

GREATER MANCHESTER PENSION FUND - LOCAL PENSIONS BOARD

Day: Thursday
Date: 30 July 2020
Time: 3.00 pm
Place: ZOOM

Item No.	AGENDA	Page No																													
1	APOLOGIES To receive any apologies of absence.																														
2	DECLARATIONS OF INTEREST To receive any declarations of interest.																														
3	MINUTES To receive the Minutes of the meeting of the Local Pensions Board held on 9 January 2020.	1 - 6																													
4	LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) 1985 - 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.																														
<table border="1"> <thead> <tr> <th>Item</th><th>Paragraphs</th><th>Justification</th></tr> </thead> <tbody> <tr> <td>5,</td><td>3&10,</td><td rowspan="5">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.</td></tr> <tr> <td>6,</td><td>3&10,</td></tr> <tr> <td>7,</td><td>3&10,</td></tr> <tr> <td>8,</td><td>1,2,3,</td></tr> <tr> <td>9,</td><td>1,2,3,</td></tr> <tr> <td>10,</td><td>1,2,3,</td><td rowspan="7">Disclosure of the personal information contained in the report would not be fair to those persons named and would therefore be in breach of Data Protection principles.</td></tr> <tr> <td>11,</td><td>1,2,3,</td></tr> <tr> <td>12,</td><td>3&10</td></tr> <tr> <td>13,</td><td>3&10</td></tr> <tr> <td>14,</td><td>3&10</td></tr> <tr> <td>16,</td><td>3&10</td></tr> <tr> <td>17,</td><td>3&10</td></tr> </tbody> </table>			Item	Paragraphs	Justification	5,	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,	3&10,	7,	3&10,	8,	1,2,3,	9,	1,2,3,	10,	1,2,3,	Disclosure of the personal information contained in the report would not be fair to those persons named and would therefore be in breach of Data Protection principles.	11,	1,2,3,	12,	3&10	13,	3&10	14,	3&10	16,	3&10	17,	3&10
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5	BUSINESS PLANNING AND RISK MANAGEMENT IN LIGHT OF COVID-19 PANDEMIC To consider a report of the Director of Pensions.	7 - 54																													

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7	NATIONAL KNOWLEDGE ASSESSMENT To consider a report of the Director of Pensions / Assistant director of Funding and Business Development.	61 - 84
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14	RISK MANAGEMENT AND AUDIT SERVICES - ANNUAL REPORT 2019/20 To consider a report of the Head of Risk Management and Audit Services.	219 - 232
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16	ANNUAL REPORT To consider a report of the Director of Pensions / Assistant Director for Funding and Business Development.	301 - 306
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18	URGENT ITEMS	

From: Democratic Services Unit – any further information may be obtained from the reporting officer or from Louis Garrick, Senior Democratic Services Officer, to whom any apologies for absence should be notified.

GREATER MANCHESTER PENSION FUND - LOCAL PENSIONS BOARD

9 January 2020

Commenced: 3:30

Terminated:17:00

Present:	Councillor Fairfoull	Employer Representatives
	Michael Cullen	Employer Representatives
	Jayne Hammond	Employer Representatives
	Paul Taylor	Employer Representatives
	David Schofield	Employee Representatives
	Catherine Lloyd	Employee Representatives
	Chris Goodwin	Employee Representatives
	Pat Catterall	Employee Representatives

In attendance: Councillor Gerald Cooney Vice Chair of GMPF

Apologies for Absence: Councillor Cooper and Mark Rayner

32 DECLARATIONS OF INTEREST

There were no declarations of interest.

33 MINUTES

The Minutes of the meeting of the Local Pensions Board held on the 26 September 2019 were approved as a correct record.

34 LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) 1985 - 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, 7, 8, 9, 10, 11, 12, 13, 14	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.

35 GOOD GOVERNANCE PROJECT

Steven Law of Hymans Robertson presented a report outlining the results of the Good Governance project facilitated for the Scheme Advisory Board. It was envisaged that all the proposals made in this document would be enacted via the introduction of new statutory governance guidance which would supersede current and previous guidance.

The purpose of the Good Governance review was outlined to Members of the Board. Steven Law of Hymans Robertson explained that the review examined the effectiveness of current LGPS governance and identified enhancements or alternative models, which could strengthen LGPS governance.

A detailed discussion ensued on the different models surveyed. Members discussed the four models outlined and the findings from the survey. The proposals and recommendations for each area were detailed to the Local Board; General, Conflicts of Interest, Representation, Knowledge and Understanding, Service delivery for the LGPS function, and Compliance and improvement.

RESOLVED

That the presentation and the potential outcomes of the project be noted.

36 SUMMARY OF GMPF DECISION MAKING

Consideration was given to a report of the Assistant Director of Pensions (Funding and Business Development), which summarised the recommendations made by the GMPF Working Groups over the period from July 2019 to October 2019, which were approved at the Management Panel meeting on 18 October 2019.

The recommendations of each of the working groups from the meetings that had taken place since the last meeting of the Local Board were set out in the report.

RESOLVED

That the report be noted.

37 RISK MANAGEMENT AND MEMBER DEVELOPMENT

Consideration was given to a report of the Assistant Director (Funding and Business Development), providing an update on the activities undertaken since Autumn 2019 meetings and included an updated risk register for consideration plus drafts of risk and member development policies for discussion.

The Assistant Director (Funding and Business Development) explained that a consolidated GMPF risk register would be presented as a standing item at each Management Panel and Local Board meeting. The changes to the risk register proposed by the Fund Management Team over the period since the previous meetings were highlighted and considered. The risk register had been redesigned from the version presented at the October 2019 Management Panel meeting. A detailed discussion ensued between Members of the Local Board on the design of the risk register.

Members of the Local board were advised that it was agreed at the October 2019 Panel meeting that the GMPF Management Panel would also seek to maintain a level of knowledge and understanding at or above that required of Local Pensions Board and a formal training plan would be developed for the Panel to deliver and document this. A proposed Member Development Policy would be presented to the Management Panel for discussion at the January meeting. The Director outlined key points from the Member Development Policy.

RESOLVED

The Local Board agreed that:

- (i) The risks set out in the risk register and effectiveness of the controls in the place to manage these risks, be noted;**
- (ii) The draft risk and member development policies be noted.**

38. PENSIONS REGULATOR REPORT

Consideration was given to a report of the Assistant Director (Funding and Business Development) and the Assistant Director for Administration. The report provided a progress update on the work undertaken to ensure continued compliance with the expectations of the Pension Regulator (TPR) and in particular TPR's Code of Practice number 14.

The Assistant Director (Funding and Business Development) informed the Local Board that all parties involved with the governance and administration of public service pension schemes must report breaches of the law to TPR where they believe failure to comply is likely to be of 'material significance' to TPR. The current breaches log was detailed to the Local Board.

The Local Board received details of expected contribution payments which had not been received, details on the contribution payments received in respect of the period and the trends in the timing of payment of employer contributions. Members of the Board were informed that the revised Pension Administration Strategy would detail the escalation procedures to be followed when payments are not received on time.

The Assistant Director for Administration explained that the TPR engaged with 10 unidentified LGPS funds seeking to better understand governance and administration risks facing the LGPS. Members of the Board received a detailed breakdown of the TPR's findings and the action plan following the TPR deep dive report. Officers had undertaken a review of the report and assessed GMPF's current level of compliance with TPR's recommendations.

The Director reminded the Board that they had to undertake and record their own assessment. This was discussed and recorded.

RESOLVED

The Local Board agreed that:

- (i) The work being undertaken/planned to ensure GMPF continues to comply with TPR's Code of Practice number 14 be noted, including the action plan created in response to LGPS 'deep dive' report issued by TPR;**
- (ii) The content of the breaches log be noted, including the decision made by the Scheme Manager regarding reporting those breaches.**
- (iii) The Local Board having considered the decisions made by the Scheme Manager and raised relevant questions agreed those decisions as their own.**

39 RISK MANAGEMENT AND AUDIT SERVICES 2019/20

Consideration was given to a report of the Head of Risk Management and Audit Services, which summarised the work of the Risk Management and Audit Service for the period 1 April to 13 December 2019.

The Head of Risk Management and Audit Services informed Members of the Board that Risk Management and Audit Service spent a total of 180 days against the 311 planned days up to 13 December 2019. Members received a detailed breakdown of the reports issued during the current period.

Members of the Local Board received a summary of each of the final reports issued during this period, this included GLIL, First Bus Asset Transfers and contributing body visits. The Head of Risk Management outlined the level of assurance for each audit and the contributing body visits.

The Head of Risk Management delivered an update on the National Fraud Initiative (NFI) 2018. Members were advised that the data sets for the exercise were uploaded in October 2018 and the initial matches identified for Tameside were received in February 2019. There were several matches resulting in overpayments of £68,343 and underpayments of £61,355. It was reported that

the data matches identified one instance of fraud, which is now being investigated by the police, with the overpayment value being £5,644.

Members of the Local Board received an update on the other projects carried out during this period including the transition to monthly data collection and the implementation of the new Enhanced Admin to Payroll Interface.

It was reported that there had been two frauds in the period relating to overpayment of pensions, where the next of kin had stated that the pensioner is still alive and had continued to receive their pension. Control reports had been produced where weaknesses in controls had been identified. Further work would take place with the Payroll Team to identify improvements that could be made to the process of verifying deceased pensioners.

RESOLVED

That the report be noted.

40 RECORD KEEPING

Consideration was given to a report of the Assistant Director for Administration, which provided Local Board with an update on the data management strategy and high-level data improvement plan and the revised pension's administration strategy to be issued for consultation.

The Assistant Director for Pensions Administrations advised Members of the Board that the data management strategy and data improvement plan were brought together last year as one document and were originally drawn up to ensure compliant TPR Code of Practice 14. It was reported that the strategy and plan had been updated. The Assistant Director for Administration assured Members that preventative work takes place and systems had been put in place to further reduce data errors. Work over the next quarter would focus on data collection and an external company would be used as part of a data tracing exercise to screen deferred members.

Members of the Board received an update on the revision of the Pensions Administration Strategy. The Assistant Director for Pensions Administration explained that a new version had been drafted mainly to reflect the changes needed due to employers submitting data monthly. This version would also make clear any penalties that might be levied should employers not meet the obligations set out. The intention is for the document to be finalised and then issued for an eight-week consultation that would be launched in January 2020.

RESOLVED

That the report be noted.

41 MEMBER COMMUNICATIONS

Consideration was given to a report of the Assistant Director for Administration, which provided an update on the website redevelopment, pension surgeries and confirmation of updates to the Communications Policy and progress against the Communications and Engagement Strategy.

Members of the Board were advised that Clay10 Creative Ltd had been working with the GMPF team to deliver the website redevelopment project. The work had been focused on analysing feedback from the research carried out, defining a design concept, colour pallet, use of the GMPF logo and shape, navigation features, content menus and page displays.

The Board were informed that work had been progressing on writing the content for the areas: about us, pages for members, pages for employers, and pages for Pension Fund Panel and Local Board members.

It was reported that feedback had been received from pension surgeries held throughout various locations in Greater Manchester over the last quarter regarding their pension or their My Pension account. The feedback would be reported to the next meeting of the Administration and Finding Viability Working Group meeting.

RESOVLED

That the report be noted.

42 CYBER SECURITY

Consideration was given to a report of the Head of Pension Administration, which provided the Local Pensions Board with an update on The Pension Regulator (TPR) guidance on cyber security, provision of cyber security and the work being undertaken to develop a new cyber security policy.

The Assistant Director for Administration advised Members of the Board that GMPF had taken several steps designed to prevent the risk of a cyber-attack and to ensure that procedures were in place to aid with effective recovery should an incident to occur. The Fund adhered to all cyber security related policies put in place by Tameside MBC and GMPF officers undertake mandatory data protection and information security training courses. It was explained that GMPF had undertaken vulnerability testing exercise whereby an external computer auditor conducted vulnerability scans on Altair, and GMPF's internally hosted servers.

It was reported that GMPF were transitioning to a new IT infrastructure and would ensure that consideration is given to TPR guidance. The Assistant Director for Administration explained that the Fund were keen to ensure that TPR's recommendation for funds to have a fund specific cyber security policy is considered.

RESOLVED

That the report be noted.

43 ADMINISTRATION UPDATE

Consideration was given to a report of the Head of Pensions Administration, which provided Members of the Board with a summary on six key business plan items for the Administration section.

It was explained that the transition to monthly data collection had continued to progress well over the quarter. A total of 206 employers had now on boarded, leaving 267 employers still to transition before 31 March 2020.

Work on the promotion of the My Pension platform was continuing. An upgrade to the My Pension, functionality had been introduced that would allow GMPF to upload forms and documents to members accounts and allow members to download documents, complete them and return them to GMPF online.

The Enhanced Admin to Payroll module was successfully implemented in October 2019. The module had significantly reduced the amount of manual input needed when new retirements are put into payment and significantly reduced the risk of inputting errors.

Development of the GMPF websites had continued over the quarter. Work over the last two months had focussed on the design of the new website and the content it should hold.

Members of the Board heard that a review of the call centre software had begun with an initial look at alternative systems and their functionalities. Further investigation into these systems would continue.

The Assistant Director for Administration advised members that administration performance is good with target turnaround times being met for almost all areas of work. It was explained that there had been usual peaks in retirement requests for those members who retired at 31 August 2019 and 31 December 2019. This had impacted on the time taken to process retirement offers and KPI's in this area reflect this.

It was explained that as recommended by the Administration and Funding Viability Working Group and approved by the Management Group on the 17 January 2020, officers had been working with colleagues from other metropolitan pension funds to agree a set of targets and measurements to indicate if all statutory targets are being met. Work on this part of the project is aimed to be completed this quarter.

RESOLVED

That the report be noted.

44 URGENT ITEMS

There were no urgent items.

CHAIR

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Report To:	LOCAL PENSIONS BOARD
Date:	30 July 2020
Reporting Officer:	Sandra Stewart, Director of Pensions Paddy Dowdall Assistant Director (Local Investments and Property)
Subject:	GMPF STATEMENT OF ACCOUNTS AND ANNUAL REPORT 2019-2020
Report Summary	<p>GMPF Management Panel approved the recommendations in this report at its meeting on 17 July 2020. There are changes this year to the governance procedures for approval of GMPF Annual report and accounts due to the impact of the Covid 19 crisis. In addition to the operational challenges there have been concerns over the valuation of illiquid investments caused by acute public market volatility at the year-end date. The draft accounts are presented at this meeting and the audit process has started.</p>
Recommendations:	<p>Members are asked to note Management Panel's agreement to the following recommendations.</p> <ul style="list-style-type: none">(i) Note the governance arrangements for approval of GMPF accounts.(ii) Note the Audit Strategy Memorandum from Mazars(iii) Note the unaudited accounts(iv) Approve the Financial Report for later inclusion in Annual reports subject to any audit amendments(v) Approve the Draft Annual Report
Policy Implications:	None.
Financial Implications: (Authorised by the Section 151 Officer)	<p>As the administering authority, Tameside MBC has important responsibilities in relation to the Greater Manchester Pension Fund. As the largest fund in the Local Government Pension Scheme, the Fund also has significant resources it deploys to meet those responsibilities. This paper sets out where the responsibilities lie.</p> <p>The assumptions used for valuing assets will have an impact on the value of assets reported in the accounts. In most circumstances the impact is unlikely to be material.</p>
Legal Implications: (Authorised by the Solicitor to the Fund)	<p>The administering authority must produce an annual report and accounts in line with statutory provisions.</p>
Risk Management:	<p>GMPF's accounts are used to provide information to a variety of users and for a variety of purposes. The accuracy of the statements is critical in the determination of employer costs and there are clearly reputational issues relating to the validity of the accounts. The audit process provides reassurance on the integrity of the statements and mitigates against the possibility of</p>

material misstatement

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 – Local Investments and Property, tel 0161 301 7140, email paddy.dowdall@tameside.gov.uk.

