association and other industry bodies to develop a straightforward and consistent opt up process to enable all Local Government Pension Scheme funds to be assessed prior to the January 2018 deadline. An urgent matters panel meeting had been held, which agreed the process to opt-up to *elective* Professional Client status.

26. DECLARATIONS OF INTEREST

There were no declarations of interest submitted by Members.

27. MINUTES

a) Minutes of the Pension Fund Advisory Panel

The Minutes of the proceedings of the meeting of the Pension Fund Advisory Panel held on 21

July 2017 were signed as a correct record.

b) Minutes of the Pension Fund Management Panel

The Minutes of the proceedings of the meeting of the Pension Fund Management Panel held on 21 July 2017 were signed as a correct record.

c) Minutes of the Urgent Matters Panel

The Minutes of the Urgent Matters Panel held on 23 August 2017 were signed as a correct record.

28. LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

a) Urgent Items

The Chair announced that there were no urgent items for consideration at the meeting.

b) Exempt Items

RESOLVED:
That under Section 100(A) of the Local Government Act 1972 the public be excluded for the following items of business on the grounds that:-
(i) they involve the likely disclosure of exempt information as defined in the paragraphs of Part 1 of Schedule 12A of the act specified below; and
(ii) in all circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information for reasons specified below:-

Items	Paragraphs	Justification
8, 9, 10, 11, 12, 13, 14, 15	3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10	Disclosure would, or would be likely to prejudice the commercial interests of the Fund and/or its agents which could in turn affect the interests of the beneficiaries and/or tax payers.

29. PENSION FUND WORKING GROUPS/LOCAL BOARD MINUTES

a) Local Pensions Board

RECOMMENDED:
That the Minutes of the proceedings of the Local Pensions Board held on 24 July 2017 be noted.

b) Investment Monitoring and ESG Working Group

The Minutes of the proceedings of the meeting of the Investment Monitoring and ESG Working Group held on 14 July 2017 were considered.

RECOMMENDED:
(i) That the Minutes be received as a correct record:
(ii) In respect of Active Participation in Class Actions Update:-
a) the Fund appoints the specialist law firm Labaton Sucharow to provide portfolio monitoring services in relation to shareholder litigation to replace the current appointment of SRKW; and
b) That where time permits, decisions as to whether to take an active role in

litigation be brought to the Investment Monitoring and ESG Working Group, and/or Panel, and in exceptional circumstances, such decisions be at the discretion of the Executive Director of Pensions, in her capacity as Solicitor to the Fund, who has delegated authority to bring proceedings or to authorise the same, in consultation with the Chair of the Fund.

(iii) In respect of Routine PIRC Update, that the report be noted and a further report be sent to Panel proposing a strategy and timescales for the Fund to achieve the highest standards.

c) Pensions Administration Working Group

The Minutes of the proceedings of the meeting of the Pensions Administration Working Group held on 14 July 2017 were considered.

RECOMMENDED:
(i) That the Minutes be received as a correct record; and
(ii) In respect of First Bus Transfer, update reports on the progress of the project be brought to future Working Group meetings.

d) Alternative Investments Working Group

The Minutes of the proceedings of the meeting of the Alternative Investments Working Group held on 20 July 2017 were considered.

RECOMMENDED:
(i) That the Minutes be received as a correct record; and
(ii) In respect of Special Opportunities Portfolio: Approval of an Investment Type:-
a) That the support of a minimum of three of the four Advisors would constitute 'Advisor support' for any new type of investment for the Fund's 'Special Opportunities Portfolio'; and
b) That approval be given for a new type of investment for the Fund's 'Special Opportunities Portfolio' (Factor Based Investing), with an investment size of between 0.5% and 1% of Main Fund.

e) Employer Funding Viability Working Group

The Minutes of the proceedings of the meeting of the Employer Funding Viability Working Group held on 28 July 2017 were considered.

RECOMMENDED:
That the Minutes be received as a correct record.

f) Property Working Group

The Minutes of the proceedings of the meeting of the Property Working Group held on 28 July 2017 were considered.

RECOMMENDED:
That the Minutes be received as a correct record.

30. MANAGEMENT SUMMARY

Consideration was given to a report and presentation of the Director of Pensions, which provided a summary of issues and matters of interest arising during the last quarter.

The Director began by explaining that the Fund was valued at £21.3 billion at 30 June 2017 and had outperformed the strategic benchmark of 1% by 0.2%. GMPF was the 9th largest pension fund in the UK and also the largest LGPS fund. GMPF's returns were particularly strong in 2016/17 at 23.8% and the Fund was ranked as the second best performing Fund over 30 years. The latest funding estimates provided by the actuary gave a ratio of assets to liabilities of 97% at 31 March 2017; using the standardised assumptions set by the Scheme Advisory Board the funding level was 105.5%.

An update on key issues was provided. In relation to the Grenfell Tower tragedy, cladding had been tested and it was confirmed that all properties in the portfolio were compliant. A review of all existing fire safety arrangements in properties owned by the Fund was currently being reviewed.

With regard to Pooling, it was reported that the joint procurement exercise for a common custodian for the Northern Pool was progressing. Officers had met to discuss all aspects of how Private Equity could be managed on a joint venture basis and governance arrangements were being progressed through the Northern Pool Shadow Joint Committee.

The report detailed funding of the Stone Harbor Multi-Asset Credit mandate, which began in July 2017 following in depth due diligence. It had been resolved at the July 2016 Panel meeting to institute a benchmark of exposure of 5% to a Multi-Asset Credit Investments 'asset class' in line with a reduction in the weighting of public equity. The mandate was to be funded over seven fortnightly tranches of £150 million, with the final tranche scheduled for October 2017. The mandate would be funded by reducing the equity element of Capital's investment mandate by 10% of their assets under management and the remainder would be taken from L&G equities.

In respect of Project Magpie, it had previously been reported that First Bus Group had proposed to consolidate its two LGPS arrangements into GMPF. The consolidation would be effected by a Direction from the Secretary of State, which had been received, and the signing of admission arrangements with the two operating companies by 1 November 2017. This would see the transfer of approximately 5,000 members and £600 million of assets to GMPF. Work was ongoing to implement the transfer of member data and assets and regular updates would continue to be provided to the relevant working groups and Panel as appropriate.

GMPF had long been committed to investment in housing and following the successful outcome of the initial Matrix Homes development with Manchester City Council, the Fund was keen to develop the model to be a catalyst for the building of new homes whilst generating strong risk adjusted returns for GMPF. Following the exploration of working in partnership with other LGPS Funds, other GM authorities and alternative finance models to devise further investment opportunities, the Fund had committed to build 750 homes over the next 12 to 18 months. This should involve capital commitments of around £50 - £75 million and a projected return of at least 7.5%. There were currently three schemes with early visibility to deliver this.

RECOMMENDED:
That the content of the report and progress on matters and issues raised be noted.

31. LGPS POOLING UPDATE

The Assistant Director of Pensions, Funding and Business Development, submitted a report providing an update on recent developments relating to the proposals for pooling investments across the LGPS in England and Wales and the recent activities of GMPF in this area.

It was reported that Greater Manchester Pension Fund, Merseyside Pension Fund and West Yorkshire Pension Fund would form the Northern Pool and were required to be fully operational by 1 April 2018. Work was progressing to meet the Government's criteria of scale, value for money, governance and facilitating infrastructure investment.

A progress update had been submitted to Government in April 2017 setting out the main ongoing work streams for the Northern Pool. A response had been received on 22 August 2017 from the Department of Communities and Local Government, signed by the Chief Secretary to the Treasury and the Cabinet Office (as appended to the report). The letter reiterated the Government's previously stated objectives and confirmed that Pools would be asked to submit a further progress report by 20 October 2017 covering the period up to 30 September 2017.

The Panel was informed that at a recent meeting of the Northern Pool Shadow Joint Committee it had been agreed that the Pool's progress report should reiterate how their current vision met the Government's objectives in terms of maximising savings and providing value for money. In particular, the Pool continued to lead the way in the LGPS regarding direct infrastructure investment. A summary report on the pooling agenda and the Northern Pool's agreed approach had been drafted for tabling at forthcoming meetings of the respective combined authorities.

It was explained that there were several differences between the Northern Pool and the other LGPS pools, in particular:-

- The Pool consisted of 3 large funds with relatively simple and distinct management arrangements, which meant that the scope for generating further economies of scale in respect of the management of listed assets was limited; and
- The number of participants in the Pool was small enough to allow collective investments to be made in alternative assets via joint ventures, as each fund could be directly involved in the investment decision making process (this approach had worked well to date on the GLIL infrastructure partnership).

It was reported that the Northern Pool Shadow Joint Committee had agreed to formalise the structure and governance arrangements, including the role of Chair, and had nominated Councillor K Quinn to be Chair of the Northern Pool Oversight Board for an initial one year appointment. This would require formal approval at the full council meetings of each of the administering authorities. A draft heads of terms, which had been discussed at a recent meeting of the Shadow Joint Committee, was appended to the report.

It was further reported that there were eight pools across the LGPS all at different stages of development. Two of the pools were currently operational and in the process of transitioning assets. On 27 July 2017 CIPFA had written to Section 151 Officers highlighting the resourcing demands of implementing the pooling agenda and their concern that for some funds this could impact on the effective administration of the Scheme. The letter from CIPFA was appended to the report alongside a guidance paper on 'Investment Pooling Governance Principles for LGPS Administering Authorities'.

The Chair commented that a successful approach had been adopted and was working well with good progress to date. In particular, the Northern Pool was driving the new agenda with regard to infrastructure.

RECOMMENDED:

(i) That the ongoing progress in the development of the Northern Pool and the letter received from Government and CIPFA be noted; and

(ii) Support be given to progress the appointment of Councillor K Quinn as Chair of the Northern Pool Oversight Board.

32. REVIEW OF INVESTMENT MANAGEMENT ARRANGEMENTS

The Assistant Director of Pensions, Investments, submitted a second of three planned reports in relation to the Fund's consideration of Investment Management arrangements and the appointments of the Fund's external active Securities Managers.

It was explained that the contracts with both the Fund's active multi-asset Securities Managers (Capital International and UBS) contained fee arrangements, which covered the three year period ending 31 March 2017. The end of the three year fee cycle provided a natural break-point for the initiation of a review of the Investment Management arrangements of the Fund.

However, at the meeting of the Panel on 11 March 2016, it was resolved to extend the fee arrangements with Capital and UBS by twelve months to 31 March 2018, given the uncertainty at the time in relation to LGPS pooling. It was now necessary to commence the review of Investment Management arrangements in order that an agreed way forward would be in place with effect from 1 April 2018. The Investment Management arrangements of the Fund reflected a wide range of significant decisions concerning how the Fund chose to position itself in terms of the management of its assets. The number of appointed managers and their respective investment styles and approaches also needed to be determined.

It was further explained that Hymans Robertson, Actuary to the Fund, were assisting with the review of Investment Management arrangements and had presented an initial scene setting report at the last Panel meeting held in July 2017. Their second report was attached as an appendix and it was anticipated that their final report would be brought to the next Panel meeting scheduled for November 2017.

Mr Marshall of Hymans Robertson then delivered a presentation, which set out the second stage of the structure review. The structural review would follow three main areas: 'Helicopter View', which was discussed at the Fund's July Panel meeting, 'Assets / Structure / Managers' and 'Structure / Governance'.

Mr Marshall began by explaining that the Fund's strategy was implemented by a number of mandates and managers. There were around 900 employers, which had increased significantly over recent years, with considerable dispersion in terms of their size, funding level, covenant and general engagement. To date, the Main Fund investment strategy had been used for nearly all employers and given that there were sufficient differences between groups of participants in the Fund it was suggested to consider different investment strategies for them. Work was currently being carried out to assess the extent to which different strategies could be appropriate. It was expected that the majority of employers would remain in the Main Fund but a different strategy may be appropriate for some groups of employers and a bespoke solution may be justified for larger, single employers.

Discussions had taken place with Officers with regard to developing a framework to serve diverse employer needs, whilst ensuring that the governance of any approach remained manageable. One potential approach involved employer strategies with three core elements: growth, income and protection. As each employer was different an appropriate balance between the three core elements would vary between employers. It was important when designing the strategies that they reflected governance constraints and, where appropriate, employers be grouped together with either a pragmatic approach to the strategic core elements or bespoke solutions.

A summary of the Main Fund's current asset allocation was provided alongside the current mandate split. The majority of Fund assets were managed externally with a range of sources of return. Three of the managers had "multi-asset" mandates covering equities and bonds, which gave scope to tactically allocate between asset classes. Focussing on the future, a number of strands needed to be taken into consideration:-

- Strategic direction of travel
- Investment beliefs
- Impact of pooling
- Market outlook

Against the global backdrop and current market valuations, a diversified approach to accessing asset classes and designing a structure that had the ability to take tactical positions was supported.

Five core areas had been focussed on when reviewing the current allocation:-

1. Sources of return being targeted
2. Use of multi-asset / specialist mandates
3. Active / passive and factors / style
4. Managers
5. Benchmarks

During the review, each area had been tested relative to the Fund's existing beliefs and comments had been provided on each element, as detailed in the report.

A number of recommendations had been made with regard to specific structural arrangements of the Main Fund. Hymans believed there was a need to review the Fund's investment beliefs to confirm they remain valid. Further diversification in asset class and mandate was encouraged and they proposed that the Fund's bond exposure be simplified. Further work may be needed on how best to implement broader tactical asset allocation.

A detailed discussion ensued and a number of issues were raised in respect of the content of the presentation. The Advisors were in agreement with the recommendations.

RECOMMENDED:
As specified in Section 6 of the Hymans Report.

33. PERFORMANCE DASHBOARD

Consideration was given to a report of the Assistant Director of Pensions, Investments, which provided the first iteration of the Performance Dashboard. The Management Information that was presented to Panel had been identified as an area for review and enhancement. The Performance Dashboard was expected to evolve to ensure that it provided the Panel with a single source of high level, relevant and timely investment performance information.

It was reported that Portfolio Evaluation Limited were providing the Fund with an enhanced service, which included a large volume of performance information that allowed Officers to 'drill-down' into much more detailed analysis of performance. The Performance Dashboard aimed to graphically illustrate the scale of impact of the various Securities Managers or Asset Classes on the Fund's overall performance. The Portfolio Evaluation analysis would facilitate this.

Hymans Robertson had presented a draft Performance Dashboard to the July 2017 meeting of the Panel and the Quarter 2 2017 Performance Dashboard was appended to the report for consideration by the Panel. It was noted that one of the four active Securities Managers would present at each quarterly meeting of the Panel, which would facilitate more in depth monitoring of each individual manager.

The key information from the Quarter 2 2017 Performance Dashboard was summarised. Global Equity markets had increased in value over the quarter but performance in sterling was mixed mainly due to exchange rate effects. Volatility continued to be low relative to historical averages and returns from bond markets were mixed, although Government bond yields ended higher. Total Main Fund assets had increased and continued to maintain an overweight position to equities and an underweight position to property.

On a cumulative basis over the last 30 years, the Main Fund had outperformed the average LGPS by over £3 billion and had outperformed its benchmark over the quarter and all periods (1, 3, 5 and 10 years) mainly due to stock selection. The active risk of the Main Fund was consistent at around

1% but risk in absolute terms was lower than that observed historically. At the end of quarter 2, each of the active managers had achieved positive performance on an absolute and relative basis over 1 year.

RECOMMENDED:
That the content of the report be noted.

34. UPDATE ON GMPF'S APPROACH TO RESPONSIBLE INVESTMENT

The Assistant Director of Pensions, Investments, submitted a report that provided an update on three specific areas identified as priorities where enhancements can be made to the Fund's approach to Responsible Investing (Stakeholder Engagement, Carbon Foot Printing Assessment and Proxy Voting).

It was reported that a stakeholder engagement and stewardship training day entitled "Shaping our Pension Fund Values for the Future" was being held on 19 October 2017 at Gorton Monastery. Whilst the Fund's overriding duty was to act in a financially responsible way to ensure its pension liabilities could be met at a manageable cost for employing bodies, the Fund needed to act as an investor with sustainable objectives that reflected the views of those with an interest in GMPF's investment activities. The event would provide an opportunity for key stakeholders to learn about the Fund's current approach to Responsible Investment and to have an input into shaping the evolution of the future approach.

The Chair encouraged attendees to register their attendance for the stakeholder engagement event and provided the necessary details.

