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