GREATER MANCHESTER PENSION FUND

ANNUAL GENERAL MEETING

23 September 2016

Commenced: 1.30pm **Terminated: 2.45pm**

Present: **Councillor K Quinn (Chair)**

Councillors: Brett (Rochdale), Cooper, Fairfoull, J Fitzpatrick, Grimshaw (Bury), Halliwell (Wigan), Middleton, Mitchell (Trafford), Pantall (Stockport), Patrick, S Quinn, Reid, Ricci, M Smith, Stogia (Manchester) and Taylor.

Messrs Allsop, Drury, Flatley and Schofield. Ms Herbert (MoJ)

Apologies for absence: **Councillors Cooney, J Fitzpatrick, Francis (Bolton), Hamilton (Salford), J Lane, Ricci and Ward. Messrs Llewellyn (UNITE) and Thompson (UCATT) and Ms Baines (UNISON).**

Other Representatives:	Organisation:
Joanne Ellis	Stagecoach Manchester
Martin Evans	University of Bolton
Cathy Lees	Tameside MBC
Raegan Spencer	Tameside MBC
Carol McBurnie	Trafford Council and GMP
Debbie Thomas	Manchester City Council
Nina McGlashon	Rochdale MBC
Gareth Davies	Rochdale MBC
Melanie Fielding	Rochdale Development Agency
Tony Thompson	Salford City Council
Eddie Asong	Greater Manchester Sports Partnership
Kate Egdell	Stockport Sports Trust
Sharon Adams	Six Town Housing
Sean Ryan	UNIAC
Lisa Blackshaw	Manchester Metropolitan Univerity
James Bell	New Charter Housing
Michelle Clegg	Cash Box Credit Union
Julie Hardy	Royal Northern College of Music
Ann Cassidy	Holy Cross College
Mark Cliff	Manchester Airport Group
David Barlow	Career Connect
Gill Holywell	Career Connect
Danielle Kneale	Career Connect
Shirley Gallagher	CWHT
Nigel Carr	Bolton at Home

Andrew Harrison	**Bury College**
Davie Clermont	**Southway Housing Trust**
George Whalley	**Greater Manchester Arts Centre**
Lisa Bateman	**The Manchester College**
John Gleeson	**Rise Mutual CIC**
Patricia Holloway	**GMWDA**
Lindsey Keech	**GMWDA**
Emma Parsons	**Oldham MBC**
Ann Silcock	**Wythenshawe Catholic Academy Trust**

1. MINUTES

The Minutes of the annual meeting held on 2 October 2015 were noted.

2. CHAIR'S INTRODUCTION

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

He began by stating that 2015/16 had been an exceptionally challenging year for pensions in general and local authority pensions in particular.

He explained that employers continued to face the impact of austerity measures and Government policies on public service delivery. This had resulted in workforces shrinking, the number of employers increasing and a potential weakening of the covenant strength of some of GMPF's employers.

This resulted in the maturity of the liabilities increasing across the fund with a wider range of liability profiles amongst employers.

In such challenging times, it was imperative that GMPF maintained its long term approach which had delivered successful outcomes over many years, whilst at the same time embracing the opportunities that arose to further enhance its performance and resilience.

The Chair outlined GMPF's key achievements during the year, including:

- Creation of the first direct infrastructure investment vehicle in the LGPS; and
- Completion of the successful integration of the £3 billion of assets received following GMPF becoming the sole provider of LGPS benefits to the Probation Service.

He further reported that the GMPF had responded to the requirement from Government that LGPS funds pool their investments at a scale of at least £25 billion by submitting a proposal to form the 'Northern Pool' with Merseyside Pension Fund and West Yorkshire Pension Fund. The Northern Pool would consist of three of the largest LGPS Funds and total over £35 billion in assets. The Pool would seek to lead on infrastructure investment and be recognised as the lowest cost pool in the LGPS.