In respect of carbon foot printing assessment, the Fund had seen significantly increased levels of member engagement on climate change over recent years and had given detailed consideration to the issue including the divestment and engagement approaches to addressing the challenge of a transition to a low carbon economy. In 2015 the Fund held a Climate Risk Seminar and since then had continued to develop its approach and engage with companies through LAPFF. The carbon foot printing assessment would identify the key sectors and stocks that were contributing to the Fund's carbon risk and provide a quantitative assessment at an absolute level relative to a benchmark. This assessment would assist in identifying opportunities to engage with Fund Managers and portfolio companies.

Mr Marshall, Hymans Robertson, commented that carbon monitoring was a good way of challenging managers and holding them to account.

In relation to proxy voting, the Fund currently delegated proxy voting to each Fund Manager as set out in the Ethical Investments statement. Fund Managers had been issued with detailed voting guidelines and the Investment Monitoring and ESG Working Group monitored voting behaviour. The proxy voting service was included in Fund Managers management fees. PIRC had developed its own best practice voting guidelines, which were updated annually, and covered the following:-

- The Board – including composition, appointment and diversity.
- Report and Accounts, Audit and Financial Controls – including independence and objectivity.
- Shareholder Rights, Capital Stewardship and Corporate Actions – including share issues, voting and political donations.
- Corporate Structure and Transactions – including Mergers & Acquisitions and corporate structure.
- Directors' Remuneration – including alignment of interest with shareholders and disclosure of pay.
- Investment Companies – including performance related fees.

- Sustainability and Corporate Responsibility Reporting – including environment and employment practices and supply chain sustainability.

It was proposed that the Fund adopted PIRC voting guidelines at nil cost. PIRC currently provided the Fund with voting recommendations on all companies within the UK FTSE All Share index and it was proposed that the Fund extended this service to cover global companies and that PIRC be appointed to execute proxy voting for the Fund's segregated accounts. This would allow the Fund to reflect its own views as an Asset Owner on a consistent basis and align the Fund with its Northern Pool partners.

It was noted that all Fund Managers had been notified of the intended approach.

RECOMMENDED:
That the Panel adopt the Pensions & Investment Research Consultants Ltd (PIRC) shareholder voting guidelines, to extend PIRCs research and voting recommendation service to overseas companies, and to delegate the proxy voting execution on GMPF's segregated accounts to PIRC.

35. REPORT OF THE MANAGER

The Chair introduced David Scott, Wei Romualdo and Mike Casagranda of Stone Harbor Investment Partners, who were appointed as a Manager following a recommendation of the Policy and Development Working Group, and attended the Panel meeting to present their multi-asset credit portfolio.

Mr Casagranda began by introducing Stone Harbor Investment Partners. They were a fixed income global credit manager with a 25 year performance history with 49 investment professionals based in London and New York. The firm were employee-owned and focused on institutional clients. They were a signatory for the LGPS Code of Transparency. A pie chart summarising the current target asset allocation was shown and explained to the Panel.

Mr Scott gave examples of the multi-asset credit mandate, which targeted returns of LIBOR plus 4% - 6%. The firm sought to achieve these returns by investing in a range of fixed income asset classes and concentrated on managing total risk level, identifying asset class value and identifying value at bond level. An overview of the investment process was provided, which contained a combination of bottom-up and top-down insight. The portfolio sector allocation and asset allocation were outlined.

Ms Romualdo provided the Panel with details of the portfolio managers and local credit analysts. A summary of European high yield holdings, including the market value and industry exposure was given, in addition to a European High Yield example. The Risk Management team was composed of ten dedicated specialists who identified, quantified and managed the risk. In terms of the outlook:-

- Economic growth would remain solid with a risk of rising bond yields.
- Asset class valuation was moderately expensive but could remain so.
- Leverage remained high but the ability to service debt remained high.
- Emerging markets were outperforming and their inflation continued to fall to historic lows.

Mr Powers enquired about the prospective returns of investing in seemingly expensive assets that may remain expensive. Mr Scott responded that income was an important component of return and relative valuations were closely monitored.
Mr Moizer asked about currency fluctuations and the liquidity of investments. In response, Mr Scott said that GBP was the main currency except in emerging markets where USD was used. He explained that the liquidity of assets varied.

In relation to the outlook, Ms Brown questioned the level of risk. Mr Scott advised that there had been a distinct reduction in risk levels with more restrained lending by banks.

Members sought clarification with regard to the maximum target allocation to prevent over exposure and the effects of geo-political risk. Mr Scott explained that there were specific, flexible ranges in the guidelines and all asset classes had the option of reducing to zero. In respect of geo-political risk, he advised that in addition to the utilisation of external on the ground managers, Stone Harbor professionals travelled to the various regions and managers were rotated in order for different perspectives to be gained.

RECOMMENDED:
That the content of the presentation be noted.

36. LASALLE INVESTMENT MANAGEMENT ANNUAL STRATEGY REPORT ON THE MAIN UK PROPERTY PORTFOLIO

Rebecca Gates and Tom Rose of La Salle Investment Management attended the meeting to present the progress of GMPF's main UK property portfolio over the last year and their planned strategy for the portfolio going forward.

Mr Rose began by giving a capital market dashboard for UK property. The overall risk assessment for the UK was stable with a low probability of an imminent downturn. Potential risks had not disappeared and included ongoing political uncertainty and softening occupier demand. Market conditions were cautiously optimistic and seven of the nine Red, Amber, Green indicators were green (positive) with caution surrounding retail funds capital flows and cumulative Investment Property Databank real capital growth.

A snapshot of the portfolio was provided. The portfolio contained 49 assets with a value of £746 million, this increased to £791 million when commitments were included and £911 million including properties under offer. This was against a target size of £1.2 billion. There was a 7.6% vacancy rate with annual rental income of £30 million. A substantial amount of work had been carried out over the year to increase the size of the portfolio, which had resulted in a significant increase in the value of the portfolio. Although the number of assets had reduced the average lot size had increased from £6.8 million in December 2014 to £14.7 million as at August 2017.

It was reported that overall the portfolio had outperformed the benchmark for the year to June 2017. Directly held properties outperformed the benchmark but indirects and purchase costs continued to drag returns.

Ms Gates advised that seven poor quality and underperforming properties had been sold and two major acquisitions of "destination retail" assets had been made. In addition, an offer had been made on a shopping centre as a joint investment with West Yorkshire Pension Fund. A number of rent reviews, in addition to 22 lettings and 26 renewals/improvements, had been undertaken during the year.

It was reported that a systematic review of the portfolio was underway in light of the tragic events at Grenfell Tower. Immediate priority had been given to residential and student accommodation buildings, and buildings that had recently been retrofitted. Ms Gates was pleased to report that all buildings complied with building regulations and were insured at normal premium levels. LaSalle were working with specialist advisors and responding to government guidance. A comprehensive Health and Safety and Fire Risk Assessment programme was underway.

In conclusion, the existing portfolio forecast was to outperform over the next five years. Work would continue to reduce vacancy rates and build on the portfolio and performance.

The Chair thanked Ms Gates and Mr Rose.

RECOMMENDED:
That the report and presentation be noted.

37. PENSIONS ADMINISTRATION UPDATE

The Pensions Policy Manager submitted a report, which provided an update on recent administration activities, including key work and projects progressed over the quarter, work planned for the forthcoming quarter, current workloads and performance and relevant regulatory and legislative updates.

A number of projects had been undertaken over the quarter, as follows:-

- Year-end Processing
- Annual Benefit Statements for Contributing Members
- Death Grant Procedures Review
- First Bus Transfer
- Guaranteed Minimum Pension Reconciliation
- Communications Strategy
- Pension Savings Statements
- General Data Protection Regulations
- Business Continuity and Disaster Recovery Review

The report detailed a summary of each project.

It was reported that the volumes of casework and performance against in-house targets during June and July remained consistent. The section continued to meet the majority of target standard times with all but four key performance indicators being within the 90% or higher standard. Work would focus on these four areas over the coming months.

The main projects and key items of work for the next quarter were expected to be as follows:-

- Issue of any late or revised annual benefit statements to contributing members
- Issue of pension saving statements to those exceeding or close to exceeding the annual allowance
- Completion of the First Bus transfer
- Completion of the death grant procedural review
- Continuation of Guaranteed Minimum Pension reconciliation work
- Progress on the General Data Protection Regulations project
- Review of business continuity and disaster recovery arrangements
- Communications work
- Upgrade of Altair payroll module

An update was provided in relation to relevant regulatory and legislative items. The Department for Work and Pensions had confirmed that they intended to increase pensionable age seven years earlier than was currently scheduled. A new Finance Bill was expected imminently, a ruling had been made on same-sex survivor benefits and the implications of the Brewster judgement were active. A consultation on draft regulations governing the exit payment cap and exit payment recovery was expected to take place during the autumn.

The Director of Pensions was pleased to report that there had been significant improvement in performance and thanked the team for their continued hard work.

RECOMMENDED:
That the report be noted.

38. FUTURE TRAINING DATES

Trustee training opportunities were noted as follows:-

Fundamentals Training Day 1 Park Plaza Hotel, Leeds	**4 October 2017**
Fundamentals Training Day 2 Park Plaza Hotel, Leeds	**1 November 2017**
Fundamentals Training Day 3 Park Plaza Hotel, Leeds	**5 December 2017**
PLSA Annual Conference Manchester Central	**18–20 October 2017**
GMPF Stakeholder Event Gorton Monastery	**19 October 2017**
Capital International Training Day Doubletree, Manchester Piccadilly	**4 December 2017**
LAPFF Annual Conference Highcliffe Marriott, Bournemouth	**6-8 December 2017**

39. DATES OF FUTURE MEETINGS

The dates of future meetings of the Greater Manchester Pension Fund Management/Advisory Panel, Local Board and Working Groups were noted as follows:-

Management/Advisory Panel	17 November 2017 23 March 2018
Local Pensions Board	19 October 2017 14 December 2017 29 March 2018
Pensions Administration Working Group	13 October 2017 19 January 2018 6 April 2018
Investment Monitoring and ESG Working Group	13 October 2017 19 January 2018 6 April 2018
Alternative Investments Working Group	20 October 2017 26 January 2018 13 April 2018
Property Working Group	27 October 2017 2 February 2018 20 April 2018
Policy and Development Working Group	5 October 2017 1 February 2018 22 March 2018
Employer Funding Viability Working Group	27 October 2017 2 February 2018 20 April 2018

CHAIR

GREATER MANCHESTER PENSION FUND MANAGEMENT PANEL

Friday, 22 September 2017

Commenced: 10.00 am **Terminated:** 12.45 pm

Present:	Councillors K Quinn (Chair), M Smith (Deputy Chair), Cooney, J Fitzpatrick, J Lane, Patrick, S Quinn, Ricci, Taylor, Barnes (Salford), Brett (Rochdale), Grimshaw (Bury), Halliwell (Wigan), Mitchell (Trafford), Pantall (Stockport) and Ms Herbert (MoJ)
Apologies for Absence:	Councillor Ward

25. CHAIR'S OPENING REMARKS

The Chair was pleased to announce that the Fund had been selected by an independent panel of judges as the winner of the Infrastructure Award at the LAPF Investment Awards 2017. This was due to the significant work that had been carried out on one of the four pooling criteria set by Government; the Fund had a dedicated infrastructure allocation that focussed on the UK. In addition, Greater Manchester Pension Fund invested in infrastructure through GLIL and other Funds invested via Funds of Funds, which entailed high fees and focussed on infrastructure abroad. Thanks were extended to Officers for their hard work.

He was also pleased to announce that the Fund had increased by £400 million over the quarter with assets of £21.6 billion. The Fund had grown significantly since 2010 and had outperformed by £3 billion over the last 30 years compared to the level of performance of an average Local Government Pension Fund.

It was reported that there were new Financial Conduct Authority requirements for the Fund to be regarded as 'professional' investors (MiFID II) and the Chair of the Scheme Advisory Board was working with the Local Government Association, the Investment Association and other industry bodies to develop a straightforward and consistent opt up process to enable all Local Government Pension Scheme funds to be assessed prior to the January 2018 deadline. An urgent matters panel meeting had been held, which agreed the process to opt-up to *elective* Professional Client status.

26. DECLARATIONS OF INTEREST

There were no declarations of interest submitted by Members.

27. MINUTES

a) Minutes of the Pension Fund Advisory Panel

The Minutes of the proceedings of the meeting of the Pension Fund Advisory Panel held on 21 July 2017 were signed as a correct record.

b) Minutes of the Pension Fund Management Panel

The Minutes of the proceedings of the meeting of the Pension Fund Management Panel held on 21 July 2017 were signed as a correct record.

c) Minutes of the Urgent Matters Panel

The Minutes of the Urgent Matters Panel held on 23 August 2017 were signed as a correct record.

28. LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

a) Urgent Items

The Chair announced that there were no urgent items for consideration at the meeting.

b) Exempt Items

RESOLVED:
That under Section 100(A) of the Local Government Act 1972 the public be excluded for the following items of business on the grounds that:-
(i) they involve the likely disclosure of exempt information as defined in the paragraphs of Part 1 of Schedule 12A of the act specified below; and
(ii) in all circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information for reasons specified below:-

Items	Paragraphs	Justification
8, 9, 10, 11, 12, 13, 14, 15	3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10	Disclosure would, or would be likely to prejudice the commercial interests of the Fund and/or its agents which could in turn affect the interests of the beneficiaries and/or tax payers.

29. PENSION FUND WORKING GROUPS/LOCAL BOARD MINUTES

a) Local Pensions Board

RESOLVED:
That the Minutes of the proceedings of the Local Pensions Board held on 24 July 2017 be noted.

b) Investment Monitoring and ESG Working Group

The Minutes of the proceedings of the meeting of the Investment Monitoring and ESG Working Group held on 14 July 2017 were considered.

RESOLVED:
That the recommendations of the Pension Fund Advisory Panel on this matter be adopted.

c) Pensions Administration Working Group

The Minutes of the proceedings of the meeting of the Pensions Administration Working Group held on 14 July 2017 were considered.

RESOLVED:
That the recommendations of the Pension Fund Advisory Panel on this matter be adopted.

d) Alternative Investments Working Group

The Minutes of the proceedings of the meeting of the Alternative Investments Working Group held on 20 July 2017 were considered.

RESOLVED:
That the recommendations of the Pension Fund Advisory Panel on this matter be adopted.

e) Employer Funding Viability Working Group

The Minutes of the proceedings of the meeting of the Employer Funding Viability Working Group held on 28 July 2017 were considered.

RESOLVED:
That the recommendations of the Pension Fund Advisory Panel on this matter be adopted.

f) Property Working Group

The Minutes of the proceedings of the meeting of the Property Working Group held on 28 July 2017 were considered.

RESOLVED:
That the recommendations of the Pension Fund Advisory Panel on this matter be adopted.

30. MANAGEMENT SUMMARY

A report of the Director of Pensions was submitted and a presentation delivered.

RESOLVED:
That the recommendations of the Pension Fund Advisory Panel on this matter be adopted.

31. LGPS POOLING UPDATE

A report of the Assistant Director of Pensions, Funding and Business Development, was submitted.

RESOLVED:
That the recommendations of the Pension Fund Advisory Panel on this matter be adopted.

32. REVIEW OF INVESTMENT MANAGEMENT ARRANGEMENTS

A report of the Assistant Director of Pensions, Investments, was submitted and a presentation delivered by Hymans Robertson.

RESOLVED:
That the recommendations of the Pension Fund Advisory Panel on this matter be adopted.

33. PERFORMANCE DASHBOARD

A report of the Assistant Director of Pensions, Investments, was submitted and a presentation delivered.

RESOLVED:
That the recommendations of the Pension Fund Advisory Panel on this matter be adopted.

34. UPDATE ON GMPF'S RESPONSE TO RESPONSIBLE INVESTMENT

A report of the Assistant Director of Pensions, Investments, was submitted.

RESOLVED:
That the recommendations of the Pension Fund Advisory Panel on this matter be adopted.

35. REPORT OF THE MANAGER

A report of the Assistant Director of Pensions, Investments, was submitted and a presentation of Stone Harbor Investment Partners LP was delivered.

RESOLVED:
That the recommendations of the Pension Fund Advisory Panel on this matter be adopted.