1. INTRODUCTION

- 1.1 There are changes this year to the governance procedures for approval of GMPF Annual report and accounts due to the impact of the Covid 19 crisis. In addition to the operational challenges there have been concerns over the valuation of illiquid investments caused by acute public market volatility at the yearend date. The draft accounts are presented at this meeting and the audit process has started.
- 1.2 This report covers four sections:
- Governance Arrangements for the approval of the accounts;
 - Audit Strategy Memorandum
 - Simplified summary of the accounts for this year.
 - Annual Report including draft accounts

2. GOVERNANCE ARRANGEMENTS

- 2.1 The key decision making body for the Council is the Audit Panel which receives accounting policies reports and the report of the external auditor following the audit of the accounts, for both GMPF and the Council The Council retains overall responsibility for the accounts of both, and the follow-up on the audit reports received for both, but in practice delegates the responsibility for GMPF to GMPF.
- 2.2 The Management Panel approves the GMPF accounts and formal letters required by the external auditor. It also receives external audit reports.
- 2.3 The revised timetable for this year is as follows

Date	Body	Action
9 June 2020	Tameside Audit Panel	Audit Strategy Memorandum approved
17 July 2020	GMPF Management Panel	Approve Draft Accounts and Annual Report and Audit Memorandum
18 September 2020	GMPF Management Panel	Approve Audit Findings Report
November 2020	Tameside Audit Panel	Approval of GMPF Accounts as part of Tameside Accounts

3. AUDIT STRATEGY MEMORANDUM

- 3.1 This is attached for information as Appendix (a).

4. SIMPLIFIED ACCOUNTS SUMMARY

- 4.1 The table below shows the key financial movements during the financial year to 31 March 2020 taken from the accounts:

	<i>£m</i>	<i>£m</i>	<i>£m</i>
<i>Fund Value at 31 March 2019</i>			23,844
<i>Contributions and Benefits</i>			-265
<i>Employee contributions</i>	152		
<i>Employer contributions</i>	460		
<i>Pension benefits Paid</i>		(860)	
<i>Net Transfers</i>		(17)	
<i>Management Costs</i>			35
<i>Investment</i>		(27)	
<i>Administration</i>		(6)	
<i>Oversight</i>		(2)	
<i>Investments</i>			-1,509
<i>Income</i>	520		
<i>Change in market value of investments</i>		(2,029)	
<i>Total change in value of Fund</i>			(1,809)
<i>Fund Value 31 March 2020</i>			22,035

5. ANNUAL REPORT

5.1 The draft annual report is attached as appendix (b) In addition to this report as presented the following items require approval and or audit before inclusion:

- Accounts (Approval by Management Panel and Audit) Appendix (c)
- Financial Report (Approval by Management Panel and Audit Appendix (d)
- Northern LGPS Report (Approval by Northern LGPS Joint Committee)

6. RECOMMENDATIONS

6.1 As set out on the front of the report.

Audit Strategy Memorandum

Greater Manchester Pension Fund

Year ending 31 March 2020





CONTENTS

1. Engagement and responsibilities summary
2. Your audit engagement team
3. Audit scope, approach and timeline
4. Significant risks and key judgement areas
5. Fees for audit and other services
6. Our commitment to independence
7. Materiality and misstatements

Appendix A – Key communication points

Appendix B - Forthcoming accounting and other issues

This document is to be regarded as confidential to Greater Manchester Pension Fund. It has been prepared for the sole use of the Audit Panel as the appropriate sub-committee charged with governance . No responsibility is accepted to any other person in respect of the whole or part of its contents. Our written consent must first be obtained before this document, or any part of it, is disclosed to a third party.

Members of the Audit Panel
Tameside Metropolitan Borough Council
Dukinfield Town Hall
King Street
Dukinfield
SK16 4LA

4 March 2020

Dear Sirs / Madams

Audit Strategy Memorandum – Year ending 31 March 2020

We are pleased to present our Audit Strategy Memorandum for Greater Manchester Pension Fund for the year ending 31 March 2020

The purpose of this document is to summarise our audit approach, highlight significant audit risks and areas of key judgements and provide you with the details of our audit team. As it is a fundamental requirement that an auditor is, and is seen to be, independent of its clients, Section 6 of this document also summarises our considerations and conclusions on our independence as auditors.

We consider two-way communication with you to be key to a successful audit and important in:

- reaching a mutual understanding of the scope of the audit and the responsibilities of each of us;
- sharing information to assist each of us to fulfil our respective responsibilities;
- providing you with constructive observations arising from the audit process; and
- ensuring that we, as external auditors, gain an understanding of your attitude and views in respect of the internal and external operational, financial, compliance and other risks facing Greater Manchester Pension Fund which may affect the audit, including the likelihood of those risks materialising and how they are monitored and managed.

This document, which has been prepared following our initial planning discussions with management, is the basis for discussion of our audit approach, and any questions or input you may have on our approach or role as auditor.

This document also contains specific appendices that outline our key communications with you during the course of the audit, and forthcoming accounting issues and other issues that may be of interest.

Client service is extremely important to us and we strive to continuously provide technical excellence with the highest level of service quality, together with continuous improvement to exceed your expectations so, if you have any concerns or comments about this document or audit approach, please contact me on 07721 234043.

Yours faithfully

Karen Murray
Mazars LLP

1. ENGAGEMENT AND RESPONSIBILITIES SUMMARY

Overview of engagement

We are appointed to perform the external audit of Greater Manchester Pension Fund (the Fund) for the year to 31 March 2020. The scope of our engagement is set out in the Statement of Responsibilities of Auditors and Audited Bodies, issued by Public Sector Audit Appointments Ltd (PSAA) available from the PSAA website: <https://www.psaa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/>

Our responsibilities

Our responsibilities are principally derived from the Local Audit and Accountability Act 2014 (the 2014 Act) and the Code of Audit Practice issued by the National Audit Office (NAO), as outlined below:

Audit opinion

We are responsible for forming and expressing an opinion on the financial statements.

Our audit is planned and performed so to provide reasonable assurance that the financial statements are free from material error and give a true and fair view of the financial performance and position of the Fund for the year.

Consistency report

We are required to form and express an opinion on the consistency of the financial statements within the Fund's annual report and the Fund's financial statements included in the Statement of Accounts of Tameside Metropolitan Borough Council.

Electors' rights

The 2014 Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounting records of Tameside Metropolitan Borough Council and consider any objection made to the accounts. This would include an objection made to the accounts of the Fund included in the administering authority's financial statements. We also have a broad range of reporting responsibilities and powers that are unique to the audit of local authorities in the United Kingdom.


Our audit does not relieve management or those charged with governance, of their responsibilities. The responsibility for safeguarding assets and for the prevention and detection of fraud, error and non-compliance with law or regulations rests with both those charged with governance and management. In accordance with International Standards on Auditing (UK), we plan and perform our audit so as to obtain reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. However our audit should not be relied upon to identify all such misstatements.

As part of our audit procedures in relation to fraud we are required to enquire of those charged with governance as to their knowledge of instances of fraud, the risk of fraud and their views on management controls that mitigate the fraud risks.

The Fund is required to prepare its financial statements on a going concern basis by the Code of Practice on Local Authority Accounting. As auditors, we are required to consider the appropriateness of the use of the going concern assumption in the preparation of the financial statements and the adequacy of disclosures made.

For the purpose of our audit, we have identified the Audit Panel as those charged with governance.

2. YOUR AUDIT ENGAGEMENT TEAM



Engagement Lead

Karen Murray, Audit Partner

- karen.murray@mazars.co.uk
- 07721 234043



Engagement Manager

Ian Pinches, Audit Manager

- ian.pinches@mazars.co.uk
- 07909 977987



Engagement Senior

Matthew Coulthard, Audit Senior

- matthew.coulthard@mazars.co.uk
- [Engagement team leader tel. number]

In addition as outlined in our engagement pack an engagement quality control reviewer has been appointed for this engagement.

3. AUDIT SCOPE, APPROACH AND TIMELINE

Audit scope

Our audit is designed to provide an audit that complies with all professional requirements.

Our audit of the financial statements will be conducted in accordance with International Standards on Auditing (UK), relevant ethical and professional standards, our own audit approach and in accordance with the terms of our engagement. Our work is focused on those aspects of your business which we consider to have a higher risk of material misstatement, such as those affected by management judgement and estimation, application of new accounting standards, changes of accounting policy, changes to operations or areas which have been found to contain material errors in the past.

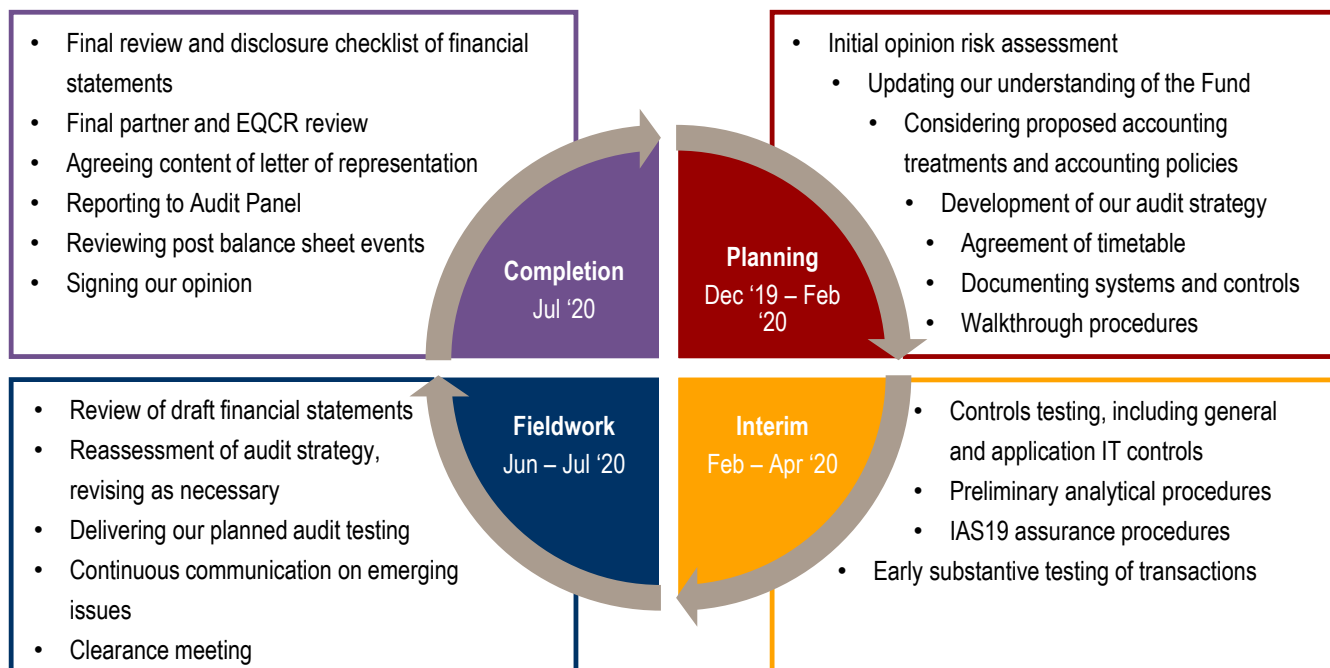
Audit approach

Our audit approach is a risk-based approach primarily driven by the risks we consider to result in a higher risk of material misstatement of the financial statements. Once we have completed our risk assessment, we develop our audit strategy and design audit procedures in response to this assessment.

If we conclude that appropriately-designed controls are in place then we may plan to test and rely upon these controls. If we decide controls are not appropriately designed, or we decide it would be more efficient to do so, we may take a wholly substantive approach to our audit testing. Substantive procedures are audit procedures designed to detect material misstatements at the assertion level and comprise tests of details (of classes of transactions, account balances, and disclosures) and substantive analytical procedures. Irrespective of the assessed risks of material misstatement, which take into account our evaluation of the operating effectiveness of controls, we are required to design and perform substantive procedures for each material class of transactions, account balance, and disclosure.

Our audit will be planned and performed so as to provide reasonable assurance that the financial statements are free from material misstatement and give a true and fair view. The concept of materiality and how we define a misstatement is explained in more detail in section 7.

The diagram below outlines the procedures we perform at the different stages of the audit.



3. AUDIT SCOPE, APPROACH AND TIMELINE (CONTINUED)

Reliance on internal audit

Where possible we will seek to utilise the work performed by internal audit to modify the nature, extent and timing of our audit procedures. We will meet with internal audit to discuss the progress and findings of their work prior to the commencement of our controls evaluation procedures.

Where we intend to rely on the work of internal audit, we will evaluate the work performed by your internal audit team and perform our own audit procedures to determine its adequacy for our audit.

Management’s and our experts

Management makes use of experts in specific areas when preparing the Fund’s financial statements. We also use experts to assist us to obtain sufficient appropriate audit evidence on specific items of account.

Items of account	Management’s expert	Our expert
Disclosure notes on funding arrangements and actuarial present value of promised retirement benefits	Hymans Robertson	NAO Consulting actuary: PWC
Valuation of unquoted investments not traded on active markets	Investment managers and Custodians	None considered necessary

Service organisations

International Auditing Standards (UK) define service organisations as third party organisations that provide services to the Fund that are part of its information systems relevant to financial reporting. We are required to obtain an understanding of the services provided by service organisations as well as evaluating the design and implementation of controls over those services. The table below summarises the service organisations used by the Fund and our planned audit approach.

Items of account	Service organisation	Audit approach
Unquoted investment valuations and related disclosures	Investment managers and relevant organisations that provide valuations of unquoted investments	Substantive procedures
Stock lending including information used for the stock lending disclosure note	Custodian	Substantive procedures

4. SIGNIFICANT RISKS AND KEY JUDGEMENT AREAS

Following the risk assessment approach discussed in section 3 of this document, we have identified relevant risks to the audit of financial statements. The risks that we identify are categorised as significant, enhanced or standard, as defined below:

Significant risk A significant risk is an identified and assessed risk of material misstatement that, in the auditor’s judgment, requires special audit consideration. For any significant risk, the auditor shall obtain an understanding of the entity’s controls, including control activities relevant to that risk.

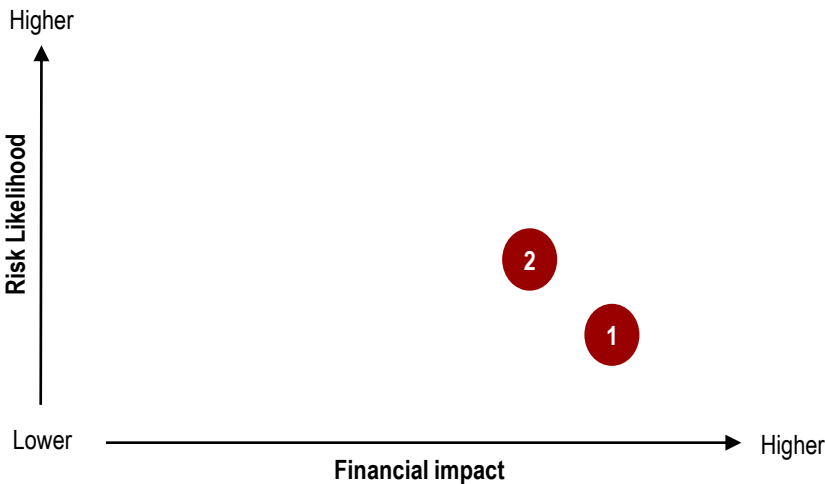
Enhanced risk An enhanced risk is an area of higher assessed risk of material misstatement at audit assertion level other than a significant risk. Enhanced risks incorporate but may not be limited to:

- key areas of management judgement, including accounting estimates which are material but are not considered to give rise to a significant risk of material misstatement; and
- other audit assertion risks arising from significant events or transactions that occurred during the period.

