

GREATER MANCHESTER PENSION FUND MANAGEMENT PANEL

19 October 2018

Commenced: 10.00am

Terminated:12.30pm

Present: Councillor Warrington (Chair)

Councillors: Ball (Oldham), Barnes (Salford), Cooney, Drennan, J Fitzpatrick, Grimshaw (Bury), Halliwell (Wigan), J Lane, Mistry (Bolton), Mitchell (Trafford), O'Neill (Rochdale), Patrick, Quinn, Ricci, Smith, Ward and Ms Herbert

Apologies for Absence: Councillors Pantall (Stockport), Andrews (Manchester), Taylor and Ms Baines

22. CHAIR'S OPENING REMARKS

The Chair welcomed everyone to the meeting and made reference to the Annual General Meeting later that afternoon. She explained that, traditionally, the Annual Report and Accounts was presented at the AGM having been received at the Management/Advisory Panel meeting, immediately preceding it. However, following a change in the law, which brought forward the Accounts deadline to July from September, the Annual Report and Accounts was approved at the last meeting of the Panel (Meeting of 20 July 2018 refers). It was therefore proposed that the AGM would move to July, going forward.

The Chair informed Members of the great strides made to digitalise interaction with members with 'My Pension', the new on line self-service system, which allowed members to engage with the Fund to get their own retirement forecasts, payments made and advise electronically of changes in addresses and who they would like to nominate their death benefits to. Not only was this an improved service to members, it also substantially reduced admin costs particularly with regard to postage and printing. It had been hugely successful and the positive feedback overwhelming. The Chair encouraged Members to ask their HR and Communications teams to 'spread the word'.

The Chair reported that Kevin Allsop, (UNISON) was no longer able to be a representative on the Panel as he had secured a position managing the Administering Authority's Tameside's PFI contracts and was therefore now prevented from being part of the Panel as not independent of Tameside. Consequently, the TUC had been invited to nominate a new representative and notification of a new representative was awaited. The Chair formally thanked Mr Allsop on behalf of the Fund, for his hard work and contributions since his appointment in July 2015 and wished him every success in his new role.

The Chair made reference to a report submitted to the last meeting of the Panel (meeting of 20 July 2018 refers) in respect of a review of Governance to align with the revised legal framework around Pooling and the current government guidance and to ensure meetings were undertaken to support and deliver the Fund's business and, consequently, rationalised the working groups to achieve this. The Chair clarified that there was no requirement for Members to be on two or more working group meetings but requested that Members commit to at least one working group and advise of any changes to Councillor Cooney.

The Chair advised that the Annual LAPF Investment Awards had taken place at the end of September and was pleased to announce that the Fund, as the originating partner of the infrastructure platform GLIL, won in the 'Collaboration' category.

A posthumous lifetime achievement award was also presented in recognition of the work over many years of Councillor Kieran Quinn, in the Local Government Pension Scheme and the Greater

Manchester Pension Fund. Councillor Susan Quinn and one of their two sons, Matthew, attended the ceremony to receive the much deserved award.

The Chair informed Members that every year in September, the rankings by size of the Global Pension Funds were published and it was particularly pleasing to see the Fund had moved up the ranks from 160th to 153rd biggest in the World and from 12th to 11th biggest in the UK.

The Chair was further pleased to report that the Fund was mentioned in dispatches at an All Party Parliamentary Group for Local Authority Pension Funds chaired by Clive Betts MP on the 10 October 2018 attended by Councillor Cooney, the Director of Pensions and the Assistant Director of Pensions, Investments, which considered a report that was previously received by the Property Working Group from Sheffield Political Economy Research Institute, looking at the impactful work of Greater Manchester Pension Fund on the economy through its Local Investments.

The Chair explained that a notable addition to the Fund's work in the past financial year had been reviewing the Pension Fund's approach to Climate Risk. The Fund wholeheartedly supported the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD). She added that Friends of the Earth Manchester and Fossil Free GM would be demonstrating outside before the Annual General Meeting, calling for divestment. Last year they were invited to the Fund's AGM and to the Local Government Pension Scheme stakeholder Stewardship day where 80% of the Fund's stakeholders agreed with the approach that engagement was more effective than divesting holdings to someone who may not share the Fund's commitment to responsible investment.

Despite financial decarbonisation of the economy being a complex and challenging issue, particularly for long-term investors such as pension funds, this had not stopped the Fund committing to the Paris Agreement goal of 100% of assets being compatible with the net-zero emissions ambition by c2050. Progress towards this goal was and would be regularly evaluated in line with the Fund's objective of maintaining long-term financial performance, ensuring that we could continue to deliver affordable and sustainable pensions for employers and taxpayers.

The Chair further advised that, as previously reported at the last meeting of the Panel, Mary Creagh MP, Chair of the Environmental Audit committee had published in May 2018, her committee's assessment on the steps of what the UK's largest pension funds were taking to manage the risks that climate change posed to UK pension investments. The committee rated the Greater Manchester Pension Fund as achieving the highest standard of being 'More Engaged' against the criteria they set, noting that the Fund were committed to reporting on the climate change risks and opportunities facing funds in line with the recommendations of the Task force on Climate-related Financial Disclosures. The Fund continued to be the biggest local government pension investor in renewable energy and GLIL was in the advanced stages of completing a £130 million portfolio of biomass assets that would convert 250 thousand tonnes of waste per year into useful gas, electricity and fertiliser.