36. LASALLE INVESTMENT MANAGEMENT ANNUAL STRATEGY REPORT ON THE MAIN UK PROPERTY PORTFOLIO

A report of the Assistant Director of Pensions, Local Investments and Property, was submitted and a presentation delivered by LaSalle Investment Management.

RESOLVED:
That the recommendations of the Pension Fund Advisory Panel on this matter be adopted.

37. PENSIONS ADMINISTRATION UPDATE

A report of the Pensions Policy Manager was submitted.

RESOLVED:
That the recommendations of the Pension Fund Advisory Panel on this matter be adopted.

38. FUTURE TRAINING DATES

Trustee training opportunities were noted as follows:-

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Employer Funding Viability Working Group	27 October 2017 2 February 2018 20 April 2018

CHAIR

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GREATER MANCHESTER PENSION FUND - AGM

Friday, 22 September 2017

Commenced: 1.30 pm **Terminated:** 3.00 pm

Present: Councillors K Quinn (Chair), Cooney, Cooper, J Fitzpatrick, J Lane, Patrick, S Quinn, Ricci, M Smith, Mitchell, Brett, Grimshaw, Barnes, Mr Allsop, Mr Drury, Mr Llewellyn, Mr Flatley and Mr Moizer

Apologies for Absence: Councillor Ward, Mr Bowie, Mr Powers, Ms Brown and Ms Catterall

Other Representatives who provided their details:	Organisation:
Cheri Baxter	Positive Steps
Craig Broadhurst	Northwards Housing
Richard Webster	Sola Fide CE Trust
Stuart Henderson	Together Housing
Cathy Lees	Tameside MBC
Carol Mee	St Bede Academy
Lin Bai	Stockport Homes
Laura Morns	Bury Council
Nicola Hughes	Bury Council
Andy Shaw	Newbridge MAT
Sharon Adams	Six Town Housing
Phil Deakin	The Healthy Learning Trust
Elaine Seel	Pinnacle Trust
Carl O'Donnell	New Charter Housing Trust
Lindsay Towler	Association for Public Service Excellence
Steven Scott	Wigan Leigh College
Andrea Gaffey	Spie UK
Nina McGlashan	Rochdale Borough Council
Gareth Davies	Rochdale Borough Council
Kate Crier	Sodexo Ltd
Andy Taylor	University of Manchester
John Gleeson	Rise CIC
Stuart Chilton	Active Tameside
Khatija Timol	Greater Manchester Arts Centre
Martin Evans	University of Bolton
Maria Cook	First Choice Homes Oldham
Chloe Simms	First Choice Homes Oldham
Michelle Hinselwood	Birtenshaw
Lesley Kewin	GMP
Lisa Blackshaw	MMU
Julie Hardy	RNCM
John Rakestraw	Trafford College
Dave Howarth	Essa Foundation Academies Trust
Conor Edwards	Winstanley College
Simon Morris	Salix Homes
Dave Muggeridge	Trafford MBC
Tony Thompstone	Salford City Council
Denise Sykes	Hathershaw College

1. MINUTES

The Minutes of the Annual General Meeting held on 23 September 2016 were noted.

2. CHAIR'S INTRODUCTION

The Chair welcomed the representatives of the various participating organisations to the meeting.

He began by stating that 2016/17 had been a very successful year for Greater Manchester Pension Fund (GMPF) with strong relative and absolute investment performance and a good actuarial valuation result. The success of the Fund was based on long term performance and a number of significant milestones had been passed during the year, which demonstrated the scale of the achievements. The Fund had been number one in the UK for long term performance over the last 30 years, ensuring that pension liabilities could be met with fair contribution rates.

The Chair was pleased to announce that the Fund's assets were over £21 billion with over 500 employers and 350,000 members making GMPF the largest Local Government Pension Scheme in the UK and 12th largest of all pensions schemes in the UK. The Fund had grown significantly since 2000 and there had been exponential change in the scale and complexity of operations since the Fund was created in 1974.

He explained that Local Government Pension Scheme funds had continued to face challenges throughout 2016/17 due to the impact of monetary policy, historically low long term interest rates and negative nominal rates in some Government bond markets. This had resulted in a higher value being placed on pension promises earned and more assets being required to meet those promises. Despite these challenges GMPF had improved its funding position in the period 2013 to 2016 and had the lowest costs in the Local Government Pension Scheme.

He further explained that employers continued to face the impact of austerity measures and Government policies on public service delivery. This could result in a potential weakening of the covenant strength of some of the Fund's employers.

In such challenging times, it was imperative that Greater Manchester Pension Fund maintained its long term approach, which had delivered successful outcomes over many years in superior investment returns and low costs. This had resulted in high funding levels and low, stable contribution rates for employers. Despite political uncertainty and a volatile environment, interest rates remained low and asset values had risen. This had helped the Fund to achieve strong investment returns during the year and build on its consistent long term outperformance.

It was reported that significant progress had been made in terms of responding to the Government's initiative to pool the investment management of Local Government Pension Scheme funds in order to improve returns, reduce costs and increase investment in infrastructure. The Northern Pool, which consisted of Greater Manchester, Merseyside and West Yorkshire pension funds, was leading the way nationally on investment in housing and infrastructure and had recently won a LAPF Investment Award in Infrastructure.

A number of key achievements had been made during the year, including investment performance in excess of the strategic benchmark, stable employer contribution rates and expansion of the direct infrastructure investment vehicle to over £1 billion through partnership with GMPF's Northern Pool partners and others. The Fund became the sole provider of LGPS benefits to the Probation Service. The triennial actuarial valuation of the Fund had been completed and the overall funding level had increased to 93%. The Fund's focus had been on keeping contribution rate stable and main employers had seen an average improvement of 5% in their funding position. This had been achieved through a long term focus on strong governance, which had been a key driver in delivering superior investment returns.

The need to communicate with all stakeholders and the ability to respond to the challenges that the future brings was long recognised. There was also a need to balance the short and long term needs of employers in a prudent way from a Greater Manchester Pension Fund perspective.

The Chair added that the Panel would strive to continue to take decisions from a long term perspective to help maintain success. This had particular importance due to the implementation of the pooling arrangements with the Northern Pool partners. There would be clear emphasis on the maintenance of strong and consistent investment returns and cost control, which would be achieved via governance structures and clear accountability.

He concluded by saying that the management team, led by the Director of Pensions, was very experienced and had provided good support to the Panel in maintaining strong governance. He thanked Panel Members, Advisors, Investment Managers and Officers for their work over the last 12 months.

3. REVIEW OF THE YEAR

The Director of Pensions commenced by outlining that Greater Manchester Pension Fund was the 160th largest pension fund in the world, the 47th largest in Europe and the 12th largest in the UK. The long term approach for the management of the Fund continued to deliver an improved funding position and excellent investment performance on a nominal and relative basis over the past year and over the longer term.

The achievements over the year were highlighted and included the pooling of assets, investment in infrastructure and housing, strengthening the governance around the monitoring of investment managers and improved engagement with investee companies. The triennial valuation had been completed and the administrative costs of the Fund continued to be below that of the average Local Government Pension Scheme.

The Director of Pensions then introduced Paddy Dowdall, Assistant Director of Pensions (Local Investments and Property), Euan Miller, Assistant Director of Pensions (Funding and Business Development) and Tom Harrington, Senior Investments Manager, who each provided details of the work and key tasks undertaken over the year in respect of:-

- Investment Performance
- 2016 Actuarial Valuation
- Local Government Pension Scheme Investment Pooling
- Accounts
- Greater Manchester Pension Fund and London Pensions Fund Authority Infrastructure LLP (GLIL) portfolio

Questions were then invited from the floor.

4. IMPORTANCE OF GOOD DATA

Steven Law and Barry McKay of Hymans Robertson, Actuary to the Fund, attended the meeting to give a presentation on possible regulatory and legislative changes, data quality and an update on funding and any associated risks.

Mr Law advised that some items of legislation/guidance relating to exit payments caps were imminent. These included a Redundancy Cap, a High Earners rule and limits on Exit Payments.

The Redundancy Cap referred to a £95,000 cap to be placed on payments made to an individual leaving the public sector. The High Earners Rule referred to individuals with a salary of £80,000 leaving public sector employment and returning to the public sector within 12 months. Exit Payments suggested a maximum amount to be paid to an individual on leaving public sector employment. Examples of each scenario were provided and explained.

Mr McKay outlined the importance of providing accurate data in a timely manner. Data was the employer's responsibility and was vital to the Fund, not only for producing benefit statements and highlighting possible tax issues for members but it was also used to measure the health of the Fund and assisted in key decision making. An example of the importance of data quality was provided alongside the possible consequences of submitting incorrect data. Small errors could have a significant effect on deficit and employer contributions.
He advised that The Pensions Regulator had focussed its attention on Local Government Pension Scheme data and employers could be asked for a plan on how to improve data quality and their processes. If problems persisted then an Improvement Notice could be issued with possible fines for continued non-compliance.

A funding update was provided. Investments had performed well since the valuation date for a variety of reasons (political, economic and currency effects), however, there was still some uncertainty and long term expected returns would continue to be depressed. Inflation was slowly increasing due to the weakened sterling and an increase in the price of imports. A graph detailing the funding level since April 2016 was shown; the Fund was 99% funded as at September 2017.

Questions were then invited from the floor.

CHAIR

GREATER MANCHESTER PENSION FUND

POLICY AND DEVELOPMENT WORKING GROUP

5 October 2017

Commenced: 2.30pm **Terminated: 3.50pm**

	Councillor K Quinn (Chair)	
	Councillor Cooney	
	Councillor S Quinn	
	Councillor Taylor	
	Councillor Pantall	
	Sandra Stewart	**Director of Pensions**
	Steven Taylor	**Assistant Director of Pensions (Investments)**
	Paddy Dowdall	**Assistant Director of Pensions (Local Investments and Property)**
	Euan Miller	**Assistant Director of Pensions (Funding and Business Development)**
	Tom Harrington	**Senior Investments Manager**
	Dan Hobson	**Senior Investments Manager**
	Andrew Hall	**Investments Manager (Local Investments)**
Apologies for absence:	**Councillors J Fitzpatrick, J Lane and M Smith**	

8. DECLARATIONS OF INTEREST

There were no declarations of interest.

9. MINUTES

The Minutes of the proceedings of the meeting of the Policy and Development Working Group held on 18 July 2017, having been circulated, were agreed as a correct record.

10. INVESTMENT MANAGEMENT ARRANGEMENTS

A presentation was delivered by Mr Harrington, Senior Investments Manager, providing Members with an update in respect of implementation plans relating to a recommendation of the Management Panel on 22 September 2017.

Mr Harrington outlined the proposed implementation plan, key milestones and potential risks.

Detailed discussion ensued particularly in respect of potential risks and the factors influencing the timing of the implementation plan.

RECOMMENDED
That the content of the presentation be noted.

11. MANAGER MONITORING REGIME INCLUDING MONITORING ESCALATION

The Assistant Director of Pensions, Investments, submitted a report detailing the Fund's approach to manager monitoring and summarised the results from the Monitoring Escalation Protocol as at 30 June 2017.

The overall status levels and courses of action taken (or to be taken) in relation to the results from the most recent Monitoring Escalation Protocol were summarised within the report.

It was explained that the Manager Escalation Protocol included performance as the sole metric by which the Securities Managers were initially assessed. There were a number of less quantitative, softer dimensions which could be used to form a view on the manager's prospects of outperforming going forward. These would include the quality of the staff and turnover of key personnel, a coherent and robust approach to linking the underlying philosophy of investing to the actual purchases and sales made, and the underlying investment philosophy itself.

It was further explained that the triennial review of Investment Management arrangements for the Fund commenced at the Panel meeting on 21 July 2017. All of the Fund's mandates and arrangements would be reviewed in detail as part of this process. The review was scheduled to continue over the following two Panel meetings to take place in September and November 2017.

The report concluded that the enhancements to the Fund's arrangements as set out in the report represented a work in progress. Officers were calibrating the parameters of the Manager Escalation Protocol.

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

Discussion ensued with regard to the information provided in the report and the Chair raised concerns that the current Red Amber Green (RAG) system of analysis was potentially misleading.

The Director of Pensions explained that the system was based on risk adjusted performance and that a number of options were being considered by Officers to enhance the clarity of the analysis, which would be reflected in future reports.

The Chair further sought performance information for each Manager since inception, where longer term information was not yet available. It was agreed that this enhancement would also be reflected in future reports.

RECOMMENDED
That the content of the report be noted.

12. RESPONSE FROM GOVERNMENT TO THE SPRING PROGRESS REVIEW

Consideration was given to a report of the Assistant Director of Pensions, Funding and Business Development, providing progress on the Government's pooling agenda.

It was reported that, on 22 August 2017 pools had received a letter from DCLG, which was also signed by the Chief Secretary to the Treasury and the Cabinet Office, a copy of which was appended to the report. The letter reiterated the Government's previously stated objectives and confirmed that pools would be asked to submit further progress reports in October, covering the period up to the end of September 2017.

The letter stated that the October update should contain 'further details of savings achieved as planned, as well as plans for reporting, including on fees and net performance by asset class'. It was envisaged that much of that information would be collated via the CEM benchmarking work that had been agreed at pool Shadow Joint Committee meetings, however CEM's indicative timescales suggested this may not be available by the end of October.

It was further reported that on 4 September, DCLG issued a template for the October progress update, a copy of which was also appended to the report. It was noted that the deadline for responses was 20 October 2017.

In terms of meeting the Pooling Criteria, Members were informed that, at the workshop on 28 March 2017, the Chairs, Vice-Chairs and independent advisors of each of the funds in the Northern Pool considered in detail the Government's pooling requirement and how the funds could operate most effectively in that environment.

Squire Patton Boggs had delivered a presentation setting out the current legislative framework for LGPS investments and their understanding of the requirements imposed by the new LGPS Investment Regulations, pooling guidance and the related letters issued by DCLG Ministers. An overview of Financial Services legislation and relevant exemptions was also provided.

From a regulatory perspective, LGPS funds were required to pool their assets in order to meet Regulation 7(2)(d) of the 2016 LGPS Investment Regulations. This regulation required administering authorities to set out their 'approach to pooling investments, including the use of collective investment vehicles and shared services' in their investments Strategy Statement. The accompanying statutory guidance to the 2016 regulations suggested that it was up to administering authorities rather than Government, to determine that they met the investment reform criteria and guidance.

A link to the full criteria and guidance for pooling was provided in the report. It was explained that letters from Government had sought to clarify the criteria, in particular that Government expected a 'single legal entity' at the heart of each of the pools and that all pools should have an FCA regulated operator. However, these requirements were not explicitly stated in the Criteria and Guidance. It should also be noted that what does or does not constitute 'pooling' or 'a pool' was not clearly defined.

It was clear that the Northern Pool and LPP via the GLIL vehicle continued to lead the way in the LGPS regarding direct infrastructure investment and it was also likely that the Northern Pool would be the lowest cost at outset, if measured on a like-for-like basis. It should therefore be relatively straightforward for the participating administering authorities to determine that the infrastructure and value for money criteria were met.

Members were informed that the pooling agenda in the LGPS and the Northern Pool's agreed approach had been drafted for tabling at the forthcoming meeting of the West Yorkshire Combined Authority and the draft report was discussed at the most recent Northern Pool. It was proposed that similar report may also be tabled at the respective combined authority meetings in Greater Manchester and Merseyside in order to seek support for the Northern Pool's agreed approach.

Discussion ensued with regard to the above and the Chair requested that a report be submitted to the next meeting of the Working Group setting out the protocol and governance arrangements for the Northern Pool. The Director of Pensions agreed and added that officers were in the process of setting up a website for the Northern Pool, details of which would also be reported at the next meeting of the Working Group.

RECOMMENDED

(i) That the content of the report, including the letter received from Government and the template for the October progress report, be noted; and

(ii) That governance arrangements for the Northern Pool be reported to the next meeting of the Working Group.

13. INVESTMENT INITIATIVES

The Assistant Director of Pensions, Local Investments and Property, submitted a report providing an update on progress with specific investment initiatives, including the Impact Portfolio and GLIL. Members were further asked to note certain specific actions which had been taken under delegated authority following consultation with the Chair.

RECOMMENDED
That the content of the report be noted, including the actions proposed on additional investment initiatives to be taken by officers in consultation with the Chair.