Standard risk This is related to relatively routine, non-complex transactions that tend to be subject to systematic processing and require little management judgement. Although it is considered that there is a risk of material misstatement, there are no elevated or special factors related to the nature, the likely magnitude of the potential misstatements or the likelihood of the risk occurring.

The summary risk assessment, illustrated in the table below, highlights those risks which we deem to be significant. We have summarised our audit response to these risks on the next page.

- 1. Management Override of Controls
- 2. Valuation of unquoted investments



4. SIGNIFICANT RISKS AND KEY JUDGEMENT AREAS (CONTINUED)

We provide more detail on the identified risks and our testing approach with respect to significant risks in the table below. An audit is a dynamic process, should we change our view of risk or approach to address the identified risks during the course of our audit, we will report this to the Audit Panel.

Significant risks

	Description of risk	Planned response
1	Management override of controls Management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur there is a risk of material misstatement due to fraud on all audits.	We plan to address the management override of controls risk through performing audit work over accounting estimates, journal entries and significant transactions outside the normal course of business or otherwise unusual.
2	Valuation of unquoted investments for which a market price is not readily available As at 31 March 2019 the fair value of investments which were not quoted on an active market was £4.8bn, which accounted for approximately 20.3 per cent of net investment assets. The values included in the accounts are based on Net Asset Value or capital statements. This results in an increased risk of material misstatement.	We plan to address this risk by completing the following additional procedures: <ul style="list-style-type: none"> • agree the valuation to supporting documentation including investment manager valuation statements and cash flows for any adjustments made to the investment manager valuation; • agree the investment manager valuation to audited accounts or other independent supporting documentation, where available; • where audited accounts are available, check that they are supported by a clear opinion; and • where available, review independent control assurance reports to identify any exceptions that could present a risk of material misstatement in the Fund's financial statements.

Revenue recognition

We have considered the presumed risk under ISA (UK) 240 in relation to revenue recognition, and have determined that there is little incentive or opportunity to manipulate revenue at the Fund. We therefore rebut this risk and do not incorporate specific risk procedures over and above our standard fraud procedures to address the management override of controls risk.

Key areas of management judgement

Key areas of management judgement include accounting estimates which are material but are not considered to give rise to a significant risk of material misstatement. We have not identified any such judgements.

5. FEES FOR AUDIT AND OTHER SERVICES

Fees for work as the Fund's appointed auditor

The scale fee set by PSAA as communicated in our fee letter of 23 April 2019 is £43,383. At this stage we are planning to charge an addition £3,000 for additional work we will have to undertake as part of our audit tour audit of the 2019/20 financial statements. in relation to the triennial valuation as at 31 March 2019.

Service	2018/19 fee	2019/20 fee*
Code audit work for the financial statements	43,383	46,383

* Subject to confirmation by PSAA

Fees for pension assurance

The fee for Code audit work does not include fees chargeable to the Fund for pension assurance work undertaken at the request of employer auditors for the year ended 31 March 2020. The total fees chargeable for this assurance is estimated at £26,000 .It is expected that the Fund will recharge these fees to the relevant employers. This approach is in line with the PSAA Terms of Appointment, and the expectation within NAO's AGN01 General Guidance Supporting Local Audit.

Fees for non-PSAA work

At this stage we have not been separately engaged by the Fund to carry out additional work.

6. OUR COMMITMENT TO INDEPENDENCE

We are committed to independence and are required by the Financial Reporting Council to confirm to you at least annually, in writing, that we comply with the Financial Reporting Council's Ethical Standard. In addition, we communicate any matters or relationship which we believe may have a bearing on our independence or the objectivity of the audit team.

Based on the information provided by you and our own internal procedures to safeguard our independence as auditors, we confirm that in our professional judgement there are no relationships between us and any of our related or subsidiary entities, and you and your related entities creating any unacceptable threats to our independence within the regulatory or professional requirements governing us as your auditors.

We have policies and procedures in place which are designed to ensure that we carry out our work with integrity, objectivity and independence. These policies include:

- all partners and staff are required to complete an annual independence declaration;
- all new partners and staff are required to complete an independence confirmation and also complete computer-based ethics training;
- rotation policies covering audit engagement partners and other key members of the audit team;
- use by managers and partners of our client and engagement acceptance system which requires all non-audit services to be approved in advance by the audit engagement partner.

We confirm, as at the date of this document, that the engagement team and others in the firm as appropriate, and Mazars LLP are independent and comply with relevant ethical requirements. However, if at any time you have concerns or questions about our integrity, objectivity or independence please discuss these with Karen Murray in the first instance.

Prior to the provision of any non-audit services Karen will undertake appropriate procedures to consider and fully assess the impact that providing the service may have on our auditor independence. Included in this assessment is consideration of Auditor Guidance Note 01 as issued by the NAO, and the PSAA Terms of Appointment.

No threats to our independence have been identified.

Any emerging independence threats and associated identified safeguards will be communicated in our Audit Completion Report.

7. MATERIALITY AND MISSTATEMENTS

Summary of initial materiality thresholds

Threshold	Initial threshold (£m)
Overall materiality	238
Performance materiality	191
Specific materiality applicable to the Fund Account	80
Performance materiality applicable to the Fund Account	64
Trivial threshold for errors to be reported to the Audit Panel	7

Materiality

Materiality is an expression of the relative significance or importance of a particular matter in the context of financial statements as a whole. Misstatements in financial statements are considered to be material if they, individually or in aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Judgements on materiality are made in light of surrounding circumstances and are affected by the size and nature of a misstatement, or a combination of both. Judgements about materiality are based on consideration of the common financial information needs of users as a group and not on specific individual users.

The assessment of what is material is a matter of professional judgement and is affected by our perception of the financial information needs of the users of the financial statements. In making our assessment we assume that users:

- have a reasonable knowledge of business, economic activities and accounts;
- have a willingness to study the information in the financial statements with reasonable diligence;
- understand that financial statements are prepared, presented and audited to levels of materiality;
- recognise the uncertainties inherent in the measurement of amounts based on the use of estimates, judgement and the consideration of future events; and
- will make reasonable economic decisions on the basis of the information in the financial statements.

We consider materiality whilst planning and performing our audit based on quantitative and qualitative factors.

Whilst planning, we make judgements about the size of misstatements which we consider to be material and which provides a basis for determining the nature, timing and extent of risk assessment procedures, identifying and assessing the risk of material misstatement and determining the nature, timing and extent of further audit procedures.

The materiality determined at the planning stage does not necessarily establish an amount below which uncorrected misstatements, either individually or in aggregate, will be considered as immaterial.

We revise materiality for the financial statements as our audit progresses should we become aware of information that would have caused us to determine a different amount had we been aware of that information at the planning stage.

Our provisional materiality is set based on a benchmark of net assets. We will identify a figure for materiality but identify separate levels for procedures designed to detect individual errors, and also a level above which all identified errors will be reported to the Audit Panel.

7. MATERIALITY AND MISSTATEMENTS (CONTINUED)

We consider that net assets remains the key focus of users of the financial statements and, as such, we base our materiality levels around this benchmark.

We expect to set a materiality threshold at 1% of net assets.

Based on the reported net assets of the Fund as at 31 March 2019 we anticipate the overall materiality for the year ending 31st March 2020 to be in the region of £238m (£225m in the prior year).

After setting initial materiality, we continue to monitor materiality throughout the audit to ensure that it is set at an appropriate level.

Performance Materiality

Performance materiality is the amount or amounts set by the auditor at less than materiality for the financial statements as a whole to reduce, to an appropriately low level, the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole. Our initial assessment of performance materiality is based on low inherent risk, meaning that we have applied 80% of overall materiality as performance materiality.

Misstatements

We aggregate misstatements identified during the audit that are other than clearly trivial. We set a level of triviality for individual errors identified (a reporting threshold) for reporting to the Audit Panel that is consistent with the level of triviality that we consider would not need to be accumulated because we expect that the accumulation of such amounts would not have a material effect on the financial statements. Based on our preliminary assessment of overall materiality, our proposed triviality threshold is £7m based on 3% of overall materiality. If you have any queries about this please do not hesitate to raise these with Karen Murray.

Reporting to the Audit Panel

To comply with International Standards on Auditing (UK), the following three types of audit differences will be presented to the Audit Panel:

- summary of adjusted audit differences;
- summary of unadjusted audit differences; and
- summary of disclosure differences (adjusted and unadjusted).

APPENDIX A – KEY COMMUNICATION POINTS

ISA (UK) 260 'Communication with Those Charged with Governance', ISA (UK) 265 'Communicating Deficiencies In Internal Control To Those Charged With Governance And Management' and other ISAs (UK) specifically require us to communicate the following:

Required communication	Audit Strategy Memorandum	Audit Completion Report
Our responsibilities in relation to the audit of the financial statements and our wider responsibilities	✓	
Planned scope and timing of the audit	✓	
Significant audit risks and areas of management judgement	✓	
Our commitment to independence	✓	✓
Responsibilities for preventing and detecting errors	✓	
Materiality and misstatements	✓	✓
Fees for audit and other services	✓	
Significant deficiencies in internal control		✓
Significant findings from the audit		✓
Significant matters discussed with management		✓
Our conclusions on the significant audit risks and areas of management judgement		✓
Summary of misstatements		✓
Management representation letter		✓
Our proposed draft audit report		✓

APPENDIX B – FORTHCOMING ACCOUNTING AND OTHER ISSUES

Financial reporting changes relevant to 2019/20

There are no significant changes in the Code of Practice on Local Authority Accounting for the 2019/20 financial year.

Financial reporting changes in future years

Accounting standard	Year of application	Commentary
IFRS 16 – Leases	2020/21	<p>The CIPFA/LASAAC Code Board has determined that the Code of Practice on Local Authority Accounting will adopt the principles of IFRS 16 Leases, for the first time from 2020/21.</p> <p>IFRS 16 will replace the existing leasing standard, IAS 17, and will introduce significant changes to the way bodies account for leases, which will have substantial implications for the majority of public sector bodies.</p> <p>The most significant changes will be in respect of lessee accounting (i.e. where a body leases property or equipment from another entity). The existing distinction between operating and finance leases will be removed and instead, the new standard will require a right of use asset and an associated lease liability to be recognised on the lessee’s Balance Sheet.</p> <p>Although the number of leases the Fund is party to is expected to be low, it is important that work is undertaken to identify and assess all leases, particularly any implicit within a service contract.</p>

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Greater Manchester Pension Fund Statement of Accounts 2019/20

******* DRAFT UNAUDITED *******

(Full Report)

Fund Account for the Year Ended 31 March 2020			
31 March 2019 £000		Note	31 March 2020 £000
	<u>Contributions and benefits</u>		
(145,922)	Contributions from employees	5	(152,068)
(447,440)	Contributions from employers	5	(460,162)
(593,362)			(612,230)
(313,591)	Transfers in (bulk)		0
(24,031)	Transfers in (individual)		(25,694)
(930,984)			(637,924)
803,614	Benefits payable	6	860,202
42,967	Payments to and on account of leavers	7	42,351
32,505	Management expenses	8	34,769
879,086			937,322
	<u>Returns on investments</u>		
(436,702)	Investment income	9	(523,638)
(868,166)	Increase in fair value of investments	11	2,029,030
5,192	Taxation	10	3,973
4,496	Loss on foreign currency		56
(1,295,180)	Net profit on investments		1,509,421
(1,347,078)	Net (increase)/decrease in the Fund during the year		1,808,819
(22,496,545)	Net assets of the Fund at start of year		(23,843,623)
(23,843,623)	Net assets of the Fund at end of year		(22,034,804)

Net Assets Statement at 31 March 2020

31 March 2019 £000		Note	31 March 2020 £000
3,611,360	UK equities		2,832,381
3,577,832	Overseas equities		4,996,751
1,003,365	Bonds	11	1,433,695
369,914	Overseas index linked government bonds		416,356
881,991	Investment property	11	835,885
0	Derivative contracts	11	13,975
13,453,499	Pooled investment vehicles	11	10,783,943
755,437	Cash and deposits	11	484,347
212,544	Other investment assets	11	186,718
23,865,942	Investment assets		21,984,051
0	Derivative contract liabilities	11	(1,354)
(73,279)	Other investment liabilities	11	(6,219)
(73,279)	Investment liabilities		(7,573)
73,556	Current assets	11	78,517
(22,596)	Current liabilities	11	(20,206)
50,960	Net current assets		58,311
23,843,623	Net assets of Fund		22,034,789

Notes to Greater Manchester Pension Fund

1. Notes to the Accounts

From 1 April 2010 GMPF was required to prepare its financial statements under International Financial Reporting Standards (IFRS). The financial statements have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 based on IFRS, published by the Chartered Institute of Public Finance and Accountancy (CIPFA). This requires that GMPF accounts should be prepared in accordance with International Accounting Standard (IAS) 26, except where interpretations or adaptations to fit the public sector are detailed in the Code. The financial statements summarise the transactions of GMPF and deal with net assets at the disposal of the Management Panel. They do not take account of obligations to pay pensions and benefits which fall due after the end of the GMPF financial year. Under IFRS, GMPF is required to disclose the actuarial present value of promised retirement benefits. This is disclosed as a separate note (Note 25). The full actuarial position of GMPF which does take account of pension and benefit obligations falling due after the year end is outlined in Note 22. These financial statements should be read in conjunction with that information.

1b. The Management and Membership of the Greater Manchester Pension Fund

Tameside MBC is the statutory Administering Authority for the Greater Manchester Pension Fund (GMPF). The administration and investment performance of GMPF is considered and reviewed every quarter by the Management Panel, which consists of 21 elected Members (12 from Tameside MBC, being the Administering Authority, and nine from other Greater Manchester local authorities) and a representative from the Ministry of Justice.

The Management Panel is advised in all areas by the Advisory Panel. Each of the ten Greater Manchester local authorities and the Ministry of Justice are represented on the Advisory Panel and there are six employee representatives nominated by the North West TUC. There are also four External Advisors who assist the Advisory Panel, in particular, regarding investment related issues.

As a result of the Public Service Pensions Act 2013 and subsequent Local Government Pension Scheme Regulations, each public sector pension fund has been required to establish a Local Pension Board from 1 April 2015.

The GMPF Local Pensions Board is not a decision-making body. However, it is required to assist the Administering Authority in complying with regulations and ensuring that appropriate governance is in place.