The Chair reported that the phased investment into Clyde windfarm had been completed. This was the third biggest onshore windfarm in Europe, a vital component of UK renewables and generation as a whole, providing power to over 300,000 homes and roughly 3% of UK wind generation. Additionally there was a community investment fund totalling £58 million over its lifetime creating jobs for 50 full time staff including graduates and apprentices from the local community.

The Chair made reference to an item for consideration in the agenda today, in respect of integrating climate risk into the investment process. Approval was sought for £2.3 billion of the Fund Assets to be moved from a standard market capitalisation index approach to a low carbon approach targeting a significant reduction in carbon footprint and intensity. This was an important part of the review of investment management arrangements.

The Chair made further reference to another report on the agenda today; the CEM report. The report assessed the performance costs and value add of Pension Funds across the world not just local government. The report highlighted the constancy of purpose of the Fund, which had delivered excellent outperformance.

23. DECLARATIONS OF INTEREST

There were no declarations of interest submitted by Members.

24. MINUTES

The Minutes of the proceedings of the meeting of the Pension Fund Advisory Panel held on 20 July 2018 were signed as a correct record.

The Minutes of the proceedings of the meeting of the Pension Fund Management Panel held on 20 July 2018 were signed as a correct record.

25. LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

(a) Urgent Items

The Chair announced that there were no urgent items for consideration at this 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:**

<u>Items</u>	<u>Paragraphs</u>	<u>Justification</u>
6(g), 6(h) 7, 8, 9, 10, 11, 12, 13	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.

26. LOCAL PENSIONS BOARD

RESOLVED

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

27. INVESTMENT MONITORING AND ESG WORKING GROUP

The Minutes of the proceedings of the meeting of the Investment Monitoring and ESG Working Group held on 6 April 2018 were considered

RESOLVED

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

28. PENSIONS ADMINISTRATION WORKING GROUP

The Minutes of the proceedings of the meeting of the Pensions Administration Working Group held on 6 April 2018 were considered.

RESOLVED

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

29. ALTERNATIVE INVESTMENTS WORKING GROUP

The Minutes of the proceedings of the meeting of the Alternative Investments Working Group held on 6 July 2018 were considered.

RESOLVED

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

30. EMPLOYER FUNDING VIABILITY WORKING GROUP

The Minutes of the proceedings of the meeting of the Employer Funding Viability Working Group held on 12 July 2018 were considered.

RESOLVED

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

31. PROPERTY WORKING GROUP

The Minutes of the proceedings of the Property Working Group held on 13 July 2018 were considered.

RESOLVED

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

32. INVESTMENTS COMMITTEE

RESOLVED

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

33. NORTHERN POOL GP (NO 1) LIMITED BOARD

RESOLVED

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

34. REVIEW OF INVESTMENT MANAGEMENT ARRANGEMENTS

A report of the Assistant Director of Pensions, Investments, was submitted and presentations were received from Eric Shirbini of Scientific Beta and William Marshall of Hymans Robertson.

RESOLVED

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

35. PERFORMANCE DASHBOARD

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.

36. MANAGER MONITORING REGIME INCLUDING MONITORING ESCALATION

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.

37. UPDATE ON INVESTMENT MANAGEMENT COST BENCHMARKING

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.

38. NORTHERN POOL 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.

39. LGPS 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.

40. 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.

41. FUTURE TRAINING DATES

Trustee Training Opportunities were noted as follows:

LGE Fundamentals Training

Leeds

Day 2

6 November 2018

Day 3

5 December 2018

PLSA Annual Conference

17-19 October 2018

Liverpool

Investec Trustee Training

14 November 2018

Doubletree Hilton Hotel, Manchester

CIPFA Pensions Network Annual Conference

22 November 2018

The Leadenhall Building, London

LAPFF Annual Conference

5 – 7 December 2018

Bournemouth

UBS Trustee Training

13 December 2018

Doubletree Hilton Hotel, Manchester

LGS Governance Conference

17 – 18 January 2019

Bristol

42. DATES OF FUTURE MEETINGS

Management/Advisory Panel

18 January 2019

12 April 2019

19 July 2019 (AGM)

18 October 2019

17 January 2020

17 April 2020

Local Pensions Board

15 November 2018

14 February 2019

13 June 2019

8 August 2019

11 October 2019

12 December 2019

26 March 2020

Policy and Development Working Group

20 December 2018

8 March 2019

13 June 2019

19 September 2019

19 December 2019

6 March 2020

Property Working Group

20 December 2018

8 March 2019

13 June 2019

19 September 2019

Investment Monitoring and ESG Working Group

**19 December 2019
6 March 2020**

**21 December 2018
22 March 2019
12 July 2019
27 September 2019
20 December 2019
20 March 2020**

Administration and Employer Funding Viability Working Group

**21 December 2018
22 March 2019
12 July 2019
27 September 2019
20 December 2019
20 March 2020**

CHAIR