14. IMPACT PORTFOLIO INVESTMENTS

Consideration was given to a report of the Assistant Director of Pensions (Local Investments and Property), detailing activity in the growth and management of the Fund's Impact Portfolio and recommended that the strategy of impact investing be continued with pacing of commitments of £85 million per annum for 2017, 2018 and £80 million per annum for 2019, 2020 and 2021. It also requested approval for amendments to be the Investment Guidelines including the pacing strategy.

RECOMMENDED
(i) That the content of the report be noted, including progress to date and that the strategy on impact investments remains as reported in previous years; and
(ii) That the amendments to the Investment Guidelines be approved including the pacing model and specifically the 5 year pacing strategy subject to annual review of £85 million per annum for 2017, 2018 and £80 million per annum for 2019,2020 and 2021.

15. HOUSING INVESTMENT UPDATE

The Assistant Director (Local Investments and Property), submitted a report updating Members on progress with Housing Investments. Housing investments were a key feature of both GMPF's local investment strategy and the Northern Pool response to the government on the pooling agenda.

It was reported that progress was generally satisfactory and key action points over the next few months were highlighted as follows:

- Procurement exercises for Matrix 2;
- Progression by Tameside Place Directorate on land sales; and
- Engagement with Merseyside Councils.

It was explained that Working Group Members had expressed concerns over the level of reporting in the Fund's housing investments. The investments were largely at an early stage of deployment and therefore there were issues with financial reporting so, as an interim measure, information had been produced and was appended to the report. This provided an analysis of these investments and showed both the latest financial position and the position on the numbers of homes planned/completed.

The report concluded that, to date, the investment by the Fund had facilitated 284 homes to be built, with a further 236 currently under construction. Due diligence was being carried out on additional housing investments that if progressed, would deliver a further 3,863 homes.

The Assistant Director added that he had attended a meeting with TfGM, who were keen to replicate the Matrix Homes model and were currently seeking a partner.
Members raised concerns in general in respect of the size/room dimensions of new build homes and building conversions.

The Chair acknowledged the concerns raised and requested that a set of standards be agreed with the joint venture partner going forward and that this be the subject of a report to the next meeting of the Working Group.

RECOMMENDED
(i) That the content of the report be noted; and
(ii) That a set of standards for size/dimensions of new build homes and building conversions be agreed with the joint venture partner and a report be submitted to the next meeting of the Working Group.

16. FINANCING ARRANGEMENTS FOR GUARDSMAN TONY DOWNES HOUSE

A report of the Assistant Director of Pensions (Local Investments and Property) was submitted, advising Members that an opportunity existed for the Fund to 'sell' Guardsman Tony Downes House to the administering authority and for the Pension Fund to be the tenant on a long lease-type of arrangement.

The report explained how this could bring financial advantages to both parties.

It was further explained that if the Council were to take ownership of the building on its balance sheet and receive rent from the Fund for its occupation, as opposed to it being a Fund investment owned by Tameside as administering authority, there would be a financial benefit to both the Fund and Council. This was essentially due to the cost of capital for the Pension Fund (i.e. its expected rate of return being higher than the rate at which the Council could borrow and much higher than the return than the Council received on its reserves).

Discussion and negotiation had been carried out between officers with a joint desire to find an arrangement that offered reasonable financial returns for each party. The Council and the Pension Fund had jointly commissioned an independent valuation of the building. The indicative value was around £14-£15psqft for the office accommodation and £7 million for the capital value following formal confirmation from the external valuer.

Members were further informed that the ground floor had not yet been developed. It was originally planned that the Pension Fund would pay to bring the ground floor into use but given that the expected occupier would be the Council, and it would be the landlord under the proposed financing arrangement, then it would be more appropriate for the Council to carry out the necessary works (the alternative would be for the Pension Fund to carry out works and for the Council to pay a higher price for the building). At this stage it was recommended that a sum of £1.4m be set aside in the capital investment programme for these works. A future report would be considered by the Council if the sale was approved. The development of the ground floor was beneficial to the Fund's occupation from a security and public realm perspective.

From Tameside's perspective as the administering authority for GMPF, it was a major risk that occupation of Guardsman Tony Downes House by GMPF would not be secured in the form of a binding lease agreement. This was because the Council could not enter into legal agreements with itself. There was the possibility that at some point over the next 25 years the Pension Fund no longer wished to occupy the building. In order to protect its position, the Council would be seeking a commitment from the Pension Fund that if it moved out of Guardsman Tony Downes House it would pay Tameside Council a sum equivalent to the NPV of the total annual passing rent for the period beginning on the date of vacation of the building to the 25th anniversary of the date the Council 'purchased' the building (currently assumed to be 1 January 2043 and discount rate for NPV purposes 5.2%).

The proposal had been tested with the external auditor for the Fund and Council and they did not object to the proposals in principle, but it would be confirmed with them when final terms were agreed.

The report concluded that the construction of the Pension Fund building had been completed broadly on time and on cost and the building had been well received.

The environment since the original plan for the financing of the building and the use of the ground floor space had changed significantly.

The options of the Council taking the building onto its balance sheet and charging GMPF a rent for use whilst GMPF completed ground floor space in advance of the specific occupier fit out requirements had a number of compelling advantages

- Provided a practical solution for use of remaining space within the building;
- Provided a financial benefit to the Fund; and
- Provided a financial benefit to the Council.

The rationale and implications of this proposal had been discussed with the Council's and Fund's auditors. Neither auditor had objected to the proposal set out in the report in principle, subject to final confirmation of terms.

RECOMMENDED

(i) The sale of Guardsman Tony Downes House for £7.0 million to the administering authority, Tameside Metropolitan Borough Council, be approved and the Fund committing:

(a) To the payment of an annual rent with effect from the 1 January 2018 to the Council of £384,250 per annum, with upward annual reviews linked to RPI, plus service charges for the running of the building and for cyclical maintenance of plant and equipment; and

(b) That in the event that the Fund vacates the building before the expiry of 25 years, it will pay the Council a sum equivalent to the total annual passing rent for the period beginning on the date of vacation of the building to the 25th anniversary of the date the Council 'purchased' the building (currently assumed to be 1 January 2043 and discount rate for NPV purposed 5.2%).

GREATER MANCHESTER PENSION FUND - INVESTMENT MONITORING AND ESG WORKING GROUP

Friday, 13 October 2017

Commenced: 10.00 am **Terminated:** 11.35 am

Present:	Councillors Taylor (Chair), K Quinn, Ricci, Brett, Grimshaw, Pantall and Mr Llewellyn	
In Attendance:	Steven Taylor	Assistant Director of Pensions (Investments)
	Tom Harrington	Senior Investments Manager
	Michael Ashworth	Investments Manager
	Abdul Bashir	Investments Manager
	Iain Campbell	Investments Manager
	Raymond Holdsworth	Investments Manager
	Lorraine Peart	Investments Officer
Apologies for Absence:	Councillor Mitchell and Mr Allsop	

9. DECLARATIONS OF INTEREST

There were no declarations of interest.

10. MINUTES

The Minutes of the Investment Monitoring and ESG Working Group held on 14 July 2017 were approved as a correct record.

11. INVESTEC PORTFOLIO MONITORING

The Working Group welcomed Stephen Lee and Jonathan Parker of Investec who attended the meeting to present Greater Manchester Pension Fund's (GMPF) investment activity for periods to 30 June 2017. An extract of Investec's latest quarterly report was appended to the report.

Investec adopted a '4Factor' investment philosophy and process to managing GMPF's portfolio. Companies were scored against the four factors of; Strategy, Earnings, Technicals and Value. Those companies who scored highly against these were subject to detailed fundamental research by an experienced team of analysts and portfolio managers and reviewed on a weekly basis for possible purchase, which should drive portfolio outperformance in the long term.

Investec's performance for Quarter Two and for the 12 months to 30 June 2017 was reported. The drivers of performance were strong equity returns, a broadening out of economic growth throughout the year and sector returns. The portfolio was diversified with stocks that fell within a number of themes, including:-

1. Economic Recovery
2. Semi-conductor cycle strength
3. Electric vehicle growth

A performance review for 2016-2017 was provided. The key drivers of the portfolio's relative performance were stock selection and Investec's philosophy, both of which had contributed to the recent good performance.

A performance analysis of the top five positive and top five negative stock and industry attributions over the 12 month period to 30 June 2017 were outlined to the group and details of significant transactions were provided. Sector positions and regional allocations alongside the portfolio's tracking error were also outlined.

With regards to the '4Factor' process, Strategy and Technical factors had performed well although Earning and Value factors had been a drag on performance. While there had been some underperforming sectors, this was outweighed by positive performance elsewhere.

RECOMMENDED:
That the report be noted.

12. CAPITAL INTERNATIONAL CORPORATE GOVERNANCE REVIEW

The Working Group welcomed Stephen Gosztony, Richard Carlyle, Rob Beale and Alison Fletcher of Capital International who attended the meeting to report on corporate governance activity (non-UK) for the past 12 months.

Mr Carlyle provided a case study for renewable energy, which detailed the energy transition, implications for the environment, the growth in renewable energy, governance and capital allocation. He explained that the energy transition from the old utility world to the new utility world would impact people and businesses, and energy generation would need to become cleaner. The sources and location of greenhouse gas emissions were outlined with 40% of emissions coming from China, US and Europe mainly from energy, agriculture and industrial sources.

It was reported that European policy had supported the installation of solar and wind energy. In-between 2005 – 2015 Europe had been one of the fastest growing regions for renewable energy, and during the summer months of 2017 in the UK, 52% of energy came from renewables.

A wide ranging discussion took place on the contents of Capital's presentation.

A summary of proxy voting activity for the 12 months to August 2017 for the Greater Manchester Pension Fund (GMPF) and Capital International Emerging Markets Fund was provided. For GMPF, there had been 3242 proposals at 247 worldwide company meetings; Capital had voted with management on 92.5% of occasions with 11 abstentions and 232 votes against management recommendations.

RECOMMENDED:
That the report be noted.

13. CAPITAL INTERNATIONAL REPORT ON TRADING COSTS

The Assistant Director of Pensions (Investments) submitted a report to facilitate Members' scrutiny of Capital International's approach to, and practice with regard to, trading costs by considering their 'level one' and 'level two' disclosure reports for the year to 30 June 2017.

It was reported that the 'level one' report detailed the fund managers' policies and procedures for the management and monitoring of total trading costs in order to achieve best execution for clients. The 'level two' report provided an analysis of Greater Manchester Pension Fund's (GMPF) trading volumes and commissions, which could be compared with Capital International's average client commission rates.

The Working Group was notified that Capital had reviewed and updated their 'level one' report in December 2016, which was appended to the report. There had been a number of relatively minor changes, which were not considered to be material.

Alison Fletcher of Capital International presented GMPF's 'level two' report for the 12 month period ending 30 June 2017, a copy of which was appended to the report. The comparative disclosure table was outlined and detailed an analysis of trading, sources of commission paid and uses of commissions, for the 12 months to 30 June 2017.

It was confirmed that officers of the Fund had reviewed the report and any questions had been satisfactorily answered by Capital International.

RECOMMENDED:
That the report be noted.

14. INVESTMENT STRATEGY STATEMENT

The Assistant Director of Pensions (Investments) submitted a report summarising the proposed changes to the Investment Strategy Statement. It was reported that an interim Investment Strategy Statement had been agreed and adopted by Panel at their meeting of 10 March 2017 to reflect the 2016 Regulations, with the proviso that a detailed review be undertaken within 6 to 9 months. The review had been completed and the following changes had been made to the document, which was appended to the report:-

1. The appointment of Stone Harbor.
2. Additional wording around climate change.
3. The adoption of PIRC's voting guidelines and the delegation of proxy voting rights to PIRC.
4. An update to the appendix (table of limits on investments).

A public consultation on the draft Investment Strategy Statement would take place, and a final version would be sent for adoption at a subsequent meeting of the Management Panel.

RECOMMENDED:
That the Working Group endorses the proposed approach and the draft Investment Strategy Statement.

15. COMMENTS FROM PIRC

Janice Hayward, PIRC Ltd, advised the Working Group that GMPF were hosting a conference on Thursday 19 October 2017 11:45am – 6:45pm at The Monastery, Gorton Lane, Manchester titled 'Shaping our Pension Fund Values for the Future', which was reported to be the first event of its kind within Local Authorities. It was an opportunity for the Fund to highlight relevant topics and share key areas of activity. It was also an opportunity to consult with a wide range of stakeholders, and attendees would be given the chance to offer their feedback via a questionnaire or a specially designed app.

16. UNITED NATIONS PRINCIPLES FOR RESPONSIBLE INVESTMENT REPORTING FRAMEWORK

The Assistant Director of Pensions (Investments) submitted a report detailing the feedback the Fund had received on its responses to the United Nations Principles for Responsible Investment (PRI)

Reporting Framework. The Fund received median or above median scores across all of its responses and an extract of the PRI's assessment report was appended to the report.

It was reported that the Fund became a direct signatory to the PRI in late 2013 and were required to publicly report on its responsible investment activity through the PRI's reporting framework each year.

In June 2017, the Fund received feedback on its responses to the PRI's 'Reporting Framework' for 2016. The assessment results were broadly in line with the Fund's expectations, with scores matching or outperforming the PRI median scores in all areas where they were required to report.

RECOMMENDED:
That the report be noted.

17. STOCKLENDING, COMMISSION RECAPTURE AND UNDERWRITING

The Assistant Director of Pensions (Investments) submitted a report advising Members of the activity and income generated on Underwriting, Stocklending and Commission Recapture during the quarter.

It was reported that Capital International did not participate in underwriting activity and the Fund had accepted sub-underwriting via UBS in the quarter ended June 2017. Stocklending income during the quarter was £313,767, compared to £394,603 in the same quarter of 2016, and Commission 'recaptured' was £21,218, compared to £26,171 in the same quarter of 2016.

The report outlined that income generated from these activities was very sensitive to market conditions, therefore the amounts generated were expected to vary from one quarter to another, and from one year to another.

RECOMMENDED:
That the report be noted.

18. CLASS ACTION UPDATE

The Assistant Director of Pensions (Investments) submitted a report, which provided Members with an update on litigation in which Greater Manchester Pension Fund sought to actively recover losses in the value of its shareholdings in various companies as a result of actions taken by those companies.

A quarterly update explaining active Class Actions, which remain outstanding, was presented to Members, and recent developments relating to each action was provided. It was reported that the specialist law firm Labaton Sucharow had been appointed to provide portfolio monitoring services in relation to shareholder litigation, in place of the previous incumbent, SRKW.

RECOMMENDED:
That the report be noted.

19. URGENT ITEMS

There were no urgent items.

GREATER MANCHESTER PENSION FUND - PENSIONS ADMINISTRATION WORKING GROUP

Friday, 13 October 2017

Commenced: 9.00 am **Terminated:** 9.40 am

Present:	Councillors J Lane (Chair), S Quinn, Brett, Grimshaw and Mr Flatley	
In Attendance:	Euan Miller	Assistant Director of Pensions (Funding and Business Development)
	Emma Mayall	Pensions Policy Manager
	Victoria Plackett	Pensions Operations Manager

13. DECLARATIONS OF INTEREST

There were no declarations of interest.

14. MINUTES

The Minutes of the Pensions Administration Working Group held on 14 July 2017 were approved as a correct record.

15. ADMINISTRATION BUSINESS & PROJECT PLANS

The Pensions Operations Manager submitted a report, which provided a summary on the progress made on the 2017/18 business planning objectives, other strategic or service improvement projects currently being worked on and regular or topical items of work currently being undertaken by the section.

It was reported that in March 2017 six key business plan items were established for the administration section as follows:-

1. Guaranteed Minimum Pension Reconciliation
2. Year-end processes
3. Employer support
4. Business continuity plan and disaster recovery provision
5. Data cleansing
6. Member communication

During the second quarter of the year work had continued to focus on objectives 1 and 2 (Guaranteed Minimum Pension Reconciliation and Year-end processes). Various improvements had been made to the year-end process such as holding webinars and applying the new escalation procedure, both of which had helped to increase the number of returns received by the deadline. Officers were continuing to work with employers to resolve a number of outstanding queries. A review of the process would be undertaken to highlight any improvements and a bulletin, providing details of year-end performance and a feedback questionnaire, had been sent to employers. Work would focus on the remaining four objectives for the rest of the year.