GMPF also currently has four Working Groups, which consider particular areas of its activities and make recommendations to the Management Panel. Governance arrangements for GMPF are continually under review. The Working Groups in operation in 2019/20 covered:

- Investment Monitoring and Environment, Social and Governance
- Pensions Administration, Employer Funding and Viability
- Policy and Development

There are three Officers to GMPF:

- Director of Governance & Pensions – administrator of GMPF and link for Panel Members, advisors and investment managers between meetings
- Chief Executive and Director of Governance & Pensions (Solicitor and statutory monitoring officer) – jointly responsible for the provision of legal and secretarial services to the Management and Advisory Panels
- Director of Finance – responsible for preparation of Administering Authority's accounts, which includes GMPF's Statement of Accounts

GMPF's investment strategy is implemented by management arrangements, which include:

- one external investment manager that manage multi asset briefs
- two external managers with a global equity brief
- one external manager with a global credit brief
- two external managers with a direct and indirect UK property brief, i.e. one discretionary UK and one advisory local
- Internal management of cash, private equity, infrastructure, generalist pooled property funds, local and other unquoted investments

GMPF subscribes to an industry performance measurement service run by Portfolio Evaluation Ltd in order to analyse/benchmark GMPF's performance relative to market returns and relevant industry comparators. In addition to this, GMPF also subscribes to the Local Authority Pension Performance Analytics Service supplied by Pensions Investment Research Consultants Ltd (PIRC) to enable assessment of its performance relative to all other funds that operate under the same regulations.

GMPF is a pension fund which administers the statutory Local Government Pension Scheme (LGPS), set up to provide death and retirement benefits for local government employees other than teachers, fire fighters and police officers for whom separate arrangements exist. In addition, other qualifying bodies, which provide similar services to that of local authorities, have been admitted to GMPF.

GMPF operates a career average scheme whereby as each year goes by members build up a set portion of pay as a pension. It is funded by contributions from employees, which are set out in regulations, and variable contributions from employers, which take account of the relationship of assets held to liabilities accrued (see Actuarial Review of GMPF – Note 22). The benefits of the Scheme are prescribed nationally by Regulations made under the Public Service Pension Schemes Act 2013.

The membership of GMPF as at 31 March 2020 and the preceding year is shown below:

31 March 2019		31 March 2020
111,520	Contributors	112,274
128,704	Pensioners	132,068
135,799	Deferred Members *	140,153
376,023	Total Membership	384,495

** Includes former contributors who have retained a right to a refund of contributions or a transfer of pension benefits to another scheme.*

The contributions received from GMPF employers can be found in Note 20. Further information is published in the Greater Manchester Pension Fund Annual Report 2019/20 and Funding Strategy Statement (FSS). The FSS is available from www.gmpf.org.uk and the Annual Report will be published on the website following the completion of the external audit of GMPF's 2019/20 Statement of Accounts.

2. Accounting Policies

Basis of preparation: The accounts have been prepared on an accruals basis. That is, income and expenditure is recognised as it is earned or incurred including contributions receivable and pension benefits payable. The exception is that individual and bulk transfers, due to uncertainty over final settlement and timing of payments, are recognised on a received or paid basis.

Financial assets and liabilities: On initial recognition, GMPF is required to classify financial assets and liabilities into amortised cost, fair value through profit and loss, fair value through other comprehensive income investments. Financial assets may be classified as at fair value through profit and loss only if such classification eliminates or significantly reduces a measurement or recognition of inconsistency.

Contribution income: Normal contributions, both from the members and from the employer, are accounted for on an accruals basis at the percentage rate recommended by the fund actuary in the payroll period to which they relate. Employer funding contributions are accounted for on the due dates on which they are payable under the schedule of contributions set by the scheme actuary or on receipt if earlier than the due date.

Employers' augmentation contributions and pensions strain contributions are accounted for in the period in which the liability arises. Any amount due in year but unpaid will be classed as a current financial asset. Amounts not due until future years are classed as long-term financial assets

Additional Voluntary Contributions (AVC): GMPF provides an AVC scheme for its contributors, the assets of which are invested separately from GMPF. These AVC sums are not included in GMPF's financial statements because GMPF has no involvement in the management of these assets. Members participating in this arrangement each receive an annual statement confirming the amount held in their account and the movements in the year. Further details are provided in Note 24.

Additional Voluntary Contributions Income: Where a member is able and chooses to use their AVC fund to buy scheme benefits, this is treated on a cash basis and is categorised within Transfers In.

Investment Income: Interest, property rent and dividends on fixed interest and equity investments and on short-term deposits has been accounted for on an accruals basis.

Accrued Investment Income: Accrued investment income has been categorised within investments in accordance with the appropriate Pensions Statement of Recommended Practice (SORP).

Foreign Income: Foreign income is translated into sterling at the rate applicable at the date of conversion. Income due at the year-end is translated at the rate applicable at 31 March 2020.

Foreign Investments: Foreign investments are translated at the exchange rate applicable at 1 March 2020. Any gains or losses arising on translation of investments into sterling are accounted for as a change in market value of investment.

Rental income: Rental income from operating leases on investment properties owned by GMPF is recognised on a straight-line basis over the term of the lease. Any lease incentives granted are recognised as an integral part of the total rental income over the term of the lease. Contingent rents are only recognised when contractually due.

Benefits: Benefits includes all benefit claims payable by GMPF during the financial year.

Investment Values: All financial assets are valued at their fair value as at 31 March 2020 determined as follows:

At 31 March 2020	Valuation basis/technique	Main assumptions
Equities and bonds	Pricing from market data providers based on observable bid price quotations.	Use of pricing source. There are minor variations in the price dependent upon the pricing feed
Direct investment property	Independent valuations for freehold and leasehold investment properties at fair value; the main investment property portfolio has been valued by Colliers International Valuation UK LLP, Chartered Surveyors, as at 31 March 2020. The Greater Manchester Property Venture Fund portfolio has been valued as at 31 March 2020 by Avison Young. In both cases valuations have been in accordance with Royal Institute of Chartered Surveyors (RICS) Red Book.	Investment properties have been valued on the basis of open market value (the estimated amounts for which a property should exchange between a willing buyer and seller) and market rent (the expected benefits from holding the asset) in accordance with the RICS Appraisal and Valuation Manual. The values are estimates and may not reflect the actual values. See caveat below *
Indirect property (part of Pooled Investment Vehicles)	Independent valuations for freehold and leasehold properties less any debt within the individual property fund plus/minus other net assets.	Freehold and leasehold properties valued on an open market basis. Valuation carried out in accordance with the principles laid down by the RICS Appraisal and Valuation Manual and independent audit review of the net assets within the individual property fund.
Cash and other net assets	Value of deposit or value of transaction.	Cash and account balances are short-term, highly liquid and subject to minimal changes in value.

* Valuations were caveated with the following:

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. Market activity is being impacted in many sectors. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes to inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement. Our valuation(s) is / are therefore reported on the basis of "material valuation uncertainty" as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution - should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of the properties in this portfolio, under frequent review.

At 31 March 2020	Valuation basis/technique	Main assumptions
Derivatives	<p>Derivative contracts are valued at fair value.</p> <p>Futures contracts' fair value is determined using exchange prices at the reporting date. The fair value is the unrealised profit or loss at the current bid market quoted price.</p> <p>The amounts included in change in market value are the realised gains and losses on closed futures contracts and the unrealised gains and losses on open futures contracts.</p> <p>The fair value of the forward currency contracts is based on market forward exchange rates at the year-end date and determined as the gain or loss that would arise if the outstanding contract was matched at the year end with an equal and opposite contract.</p>	
Private equity, infrastructure and special opportunities portfolios	<p>The funds are valued either in accordance with Accounting Standards Codification 820 or with International Financial Reporting Standards (IFRS). The valuation basis, determined by the relevant fund manager, may be any of quoted market prices, broker or dealer quotations, transaction price, third party transaction price, industry multiples and public comparables, transactions in similar instruments, discounted cash flow techniques, third party independent appraisals or pricing models. The valuation of these assets can take up to six months to come through. GMPF practice when closing accounts is to use the latest available valuation and adjust for cashflows. For this year, given the uncertainty over valuations, the cut off for receipt of valuations was left as late as possible. Whilst up to 20% of valuations may not be a 31 March valuation from an external source, the ultimate effect is not estimated to be material by management.</p>	<p>In reaching the determination of fair value, the investment managers consider many factors including changes in interest rates and credit spreads, the operating cash flows and financial performance of the investments relative to budgets, trends within sectors and/or regions, underlying business models, expected exit timing and strategy and any specific rights or terms associated with the investment, such as conversion features and liquidation preferences. The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expense. The estimates and assumptions are reviewed on an on-going basis.</p>

Financial instruments at fair value through the profit and loss: Financial assets and liabilities are stated at fair value as per the Net Assets Statement, which is prepared in accordance with the Pensions SORP, requiring assets and liabilities to be reported on a fair value basis. Gains and losses on financial instruments that are classified as at fair value through the profit and loss are recognised in the Fund account as they arise. The carrying values are therefore the same as fair values.

Loans and receivables: Non-derivative financial assets which have fixed or determinable payments and are not quoted in an active market are classified as loans and receivables.

Cash and cash equivalents: Cash comprises of cash in hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to minimal risk of changes in values.

Acquisition costs of investments: Acquisition costs of non-equity investments are included in the purchase price.

Management Expenses: Investment management expenses paid directly by GMPF are included within Management Expenses within the Fund account on page XXX. These costs together with other management costs are met from within the employer contribution rate. Certain of GMPF's external securities managers have contracts which include performance fees in addition to the annual management fees. The performance fees are based upon one off, non-rolling, 3 yearly calculations. It is GMPF policy to accrue for any performance fees which are considered to be potentially payable.

In addition, certain investments in pooled vehicles, predominantly in private markets, alternatives and property have investment costs deducted directly by the investment managers. These costs are not charged directly to the Fund account nor analysed in Note 8. They are included in the fair value adjustments applied to assets concerned within the Fund account and corresponding notes. The performance of these investments is reported on a net basis. In line with CIPFA recommendations on improving disclosure of investment costs, Note 11a includes an estimate of these costs for this financial year and previous financial year. Administration Expenses are included within Management Expenses within the Fund account. These costs are accounted for on an accruals basis. The costs of administration are met by employers through their employer contribution rate. All staff costs of the administering authority's pension service are charged direct to GMPF.

Net (Profit)/Loss on Foreign Currency: Net (profit)/loss on foreign currency comprise the change in value of short-term deposits due to exchange rate movements during the year.

Actuarial present value of promised retirement benefits: The actuarial present value of promised retirement benefits is assessed on an annual basis by the Actuary in accordance with the requirements of IAS19 and relevant actuarial standards. As permitted under IAS26, GMPF has opted to disclose the actuarial present value of promised retirement benefits by way of a Note to the Net Asset Statement (see Note 25).

Derivatives: GMPF uses derivative financial instruments to manage its exposure to specific risks arising from its investment activities. GMPF does not hold derivatives for speculative purposes. Derivative contract assets are fair valued at bid prices and liabilities are fair valued at offer prices. Changes in fair value of derivative contracts are included in change in fair value. Future contracts are exchange traded and fair value is determined using exchange prices at their reporting date. Amounts due or owed to the broker are amounts outstanding in respect of initial margin and variation margin. Forward foreign exchange contracts are over the counter contracts and are valued by determining the gain or loss that would arise from closing out the contract at the reporting date, by entering into an equal and opposite contract at that date.

Transfers: Transfer values represent amounts received and paid during the period for individual members who have either joined or left GMPF during the financial year and are calculated in accordance with Local Government Pension Scheme Regulations.

Individual transfers in/out are accounted for when received/paid, which is normally when the member liability is accepted or discharged. This reflects when liabilities are transferred and received. Transfers in from members wishing to use the proceeds of their additional voluntary contributions to purchase scheme benefits are accounted for on a receipts basis and are included in transfers in. Bulk (group) transfers are accounted for on an accruals basis.

Taxation: GMPF is a registered public service scheme under section 1(1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin, unless exemption is permitted. Irrecoverable tax is accounted for as a fund expense as it arises.

2a. Critical judgements in applying accounting policies

In applying the policies, GMPF has had to make certain judgements about complex transactions, or those involving uncertainty. Those with most significant effect are:

- GMPF will continue in operational existence for the foreseeable future as a going concern
- No investments are impaired (further detail on the investment strategy and approach to managing risk can be found in Note 4)

Any judgements made in relation to specific assets and liabilities, in addition to information stated in the relevant notes, can also be found in Note 2: Accounting Policies.

Compliance with IFRS requires the assumptions and uncertainties contained within figures in the accounts and the use of estimates to be explained. GMPF accounts contain estimated figures, taking into account historical experience, current trends and other relevant factors, as detailed below:

Unquoted equity, infrastructure and special opportunities investments

Unquoted equities are valued by the investment managers in accordance with Accounting Standards Codification 820 or with International Financial Reporting Standards (IFRS). The value of unquoted equities, infrastructure and special opportunities held via investment in specialist pooled investment vehicles at 31 March 2020 was £2,942,866,000 (£2,160,177,000 at 31 March 2019).

The valuation of these assets can take up to six months to come through. GMPF practice when closing accounts is to use the latest available valuation and adjust for cashflows. For this year, given the uncertainty over valuations, the cut off for receipt of valuations was left as late as possible. Whilst up to 20% of valuations may not be a 31 March valuation from an external source, the ultimate effect is not estimated to be material by management.

Pension Fund Liability

The present value of GMPF's liabilities is calculated every three years by an appointed actuary. For the purpose of reporting the actuarial present value of promised retirement benefits, this liability value is updated annually in intervening years by the Actuary. The methodology used is in line with accepted guidelines and in accordance with IAS 19. Assumptions underpinning the valuations are agreed with the Actuary and are summarised in Note 25. This estimate is subject to significant variances based on change to the underlying assumptions.

3. Classification of Financial Instruments

Accounting policies describe how different asset classes of financial instruments are measured and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the carrying amounts of financial assets and liabilities by category and net assets statement heading. No financial assets were reclassified during the accounting period.

	At 31 March 2020		
	Designated as fair value through profit and loss £000	Loans and receivables £000	Financial liabilities at amortised cost £000
Financial assets:			
Equities	7,829,132	0	0
Bonds	1,433,695	0	0
Index linked	416,356	0	0
Derivatives	13,975	0	0
Pooled investment vehicles	10,783,943	0	0
Cash	0	484,347	0
Other investment assets	0	186,718	0
Current assets	0	78,517	0
	20,477,101	749,582	0
Financial liabilities:			
Derivatives	0	0	(1,354)
Other investment liabilities	0	0	(6,219)
Current liabilities	0	0	(20,206)
	0	0	(27,779)
Total	20,477,101	749,582	(27,779)

	At 31 March 2019		
	Designated as fair value through profit and loss £000	Loans and receivables £000	Financial liabilities at amortised cost £000
Financial assets:			
Equities	7,189,192	0	0
Bonds	1,003,365	0	0
Index linked	369,914	0	0
Derivatives	0	0	0
Pooled investment vehicles	13,453,499	0	0
Cash	0	755,437	0
Other investment assets	0	212,544	0
Current assets	0	73,556	0
	22,015,970	1,041,537	0
Financial liabilities:			
Derivatives	0	0	0
Other investment liabilities	0	0	(73,279)
Current liabilities	0	0	(22,596)
	0	0	(95,875)
Total	22,015,970	1,041,537	(95,875)

Note: the above tables do not include investment property.

Net Gains and Losses on Financial Instruments

All gains and losses on financial instruments were at fair value through the profit and loss. The net loss for the year ending 31 March 2020 was £1,947,000 (£849,767,000 net profit as at 31 March 2019).