With regard to funding issues, the Chair explained that the triennial valuation of GMPF was currently taking place, with an effective date of 31 March 2016. Despite the challenging economic conditions, it was expected that GMPF would remain one of the best funded LGPS funds.

In respect of investment performance and management arrangements it was reported that over 2015/16, GMPF's assets under management reduced by £267 million to £17,325 million, reflecting the increasing maturity of GMPF's liabilities and an investment return of -0.8%. This was a disappointing return, and was below the local authority average of 0.2%. Over the last 15 years, GMPF's return had been 6.5% per annum, compared to the local authority average of 5.9% per annum. It was this strong long term investment performance that had supported the funding level.

Investment highlights of the year included the successful integration of £3 billion of assets in respect of Probation Service members into GMPF's Main Fund, the development of a trigger process to capitalise on market opportunities as they arose, and the further strengthening of investment management arrangements by appointing three managers specialising in higher yielding debt to a framework, one of which has subsequently been appointed by the Fund.

Regarding membership changes, it was explained that during the year, the number of employee members in GMPF reduced, however this reduction was more than made up by increases in the number of deferred and pensioner members. In total the membership increased over the year from 341,317 to 352,292. As well as being the largest LGPS fund in the country in terms of assets under management, GMPF was also the largest in terms of members.

In terms of local investment, it was reported that local investment opportunities continued to be progressed with the twin aims of commercial returns and supporting the area. GMPF had also set up a programme of lending and providing equity capital to small and medium sized enterprises in the North West of England.

With regard to infrastructure investment, it was reported that in April 2015, GMPF and the London Pensions Fund Authority formed a joint venture to invest directly in infrastructure assets, with a focus on the UK.

The Chair explained that GMPF had moved into a new home in Droylsden in September 2015 which had enabled all staff to be located in the same building.

The Chair concluded that it had been another exceptional year to be managing a pension fund.

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

GMPF had a long term successful track record reflected in its funding level and reputation. The proposed pooling arrangements were designed to ensure that this continued.

Since the year end there had been a major change in the management of GMPF, with the retirement of Peter Morris, the long standing Executive Director of Pensions. Sandra Stewart, who had played a significant part in the strategic management of the Fund for over 15 years, was the new Executive Director for GMPF and led a strong management team ready for take on the challenges ahead.

The Chair added that the Panel would strive to continue to take decisions from a long term perspective to help maintain success.

He thanked Panel Members, Advisors, Investment Managers and Officers for their work over the last 12 months.

3. REVIEW OF THE YEAR

The Executive Director of Governance, Resources and Pensions began by explaining the complex nature of the Fund and outlined the challenges faced going forward to provide secure pensions, effectively administered at an affordable and stable cost to employers.

The Executive Director then introduced Paddy Dowdall – Assistant Executive Director, Property and Local Investments and Euan Miller, Assistant Executive Director, Funding and Business Development who gave details of the work/key tasks undertaken over the past year, particularly in respect of:

- Investment Performance and costs;
- Local Investments;
- Greater Manchester Property Venture Fund;
- GMPF LPFA Infrastructure LLP joint venture;
- LGPS Asset Pooling agenda and submission to Government; and
- Actuarial Valuation.

Questions were then invited from the floor.

4. ACTUARIAL VALUATION UPDATE

Barry McKay and Steven Law of Hymans Robertson, Actuary to the Fund, then delivered a presentation, which gave details of the timeline of the valuation and progress to date.

Mr Law outlined the process involved in setting employer contribution rates. Provisional, whole fund valuation results were outlined and the risk based approach to setting contribution rates was detailed and discussed.

Mr McKay and Mr Law concluded that a prudent approach had been maintained during another challenging 3 year period. They reported an increase in funding level and a decrease in cash deficit (excluding the deficit taken on in respect of the probation liabilities). It was explained that contributions would remain broadly similar to their current level for many employers, including MBCs, however, variations at employer level were likely.

Questions were then invited from the floor.

CHAIR