The Working Group was informed that the section was also working on other strategic and service improvement projects as follows:- Valuation, Assumed Pensionable Pay Strategy, Trivial Commutation, Death Grant Process Review, Data Cleansing, Enhanced Admin to Payroll Interface, Payroll Sign-off, Benchmarking and Key Performance Indicators, Java Payroll, First Bus Transfer and General Data Protection Regulation.

With regards to regular work items the report contained a performance record of the Pensions Administration section for the 12 months ending August 2017, performance of the ten Local Authorities in respect of notification of new starters and early leavers and a table of outstanding tasks, which detailed the age of the tasks in relation to their completion date. It was reported that officers had held positive meetings with certain employers to discuss issues with performance and further meetings were planned. The Fund had produced 101,844 Annual Benefit Statements, which had been issued before the end of August and the number of members requiring a Pensions Savings Statement had increased from 178 in 2016 to 612 in 2017.

RECOMMENDED:
That the report be noted.

16. COMMUNICATION ACTIVITIES

The Pensions Operations Manager submitted a report detailing the communication activities undertaken by the Fund over the last quarter. Website statistics, data on emails and telephone calls to the Helpline, Twitter statistics and information on roadshows and presentations over the period were appended to the report.

It was reported that there had been an increase in viewing forms on the GMPF website and a peak in telephone calls received during August 2017. This was attributed to the distribution of Annual Benefit Statements. Twitter activity continued to increase and officers would continue to promote the use of Twitter.

The Working Group were informed that the main communication related tasks for the coming quarter would be issuing Pensions Saving Statements to members and producing Annual Benefit Statements for active members who had outstanding employer queries.

With regards to a new communications strategy it was confirmed that preliminary work was continuing on forming a new strategy with an initial focus on how an effective and clear strategy could be developed and what support was required to produce this for the future. The Fund continued to work with the Council's Policy and Communications Team on formulating a new communications strategy.

RECOMMENDED:
That the report be noted.

17. FIRST BUS TRANSFERS

The Pensions Policy Manager submitted a report, which provided the Working Group with an update on the First Bus Transfer, specifically in respect of the key tasks currently being undertaken for the implementation and communication work streams.

It was reported that the implementation work stream primarily concerned the transfer of member and payroll data and the reallocation of additional voluntary contribution pots from the other two funds over to GMPF. Data from West Yorkshire had been received and tested and work was progressing on the South Yorkshire data. This task was anticipated to be completed by 1 November 2017. The successful transfer of data was essential to be able to pay pensions in a timely and accurate manner and to administer pension benefits going forward.

The communication work stream covered all tasks that needed to be completed in order to communicate information and messages to key stakeholders involved in the implementation work stream. Communication tasks undertaken to date had been completed in line with agreed deadlines. Initial letters had been sent to pensioner members at the end of August and second letters had been drafted in preparation for issuing.

Project milestone plans for the implementation and communication work streams were appended to the report alongside an updated risk log.

Members enquired about the numbers of members who would transfer to the fund and the number of members with additional voluntary contributions. It was confirmed that there were approximately 5000 members, 20 of which had additional voluntary contributions.

RECOMMENDED:
(i) That the report be noted; and
(ii) That update reports on the progress of the project be brought to future Working Group meetings.

18. LGPS REGULATORY AND LEGISLATIVE UPDATE

The Pensions Policy Manager submitted a report, which summarised recent items related to regulation or legislation linked to the LGPS or wider pension environment. These included Exit Payments, the Brewster Judgement, ruling on same-sex survivor benefits, new finance bill, General Data Protection Regulation and the Data Protection Bill 2017, the Government response to Pension Scams consultation and expected / recent consultations.

With regards to Exit Payments, it was reported that a fresh consultation on draft regulations governing the exit payment cap and exit payment recovery was expected to take place imminently, with possible implementation in the first half of 2018. No update had been given on proposals looking at overall severance packages.

In relation to the Brewster Judgement, the Department of Communities and Local Government had circulated a letter to LGPS funds in England and Wales stating that it was for LGPS funds to determine their approach in respect of claims arising from the judgement. It also stated that it would be ‘reasonable’ for funds to rely on the judgement and section 3 of the Human Rights Act 1998 when dealing with any claims. It had been confirmed that there was no requirement to amend the Benefits Regulations 2007.

It was reported that the Supreme Court had declared that UK legislation allowing the restriction of same sex survivor’s benefits, in respect of service since 5 December 2005, was incompatible with EU law and must be dis-applied. The new Finance Bill reintroduced tax measures that had been excluded from the draft legislation such as a reduction to the money purchase annual allowance. A further Finance Bill would be introduced following the autumn budget on 22 November 2017.

The General Data Protection Regulation would come into effect in May 2018 and introduce significant changes to data protection requirements. The new rules would strengthen data protection requirements by introducing new contractual obligations, increase the amount of information that needed to be given to individuals, enhance reporting obligations in the event of a breach and impose heavier sanctions for non-compliance. The Data Protection Bill 2017 would bring the provisions of the General Data Protection Regulation into UK law. It was confirmed that a project team had been formed and an initial work stream and milestone plan created to ensure compliance with the regulations.

In respect of consultations, the Government had published its response to a package of measures aimed at tackling three different areas of pension scams. The measures included a ban on cold calling in relation to pensions, tightening of HM Revenue and Customs rules to stop scammers opening fraudulent pension schemes and tougher actions to help prevent the transfer of money from occupational pension schemes into fraudulent ones. A consultation on draft regulations governing

Fair Deal was expected shortly and the Scheme Advisory Board had recently consulted on the development of options for academies.

RECOMMENDED:
That the report be noted.

19. THE PENSIONS REGULATOR

The Pensions Policy Manager submitted a report updating the Working Group on recent guidance issued by The Pensions Regulator and confirming the work currently being undertaken relating to The Pensions Regulator's Code of Practice 14.

It was reported that on 18 September 2017 The Pensions Regulator launched a campaign aimed at driving up standards of governance across pensions schemes called '21st Century Trusteeship – raising the standards of governance'. The key governance themes included the following:-

- Clear roles and responsibilities
- Clear purpose and strategy
- Competence and integrity
- Upskilling and training
- Managing advisers and providers
- Managing conflicts of interest
- Managing risk
- Meetings and decision-making
- Value for members

The guidance stated that schemes were expected to work with participating employers to ensure they had key events, information and processes in place to provide timely and accurate data. If an employer failed to provide the required information the breach could be reported to The Pensions Regulator. It was confirmed that GMPF had improved the support given to its participating employers and the introduction of an escalation procedure was one of the tools the Fund had put in place to help ensure compliance going forward. However, there had been a small number of employers who had submitted incorrect data in their year-end returns. Work was being carried out to correct the data and re-issue revised annual benefit statements where necessary.

The Fund would undertake their annual review of compliance over the next six months taking into account the new guidance.

RECOMMENDED:
(i) That the new campaign launched by The Pensions Regulator to drive up standards of governance across pension schemes be noted; and
(ii) That the steps being taken by GMPF to ensure compliance with Code of Practice 14 be noted.

20. GUARANTEED MINIMUM PENSION RECONCILIATION

The Pensions Policy Manager submitted a report, which provided the Working Group with an update on the Guaranteed Minimum Pension Reconciliation project that would reconcile guaranteed minimum pension information held by Her Majesty's Revenue and Customs (HMRC) against data held on its own records.

It was reported that the first stage of planning the project had been completed and work had begun to reconcile the data and investigate mismatches. 6,384 mismatches had been investigated over a four week period, 6,692 records had been queried with HMRC and 1,132 pensions / dependent records had been identified that required re-calculation. Revised data files had been received from

HMRC in August 2017, which had caused a slight delay to the project schedule. The revised figures were as follows:-

- 353,455 Altair leaver records to be reconciled against 197,579 HMRC leaver records;
- 80,578 leaver records had returned a 100% match;
- 22,323 additional exact matches had been made;
- 121,524 Altair leaver records were not matched against the HMRC leaver file that had been categorised as low, medium or high priority;
- 93,115 Altair active records to be reconciled against 91,195 HMRC active records;
- 34,673 active records had returned a 100% match;
- 19,643 Altair active records were not matched against the HMRC active file that had been categorised as low, medium or high priority.

Analysis of the active member reconciliation had been undertaken and work on investigating these mismatches would commence in November 2017. Members of the project team had met with colleagues at Merseyside Pension Fund to discuss the project and identify learning points.

An updated project milestone plan and statistical analysis of the number of matches, mismatches and queries were appended to the report and explained to the Group.

RECOMMENDED:
(i) That the report be noted; and
(ii) That further update reports be brought to future Working Group meetings.

21. SCHEME ADDITIONAL VOLUNTARY CONTRIBUTIONS

The Pensions Operations Manager submitted a report, which provided information about scheme members' Additional Voluntary Contribution investments as at 31 March 2017. It was reported that Prudential was the chosen Additional Voluntary Contribution provider for the Fund and contributors could elect to pay into the arrangement, which offered tax relief. The scheme had three broad types of investments: a with-profit fund, a deposit account and a range of unit-linked funds. As at 31 March 2017 there were 9,574 members with over £69 million invested, the majority of which were in the with-profits fund.

It was explained that the with-profits arrangement aimed to achieve above-inflation returns while maintaining security and stability. Returns were added to a with-profits account by way of a two part bonus system, the first of which was a daily calculated annual bonus and the second was a terminal bonus that was added to the account at retirement. The fund was diversified across various asset classes with a relatively high proportion invested in shares and commercial property with a view to delivering strong returns over the long term.

A detailed review of GMPF's Additional Voluntary Contributions was currently in progress to consider the arrangements in the context of the current landscape for defined contribution pensions and recent changes to legislation, in particular the introduction of 'Freedom and Choice' in pensions, which had increased the range of options available to members on retirement. The review would also include the range of funds available to members and the choice of the default fund (with-profits).

RECOMMENDED:
That the report be noted.

22. URGENT ITEMS

There were no urgent items.

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GREATER MANCHESTER PENSION FUND - ALTERNATIVE INVESTMENTS WORKING GROUP

Friday, 20 October 2017

Commenced: 9.30 am **Terminated:** 11.05 am

Present:	Councillors Cooney (Chair), Ricci, Halliwell and Mr Drury	
In Attendance:	Sandra Stewart	Director of Pensions
	Steven Taylor	Assistant Director of Pensions (Investments)
	Neil Cooper	Senior Investments Manager
	Nigel Frisby	Investments Manager (Private Markets)
	Nick Livingstone	Investments Manager (Private Markets)
Apologies for Absence:	Councillors Barnes and Jabbar	

8. DECLARATIONS OF INTEREST

There were no declarations of interest.

9. MINUTES

The Minutes of the meeting of the Alternative Investments Working Group held on 20 July 2017 were approved as a correct record.

10. HALF YEARLY REVIEW OF GMPF'S PRIVATE EQUITY PORTFOLIO

John Gripton of Capital Dynamics Ltd attended the meeting to present the half yearly report of Greater Manchester Pension Fund's (GMPF) Private Equity portfolio for the period ending 30 June 2017.

Mr Gripton gave a summary of the private equity market during the period under review including the continued strength of fundraising globally, increased deal flow and significant levels of realisations – through trade sales and IPOs.

With regard to GMPF's Private equity portfolio, it was reported that three new fund commitments and one follow-on commitment had been made during the first half of 2017. These commitments totalled £111 million, taking the total of active fund commitments to £1.612 billion as at 30 June 2017. The portfolio was diversified with exposure spread across multiple geographies and across a selection of experienced, well-established managers.

It was reported that the portfolio since inception had remained very stable at 16.8% per annum and the prospects for long term Private Equity returns were considered to remain attractive.

RECOMMENDED:
That the report be noted.

11. HALF YEARLY REVIEW OF GMPF'S INFRASTRUCTURE PORTFOLIO

Angela Willetts of Capital Dynamics Ltd attended the meeting to present the half yearly review of Greater Manchester Pension Fund's (GMPF) Infrastructure Portfolio for the period ending 30 June 2017.

Ms Willetts began by summarising the infrastructure market for the first half of 2017, and explaining infrastructure deal flow by region and sector. The Infrastructure fund raising market continued to grow after its strongest-ever year in 2016, and 2017 was also expected to be a record year.

The growth of GMPF's portfolio during the period under review was outlined and, with four new fund commitments totalling £222.9 million, total fund commitments increased to £809.7 million at the period end. It was reported that during the period under review, £74.7 million of GMPF's commitments were drawn down and distributions totalling £32.6 million were received.

The net asset value of the portfolio increased by £56 million during the period and, at £422.3 million at the period end, represented 2% of Main Fund assets and a multiple of 1.3 times cost.

It was reported that the overall net internal rate of return for the infrastructure fund portfolio was 10.8% per annum as at 30 June 2017.

RECOMMENDED:
That the report be noted.

12. SPECIAL OPPORTUNITIES PORTFOLIO - REVIEW OF ACTIVITY AND PERFORMANCE

The Assistant Director of Pensions (Investments) submitted a report providing the Working Group with a routine annual update on the activity and performance of GMPF's Special Opportunities Portfolio. The portfolio continued to seek opportunities that delivered good returns but were away from traditional markets.

The key features of the Special Opportunities Portfolio were outlined. In the 12 months to 30 June 2017, three new commitments / investments totalling £220 million were made and a further commitment awaited financial close. To date, GMPF had made commitments / investments totalling £779 million to 14 funds. Of these funds, 13 were active and, at the period end, the portfolio had a value of £293 million and represented 1.4% of Main Fund assets.

With the reported step up in new investment activity over the last two years, the value of investments and undrawn commitments would represent 3.6% of Main Fund assets. It was noted that this was remained a young portfolio and it would take time to work towards the 5% target allocation.

Descriptions were given of each type approval that had been granted alongside the relevant commitments and a brief commentary given regarding future plans and the large number of potential investment opportunities that Officers continued to receive / review including insurance-related investments, shipping finance, structured credit and aircraft leasing.

It was reported that the portfolio had achieved a return since inception of 10.1% per annum, which was in excess of the target return set for the portfolio of retail price index plus 5% would continue to be achieved.

The Special Opportunities Portfolio continued to provide a useful vehicle for achieving the key twin aims of increasing diversification and achieving good returns, and would fall within the current review of Main Fund strategy being undertaken by Hymans Robertson.

RECOMMENDED:
That the report be noted.

13. ADVENT INTERNATIONAL

The Working Group welcomed Johanna Barr, Vasiliki Kardana and Candy Fisher of Advent International (Advent) who attended the meeting to present an overview of the firm's investment activities and of private equity generally.

The Working Group was informed that Advent, founded in 1984, raised its first global fund in 1987 and operated two distinct investment programmes – Western Europe and North America (under the 'GPE' label) and Latin America ('LAPEF'). The firm's diverse investment teams – based in 12 offices around the globe – included over 190 investment professionals and provided Advent with an extensive local presence in its target markets.

The firm's investment strategy was to acquire mid to large cap businesses in five core sectors and focussed on business transformation with a view to improving earnings growth. The teams worked closely with over 80 operating partners and other external advisors during due diligence and throughout the lifecycle of an investment.

It was reported that GMPF had made a commitment to Advent's latest fund (Fund VIII) in February 2016. As at 30 June 2017, the fund had invested in 14 companies and drawn down over €8 million of GMPF's commitment.

A case study was outlined and discussed with the Working Group.

RECOMMENDED:
That the information provided be noted.

14. URGENT ITEMS

There were no urgent items.

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GREATER MANCHESTER PENSION FUND - EMPLOYER FUNDING VIABILITY WORKING GROUP

Friday, 27 October 2017

Commenced: 10.30 am **Terminated:** 11.55 am

Present:	Councillors J Fitzpatrick (Chair), Cooney, Mitchell, Mr Allsop, Mr Flatley and Mr Llewellyn	
In Attendance:	Sandra Stewart	Director of Pensions
	Paddy Dowdall	Assistant Director of Pensions (Local Investments and Property)
	Euan Miller	Assistant Director of Pensions (Funding and Business Development)
	Tracey Boyle	Head of Pensions Accountancy
Apologies for Absence:	Councillors Patrick and Jabbar	

9. DECLARATIONS OF INTEREST

Member	Subject Matter	Type of Interest	Nature of Interest
Councillor Ged Cooney	Item 5 – Employer Activity	Prejudicial	Director of New Charter Housing Trust Ltd

* Councillor Cooney left the room during consideration of this item.

10. MINUTES

The Minutes of the Employer Funding Viability Working Group meeting held on 28 July 2017 were approved as a correct record.