3a. Valuation of assets carried at fair value

The table below provides an analysis of the assets and liabilities of GMPF that are carried at fair value in the GMPF Net Asset Statement grouped into levels 1 to 3 based on the degree to which fair value is observable. Further details of the values shown can be found in Note 11.

	At 31 March 2020			
	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Financial assets:				
Equities	7,829,132	0	0	7,829,132
Fixed interest	0	1,433,695	0	1,433,695
Index linked	0	416,356	0	416,356
Derivatives	0	13,975	0	13,975
Pooled investment vehicles	0	5,997,916	4,786,027	10,783,943
Non-financial assets (at fair value through profit & loss):				
Directly held investment property	0	0	835,885	835,885
Total	7,829,132	7,861,942	5,621,912	21,312,986
	At 31 March 2019			
	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Financial assets:				
Equities	7,189,192	0	0	7,189,192
Fixed interest	0	1,003,365	0	1,003,365
Index linked	0	369,914	0	369,914
Derivatives	0	0	0	0
Pooled investment vehicles	0	9,496,019	3,957,480	13,453,499
Non-financial assets (at fair value through profit & loss):				
Directly held investment property	0	0	881,991	881,991
Total	7,189,192	10,869,298	4,839,471	22,897,961

The valuation of assets has been classified into three levels according to the quality and reliability of information used to determine the fair values.

Level 1

Inputs to Level 1 are quoted prices on the asset being valued in an active market where there is sufficient transaction activity to allow pricing information to be provided on an ongoing basis. Financial instruments classified as Level 1 predominantly comprise actively traded shares.

Level 2

Level 2 prices are those other than Level 1 that are observable e.g. composite prices for fixed income instruments and fund net asset value prices. This is considered to be the most common level for all asset classes other than equities.

Level 3

Level 3 prices are those where at least one input, which could have a significant effect on the instrument's valuation, is not based on observable market data. Such instruments would include the GMPF private equity and infrastructure investments which are valued using various valuation techniques that require significant management judgement in determining appropriate assumptions, including earnings multiples, public market comparables and estimated future cash flows.

The valuation techniques used by GMPF are detailed in Note 2.

A reconciliation of fair value measurements in Level 3 is set out below:

31 March 2019		31 March 2020
£000		£000
3,692,987	Opening balance	4,839,471
1,200,046	Acquisitions	1,134,685
(382,477)	Disposal proceeds / Return of capital	(470,917)
0	Transfer in of Level 3	0
	Total gains/losses included in the Fund account:	
86,992	- on assets sold	173,172
241,923	- on assets held at year end	(54,498)
4,839,471	Closing balance	5,621,912

GMPF has cash, other investment assets and liabilities. No valuation technique is required in relation to these investments and therefore assignment to a level is not applicable.

4. Financial risk management

The Management Panel of GMPF recognises that risk is inherent in any investment activity. GMPF has an active risk management programme in place and the measures, which it uses to control key risks are set out in its Funding Strategy Statement (FSS).

The FSS is prepared in collaboration with GMPF's Actuary, Hymans Robertson LLP, and after consultation with GMPF's employers and investment advisors.

The FSS is reviewed in detail at least every 3 years in line with triennial valuations being carried out. A full review was completed by 31 January 2020.

GMPF's approach to investment risk measurement and its management is set out in its Investment Strategy Statement (ISS). The overall approach is to reduce risk to a minimum where it is possible to do so without compromising returns (e.g. in operational matters), and to limit risk to prudently acceptable levels otherwise (e.g. in investment matters).

The means by which GMPF minimises operational risk and constrains investment risk is set out in further detail in its ISS (available at www.gmpf.org.uk).

Some risks lend themselves to being measured (e.g. using such concepts as 'Active Risk' and such techniques as 'Asset Liability Modelling') and where this is the case, GMPF employs the relevant approach to measurement. GMPF reviews new approaches to measurement as these continue to be developed.

GMPF's exposures to risks and its objectives, policies and processes for managing and measuring the risks have not changed throughout the course of the year.

Market risk

Market risk is the level of volatility in returns on investments caused by changes in market expectations, interest rates, credit spreads, foreign exchange rates and other factors.

This is calculated as the standard deviation of predicted outcomes. GMPF is exposed to market risk through its portfolio being invested in a variety of asset classes.

GMPF seeks to limit its exposure to market risk by diversifying its portfolio as explained within its ISS and by restricting the freedom of its fund managers to deviate from benchmark allocations. The asset allocation has been made with regard to the balance between expected returns and expected volatility of asset classes and using advice from GMPF's investment advisor, Hymans Robertson LLP.

The table below shows the expected market risk exposure or predicted volatilities of GMPF's investments:

	Potential Market Movements (+/-)	
	31 March 2019 p.a.	31 March 2020 p.a.
Asset Type		
UK equities	16.6%	27.5%
Overseas equities	16.9%	28.0%
Fixed interest - gilts	9.7%	7.6%
Index linked gilts	7.2%	7.4%
Corporate bonds	10.1%	9.8%
High yield debt	7.3%	8.7%
Investment property	14.3%	14.2%
Private equity	28.3%	28.4%
Infrastructure	16.0%	15.6%
Cash and other liquid funds	0.5%	0.3%
GMPF	10.4%	15.2%

The volatilities for each asset class and correlations used to create the total GMPF volatility have been estimated using standard deviations of 5,000 simulated one-year total returns using Hymans Robertson Asset Model, the economic scenario generator maintained by Hymans Robertson LLP.

The overall GMPF volatility has been calculated based on GMPF's target asset split as at 31 March 2019 and 2020. The calibration of the model is based on a combination of historical data, economic theory and expert opinion.

If the market price of GMPF's investments increases or decreases over a period of a year in line with the data within the table above, the change in the market value of the net assets available to pay benefits as at 31 March 2019 and 2020 would have been as shown in the tables below.

Asset Type	31 March 2020 £000	% Change p.a.	Value on increase £000	Value on decrease £000
UK equities	2,898,333	27.5%	3,695,375	2,101,291
Overseas equities	6,906,510	28.0%	8,840,333	4,972,687
Fixed interest bonds	950,169	7.6%	1,022,382	877,956
Index linked bonds	1,323,200	7.4%	1,421,117	1,225,283
Corporate bonds	1,958,368	9.8%	2,150,288	1,766,448
High yield debt	1,255,301	8.7%	1,364,512	1,146,090
Investment property	1,864,851	14.2%	2,129,660	1,600,042
Private equity	2,364,324	28.4%	3,035,792	1,692,856
Infrastructure	1,392,737	15.6%	1,610,004	1,175,470
Cash and other liquid funds	1,070,258	0.3%	1,073,469	1,067,047
GMPF	21,984,051	15.2%	25,325,627	18,642,475

Asset Type	31 March 2019 £000	% Change p.a.	Value on increase £000	Value on decrease £000
UK equities	3,932,738	16.6%	4,585,573	3,279,903
Overseas equities	8,622,694	16.9%	10,079,929	7,165,459
Fixed interest bonds	1,281,083	9.7%	1,405,348	1,156,818
Index linked bonds	1,203,621	7.2%	1,290,282	1,116,960
Corporate bonds	1,330,625	10.1%	1,465,018	1,196,232
High yield debt	1,334,743	7.3%	1,432,179	1,237,307
Investment property	1,943,790	14.3%	2,221,752	1,665,828
Private equity	1,737,906	28.3%	2,229,733	1,246,079
Infrastructure	1,157,776	16.0%	1,343,020	972,532
Cash and other liquid funds	1,320,966	0.5%	1,327,571	1,314,361
GMPF	23,865,942	10.4%	26,348,000	21,383,884

Note: the above tables do not include investment liabilities and net current assets.

Interest rate risk

GMPF invests in financial assets for the primary purpose of obtaining a return on investments whilst recognising that there is a risk that returns will not be as expected. Changes in the level of interest rates will contribute to the volatility of returns in all asset classes. The table in the section on market risk shows the expected volatility over one year for GMPF's investment portfolio. One area directly affected by interest rate changes is the level of income expected from floating rate cash instruments. As at 31 March 2020, GMPF had £153,187,000 (2018/19 £323,963,000) invested in this asset via pooled investment vehicles. Therefore, a 1% change in interest rates will increase or reduce GMPF's return by £1,532,000 (2018/19 £3,234,000) on an annualised basis.

Currency risk

GMPF invests in financial assets for the primary purpose of obtaining a return on investments whilst recognising that there is a risk that returns will not be as expected. Changes in the level of foreign exchange rates will contribute to the overall volatility of overseas assets. GMPF's approach is to consider these risks in a holistic nature. The table in the section on market risk shows the expected volatility over one year for GMPF's investment portfolio including overseas assets which are separately identified.

Credit risk

Credit risk represents the risk that the counterparty to a transaction or a financial instrument will fail to discharge an obligation and cause GMPF to incur a financial loss. The market values of investments generally reflect an assessment of credit risk in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of GMPF's financial assets and liabilities. The volatility of credit risk is encapsulated within the overall volatility of assets detailed in the table showing market risk.

In essence, GMPF's entire investment portfolio is exposed to some form of credit risk. However, the selection of high-quality counterparties, brokers and financial institutions minimises the credit risk that may occur through the failure to settle a transaction in a timely manner.

Contractual credit risk is represented by the net payment or receipt that remains outstanding, and the cost of replacing the derivative positions in the event of counterparty default. The residual risk is minimal due to the various insurance policies held by the exchanges to cover defaulting counterparties.

Deposits are not made with banks and financial institutions unless they are rated independently and meet Tameside MBC's (TMBC), as administering authority, credit criteria. TMBC has also set limits as to the maximum percentage of the deposits placed with any one class of financial institution. In addition, TMBC invests an agreed percentage of its funds in the money markets to provide diversification. Money market funds chosen all had a "AAA" rating from a leading ratings agency.

TMBC believes it has managed its exposure to credit risk and has had no experience of default or uncollectable deposits. GMPF's cash holding under its Treasury Management arrangements at 31 March 2020 was £391,100,000 (31 March 2019 £724,524,000). This was held with the following institutions:

SUMMARY	RATING	Balance at 31 March 2019 £000	Balance at 31 March 2020 £000
Money market Funds			
Aberdeen Assets	AAA	41,400	75,000
Federated	AAA	75,000	0
J P Morgan	AAA	75,000	0
Morgan Stanley	AAA	75,000	15,100
Invesco	AAA	75,000	0
Banks			
Bank of Scotland	A+	20,000	30,000
Close Brothers	A+	10,000	10,000
Barclays	AA-	50,000	50,000
RBS	A+	4,124	0
Local authorities & public bodies			
Aberdeenshire Council	N/A	10,000	10,000
Ashford Council	N/A	15,000	0
Birmingham City Council	N/A	25,000	0
Blackpool Council	N/A	5,000	0
Cambridgeshire County Council	N/A	0	20,000
Doncaster Council	N/A	5,000	0
Eastleigh Council	N/A	48,000	10,000
Eatbourne Council	N/A	5,000	0
Falkirk Council	N/A	0	10,000
GM Combined Authority	N/A	30,000	50,000
Kingston Upon Hull Council	N/A	10,000	10,000
Lancashire PCC	N/A	5,000	0
Leeds City Council	N/A	10,000	10,000
London Borough of Enfield	N/A	10,000	10,000
Mid Suffok DC	N/A	0	5,000
North Lanarkshire Council	N/A	0	10,000
Northamptonshire Council	N/A	10,000	0
Northumberland Council	N/A	10,000	0
Northumbria PCC	N/A	6,000	0
PCC West Mercia	N/A	0	10,000
Plymouth Council	N/A	10,000	10,000
Redcar Council	N/A	7,000	0
Rotherham Council	N/A	20,000	20,000
Salford Council	N/A	5,000	0
Slough Council	N/A	15,000	10,000
Suffolk Council	N/A	5,000	0
Surrey Council	N/A	10,000	10,000
Surrey Heath Borough Council	N/A	7,000	0
Tewkesbury Borough Council	N/A	11,000	6,000
Thurrock Council	N/A	5,000	0
Totals		724,524	391,100

Liquidity risk

Liquidity risk represents the risk that GMPF will not be able to meet its financial obligations as they fall due. TMBC therefore take steps to ensure that GMPF has adequate cash resources to meet its commitments. This will particularly be the case for cash from the liability matching mandates from the main investment strategy to meet the pensioner payroll cost; and also, cash to meet investment commitments.

TMBC has immediate access to the GMPF cash holdings, with the exception of investments placed with other local authorities – where periods are fixed when the deposit is placed. GMPF had in excess of £391 million cash balances at 31 March 2020.

All financial liabilities at 31 March 2020 are due within one year.

The majority of GMPF assets are liquid - their value could be realised within one week. The table below shows GMPF investments in liquidity terms:

31 March 2019 £000	Liquidity terms	31 March 2020 £000
18,677,471	Assets realisable within 7 days	16,126,139
101,000	Assets realisable in 8-30 days	96,000
75,000	Assets realisable in 31-90 days	0
5,012,471	Assets taking more than 90 days to realise	5,761,912
23,865,942	Total	21,984,051

Management prepares periodic cash flow forecasts to understand and manage the timing of GMPF's cash flows. The appropriate strategic level of cash balances to be held is a central consideration when preparing GMPF's annual investment strategy.

The effects of reductions in public expenditure are expected to result in a significant maturing of GMPF's liabilities, with fewer employee members and more pensioner and deferred members. However, when income from investments is taken into account, GMPF is expected to continue to be cash flow positive for the foreseeable future and it will not be a forced seller of investments to meet its pension obligations.

5. Contributions

By Category		
31 March 2019 £000		31 March 2020 £000
(145,922)	Employees contributions	(152,068)
(427,822)	Employers: Normal contributions	(445,468)
(19,618)	Deficit recovery contributions	(14,694)
(447,440)	Total employers contributions	(460,162)
(593,362)	Total contributions	(612,230)

By Authority

31 March 2019 £000		31 March 2020 £000
(351,231)	Part 1 Schedule 2 Scheme Employers	(372,796)
(119,325)	Designating bodies	(123,258)
(106,582)	Community admission bodies	(95,521)
(16,224)	Transferee admission bodies	(20,655)
(593,362)		(612,230)

Scheme employers can be split into those listed in Part 1 of Schedule 2 of the Local Government Pension Scheme (Administration) Regulations 2013 (as amended) (such as local authorities), which participate automatically, and those listed in Part 2 (such as town councils) which can only participate if they choose to do so by designating employees or groups of employees as eligible. Part 2 employers are called designating bodies. Community admission bodies provide a public service in the United Kingdom otherwise than for the purposes of gain and have sufficient links with a Scheme employer. Transferee admission bodies are commercial organisations carrying out work for local authorities under a best value or other arrangement. Further analysis of contributions by employer is contained in Note 20 of these statements.

At the 2016 Actuarial Valuation, GMPF was assessed as 93% funded. The employer contribution rates specified are minimum rates. Some employers make voluntary payments in excess of these minimum rates and some make contributions in excess of their future service rate in order to help repay a deficit position over a period. In addition, a small number of employers were required to make explicit lump sum deficit payments – details of these can be found in the 2016 Actuarial Valuation report located www.gmpf.org.uk.

