

GREATER MANCHESTER PENSION FUND

ANNUAL GENERAL MEETING

2 October 2015

Commenced: 1.00pm

Terminated: 2.20pm

Present: Councillor K Quinn (Chair)

Councillors: Akbar (Manchester), Brett (Rochdale), Cooney, Cooper, Dean (Oldham), Dennett (Salford), J Fitzpatrick, M Francis (Bolton), Grimshaw (Bury), J Lane, Mitchell (Trafford), Pantall (Stockport), Patrick, S Quinn, Ricci, M Smith, Taylor, Ward and Ms Herbert (MoJ).

Apologies for absence: Councillors C Francis, Halliwell (Wigan) and R Miah

Other Representatives:

Shirley Gallagher

James Bell

Carl O'Donnell

Craig Garner

Andrew Tonge

Claire Cohen

Paula McDonald

Nigel Rose

Matthew Thorley

Theresa Mahoney

Nigel Carr

Sharon Adams

Claire Hey

Penny Wright

Martin Evans

Amilia Fernandez

Carol McBurnie

Tracy Kitchingman

Gareth Davies

Nina McGlashan

Simon Hawker

John Rakestraw

Helen Spencer

David Emerson

Emma O'Connor

Andrew Taylor

Organisation:

City West Housing Trust and City West Works Ltd

New Charter Group

New Charter Group

New Charter Group

Salford City Council

Science Museum Group

Stockport MBC

Greater Manchester Immigration Aid Unit

Greater Manchester Police

Greater Manchester Police

Bolton at Home

Six Town Housing

Greater Manchester Fire and Rescue Service

Greater Manchester Fire and Rescue Service

University of Bolton

Safeguard Solutions Ltd

Trafford MBC

Bolton College

Rochdale MBC

Rochdale MBC

Thames Valley and London CRC's

Trafford College

Together Housing Group

Inspira

Sodexo

University of Manchester

Steven Holden	Oldham Community Leisure
Debbie Thomas	Manchester City Council
Jeanette Brew	Wigan and Leigh College
Julie Hardy	Royal Northern College of Music
Lindsey Keech	Greater Manchester Waste Disposal Authority
Anna Patra	Manchester Metropolitan University
Stephan Van Arendsen	Manchester Metropolitan University

1. MINUTES

The Minutes of the annual meeting held on 12 September 2014 were noted.

2. CHAIR'S INTRODUCTION

The Chair welcomed the representatives of the various participating organisations to the meeting and to the new Pensions building – Guardsman Tony Downes House.

He began by stating that the Fund had had a very successful last 12 months; it had:

- achieved an investment return of 11.7%;
- maintained a funding level amongst the best funded of LGPS funds, meaning that employer contribution rates were, on average, at the lower end of the range;
- taken on the membership data and assets arising from GMPF becoming the one administering authority for probation staff. This increased the membership of GMPF by around 46,000 and increased assets by £3 billion following the regulatory changes that took effect from 1 June 2014; and
- experienced an increase in fund membership to over 340,000 members and assets had increased by £4.3 billion to £17.6 billion.

He added, however, that the challenges of running a pension fund in the current environment continued. The structural changes in membership and employers and the impact on maturity profiles was adding to complexity, and this complexity would continue to grow because of austerity measures and Government policies. The management of the short and long term needs of employers and scheme members with an appropriate level of prudence in managing and recovering deficits was the biggest challenge the Fund faced.

With regard to funding issues, the Chair reported that GMPF remained amongst the best funded of LGPS funds with relatively low employer contributions.

In respect of investment performance, the Fund's return of 11.7% was below the local authority average of 13.2%. This was disappointing relative performance for the year but GMPF had an excellent long term track record.

GMPF had strengthened its investment management arrangements this year with the aim of improving performance and broadening the options for the future with the appointment of LaSalle as property manager, taking over from the in-house team, and Investec appointed to a global equity mandate.

The Chair commented on Membership changes and the recent announcements by the Chancellor and the expectation of a further reduction in local authority spending in the Autumn Statement made this an exceptionally testing period for employers and employees. Last year, 67 new employers were welcomed to GMPF, meaning that there were now 431 contributing employers.

With regard to Regulation and Legislative change, 2014 Scheme was up and running and further wide ranging changes were being considered.

Looking forward, local investment opportunities continued to progress with the twin aims of commercial returns and supporting the area.

In conclusion, the Chair stressed that it was an exceptional time to be managing a Pension Fund. The issues outlined together with a continued expectation of improving life expectancy highlighted the complexity and challenge of offering a good, affordable pension scheme to employees and employers.

GMPF had a long term successful track record reflected in its funding level and reputation. Its track record and innovation was reflected in its recognition at national awards, such as Large Scheme of the Year, 2014 (LGC).

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, Advisers, Investment Managers and Officers for their work over the last 12 months.

3. REVIEW OF THE YEAR

The Executive Director of Pensions gave a presentation on the Fund's performance over the past year and outlined the key events, both financial and administrative.

He began by reiterating that these continued to be challenging times, both economic and financial and that there were pressures on public expenditure versus funding the pension promise.

He explained that the Pension Fund Management Team had been extended and invited each of the four Assistant Executive Director's to present an overview of the work/key tasks undertaken over the past year by each service area as follows:

Steven Taylor – Investments;
Paddy Dowdall – Property and Local Investments;
Euan Miller – Funding and Business Development; and
Ged Dale – Pensions Administration.

The Executive Director detailed investment performance during 2015 and also made reference to the forthcoming 2016 Actuarial Valuation.

He also reported on the Main Fund's management arrangements, benchmark asset allocation, Pension Fund returns and GMPF values over the short, medium and long term.

He made particular reference to the investment strategy, the objectives of GMPF funding, the accounts, investment performance and the contributions received and benefits paid during the year ending 31 March 2015.

In conclusion, the Executive Director of Pensions summarised by stressing that these continued to be challenging and uncertain times. He stated that GMPF compared favourably with other local authority funds and he reminded members that the main aim of the fund was to provide secure pensions, effectively administered at an affordable and stable cost to employers.

Questions were then invited from the floor.

4. ACTUARIAL UPDATE

Barry McKay and Steven Law of Hymans Robertson, Actuary to the Fund, gave a presentation focussing on the Valuation Outlook for 2016.

Mr Law detailed the outlook on funding levels and explained how this impacted on contribution rates. He also outlined the process for and various factors involved in, setting employer rates.

He concluded by clarifying that a likely fall in funding levels and in increase in deficits was predicted, putting upward pressure on employer rates.

Mr Law added that the current economic climate was extremely volatile and that things could change very quickly.

Questions were then invited from the floor.

CHAIR