11. BESPOKE EMPLOYER INVESTMENT STRATEGIES

The Assistant Director of Pensions (Funding and Business Development) submitted a report, which summarised the process for analysing the benefits of bespoke investment strategies.

It was reported that a bespoke investment strategy was currently being implemented for Transport for Greater Manchester and consideration was being given to explore developing bespoke investment strategies for other employers. This was a significant piece of work and it would therefore be split over two meetings of the Working Group.

In order to assess the potential benefits of bespoke investment strategies Hymans Robertson had undertaken an Asset-Liability Modelling exercise for the GMPF Main Fund as a whole and for six individual employers / employer pools as follows:-

- Wigan MBC Pool (chosen as a typical local authority pool)
- MoJ Pool (covering the National Probation Service, the Community Rehabilitation Companies and their subcontractors)
- Academy Schools Pool

- A typical housing association
- Manchester University (an example of an employer that is closed to new entrants and has predominantly pensioner members)
- The 'Dead Pool' (no active members and not part of another actuarial pool)

The exercise involved simulating approximately 5,000 different outcomes, which were then ranked from best to worst. A graph detailing the results was shown and explained to the Group. The outcomes considered relevant were the likelihood of GMPF being fully funded in 20 years' time and the size of any deficit at the 2019 actuarial valuation. This aimed to give a balance between seeking high returns in the long-term and minimising the risk of short to medium term underperformance.

The range of potential investment strategies considered were a mixture of the following strategic building blocks:-

1. Equities
2. Enhanced Yield
3. Credit
4. Hedging and Protection

The Asset-Liability Modelling output set out which combination of building blocks provided the best chance of success against the criteria. If the optimal strategy was significantly different than the Main Fund this suggested that there may be merit in exploring a bespoke strategy for that employer. However, the number of different strategies would be constrained by the need to ensure the governance arrangements remained manageable.

RECOMMENDED:
(i) That the report be noted; and
(ii) That a further report summarising the results of the asset-liability modelling work and next steps for delivering Bespoke Employer Investment Strategies be brought to a future meeting of the Working Group.

12. EMPLOYER ACTIVITY

The Assistant Director of Pensions (Funding and Business Development) submitted a report, which provided the Working Group with a summary of current employer activity. There had been a significant increase in the amount of time Officers had been spending on non-standard employer related matters such as Project Magpie, college / university mergers, changes to the legal status of housing associations, employers ceasing to employ active members and free school closures.

With regards to Project Magpie, it was reported that First Bus Group participated in three LGPS Funds and wished to move the pension's liabilities from the West Yorkshire and South Yorkshire Passenger Transport LGPS Funds into GMPF. The process of receiving a transfer of member data and payroll information from First Group's operating companies was underway. GMPF would become the administering authority for the transferring members from 1 November and make the November pension payments. The assets would be transferred in tranches with South Yorkshire expected to be completed over the next couple of months and West Yorkshire to be completed by 31 March 2019.

In relation to college / university mergers, a consultation was currently ongoing regarding the proposed merger between two of the Fund's further education colleges. A university employer was also currently in discussions about a possible merger with a further education college.

The Working Group was informed that a number of GMPF's housing associations were seeking to become Community Benefit Societies. It was reported that some banks, which lent to housing associations, had concerns that this conversion may impact the priority order of creditors in an insolvency scenario (where the Fund would be a significant creditor) and had requested that GMPF sign a letter confirming that they remained subordinated behind the bank after the conversion. This was an imprudent thing for a pension scheme to do given the fiduciary duty that was in existence unless it could be clearly demonstrated that it was in the scheme's interests to do so (for example if the scheme were receive additional contributions).

Where requested to do so, the Fund had issued 'comfort' letters to banks in accordance with the GMPF Legal Team's understanding of the relevant regulations. However, the view of the Legal Team was that the Fund should not agree to requests from banks to enter into a contractual agreement. Following discussion, members fully agreed that the Fund should not enter into a contract and that the issuing of a 'comfort' letter was an acceptable and reasonable course of action.

RECOMMENDED:
(i) That the report be noted; and
(ii) That the Fund should not enter into a contract with banks / building societies with regards to the conversion of Housing Associations employers to Community Benefit Societies, but will issue a comfort letter if requested to do so.

13. GMPF AGED DEBT AS AT 19 SEPTEMBER 2017

The Assistant Director of Pensions (Local Investments and Property) submitted a report summarising the aged debt for the Fund as at 19 September 2017. Aged debt typically consisted of rent arrears from tenants of GMPF property, outstanding contributions and overpayment of pensions to members, which had not yet been repaid.

A summary of debt across the four separate areas of Property Main Fund, Property Venture Fund, Employer Related and Overpayment of Pensions was detailed. A 'red' status was currently in place for Employer Related aged debt as the outstanding amount was above the agreed threshold of £100,000. The largest component of Employer Related aged debt was unpaid contributions, much of which was in respect of strain costs associated with early retirement or member transfer. It also included fees for the production of actuarial work and administration fees charged to newly admitted bodies to the fund.

The report detailed all aged debt (31 days and over) as at 19 September 2017 alongside comparison to the previous quarter; total aged debt was £2.647 million at 19 September 2017 compared to £3.301 million at 19 June 2017. The key trends were highlighted; property aged debt had increased from £0.309 million at June 2017 to £0.367 million at September 2017 and Employer and Overpaid Pension Aged Debt had decreased from £2.992 million to £2.279 million. The bulk of Employer debt related to invoices that had been issued in respect of early retirement strain costs.

For the 12 months to September 2017 4.36% of debt was outstanding, the proportion of the debt considered at risk of non-payment was 0.4%. Tables which showed the highest value invoices within the Employers, Property Main Fund and the Property Venture Fund category were appended to the report and were discussed with the Group.

RECOMMENDED:
That the report be noted.

14. EMPLOYER DEBT RECOVERY

The Assistant Director of Pensions (Funding and Business Development) submitted a report, which summarised the current procedure for collecting aged debt. A review had been carried out into how debt collection issues could be escalated and a number of recommendations had been made to amend GMPF's policies to improve the recovery of employer debt.

It was reported that aged debt typically consisted of rent arrears from tenants of GMPF property, outstanding contributions from employers and overpayment of pensions to members, which had not been repaid. The largest proportion of these was unpaid contributions from employers, in particular strain costs associated with early retirement of members and ill-health early retirement, which could be a substantial amount.

As at 19 September 2017, there was £2.647 million of debt outstanding, £2.052 million related to invoices issued to participating employers in the Fund. A graph detailing the amount of outstanding debt by employer and debt type was shown to the Group. Almost 83% of the outstanding debt belonged to one employer type, the majority of which related to ill-health retirement strain costs. A history of employer outstanding debt since 2013 had been illustrated in a chart to identify any possible trends and was explained to the Group. There had been peaks in 2015 and 2017.

The current procedure for the recovery of employer debt was outlined, which was in accordance with The Pensions Regulator's Code of Practice #14.

Regulation 73 of the LGPS Regulations 2013 provided administering authorities with the discretion to charge interest on overdue contributions or payments with payment due one month from the date specified by the administering authority at a rate of 1% above base rate, which currently equated to 1.25%. This rate of interest was unlikely to act as a significant deterrent to employers paying late and was less than the investment return assumed in the calculation of the strain costs. Applying interest to late payments created additional work for the Pension Accountancy Team and the current rate of interest equated to an immaterial amount. It was recommended that GMPF did not apply interest to outstanding employer debts but instead engaged at an earlier stage with employers regarding the timing of payment and considers earlier escalation where appropriate.

The Working Group was informed that employers could be given the option of entering into a payment plan to pay costs via instalments if they could demonstrate to the Fund's satisfaction that they were unable to meet the cost in full. The instalments due under the payment plan would be calculated assuming a future investment return equal to the assumption made at the most recent actuarial valuation, which was 4.2% per annum at the 2016 valuation. This would avoid the Fund incurring a loss due to the delay in receiving payment. It was noted that this approach was a recalculation of the strain cost rather than applying interest under Regulation 73 and the actuary was comfortable with this proposed approach.

Other initiatives were currently underway to try and reduce the number of invoices issued to employers, such as the potential introduction of an internal insurance arrangement. A number of smaller employers would pay regular premiums to create a sum of money to be used to meet the cost of ill-health strains. This approach could be piloted with a group of employers and if successful be extended to other smaller employers at the next actuarial valuation. Officers continued to try and raise employer awareness around the potential risk of incurring significant ill-health retirement strains and the mitigation options available.

RECOMMENDED:

(i) That the report be noted;

(ii) That the GMPF Accountancy Team contact employers that have outstanding employer debts to discuss the reasons for late payment prior to issuing a second reminder letter;

(iii) That the Fund offer a payment plan with an interest rate of 4.2% p.a. if an employer can demonstrate to the Fund's satisfaction that it has insufficient cash reserves to pay the debt immediately; and

(iv) That the issue of non-payment be escalated to a higher level at the employer should an employer not wish to enter into a payment plan, with a reminder that the Fund may report late contributions to The Pensions Regulator.

15. GMPF ADMINISTRATION EXPENDITURE MONITORING STATEMENT FOR THE 5 MONTHS TO AUGUST 2017

The Assistant Director of Pensions (Local Investments and Property) submitted a report comparing the administration expenses budget against the actual results for the five months to August 2017.

It was reported that there was an under-spend of £1.652 million against the budget of £12.090 million. The main reasons for the variation related to lower than expected investment management fees and lower than budgeted staffing costs.

RECOMMENDED:
That the report be noted.

16. URGENT ITEMS

There were no urgent items.

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GREATER MANCHESTER PENSION FUND - PROPERTY WORKING GROUP

Friday, 27 October 2017

Commenced: 9.00 am **Terminated:**10.00am

Present:	Councillors S Quinn (Chair), J Fitzpatrick, J Lane, M Smith, Barnes, Halliwell, Mr Allsop and Mr Drury	
In Attendance:	Sandra Stewart	Director of Pensions
	Paddy Dowdall	Assistant Director of Pensions (Local Investments and Property)
	Tracey Boyle	Head of Pensions Accountancy
	Misodzi Dent	Investment Officer
	Nigel Driver	Investment Manager
	Andrew Hall	Investment Manager
	Daniel Hobson	Senior Investments Manager
Apologies for Absence:	Councillors Ward and Grimshaw	

8. DECLARATIONS OF INTEREST

There were no declarations of interest.

9. MINUTES

The Minutes of the meeting of the Property Working Group held on 28 July 2017 were approved as a correct record.

10. MANAGEMENT SUMMARY

The Assistant Director of Pensions (Local Investments and Property) submitted a report, which provided an overview of property investment and a commentary on issues and matters of interest arising over the last quarter in relation to the Fund's property investments.

The allocations to property investments and their current weightings as at 30 September 2017 were outlined to the Group. It was noted that property was underweight due to the strong performance of the Fund, which had grown quicker than the long-term average. This had had a positive effect on the Fund overall since 2016.

It was reported that the team were scheduled to undertake a review of indirect investments and would work with the Fund's pooling partners with a view to adopting a medium term approach. The results of the review would be presented at a future meeting of the Working Group.

RECOMMENDED:
(i) That the report be noted; and
(ii) That a report on the results of the review into indirect investments be brought to a future meeting of the Working Group.

11. PROPERTY RELATED AGED DEBT AS AT 19 SEPTEMBER 2017

The Assistant Director of Pensions (Local Investments and Property) submitted a report summarising the aged debt (31 days and over) for the two property portfolios (Main Property Fund and Greater Manchester Property Venture Fund) as at 19 September 2017.

An overview of the debt position was given including a summary of debt across the two areas and totals. Total debt had increased slightly from £0.309 million as at 19 June 2017 to £0.368 million as at 19 September 2017.

It was noted that procedures for collection of debt were complied with and were working well, Greater Manchester Property Venture Fund debt remained very marginally within amber status but this was not material at present.

The highest value debts for each portfolio were detailed as per the appendices to the report. The policies for debt recovery were unchanged and there were currently no payment plans in place.

A risk profile was provided, which showed that across the two funds, raised debtor invoices totalled just over £33 million with 1.11% of this outstanding at 19 September 2017.

RECOMMENDED:
That the report be noted.

12. GVA QUARTERLY REPORT

The Working Group considered a report of GVA, which summarised the financial allocation to the committed projects and the indicative allocation required for projects currently undergoing due diligence. The report also contained an update on progress achieved during the quarter and actions to be undertaken for the forthcoming quarter across all GMPVF development sites.

The report focussed on the performance of the Greater Manchester Property Venture Fund, 2017 priorities and the progress to date on new and existing opportunities. The investments outlined to the Working Group and split into 'committed sites' 'advanced due diligence' and 'active review'. It was reported that there had been a significant increase in sites under 'active review' and 'committed sites' when compared to quarter 4 2016.

Charts detailing the portfolio overview by sector showed greater diversification over the four sectors (office, suburban residential, city centre residential and other) with a substantial increase in committed and pipeline sites. A year by year portfolio investment projection was shown, which detailed a steady increase to 2020 in capital deployed.

Priorities for the forthcoming year were outlined and included converting existing deals in advanced due diligence status, continuing to balance the portfolio, increasing residential development and addressing market challenges and opportunities. There had been one rejected opportunity during the quarter and the reasons for that rejection were outlined.

New and progressing opportunities were presented and included Soapworks, First Street Manchester, Owen Street Manchester, Island Site, Broadfield Business Park, Chorlton shopping centre, Matrix Homes Manchester, Irwell Riverside, Wilmslow Road Didsbury, Princess Street Manchester and Circle Square.

Financial performance information was provided for each site to show the current market valuation when compared to the cost value to the Fund, together with the Internal Rate of Return from the date of acquisition, taking into account all income and expenditure to date. It was expected that sites would not show a positive return until development had been completed.

The Working Group was also provided with a RAG (Red, Amber, Green) analysis showing the progress of development activity undertaken during the last three quarters to September 2017 and the current prediction on final viability.

RECOMMENDED:
That the report be noted.

13. LASALLE QUARTERLY REPORT

The Working Group welcomed Julian Agnew and Tom Rose, La Salle Investment Management, who attended the meeting to present the GMPF main property portfolio quarterly report for quarter three 2017. An update was provided on portfolio composition and value, transactional activity, key estate management issues and a general market overview.

Mr Agnew began by providing a capital market dashboard for UK property. The overall risk assessment for the UK was stable with a low probability of an imminent downturn. Potential risks had not disappeared and included ongoing political uncertainty and softening occupier demand. Market conditions were cautiously optimistic and seven of the nine Red, Amber, Green indicators were green (positive) with caution surrounding retail funds capital flows. There were signs of potential disruption to cumulative Investment Property Databank real capital growth, which would be closely monitored.

He explained that it was advantageous to retain property over the long-term as this helped to achieve strong returns. He anticipated that over the next five years property returns should reach 4 – 6% and the best performing asset classes continued to be urban retail, industrial and alternatives.

Mr Rose advised that the portfolio had increased over the quarter and now contained 49 assets with a value of £746 million, which increased to £792 million when commitments were included. The vacancy rate was 7.7%, slightly higher than the 6.9% benchmark. Overall the portfolio had outperformed the benchmark for the year to June 2017. Directly held properties outperformed the benchmark but indirects and purchase costs continued to drag returns.

He advised that during the quarter an offer had been accepted on a shopping centre as a joint investment with West Yorkshire Pension Fund and the sale of an underperforming asset had been completed. With regard to key asset management initiatives during the period, there had been nine new lettings, one lease renewal and six rent reviews. An update was provided on the portfolio's indirect commitments. There had been good progress on two funds and sales on two underlying assets was proceeding.

In conclusion, LaSalle would continue with a cautious investment approach focusing on alternatives, best in class retail and logistics. There were a number of asset management initiatives for the coming quarter and three potential sales. Work would continue to reduce vacancy rates and on the indirect exit programme.

RECOMMENDED:
That the report be noted.

14. URGENT ITEMS

There were no urgent items.

In closing the meeting the Chair advised that this was Nigel Driver's last meeting as he would be leaving GMPF. The Working Group joined the Chair in thanking Nigel for his commitment and contribution over the years and wished him well for the future.