6. Benefits Payable

By Category

31 March 2019 £000		31 March 2020 £000
670,179	Pensions	707,822
115,419	Commutation & lump sum retirement benefits	134,077
18,016	Lump sum death benefits	18,303
803,614		860,202

By Authority

31 March 2019 £000		31 March 2020 £000
602,643	Part 1 Schedule 2 Scheme Employers	641,407
33,659	Designating bodies	38,413
151,301	Community admission bodies	161,833
16,011	Transferee admission bodies	18,549
803,614		860,202

Scheme employers can be split into those listed in Part 1 of Schedule 2 of the Local Government Pension Scheme (Administration) Regulations 2008 (as amended) (such as local authorities) which participate automatically, and those listed in Part 2 (such as town councils) which can only participate if they choose to do so by designating employees or groups of employees as eligible. Part 2 employers are called designating bodies. Community admission bodies provide a public service in the United Kingdom otherwise than for the purposes of gain and have enough links with a Scheme employer. Transferee admission bodies are commercial organisations carrying out work for local authorities under a best value or other arrangement. Further analysis of contributions by employer is contained in Note 20 of these statements.

7. Payments to and on account of leavers

31 March 2019 £000		31 March 2020 £000
1,526	Group transfers to other schemes	0
39,784	Individual transfers to other schemes	40,726
48	Payments for members joining state scheme	(54)
(18)	Income for members from state scheme	(12)
1,627	Refunds to members leaving service	1,691
42,967		42,351

8. Management Expenses

The costs of administration and investment management are met by the employers through their employer contribution rate. In June 2016, CIPFA published guidance on Accounting for LGPS Management Costs. The aim of this guidance is to assist in the improvement of consistent and comparable data across LGPS funds. GMPF Scheme management costs have been categorised in accordance with this guidance in the tables below.

Investment management expenses:

31 March 2019 £000		31 March 2020 £000
1,311	Employee costs	1,538
292	Support services including IT	756
5,520	Transaction costs (public managers) *	5,967
17,683	Management fees	19,010
238	Custody fees	253
25,044		27,524

* Transaction costs are incremental costs directly attributable to the sale and purchase of UK and Overseas equities. They comprise £2,002,000 (2019 £1,601,000) Commissions and £3,965,000 (2019 £3,919,000) Other Costs which included UK stamp duty and market levies.

Administrative costs:

31 March 2019 £000		31 March 2020 £000
3,889	Employee costs	4,563
1,674	Support services including IT	1,088
186	Printing and publications	16
5,749		5,667

Oversight and governance costs:

31 March 2019 £000		31 March 2020 £000
559	Employee costs	376
402	Support services including IT	239
167	Governance and decision making costs	159
27	Investment performance monitoring	19
67	External audit fees *	59
108	Internal audit fees	114
130	Actuarial fees - investment consultancy	108
252	Actuarial fees	504
1,712		1,578

* Total fee paid to external auditors in 2019/20 is £58,970 (2018/19 £67,383) of which £22,800 (2018/19 £24,000) was paid in relation to work carried out on behalf of GMPF's main scheme employers.

The above costs include set up costs for Northern LGPS Pool – see Note 8a for further details.

8a. Costs related to the Northern LGPS Pool

	At 31 March 2020			
	Direct £000	Indirect £000	Total In Year £000	Cumulative £000
Set up costs:				
Recruitment	0	0	0	0
Legal	6	0	6	71
Procurement	0	0	0	30
Other support costs	0	0	0	0
Share purchase/subscription costs	0	0	0	0
Other working capital provided	0	0	0	0
Staff costs	0	0	0	0
Other costs	64	0	64	146
Total set up costs	70	0	70	247
	At 31 March 2019			
	Direct £000	Indirect £000	Total £000	Cumulative £000
Set up costs:				
Legal	65	0	65	65
Procurement	30	0	30	30
Other costs	82	0	82	82
Total set up costs	177	0	177	177

9. Investment income

31 March 2019 £000		31 March 2020 £000
(41,777)	Fixed interest (corporate and government bonds)	(41,231)
(281,532)	Equities	(319,926)
(2,259)	Index linked	(2,801)
(70,730)	Pooled investment vehicles	(118,040)
(41,166)	Investment property (gross)	5,580
6,233	Investment property non-recoverable expenditure	(38,650)
(4,760)	Interest on cash deposits	(7,799)
(711)	Stocklending	(771)
(436,702)		(523,638)

In accordance with IAS 12 Income Taxes, investment income includes withholding taxes and irrecoverable withholding tax is analysed separately as a tax charge. Income received by Legal and General pooled funds is automatically reinvested within the relevant sector fund and thus excluded from the above analysis. Similarly, UBS pooled funds for Emerging Market Equities, Stone Harbor pooled funds for global credit, Aviva Investors Property Fund, Standard Life Pooled Property Pension Fund, Standard Life Investments UK Property Development Fund, EID Unit Fund and Darwin Leisure Property Fund in which GMPF invest have income automatically reinvested with that fund.

10. Taxation

GMPF is exempt from UK income tax on interest and from capital gains tax on the profits resulting from the sale of investments. GMPF is exempt from United States withholding tax on dividends and can recover all or part of the withholding tax deducted in some other countries. The amount of withholding tax deducted from overseas dividends which GMPF is unable to reclaim in 2019/20 amounts to £3,973,000 (2018/19 £5,192,000) and is shown as a tax charge.

As Tameside MBC is the Administering Authority for GMPF, VAT input tax was recoverable on all GMPF activities including expenditure on investment and property expenses.

11. Investments at fair value

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investment during the year.

Change in fair value is reconciled in the table below:

	£000	31 March 2020 £000
Unrealised losses at 31 March 2020	2,024,256	773,149
Unrealised (profits) at 31 March 2020	(1,251,107)	
Realised losses 1 April 2019 to 31 March 2020	198,425	(933,305)
Realised (profits) 1 April 2019 to 31 March 2020	(1,131,730)	
Less:		
Unrealised (profits) at 31 March 2019	2,346,455	2,189,185
Unrealised losses at 31 March 2019	(157,270)	
Reduction/(Increase) in fair value of investments year ending 31 March 2020		2,029,030

	£000	31 March 2019 £000
Unrealised losses at 31 March 2019	157,270	(2,189,185)
Unrealised (profits) at 31 March 2019	(2,346,455)	
Realised losses 1 April 2018 to 31 March 2019	40,906	(538,208)
Realised (profits) 1 April 2018 to 31 March 2019	(579,114)	
Less:		
Unrealised (profits) at 31 March 2018	2,193,939	1,859,227
Unrealised losses at 31 March 2018	(334,712)	
Reduction/(Increase) in fair value of investments year ending 31 March 2019		(868,166)

The following tables analyse the carrying amounts of the financial assets and liabilities by category.

Value at 1 April 2019 £000		Purchases £000	Sales £000	Change in fair value £000	Value at 31 March 2020 £000
	Designated as at fair value through the fund account				
7,189,192	Equities	6,897,858	(4,066,936)	(2,190,982)	7,829,132
1,003,365	Bonds	622,254	(232,791)	40,867	1,433,695
369,914	Index linked	145,998	(143,858)	44,302	416,356
881,991	Investment property	75,702	(40,166)	(81,642)	835,885
0	Derivatives	112,941	(56,833)	(43,487)	12,621
13,453,499	Managed and unitised funds	2,757,475	(5,628,944)	201,912	10,783,942
22,897,961		10,612,228	(10,169,528)	(2,029,030)	21,311,631
	Loans and receivables				
755,437	Cash				484,347
190,225	Other investments and net assets				238,810
23,843,623	Total				22,034,788

Value at 1 April 2018 £000		Purchases £000	Sales £000	Change in fair value £000	Value at 31 March 2019 £000
	Designated as at fair value through the fund account				
6,751,242	Equities	2,612,587	(2,133,183)	(41,454)	7,189,192
1,325,276	Bonds	34,995	(388,050)	31,144	1,003,365
492,859	Index linked	129,307	(285,710)	33,458	369,914
755,145	Investment property	140,665	(32,218)	18,399	881,991
6,344	Derivatives	14,494	(29,587)	8,749	0
12,491,416	Managed and unitised funds	2,044,387	(1,900,174)	817,870	13,453,499
21,822,282		4,976,435	(4,768,922)	868,166	22,897,961
	Loans and receivables				
587,141	Cash				755,437
87,122	Other investments and net assets				190,225
22,496,545	Total				23,843,623

Bonds

31 March 2019 £000		31 March 2020 £000
43,590	UK public sector quoted	52,049
180,358	Overseas public sector quoted	442,782
704,702	UK corporate quoted	541,544
74,715	Overseas corporate quoted	397,320
1,003,365		1,433,695

Investment Property

31 March 2019 £000		31 March 2020 £000
756,645	UK - Main investment property portfolio	671,430
125,346	UK - Greater Manchester Property Venture Fund	164,455
881,991		835,885

All investment property is located in England, Wales or Scotland and, in order to reduce risk, is diversified over several sectors that include offices, industrial/logistics, high street retail, shopping centres, retail parks, leisure, healthcare and student accommodation. Gross and net rental income is shown in Note 9 of these accounts.

With the sole exception of one investment property, where a rent sharing agreement is in place with the freeholder, no directly held investment property has restrictions on its realisation, remittance of income or disposal proceeds.

Committed expenditure in relation to investment property can be found at Note 17.

In accordance with the Investment Property Strategy, hold/sell decisions for the investment properties remain under active review, subject to business plan progress and investment market sentiment. Whilst some assets are likely to be sold over the short to medium term, no assets were being marketed or prepared for immediate sale at 31 March 2020.

The following tables summarise the movement in the fair value of investment properties over the year:

Movement in the fair value of investment properties in 2019/20	£000
Balance at 1 April 2019	881,991
Purchases	32,809
Expenditure during year	42,892
Disposals	(40,166)
Net gains/ (losses) from fair value adjustments	(81,641)
Balance at 31 March 2020 *	835,885

** No properties were being marketed at 31 March 2020*

Movement in the fair value of investment properties in 2018/19	£000
Balance at 1 April 2018	755,145
Purchases	136,893
Expenditure during year	3,772
Disposals	(32,218)
Net gains/ (losses) from fair value adjustments	18,399
Balance at 31 March 2019	881,991

Future operating lease rentals receivable

31 March 2019 £000		31 March 2020 £000
35,455	Not later than 1 year	36,599
124,811	Later than 1 year, but not later than 5 years	123,091
167,099	Later than 5 years	194,836
327,365	Total	354,526

The future minimum lease payments due to GMPF under non-cancellable operating leases are stated above.

Where a lease contains a “tenant’s break” clause, it is only up to this point that the aggregation is made.

Derivatives

31 March 2019 £000		31 March 2020 £000
	Investment assets:	
0	Forward currency contracts	4,878
0	Financial futures	14,041
0		18,919
	Investment liabilities:	
0	Forward currency contracts	(6,232)
0	Financial futures	(66)
0	Net (liability)/asset	12,621

Derivative receipts and payments represent the realised gains and losses on futures contracts and forward currency contracts. GMPF’s objective in entering into derivative positions was to decrease risk in the portfolio.

Greater Manchester Pension Fund Statement of Accounts 2019/20

31 March 2020	Settlement Date	Currency	Currency Bought	Currency	Currency Sold	Asset	Liability
Contract			000		000	£000	£000
Forward Currency Contact	Within one month	GBP	157,140	USD	188,920	4,878	(13)
Forward Currency Contact	Within one month	AUD	6,500	GBP	3,285	0	(77)
Forward Currency Contact	Within one month	USD	147,000	GBP	123,585	0	(5,087)
Forward Currency Contact	Within one month	CAD	12,500	GBP	7,307	0	(227)
Forward Currency Contact	Within one month	EUR	11,500	GBP	10,466	0	(286)
Forward Currency Contact	Within one month	CHF	7,500	GBP	6,448	0	(192)
Forward Currency Contact	Within one month	JPY	2,660,000	GBP	20,181	0	(296)
Forward Currency Contact	Within one month	HKD	12,000	GBP	1,302	0	(54)
Forward Currency Contact	Within one month	GPB	0	EUR	0	0	0
Total						4,878	(6,232)

31 March 2020	Settlement Date	Currency	Economic Exposure	Market Value
Contract			000	£000
UK Equity Futures	Less than one year	GPB	15,498	1,987
Overseas Equity Futures	Less than one year	GPB	214,178	12,054
Overseas Equity Futures	Less than one year	GPB	4,476	(66)
Total			234,152	13,975

The above tables analyse the derivative contracts held at 31 March 2020 by maturity date. The Forward Currency Contracts were all traded on an over-the-counter-basis.

Pooled investment vehicles

Pooled investment vehicles aggregate capital from multiple investors to pursue specified investment strategies. The table below analyses, by type and underlying asset class, funds in which GMPF invests.

31 March 2019 £000		31 March 2020 £000
460,915	UK Property	419,001
207,827	Overseas property	242,209
1,119,969	Global credit	1,057,994
388,939	Overseas equity	419,780
741,607	UK private equity, infrastructure & debt *	999,337
1,645,978	Overseas private equity, infrastructure & debt **	2,205,407
51,876	UK special opportunities portfolio	34,648
311,634	Overseas special opportunities portfolio	371,329
4,928,745	Managed funds	5,749,705
490,085	Property	466,833
4	Overseas private equity	0
490,089	Unit trusts	466,833
47,553	Property	47,263
321,378	UK quoted equity	63,965
687,844	UK fixed interest	226,982
811,389	UK index linked securities	688,631
487,389	UK corporate bonds	605,060
323,363	UK cash instruments	372,686
4,655,924	Overseas quoted equity	1,477,991
369,292	Overseas fixed interest	228,356
63,818	Overseas corporate bonds	414,445
22,318	Overseas index linked securities	218,213
214,774	Global credit	197,306
29,623	Inflation funds	26,507
8,034,665	Insurance policies	4,567,405
13,453,499	Total pooled investment vehicles	10,783,943

* includes £476,208,000 GLIL investment via the Northern LGPS Pool vehicle (2019 447,439,000)

** includes £57,014,000 NPEP investment via the Northern LGPS Pool vehicle (2019 £414,000)

Cash

31 March 2019 £000		31 March 2020 £000
729,702	Sterling	390,684
25,735	Foreign currency	93,663
755,437		484,347

Other investments balances and net assets

31 March 2019 £000		31 March 2020 £000
69,612	Amounts due from broker	6,156
57,385	Outstanding dividends and recoverable withholding tax	61,806
15,078	Gross accrued interest on bonds	17,588
1,044	Gross accrued interest on loans	4,384
67,730	Investment loans	68,381
0	Variation margin	26,374
1,695	Other accrued interest and tax reclaims	2,029
212,544	Other investment assets	186,718
(72,572)	Amounts due to broker	(4,454)
(707)	Irrecoverable withholding tax	(1,765)
(73,279)	Other investment liabilities	(6,219)
44,958	Employer contributions - main scheme	44,861
418	Employer contributions - additional pensions	944
19,054	Property	13,215
142	Admin & investment management expenses	466
8,984	Other	19,031
73,556	Current assets	78,517
(10,032)	Property	(8,700)
(5)	Employer contributions - main scheme	(19)
(1,487)	Employer contributions - additional pensions	(1,390)
(4,180)	Admin & investment management expenses	(5,620)
(6,892)	Other	(4,477)
(22,596)	Current liabilities	(20,206)
50,960	Net current assets	58,311
190,225	Other investment balances and net assets	238,810

11a. Transaction and management costs not charged directly to the Fund Account

Public managers

Since 1 April 2016 transaction costs in respect of the purchase and sale of equities have been respectively excluded or included in the prices reported in the Net Assets Statement and charged to the Fund Account. Details may be seen at Note 8.

Directly held property

Transaction costs continue to be capitalised and are implicit within the value of the assets concerned. These amounted to £1,999,000 for 2019/20 (2018/19 £7,397,000).