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Report To:	**GMPF MANAGEMENT/ADVISORY PANEL**
Date:	17 November 2017
Reporting Officer:	Sandra Stewart - Director of Pensions
Subject:	**MANAGEMENT SUMMARY**
Report Summary	The aim of this report is to provide a short commentary on issues and matters of interest arising during the last quarter. This report also gives an update on Project Magpie
Recommendations:	To note the progress on key matters.
Policy Implications:	None.
Financial Implications: (Authorised by the Section 151 Officer)	These are set out in the report.
Legal Implications: (Authorised by the Solicitor to the Fund)	Legal advice needs to be taken expediently on each of the individual projects referenced in the report as required.
Risk Management:	The report is primarily for information only.
ACCESS TO INFORMATION:	**NON-CONFIDENTIAL**
	This report does not contain information which warrants its consideration in the absence of the Press or members of the public.
Background Papers:	For further information please contact Paddy Dowdall, Assistant Director – Property and Local Investments, tel 0161 301 7140, email paddy.dowdall@tameside.gov.uk

1. PERFORMANCE AND VALUATION

1.1 The Total Fund increased in value by £418m over the quarter, from £21,604m as at 30 June 2017, to £22,022m as at 30 September 2017.

1.2 In the quarter to 30 September 2017, the Main Fund returned +2.2%, against a benchmark return of +1.7%, whilst in the year to 30 September 2017, the Main Fund returned +12.7%, against a benchmark return of +10.2%.

2. PROJECT MAGPIE

2.1 As reported at previous Panel meetings, First Bus Group, one of GMPF's largest private-sector employers, is consolidating its LGPS arrangements in the West Yorkshire Pension Fund and the South Yorkshire Passenger Transport Pension Fund into GMPF. This proposal was approved by the Panel at its March meeting, subject to certain conditions being met.

2.2 The consolidation was effected by a Direction from the Secretary of State resulting in GMPF becoming the administering authority for the transferring members on 1 November 2017. GMPF will be making the November pension payments to the transferring members.

2.3 Assets of approximately £200m will be transferring from the South Yorkshire Passenger Transport Pension Fund in January 2018 and will be held outside of the Main Fund. Approximately £400m will transfer from the West Yorkshire Fund on regular intervals up to March 2019.

2.4 Part of the liabilities in respect of the First West Yorkshire members will be funded by the West Yorkshire Combined Authority, which retains responsibility for meeting the cost of increases to pensions accrued prior to the de-regulation of buses in 1986.

2.5 Regular updates will continue to be provided to the relevant working groups and the Management Panel as appropriate.

3. NOTABLE INVESTMENTS MADE SINCE LAST MANAGEMENT PANEL

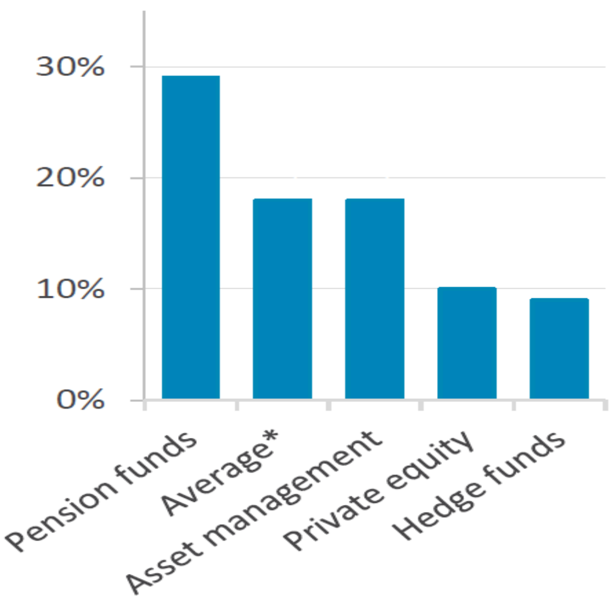
3.1 La Salle completed the purchase of 50% of Intu Chapplefield on behalf of GMPF and its pooling partner, West Yorkshire Pension Fund for a total consideration of £148m. Intu Chapplelfield is located in the centre of Norwich and a key retail destination in East Anglia, with an annual footfall of 12 million. The centre provides 90 units and includes key retailers such as House of Fraser, Apple, Zara, River Island, H&M and Boots.

4. DIVERSITY

4.1 Diversity is firmly on the corporate agenda, with a growing body of research showing that it leads to better decision making and financial performance – yet much of the Capital markets industry has been slow to act.

4.2 The Corporate Governance Code for listed companies sets out expectations in relation to five key themes of leadership, effectiveness, executive remuneration, accountability and shareholder relations with considerable emphasis on board appointments and the balance of skills, diversity and independence of the directors. There is evidence to show that pension funds could similarly gain from a move in regulatory focus towards governance inputs.

Average female representation on executive committees across European capital markets, %



*Average across 12 different sectors

Source: New Financial's *Counting Every Woman 2017*

4.3 Increasing gender diversity isn't just the right thing to do. A balanced workforce is good for business. It is good for customers, for profitability and workplace culture, and is increasingly attractive for investors. Firms with a good gender balance in senior positions and across teams perform better, and therefore attract the best talent.

4.4 There is compelling evidence that more diverse corporate boards lead to better results. For example, the Davies report on *Women on Boards* found that companies with more women on their boards outperformed their rivals with a 42% higher return in sales, 66% higher return on invested capital and 53% higher return on equity. The 2016 report *Why Diversity Matters* from McKinsey found that companies in the top quartile for gender or racial and ethnic diversity are more likely to have financial returns above their national industry medians. Companies in the bottom quartile in these dimensions are statistically less likely to achieve above-average returns. If that's right for the companies in which pension funds invest, it must also be right for pension funds themselves.

4.5 The Pensions Regulator stresses how a diverse trustee board is more likely to raise challenging questions and reach better decisions. It's not just in the boardroom that greater diversity can bring benefits. Member engagement is also likely to be more successful where the trustee board look like the members they serve. Trustees have an important role to play in bringing diverse perspectives, not just from the gender dimension but from a broader diversity perspective.

4.6 However, despite the inclusion of trustees, there is some way to go, with the gender composition of pension boards being 83% male, according to the latest PLSA Annual Survey. There are many aspects to diversity – gender, ethnicity, sexual orientation, ability/ disability, socio-economic background. Talking about diversity is one thing. Action to promote it is another. We are taking as our starting point gender. But it is only one dimension, and it is just the starting point. Our aim is to make progress across all these dimensions of diversity for better pensions.

The Pipeline Gender Audit

4.7 On the basis that all organisations do better when there are more women in senior roles, with profits higher, and growth improved and there is clear evidence of this brighter future is growing every day,. That said there are many organisations that still fail to grasp the opportunity before them and continue operating to an outdated model, one that holds back performance and limits success

4.8 The Fund wants to embrace the possibilities on offer from improved gender diversity in senior positions both itself as a forward looking asset owner and those who invest on our behalf and advise us to do so. To do that it's essential to know the starting point and desired destination. On that basis we have procured "The Pipeline's Gender Audit" (www.execpipeline.com), which seeks to help to provide businesses with an industry leading assessment of an organisation's performance in this crucial area.

4.9 Through a balanced mix of quantitative measures and qualitative enquiries, they will look at current practices, processes and achievements. They will establish hard data and review relevant policies, measurements and training. They will also assess the culture and leadership provided. From this wide array of information they will apply their knowledge and expertise to offer recommendations for a way forward, so that a business can build their own map to a better, more successful future.

4.10 We will also expect moving forward that Fund Managers we procure and those we procure to advise the Fund to undertake the same The Pipeline: 'Gender Diversity Audit' will give those procuring services a clear understanding on the current role of women in an organisation, and the likelihood if needed, of future change and improvement. The Audit will look at organisational 'know how', as well as, whether they actively promote gender diversity through an agreed policy framework including communication, training, development and target setting. Most importantly it will explain the importance an organisation puts on gender diversity and their risk appetite for not integrating women into their business. The Pipeline: 'Gender Diversity Audit' also benchmarks all organisations against 'Women Count' an analysis of the FTSE 350.

4.11 Regular updates will continue to be provided to the relevant working groups and the Management Panel as appropriate.

5. RECOMMENDATIONS

5.1 As set out at the front of the report.

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Agenda Item 8

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Report To:	**PENSION FUND MANAGEMENT PANEL/ADVISORY PANEL**
Date:	17 November 2017
Reporting Officer:	Emma Mayall - Pensions Policy Manager
Subject :	**PENSIONS ADMINISTRATION UPDATE**
Report Summary:	This report provides an update on recent administration activities, in particular: - Key work and projects progressed over the last quarter - Work planned for the next quarter - Comments on current workloads and performance It also confirms that a review is to be undertaken of the work currently carried out by the administration section. This is to ensure the structure and workload of the section is fit for purpose going forward.
Recommendation(s):	It is recommended that the Panel note the report.
Financial Implications: (Authorised by the Section 151 Officer)	There are no direct financial implications arising from this report.
Legal Implications: (Authorised by the Solicitor to the Fund)	There are no direct legal implications to consider.
Risk Management:	There are no key risks to highlight.
ACCESS TO INFORMATION:	**NON-CONFIDENTIAL** **This report does not contain information that warrants its consideration in the absence of the Press or members of the public.**
Background Papers:	Further information can be obtained by contacting Emma Mayall, Greater Manchester Pension Fund, Guardsman Tony Downes House, 5 Manchester Road, Droylsden Telephone: 0161 301 7242 e-mail: emma.mayall@gmpf.org.uk

1. BACKGROUND AND INTRODUCTION

1.1 This report provides a brief update on the work and some of the projects being undertaken within the administration section over recent months and those expected over the next quarter. It provides information about current workloads and performance levels.

1.2 The report also confirms that a wide-ranging review is to be undertaken of the work currently carried out by the administration section. This is to ensure the structure and workload of the section is effective going forward. Some statistics on changes in membership, workload and resource over a number of years are provided to illustrate some of the drivers for the review.

2. WORK AND PROJECTS UNDERTAKEN OVER THE SECOND QUARTER

Death Grant procedures - review project

2.1 An operational review of the procedures in place for processing casework where a death grant payment is due began in April. Work is continuing on this project and the first meeting of the Death Grant Decisions Board took place in early October.

2.2 This project is due to be completed by the end of the year and the Pensions Administration Working Group will receive a final update report at their January meeting.

First Bus Transfer

2.3 Work on this project, which involves the transfer of members from West Yorkshire and South Yorkshire Pensions Funds to GMPF, has also continued over the last quarter.

2.4 The Secretary of State made his Direction Order in August to effect the transfer of responsibility for First Bus members to GMPF with effect from 1 November 2017.

2.5 The data for West Yorkshire Pension Fund members was successfully transferred to the GMPF Altair database at the end of October ready for those pensioner members to be paid for the first time by GMPF on 16 November. The transfer of data from South Yorkshire Pensions Authority was transferred in early November, ready for pensioners to be paid at the end of the month.

2.6 Letters and bulletins were sent to First Bus contributing members and pensioner members in August and September to inform them that the transfer of responsibility will be taking place. Pensioner members were written to again in October to confirm that the transfer was proceeding as planned. Deferred members will be written to in late November once the transfer of all data to GMPF has taken place.

2.7 Data cleansing work will need to be carried out on the data to ensure member records are complete and accurate and any missing data identified and obtained. This work will be carried out over the coming months.

Guaranteed Minimum Pension (GMP) Reconciliation

2.8 This large-scale project involves comparing and reconciling GMP data that HMRC holds against the data that GMPF holds.

2.9 A project team to manage and carry out the work involved was set up in July and work began on reconciling data, creating mismatch lists and sending queries to HMRC from August onwards.

2.10 This long-term project is expected to run until December 2018. Regular progress updates will continue to be provided to the Pensions Administration Working Group.

Communications Strategy

2.11 A review of the whole area of communications is a business plan item for the administration section for this year.

2.12 Work on developing a communications strategy in order to set out a vision of what the Fund wishes to achieve with its communications to members and other stakeholders has continued and a further update will be provided the Pensions Administration Working Group at their January meeting.

Pension Savings Statements

2.13 Work began in August on providing pension savings statements to all those members who exceeded the annual allowance during 2016/17.

2.14 612 fund members exceeded the annual allowance limits in 2016/17 and statements were issued to these members by 6 October 2017. Members will need to self-assess if they are required to pay a tax charge in accordance with HMRC rules.

General Data Protection Regulations (GDPR)

2.15 These new regulations will come into effect in May 2018. Preparation and planning work for this project began in August, with the main aim being to ensure the Fund is compliant with these regulations before they come into force.

2.16 A core project team has been formed and initial work stream and milestone plans have been put together. Work on this project continues.

3. WORKED PLANNED FOR THE NEXT QUARTER

3.1 The main projects and key items of work for the next quarter are expected to be as follows:

- Issue of any late or revised annual benefit statements to contributing members
- Completion of the First Bus transfer work
- Completion of the death grant procedural review
- Continuation of GMP reconciliation work
- Progress on the GDPR project
- Review of business continuity and disaster recovery arrangements
- Communications work
- Upgrade of Altair payroll module

4. COMMENTS ON CURRENT WORKLOADS AND PERFORMANCE

4.1 The volumes of casework received and performance against in-house targets during August and September has remained reasonably consistent.

4.2 The section continues to meet the majority of target standard times with all but five KPIs being within the 90% standard or higher in September. See **Appendix 1**.

5. REVIEW OF ADMINISTRATION WORKLOADS AND STRUCTURE

5.1 It is intended that a wide-ranging review of the administration section and its workloads be carried out over the coming months. This is to ensure the section is well placed to manage work effectively going forward.

5.2 There are several drivers for the review, with the main ones being to ensure that:

- the service and information provided to members and employers meets their expectations and is accessible to all whilst providing value for money;
- sufficient resource is allocated to delivering the service we provide and that officers are fully equipped to deliver on the expectations set; and
- the administration section continues to meet the relevant statutory obligations and that accurate, informative and timely management information regarding performance is provided to the relevant stakeholders.

5.3 **Appendix 2** provides a number of graphs and charts illustrating some of the key changes in membership, workloads and resource over various periods that provide a starting point for analysing relevant data.