The CIPFA Code of Practice (and guidance related to the Code) does not require 'bid-offer spread' to be reported as a transaction cost.

Management Costs

Certain investments in pooled vehicles predominantly in private markets, alternatives and property have investment costs met within the vehicle rather than an explicit charge paid by GMPF. Thus, costs are not charged directly to the Fund Account nor analysed in Note 8. They are included in the fair value adjustments applied to assets concerned within the Fund Account and corresponding notes. The performance is reported on a net basis.

The table below shows estimates made for these costs during the current and previous financial year using methodology agreed with external advisers on private assets and include potential accrued performance fees.

31 March 2019 £000		31 March 2020 £000
	Private market and alternative investments	
59,533	- performance related	64,237
56,421	- non-performance related	66,948
	Pooled Investments	
9	- performance related	37
2,560	- non-performance related	4,843
	Indirect investment property	
1,253	- performance related	12,502
15,503	- non-performance related	25,544
135,279		174,111

12. Local investments

GMPF invests within the North West of England with a focus on the Greater Manchester conurbation in property development and redevelopment opportunities. This programme of investments is delivered through Greater Manchester Property Venture Fund

31 March 2019 £000		31 March 2020 £000
125,346	Greater Manchester Property Venture Fund	164,455

13. Designated funds

A small number of employers within GMPF have a materially different liability profile. Some earmarked investments are allocated to these employers. The investments of the designated fund incorporated in the Net Asset statement are as follows:

31 March 2019 £000		31 March 2020 £000
38,900	UK equities	0
57,787	Overseas equities	0
77,389	UK corporate bond	173,485
458,378	UK Index linked	473,287
18,633	Cash instruments	21,074
57,483	Cash	53,622
29,622	Inflation funds	26,507
214,774	High yield debt	197,306
952,966		945,281

14. Summary of managers' portfolio values at 31 March

2019			2020	
£m	%		£m	%
		Externally managed		
8,351	35.0%	UBS Global Asset Management	7,119	32.3%
7,987	33.5%	Legal & General	4,520	20.5%
0	0.0%	Sci Beta	1,912	8.7%
1,250	5.2%	Investec	1,430	6.5%
1,120	4.7%	Stone Harbor	1,058	4.8%
1,044	4.4%	LaSalle	880	4.0%
125	0.5%	Avison Young (advisory mandate)	164	0.7%
19,877	83.3%		17,083	77.5%
		Internally managed		
2,779	12.2%	Private equity	3,615	16.4%
58	0.2%	Designated funds	54	0.2%
891	3.3%	Property (indirect)	964	4.4%
239	1.0%	Cash, other investments and net assets	318	1.50%
3,967	16.7%		4,951	22.5%
23,844	100.0%	Total	22,034	100.0%

15. Concentration of investment

As at 31 March 2020, GMPF held, respectively, 15.08% and 1.38% of its net assets in insurance contracts MF32950 and MF36558 with Legal & General Assurance (Pensions Management) Limited. They are linked long term contracts under Class III of Schedule 1 of the Insurance Companies Act 1982 and not "with profits" contracts. During the year contract MF37010 was terminated.

The policy documents have been issued and the values are incorporated in the Net Asset statement within pooled investment vehicles. The policies' underlying asset classes are as follows:

31 March 2019 £000	POLICY MF32950	31 March 2020 £000
1,624,228	Overseas equities	1,325,995
381,111	UK fixed interest	217,765
186,556	UK corporate bonds	413,617
89,088	Overseas fixed interest	219,088
306,773	UK Index linked	206,607
0	Overseas index linked	209,385
247,081	UK cash instruments	333,740
0	Overseas corporate bonds	397,219
2,834,837		3,323,416

31 March 2019 £000	POLICY MF36558	31 March 2020 £000
282,478	UK equities	63,965
584,460	Overseas equities	151,996
71,317	UK fixed interest	9,217
96,561	UK corporate bonds	17,958
45,429	Overseas fixed interest	9,268
46,237	UK Index linked	8,737
57,649	UK cash instruments	17,872
22,318	Overseas index linked	8,828
12,424	Overseas corporate bonds	17,226
1,218,873		305,067

31 March 2019 £000	POLICY MF37010	31 March 2020 £000
2,157,631	Overseas equities	0
235,416	UK fixed interest	0
126,883	UK corporate bonds	0
234,776	Overseas fixed interest	0
51,394	Overseas corporate bonds	0
2,806,100		0

16. Notifiable interests

As at 31 March 2020 GMPF had holdings of 3% or over in the ordinary share capital of the following quoted companies:

UK Equity 31 March 2019 %		UK Equity 31 March 2020 %
3.7	Balfour Beatty PLC	3.7
7.7	Brown (N) Group PLC	7.7
5.0	Chemring Group PLC	0.0
3.3	Intu Properties PLC	3.3
0.0	Man Group PLC	4.7
7.4	Mothercare PLC	6.7
0.0	Royal Mail PLC	3.6
5.0	RPS Group PLC	6.1
4.0	Serco Group PLC	0.0
5.0	SIG PLC	5.3
5.7	STV Group PLC	5.1
5.2	TT Electronics PLC	0.0
3.7	Volusion GRP PLC	3.4

17. Undrawn commitments

31 March 2019 £000	Asset type	Nature of commitment	31 March 2020 £000
508	Directly held investment property	Commitments re demolition or refurbishment work	275
70,608	Directly held investment property	Commitments regarding purchases	33,898
2,032,516	Indirect private equity and infrastructure	Commitments to fund	2,106,524
295,168	Special Opportunities portfolio	Commitments to fund	311,845
243,333	Property managed funds	Commitments to fund	184,380
6,289	Property unit trusts	Commitments to fund	3,761
9,225	Commercial/domestic based property unit trust	Commitments to fund	10,699
12,039	Local Investment 4 Growth fund	Commitments to fund	16,651
204,806	Local Impact Portfolio	Commitments to fund	196,469
31,137	Greater Manchester Property Venture Fund	Commitment to lend	6,038
600,010	Private debt portfolio	Commitment to fund	514,238
3,505,639			3,384,778

The above expenditure was contractually committed as at 31 March and a series of staged payments are to be made at future dates.

18. Related party transactions

In the course of fulfilling its role as administering authority to GMPF, Tameside MBC incurred costs for services (e.g. salaries and support costs) of £7,894,000 on behalf of GMPF and reclaimed from HMRC VAT of £5,535,000 net. Total payments due to Tameside MBC therefore, amounted to £2,359,000 (2018/19 £8,402,000). As GMPF had reimbursed Tameside MBC £4,726,000 for these charges, there is a Debtor of £2,367,000 owing to GMPF at the year-end (2018/19 £2,218,000 Creditor). This debt will be netted off future payments due to Tameside MBC.

There is no direct charge to GMPF for the services of the Director of Governance & Pensions. This is also the case for the Chief Executive and the Director of Finance but a contribution towards their cost is included in the recharge as detailed above. They receive no additional salary or remuneration for undertaking these roles. Details of the total remuneration of these officers will be published on the Tameside MBC website. The remuneration of the Chair of the Management Panel can be found by accessing the following link: <http://www.tameside.gov.uk/constitution/part6>

Other key management personnel full time and total remuneration, including employer's pension contributions, are as shown below:

	Salary Entitlement (Full Time Equivalent)	Salary, Fees & Allowances (Paid in year)	Employers Pensions Contributions (Paid in year)	Total (Paid in year)
Assistant Director of:	£	£	£	£
Pensions (Special Projects)	92,320	41,031	8,617	49,648
Pensions (Investments)	92,320	92,320	19,387	111,707
Pensions (Funding & Business Development)	92,320	92,320	19,387	111,707
Pensions (Local Investments & Property)	92,320	92,320	19,387	111,707
Pensions (Administration)	81,495	81,495	17,114	98,609

Note: There were no payments for Compensation for Loss of Office in 2019/20

Paragraph 3.9.4.3 of the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom exempts Local Authorities on the Key Management Personnel disclosure requirements of IAS 24, on the basis that the disclosure requirements for officer remuneration and members' allowances detailed in Section 3.4 of the code (which are derived from the requirements of Regulation 7(2)-(4) of the Accounts and Audit (England) Regulations 2011 and Regulation 7A of the Accounts and Audit (Wales) Regulations (2005) satisfy the Key Management Personnel disclosure requirements of paragraph 16 of IAS 24.

The disclosures required by regulation 7(2)-(4) of the Accounts and Audit (England) Regulations can be found in the main accounts of the administering authority - Tameside MBC.

No senior officers responsible for the administration of GMPF have entered into any contract (other than their contract of employment) with Tameside MBC (administering authority).

A number of officers responsible for the administration of GMPF have directorships in companies which have been incorporated for the sole purpose of the investment administration and management of GMPF's assets and other assets which GMPF has a joint interest with other LGPS funds. These are:

Name	Position in GMPF 2019/20	Company in which directorship is held	Company Registration Number
Steven Pleasant	Chief Executive	Airport City (General Partner) Ltd	08723477
Sandra Stewart	Director of Governance & Pensions	Northern Pool GP (No1) Ltd	11360203
Neil Charnock	Head of Pension Fund Legal	Hive Bethnal Green Ltd	09362438
Patrick Dowdall	Assistant Director of Pensions (Local Investments & Property)	Matrix Homes (General Partner) Ltd Hive Bethnal Green Ltd GLIL Corporate Holdings Ltd Plot 5 First Street Nominee Ltd Plot 5 First Street GP Ltd GMPF UT (Second Unit Holder) Ltd Airport City (Asset Manager) Ltd Manchester Charles Street Residential (ELP GP) Ltd Manchester Charles Street Residential (SLP GP) Ltd Manchester New Square (General Partner) Ltd Semperian PPP Investment Partners Holdings Ltd (Jersey Registration)	08980059 09362438 10046509 09919396 09904743 08725454 08723467 10977358 SC576947 11082473 98327
Daniel Hobson	Head of Real Assets	GLIL Corporate Holdings Ltd GLIL Corporate Holdings 2 Ltd Rock Rail East Anglia (Holdings) 1 Ltd Rock Rail East Anglia (Holdings) 2 Ltd Rock Rail East Anglia PLC GLIL Renewable Holdings Clyde Windfarm (Scotland) Ltd Camulodunum Investments Ltd	10046509 10824179 10266130 09918883 10360543 12315576 SC281105 11108175
John Douglas	Investment Manager	GLIL Renewable Holdings	12315576
Kevin Etchells	Investment Manager	Island Site (General Partner) Ltd Island Site (Nominee) Ltd	11532059 11532379

Name	Position in GMPF 2019/20	Company in which directorship is held	Company Registration Number
Andrew Hall	Investment Manager	GMPF UT (Second Unit Holder) Ltd	08725454
		Matrix Homes (General Partner) Ltd	08980059
		Plot 5 First Street GP Ltd	09904743
		Plot 5 First Street Nominee Ltd	09919396
		Manchester Charles Street Residential (ELP GP) Ltd	10977358
		Manchester Charles Street Residential (SLP GP) Ltd	SC576947
		Island Site (General Partner) Ltd	11532059
		Island Site (Nominee) Ltd	11532379
		Manchester New Square (General Partner) Ltd	11082473

The above receive no remuneration for these directorships.

Under legislation introduced in 2003/04, Councillors were entitled to join the pension scheme. However, separate legislation came into effect from 2014 rescinding this and all Councillors in the LGPS had their benefits deferred on expiry of their terms of office.

The following members of the Management and Advisory Panels are consequently deferred pensioners:

Name	Position
Cllr J Fitzpatrick	Councillor member
Cllr D Ward	Councillor member
Cllr C Patrick	Councillor member
Cllr L Drennan	Councillor member
Cllr A Jabbar	Councillor member
Cllr T Halliwell	Councillor member

In addition, the following Members of the Management and Advisory Panels, having attained the appropriate age or other criterion, are in receipt of pension benefits:

Name	Position
Cllr G Cooney	Councillor member
Cllr M Smith	Councillor member
Cllr K Cunliffe	Councillor member
Cllr A Mitchell	Councillor member

The following Members of the Management and Advisory Panels and the Local Board are deferred pensioners by virtue of their membership of GMPF in current or previous employments:

Name	Position
Cllr C Patrick	Councillor member

The following Members of the Management and Advisory Panels and the Local Board, by virtue of their membership of GMPF in previous employments and attaining the appropriate age or other criterion, are in receipt of pension benefits:

Name	Position
Cllr V Ricci	Councillor member
Cllr M Smith	Councillor member
Cllr A Jabbar	Councillor member
Cllr P Andrews	Councillor member
R Paver	Employer representative
J Thompson	Employee representative
F Llewellyn	Employee representative
M Fulham	Employee representative
P Catterall	Scheme member representative

Each member of the Local Board, the GMPF Management and Advisory Panels and Working Groups formally considers declarations of interest at each meeting. In addition, an annual return of all declarations of interest is obtained from the Members by their respective Councils. Those relevant to GMPF Management Panel or Board membership, i.e. where the organisation is a GMPF contributing employer, are listed below:

Name	Position & Organisation	Organisation relationship with GMPF
Cllr B Warrington	Member of Greater Manchester Combined Authority	Contributing employer
Cllr G Cooney	Employee of Manchester City Council Director of Jigsaw Homes Group (Reg No 29433R) Director of Ashton Pioneer Homes Ltd (Reg.No. 03383565) Director of Pioneer Homes Services Ltd (subsidiary of Ashton Pioneer Homes Ltd) (Reg.No. 06546606) Director of Ashton Pioneer Homes Developments Ltd (subsidiary of Ashton Pioneer Homes Ltd) (Reg.No. 03989251) Director of Mechanics' Centre Ltd (Reg.No. 01983373)	Contributing employer Contributing employer Contributing employer Contributing employer Contributing employer Contributing employer
Cllr B Fairfoull	Member of Manchester Airport Consultative Committee	Contributing employer
Cllr A Jabbar	Deputy - Greater Manchester Combined Authority External Member - Oldham College	Contributing employer Contributing employer
Cllr T Sharif	Director of Homestart Oldham, Stockport and Tameside Limited	Contributing employer

Name	Position & Organisation	Organisation relationship with GMPF
Cllr K Cunliffe	Director of Wigan MDC Limited	Contributing employer
Cllr S O'Neill	Member of Greater Manchester Combined Authority	Contributing employer
Cllr M Barnes	Employee of University of Salford	Contributing employer
Cllr A Mitchell	Member of Groundwork - Manchester, Salford, Stockport, Tameside & Trafford	Contributing employer
Cllr P Andrews	Director of Manchester Working Ltd	Contributing employer
	Member of Manchester Airport Consultative Committee	Contributing employer
	Governor of Newall Green Primary School	Contributing employer
	Director of Mechanics' Centre Ltd (Reg.No. 01983373)	Contributing employer
P Herbert	Employee of Ministry of Justice	Contributing employer
K Drury	Employee of University of Manchester	Contributing employer
A Flatley	Employee of Bolton MBC	Contributing employer
P McDonagh	Employee of Manchester City Council	Contributing employer
M Fulham	Employee of Bury MBC	Contributing employer
R Paver	Employee of Greater Manchester Combined Authority	Contributing employer
	Member of the Executive Board of Transport for Greater Manchester	Contributing employer
	Director of MIDAS Ltd (Reg.No. 03323710)	Contributing employer
	Director of Education and Leadership Trust (Reg.No. 08913502)	Contributing employer
M Rayner	Employee of Stockport MBC	Contributing employer
D Schofield	Employee of Manchester City Council	Contributing employer
J Hammond	Employee of Bury MBC	Contributing employer
C Lloyd	Employee of Tameside MBC	Contributing employer
C Goodwin	Employee of University of Manchester	Contributing employer
P Taylor	Employee of LTE Group	Contributing employer
M Cullen	Employee of Stockport MBC	Contributing Employer

19. Employer related investment

As at 31 March 2020 GMPF had amounts on short-term loan to one contributing employers: Greater Manchester Combined Authority £50,000,000 (2019 £30,000,000). The investment was made by GMPF as part of its day-to-day treasury management activities.

As at 31 March 2019 GMPF had £5,000,000 on short-term loan to Salford City Council. This was repaid during 2019/20. There was £nil on loan to this employer at 31 March 2020.

At 31 March 2019, as part of its normal investment activities conducted through its investment fund managers, GMPF owned shares with a market value of £11,046,090 in First Group PLC, which is the ultimate parent company of three subsidiaries who are contributing employers to GMPF. These shares were divested in year with £nil value remaining at 31 March 2020.

GMPF has a minor holding in the Airport City joint venture, which is developing land adjacent to Manchester Airport for commercial use. The main stakeholder at Airport City being Manchester Airport Group, which is a contributing employer to GMPF.

GMPF has formed a joint venture with Manchester City Council, a contributing employer to GMPF, known as Matrix Homes, to develop residential property, for both sale and to rent, at sites across Manchester.

As at 31 March 2020 Greater Manchester Property Venture Fund includes a standing investment of office accommodation. Part of this property is leased to Irwell Valley Housing Association who are a contributing employer to GMPF.

20. Contributions received, and benefits paid during the year ending 31 March

Contribn from Employers	Contribn from Employees	Benefits Paid		Contribn from Employers	Contribn from Employees	Benefits Paid
2019 £m	2019 £m	2019 £m		2020 £m	2020 £m	2020 £m
(23)	(7)	41	Bolton Borough Council	(24)	(7)	43
(16)	(5)	27	Bury Borough Council	(15)	(5)	29
(45)	(15)	101	Manchester City Council	(47)	(16)	107
(2)	(5)	34	Oldham Borough Council	(3)	(5)	36
(19)	(6)	35	Rochdale Borough Council	(20)	(6)	37
(20)	(6)	40	Salford City Council	(20)	(6)	43
(2)	(7)	32	Stockport Borough Council	(3)	(7)	35
(1)	(5)	34	Tameside Borough Council (administering authority)	(3)	(6)	36
(1)	(4)	25	Trafford Borough Council	(2)	(5)	28
(27)	(8)	42	Wigan Borough Council	(27)	(9)	45
(194)	(52)	226	Other scheme employers *	(204)	(55)	241
(97)	(26)	167	Admitted bodies *	(92)	(25)	180
(447)	(146)	804		(460)	(152)	860

* A full list of all scheme and admitted bodies can be found in the GMPF Annual Report 2019/20 which will be available at www.gmpf.org.uk.

21. Investment Strategy Statement and Funding Strategy Statement

GMPF has published an Investment Strategy Statement and a Funding Strategy Statement. Both documents can be found on its website - www.gmpf.org.uk.

22. Actuarial Review of GMPF

GMPF's last Actuarial valuation was undertaken as at 31 March 2019. A copy of the valuation report can be found on the GMPF website

<https://www.gmpf.org.uk/getmedia/ae7f4bbc-efb5-4c0d-9715-58be74eaafe9/Greater-Manchester-Pension-Fund-2019-Valuation-Report.pdf>

The funding policy is set out in the Funding Strategy Statement (FSS) dated March 2020. The key funding principles are as follows:

- to ensure the long-term solvency of GMPF using a prudent long-term view. This will ensure that sufficient funds are available to meet all members'/dependants' benefits as they fall due for payment;
- to ensure that employer contribution rates are reasonably stable where appropriate;
- to minimise the long-term cash contributions which employers need to pay to GMPF, by recognising the link between assets and liabilities and adopting an investment strategy which balances risk and return (this will also minimise the costs borne by Council Taxpayers);
- to reflect the different characteristics of different employers in determining contribution rates. This involves GMPF having a clear and transparent funding strategy to demonstrate how each employer can best meet its own liabilities over future years; and
- to use reasonable measures to reduce the risk to other employers, and ultimately to the Council Taxpayer, from an employer defaulting on its pension obligations.

The valuation revealed that GMPF's assets, which at 31 March 2019 were valued at £23,844 million, were sufficient to meet 102% of the present value of promised retirement benefits earned. The resulting surplus was £529 million. The present value of promised retirement benefits at 31 March 2020 can be found in Note 25.

The key financial assumptions adopted for the 2019 valuation were:

Financial Assumptions	31 March 2019	
	% p.a. Nominal	% p.a. Real
Discount rate	3.60%	1.30%
Pay Increases *	3.10%	0.80%
Price Inflation/Pension increases	2.30%	-

The liabilities were assessed using an accrued benefits method that takes into account pensionable membership up to the valuation date. It also makes an allowance for expected future salary growth revaluation to retirement or expected earlier date of leaving pensionable membership.

23. Stock lending

GMPF's custodian, Northern Trust, is authorised to release stock to third parties under a stock lending agreement. Under the agreement, GMPF does not permit Northern Trust to lend UK or US equities.

At the year end the value of stock on loan was £313.8 million (31 March 2019: £163.5 million) in exchange for which the custodian held collateral at fair value of £333.7 million (31 March 2019: £176.7 million), which consisted exclusively of government bonds and government guaranteed bonds.

24. AVC Investments

GMPF provides an Additional Voluntary Contributions (AVC) scheme for its contributors, the assets of which are invested separately from GMPF. Therefore, these amounts are not included in the GMPF accounts in accordance with regulation 4(2)(b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 (SI 2009 No 3093).

GMPF's main AVC provider is Prudential where the sums saved are used to secure additional benefits on a money purchase basis for those contributors electing to pay additional voluntary contributions. The funds are invested in a range of investment products including with profits, fixed interest, equity, cash, deposit, property, and socially responsible funds, as follows:

Contributions paid	£8,499,236
Units purchased	4,867,818
Units sold	3,808,664
Fair value as at 31 March 2020	£72,333,546
Fair value as at 31 March 2019	£73,197,565

25. Actuarial present value of promised retirement benefits

CIPFA's Code of Practice on Local Authority Accounting 2019/20 requires administering authorities of LGPS funds to disclose the actuarial present value of promised retirement benefits in accordance with IAS26 Accounting and Reporting by Retirement Benefit Plans.

Allowance has been made for the impact of indexation relating to the ruling on the equalisation of Guaranteed Minimum Pensions (GMPs) between men and women. No allowance has been made in respect of the impact of GMP equalisation on LGPS funds as the guidance on calculation is yet to be confirmed.

Allowance has been made for the "McCloud" ruling i.e. an estimate of the potential increase in past service benefits arising from the findings of the Court of Appeal in relation to claims of age discrimination in the Firefighters' and Judges' pension schemes case affecting public service pension schemes.

This value has been calculated by GMPF's Actuary, Hymans Robertson LLP, using the assumptions below.

Assumptions used

The assumptions used are those adopted for the administering authority's IAS19 Employee Benefits report at each year end as required by the CIPFA Code of Practice on Local Authority Accounting 2019/20.

Financial Assumptions

31 March 2019 % p.a.	Year ended:	31 March 2020 % p.a.
2.5%	Inflation/pension increase rate	% p.a.
2.6%	Salary increase rate	1.9%
2.4%	Discount rate	2.7%

Mortality

Life expectancy is based on GMPF's VitaCurves with improvements in line with the CMI 2018 model, assuming the current rate of improvements has reached a peak and will converge to a long-term rate of 1.5% p.a. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current pensioners	Males	Females
Future pensioners*	20.5 years	23.1 years

* future pensioners are assumed to be currently aged 45

Commutation

An allowance is included for future retirements to elect to take 55% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 60% of the maximum tax-free cash for post-April 2008 service.

Value of promised retirement liabilities

31 March 2019 £m		31 March 2020 £m
30,555	Present value of promised retirement	£m

Liabilities have been projected using a roll forward approximation from the latest formal funding valuation as at 31 March 2019.

Sensitivity analysis

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below.

31 March 2019			31 March 2020	
Approximate % increase to promised retirement benefits	Approximate monetary amount (£m)	Change in assumptions at year ended 31 March	Approximate % increase to promised retirement benefits	Approximate monetary amount (£m)
8%	2,444	0.5% increase in the Pension Increase Rate	9%	2,544
2%	611	0.5% increase in the Salary Increase Rate	1%	283
3%	917	1 year increase in member life expectancy	3%	848
11%	3,361	0.5% decrease in Real Discount Rate	10%	2,826

It should be noted that the above figures are only appropriate for the preparation of the accounts of GMPF. They should not be used for any other purpose.

Financial Performance Report GMPF 2019/20

Key financials

	£m	£m	£m
Fund Value at 31 March 2019			23,844
Contributions and Benefits			-265
Employee contributions	152		
Employer contributions	460		
Pension benefits Paid		(860)	
Net Transfers		(17)	
Management Costs			35
Investment		(27)	
Administration		(6)	
Oversight		(2)	
Investments			-1,509
Income	520		
Change in market value of investments		(2,029)	
Total change in value of Fund			(1,809)
Fund Value 31 March 2020			22,035

Out-turn Against prediction

The table below shows the financial out-turn against the prediction for the year 2019/20 as agreed by the Management Panel at its meeting on January 2019. The main variances were

- Investment returns were significantly lower than the long term average this year with the final quarter seeing an exceptional level of volatility due to the Covid 19 crisis.
- Pensions paid were higher than predicted
- Contributions received were less than predicted
- There was a significant bulk transfer due to GMPF continuing to take on board the pension assets and liabilities for subsidiaries of First Group plc from other LGPS Funds.

	2019/20 prediction	2019/20 actual	Variance
	£m	£m	£m
Fund Size at Start of Year	23,844	23,844	-
Fund Size at end of Year	24,897	22,035	(2,862)
Pensions Paid	(835)	(860)	(25)
Contributions received	684	612	(72)
Transfers	0	(17)	(17)
Net Cashflow	(151)	(265)	(114)
Management Costs	(35)	(35)	-
Investment Income	433	520	87
Increase in Value of Investments	806	(2029)	(2,835)
Net Return from Investments	1,239	(1,509)	(2,748)
Net Change in Fund	1,053	(1,809)	(2,862)

Three-year Financial Plan

The table below shows the financial forecast for period 2020-2023 as approved by GMPF Management Panel on 17 July 2020. Key issues to draw out remain similar to those in recent years.

- During 2020-21 GMPF receives some employer contributions from local authorities in advance.
- The net negative cash-flow from contribution income less benefits paid in later years is offset by investment income meaning that the fund is not a forced seller of assets
- These figures are based on long term projected average investment performance of 5.2% taken from and short-term volatility may cause significant variations to the figures in this forecast.
- GMPF is considering changes to way in which it discloses costs for private market assets that are deducted at source by investment managers, effectively netting against investment performance. At present these are disclosed as note to accounts but not expensed through accounts. If implemented this would have the effect of increasing the projected increase in investments and at the same time costs, but would not effect the projected change in fund value for the 3-year period

	2020/21	2021/22	2022/23
Fund Size at Start of Year	22,035	23,113	23,922
Fund Size at end of Year	23,113	23,922	24,747
Pensions Paid	877	916	956
Contributions received	844	558	572
Transfers	0	0	0
Net Cashflow	-33	-358	-384
Administration Costs	35	35	35
	0	0	0
Investment Income	433	456	480
Increase in Value of Investments	712	746	764
Net Return from Investments	1,146	1,202	1,244
	0	0	0
<u>Net Change in Fund</u>	<u>1,078</u>	<u>809</u>	<u>825</u>

Administration Expenditure Monitoring Statement for the 12 Months to March 31 2020

	-	-	-
	<u>12 MONTHS TO MARCH 2020</u>		
	<u>(1)</u>	<u>(2)</u>	<u>(3)</u>
	<u>Original</u>	<u>Actual</u>	<u>Variation</u>
	<u>Estimate</u>	<u>Exp</u>	<u>To Date</u>
	<u>2018/19</u>	<u>2018/19</u>	<u>(2) - (1)</u>
<u>Type of Expenditure</u>	-	-	-
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
<u>Staff Costs</u>	-	-	-
	<u>7,290</u>	<u>6,328</u>	<u>(963)</u>
<u>Direct Costs</u>	-	-	-
<u>Publications and Subscriptions</u>	<u>105</u>	<u>110</u>	<u>5</u>
<u>Travel and Subsistence</u>	<u>95</u>	<u>77</u>	<u>(18)</u>
<u>Premises</u>	<u>944</u>	<u>892</u>	<u>(52)</u>
<u>Postage, Printing, Telephone</u>	<u>215</u>	<u>148</u>	<u>(67)</u>
<u>Office Equipment and Software</u>	<u>1,065</u>	<u>1,062</u>	<u>(3)</u>
<u>Investment Advisory Expenses</u>	<u>68</u>	<u>66</u>	<u>(2)</u>
<u>Bank Charges and Nominee Fees</u>	<u>447</u>	<u>284</u>	<u>(163)</u>
<u>Investment Management Fees</u>	<u>19,751</u>	<u>19,047</u>	<u>(704)</u>
<u>Actuary and Professional Fees</u>	<u>1,554</u>	<u>1,318</u>	<u>(236)</u>
<u>Performance Measurement Services</u>	<u>127</u>	<u>116</u>	<u>(11)</u>
<u>Communications</u>	<u>371</u>	<u>365</u>	<u>(6)</u>
	<u>24,742</u>	<u>23,482</u>	<u>(1,260)</u>
<u>Central Establishment Charges</u>	-	-	-
	<u>411</u>	<u>376</u>	<u>(35)</u>
<u>Less:</u>	-	-	-
<u>Recovery of Management and Legal Fees</u>	<u>(1,176)</u>	<u>(1,399)</u>	<u>(222)</u>
<u>Admin Fees</u>	<u>(36)</u>	<u>(52)</u>	<u>(16)</u>
<u>Commission Recapture</u>	-	-	-
	<u>(50)</u>	<u>(12)</u>	<u>38</u>
	<u>31,181</u>	<u>28,723</u>	<u>(2,458)</u>
	-	-	-

Commentary on out turn for year

During the year the expenditure on administration and investments was less than budgeted. The main variances were:

- Expenditure on investment managers was less than predicted due to implementation of changes in strategy and fee reductions following negotiations.
- Expenditure on Actuary & Professional Fees: was lower than expected due to more efficient implementation of pooling arrangements.
- Staffing costs were less than predicted due to implementation of changes in management structure.

The Fund Account splits out expenditure into three activities in note 8, these are investment, administration, and oversight and governance functions as required and defined by accounting standards. During the year monitoring of management expenditure is made on an overall basis and at service management level which may cut across these functions. It should be noted that the figure in the accounts of £35m includes investment transaction costs (£6m) which are not controlled internally or monitored in same way.

Three Year Budgeted Expenditure

Due to the general uncertainty, specific forthcoming issues with how costs from pooled investments are treated, and a desire to review budgets on a zero-based basis, the Management Panel has not approved a 3-year expenditure budget. The Panel has assumed constant expenditure on administration, investment management and oversight for the period 2020-2023 in the Medium-Term Financial Plan. This will be subject to review when there is more visibility on future arrangements.

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

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