5.4 Further updates will be provided as work on this review as it progresses.

6. RECOMMENDATION

6.1 It is recommended that the Panel note the report.

	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Total	2016-17	2015-16	2014-15
1. Written queries answered or acknowledged																
Processed	559	523	360	658	663	615	525	645	644	517	616	655	6,980	7,006	6,863	5,068
Processed in time	542	495	334	636	641	587	511	618	623	505	603	637	6,732	6,585	6,463	4,727
Percentage on time	**97%**	**95%**	**93%**	**97%**	**97%**	**95%**	**97%**	**96%**	**97%**	**98%**	**98%**	**97%**	**96.4%**	**94.0%**	**94.2%**	**93.3%**
2. New starters processed																
Processed	1,982	2,164	1,047	1,824	1,407	1,274	1,083	1,257	1,613	1,456	1,004	1,435	17,546	18,990	18,619	15,098
Processed in time	1,964	2,134	1,046	1,815	1,405	1,257	1,082	1,256	1,612	1,433	995	1,435	17,434	18,846	17,034	12,990
Percentage on time	**99%**	**99%**	**100%**	**100%**	**100%**	**99%**	**100%**	**100%**	**100%**	**98%**	**99%**	**100%**	**99.4%**	**99.2%**	**91.5%**	**86.0%**
3. Changes in details processed																
Processed	1,341	1,782	1,108	1,551	1,484	1,666	1,410	177	1,445	2,172	1,618	2,602	18,356	21,683	25,326	23,750
Processed in time	1,337	1,775	1,102	1,547	1,481	1,658	1,408	177	1,441	2,165	1,612	2,596	18,299	21,479	24,733	23,148
Percentage on time	**100%**	**100%**	**99%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**99.7%**	**99.1%**	**97.7%**	**97.5%**
4. Helpline telephone calls answered in office hours																
Offered	4,983	4,271	2,660	5,173	4,853	5,692	5,027	5,800	4,974	4,451	5,280	5,400	58,564	66,692	59,074	72,508
Answered	4,386	3,884	2,446	4,819	4,475	5,165	4,385	5,031	4,295	3,968	4,518	4,656	52,028	56,421	51,666	58,769
Percentage answered	**88%**	**91%**	**92%**	**93%**	**92%**	**91%**	**87%**	**87%**	**86%**	**89%**	**86%**	**86%**	**88.8%**	**84.6%**	**87.5%**	**81.1%**
5. Pensions forecasts for deferred members																
Processed	0	0	0	0	0	0	0	100,033	0	0	0	0	100,033	91,816	90,290	87,739
Processed in time	0	0	0	0	0	0	0	100,033	0	0	0	0	100,033	91,794	90,290	79,137
Percentage on time								**100%**					**100.0%**	**100.0%**	**100.0%**	**90.2%**
6. Pensions forecasts for active members																
Processed	1,214	836	261	102	264	216	0	0	0	0	105,698	815	109,406	107,222	106,357	105,471
Processed in time	0	0	0	0	0	0	0	0	0	0	102,444	0	102,444	103,253	73,668	7,373
Percentage on time	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**					**97%**	**0%**	**93.6%**	**96.3%**	**69.3%**	**7.0%**
7. Postings queries for employers issued																
Processed	0	0	0	0	0	10	317	2,199	3,501	448	106	2	6,583	4,590	2,996	
Processed in time	0	0	0	0	0	10	317	2,199	3,495	436	106	2	6,565	1,619	1,276	
Percentage on time						**100%**	**100%**	**100%**	**100%**	**97%**	**100%**	**100%**	**99.7%**	**35.3%**	**42.6%**	

8. Technical guidance issued to employers

	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Total	2016-17	2015-16	2014-15
Processed	0	3	1	2	3	0	1	1	0	1	5	1	18	18	7	7
Processed in time	0	3	1	2	3	0	1	1	0	1	5	1	18	18	6	7
Percentage on time		100%	100%	100%	100%		100%	100%		100%	100%	100%	100.0%	100.0%	85.7%	100.0%

9. Pension savings statements

	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Total	2016-17	2015-16	2014-15
Processed	138	40	14	7	1	3	1	5	0	3	2	217	431	274	453	148
Processed in time	138	40	14	7	1	3	1	5	0	3	2	217	431	274	378	148
Percentage on time	100%	100%	100%	100%	100%	100%	100%	100%		100%	100%	100%	100.0%	100.0%	83.4%	100.0%

10. Estimates for divorce purposes

	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Total	2016-17	2015-16	2014-15
Processed	36	66	19	36	43	70	36	46	53	63	38	58	564	538	539	464
Processed in time	35	60	19	33	42	69	32	46	53	63	37	58	547	506	523	452
Percentage on time	97%	91%	100%	92%	98%	99%	89%	100%	100%	100%	97%	100%	97.0%	94.1%	97.0%	97.4%

11. Non LGPS transfers in processed

	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Total	2016-17	2015-16	2014-15
Processed	9	6	2	9	9	5	5	2	2	3	6	6	64	66	135	84
Processed in time	9	6	2	9	9	5	5	2	2	3	6	6	64	65	133	77
Percentage on time	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100.0%	98.5%	98.5%	91.7%

12. Non LGPS transfer out quotations processed

	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Total	2016-17	2015-16	2014-15
Processed	123	116	101	93	150	115	110	151	130	130	87	135	1,441	1,215	1,048	875
Processed in time	108	116	94	93	150	115	110	148	127	129	87	135	1,412	1,014	1,015	845
Percentage on time	88%	100%	93%	100%	100%	100%	100%	98%	98%	99%	100%	100%	98.0%	83.5%	96.9%	96.6%

13. Non LGPS transfer out payments processed

	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Total	2016-17	2015-16	2014-15
Processed	17	19	9	21	20	41	26	35	14	36	30	19	287	260	216	248
Processed in time	17	19	9	21	20	41	26	35	14	34	30	19	285	250	212	240
Percentage on time	100%	100%	100%	100%	100%	100%	100%	100%	100%	94%	100%	100%	99.3%	96.2%	98.1%	96.8%

14. Internal and concurrent transfers processed

	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Total	2016-17	2015-16	2014-15
Processed	414	435	235	233	422	276	341	424	399	340	312	494	4,325	3,264	848	346
Processed in time	309	354	224	210	355	187	303	320	284	231	235	289	3,301	2,227	508	273
Percentage on time	75%	81%	95%	90%	84%	68%	89%	75%	71%	68%	75%	59%	76.3%	68.2%	59.9%	78.9%

	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Total	2016-17	2015-16	2014-15
15. Refund payments made																
Processed	144	165	186	386	195	212	189	169	148	175	204	137	2,310	1,804	1,328	470
Processed in time	141	158	175	366	166	195	176	145	129	171	193	129	2,144	1,522	1,138	409
Percentage on time	**98%**	**96%**	**94%**	**95%**	**85%**	**92%**	**93%**	**86%**	**87%**	**98%**	**95%**	**94%**	**92.8%**	**84.4%**	**85.7%**	**87.0%**
16. Deferred benefits calculated																
Processed	937	957	872	1,091	951	935	867	692	947	834	1,138	804	11,025	11,470	10,010	5,145
Processed in time	603	566	380	611	494	488	541	436	563	455	816	595	6,548	4,088	667	3,196
Percentage on time	**64%**	**59%**	**44%**	**56%**	**52%**	**52%**	**62%**	**63%**	**59%**	**55%**	**72%**	**74%**	**59.4%**	**35.6%**	**6.7%**	**62.1%**
17. Annuity quotations calculated																
Processed	10	12	6	6	2	6	3	4	7	7	5	10	78	108	125	114
Processed in time	10	12	6	6	2	6	3	4	7	7	5	10	78	108	124	112
Percentage on time	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100.0%**	**100.0%**	**99.2%**	**98.2%**
18. APC illustrations calculated																
Processed	14	18	10	21	21	28	14	16	13	17	26	40	238	230	192	209
Processed in time	14	18	10	21	21	28	14	16	12	16	25	38	233	229	186	180
Percentage on time	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**92%**	**94%**	**96%**	**95%**	**97.9%**	**99.6%**	**96.9%**	**86.1%**
19. AVC amendments noted on ALTAIR																
Processed	96	94	78	73	36	209	56	46	17	116	27	277	1,125	1,480	1,324	2,051
Processed in time	96	94	78	72	35	89	56	45	17	116	26	191	915	1,357	1,080	1,841
Percentage on time	**100%**	**100%**	**100%**	**99%**	**97%**	**43%**	**100%**	**98%**	**100%**	**100%**	**96%**	**69%**	**81.3%**	**91.7%**	**81.6%**	**89.8%**
20. New retirements benefit options sent																
Processed	218	326	175	251	194	258	217	239	226	279	235	153	2,771	3,086	3,189	2,540
Processed in time	217	326	173	251	193	246	115	212	182	265	218	144	2,542	2,736	2,934	1,846
Percentage on time	**100%**	**100%**	**99%**	**100%**	**99%**	**95%**	**53%**	**89%**	**81%**	**95%**	**93%**	**94%**	**91.7%**	**88.7%**	**92.0%**	**72.7%**
21. New retirements processed for payment																
Processed	233	270	238	177	183	259	234	221	211	204	301	153	2,684	3,035	2,956	2,488
Processed in time	233	270	235	176	181	249	228	201	207	192	295	151	2,618	3,016	2,941	2,342
Percentage on time	**100%**	**100%**	**99%**	**99%**	**99%**	**96%**	**97%**	**91%**	**98%**	**94%**	**98%**	**99%**	**97.5%**	**99.4%**	**99.5%**	**94.1%**

22. Deferred benefits processed for payment

	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Total	2016-17	2015-16	2014-15
Processed	348	393	287	379	345	414	287	357	424	400	394	375	4,403	4,334	3,379	2,720
Processed in time	348	387	286	377	341	408	279	355	421	399	393	372	4,366	4,282	3,246	2,582
Percentage on time	**100%**	**98%**	**100%**	**99%**	**99%**	**99%**	**97%**	**99%**	**99%**	**100%**	**100%**	**99%**	**99.2%**	**98.8%**	**96.1%**	**94.9%**

23. Notifications of death processed

	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Total	2016-17	2015-16	2014-15
Processed	272	306	221	465	417	367	297	293	364	333	279	318	3,932	3,882	3,820	3,166
Processed in time	238	193	126	348	383	329	269	271	302	278	267	303	3,307	3,184	3,442	3,032
Percentage on time	**88%**	**63%**	**57%**	**75%**	**92%**	**90%**	**91%**	**92%**	**83%**	**83%**	**96%**	**95%**	**84.1%**	**82.0%**	**90.1%**	**95.8%**

24. Dependant's pensions processed for payment

	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Total	2016-17	2015-16	2014-15
Processed	102	133	92	112	150	147	122	122	144	125	97	109	1,455	1,441	1,358	1,184
Processed in time	101	117	91	111	150	145	120	120	144	124	95	108	1,426	1,386	1,337	1,142
Percentage on time	**99%**	**88%**	**99%**	**99%**	**100%**	**99%**	**98%**	**98%**	**100%**	**99%**	**98%**	**99%**	**98.0%**	**96.2%**	**98.5%**	**96.5%**

25. Death grants processed for payment

	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Total	2016-17	2015-16	2014-15
Processed	47	48	49	39	48	66	64	34	48	54	86	64	647	608	592	440
Processed in time	41	38	46	39	48	63	60	33	45	52	82	60	607	543	566	399
Percentage on time	**87%**	**79%**	**94%**	**100%**	**100%**	**95%**	**94%**	**97%**	**94%**	**96%**	**95%**	**94%**	**93.8%**	**89.3%**	**95.6%**	**90.7%**

26. Retirement lump sum processed by payroll

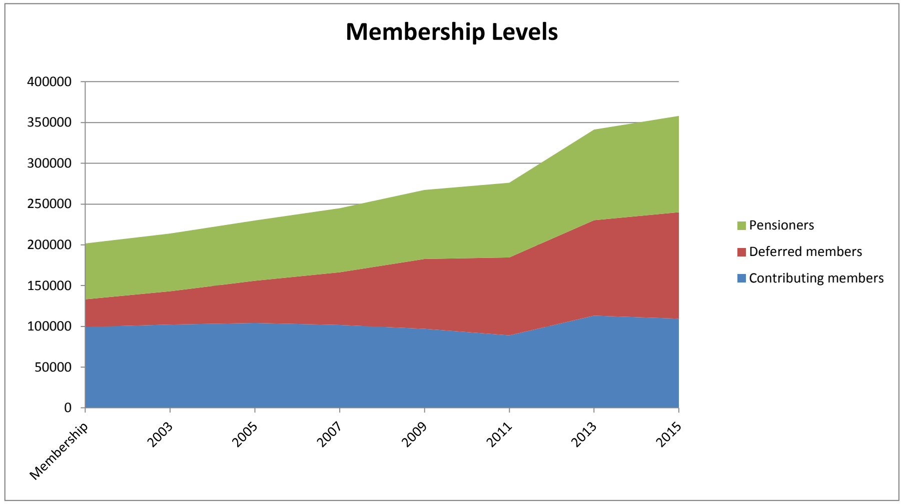
	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Total	2016-17	2015-16	2014-15
Processed	505	519	459	451	409	456	509	541	511	471	441	635	5,907	6,063	5,542	4,603
Processed in time	503	519	458	451	409	456	509	540	511	471	441	615	5,883	6,047	5,542	4,603
Percentage on time	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**97%**	**99.6%**	**99.7%**	**100.0%**	**100.0%**

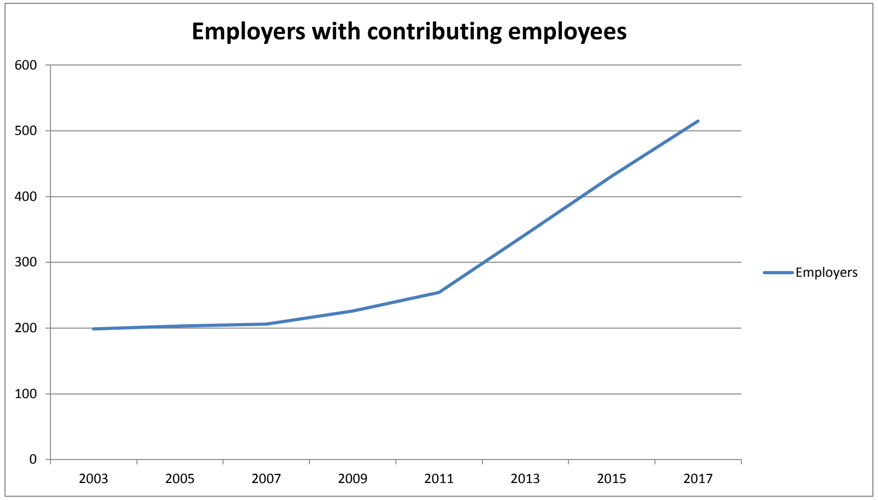
27. Payments recalled due to death

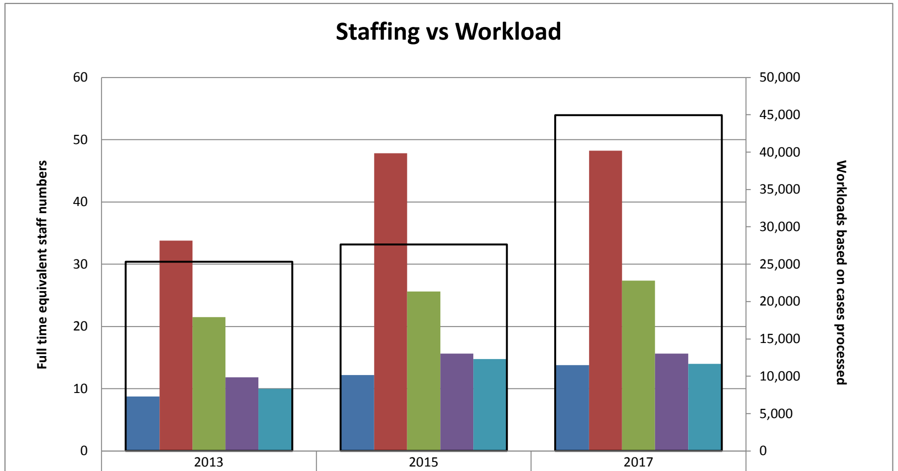
	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Total	2016-17	2015-16	2014-15
Processed	292	294	248	472	326	349	253	315	319	274	250	306	3,698	3,725	3,790	3,153
Processed in time	292	294	248	472	326	349	253	315	319	274	250	306	3,698	3,725	3,790	3,153
Percentage on time	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

28. Changes to bank details made

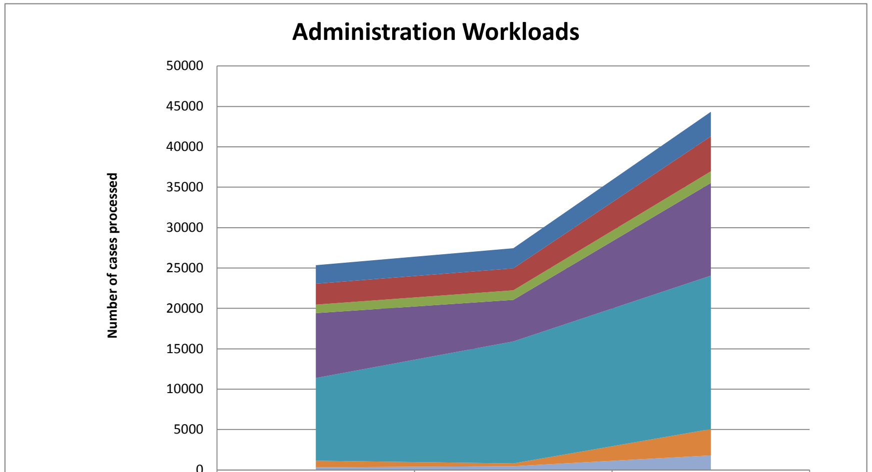
	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Total	2016-17	2015-16	2014-15
Processed	140	140	80	130	144	143	185	216	158	143	139	102	1,720	1,847	1,963	1,938
Processed in time	140	140	80	130	144	143	185	216	158	143	139	102	1,720	1,847	1,963	1,938
Percentage on time	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**







	2013	2015	2017
Assistant	8.8	12.2	13.8
Officer	33.8	47.8	48.2
SPO	21.5	25.6	27.4
TL	11.8	15.6	15.7
Manager	10.0	14.8	14.0
Workload	25,351	27,629	44,950



	2013	2015	2017
retirements	2290	2488	3035
deferred	2590	2720	4334
dependants	1053	1184	1441
deferred benefits	8031	5145	11470
new starters	10235	15098	18990
internal transfers	818	346	3264
refunds	334	470	1804

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