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GREATER MANCHESTER PENSION FUND - MANAGEMENT/ADVISORY PANEL

Day: Friday
Date: 24 March 2023
Time: 10.00 am
Place: Guardsman Tony Downes House, Manchester Road, Droylsden, M43 6SF

Item No.	AGENDA	Page No

GENERAL BUSINESS

1. CHAIR'S INTRODUCTORY REMARKS 10.00AM

2. APOLOGIES FOR ABSENCE

3. DECLARATIONS OF INTEREST

To receive any declarations of interest from Members of the Panel.

4. MINUTES

a) MINUTES OF THE PENSION FUND ADVISORY PANEL 1 - 12

To approve as a correct record the Minutes of the meeting of the Pension Fund Advisory Panel held on 2 December 2022.

b) MINUTES OF THE PENSION FUND MANAGEMENT PANEL 13 - 18

To approve as a correct record the Minutes of the meeting of the Pension Fund Management Panel held on 2 December 2022.

5. LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

a) URGENT ITEMS

To consider any items which the Chair is of the opinion shall be considered as a matter of urgency.

b) 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.

Items	Paragraphs	Justification
10, 11, 12, 13, 14,	3&10, 3&10, 3&10,	Disclosure would, or would

From: Democratic Services Unit – any further information may be obtained from the reporting officer or from Carolyn Eaton, Principal Democratic Services Officer, 0161 342 3050 or carolyn.eaton@tameside.gov.uk, to whom any apologies for absence should be notified.

15, 16, 19, 20, 21, 22, 23, 24	3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10	prejudice the commercial int Fund and/or its agents which affect the interests of the and/or tax payers.

Administration.

11.	**LOCAL INVESTMENTS UPDATE 11.00AM**	77 - 82
	To consider the attached report of the Assistant Director, Local Investments and Property and to receive a presentation from representatives of The Good Economy.	
12.	**PERFORMANCE DASHBOARD 12PM**	83 - 118
	Report of the Assistant Director of Pensions Investments, attached.	
13.	**BUSINESS PLANNING, BUDGET AND RISK MANAGEMENT 12.10PM**	119 - 124
	To consider the attached report of the Director of Pensions.	
14.	**ADVISOR COMMENTS AND QUESTIONS**	

ITEMS FOR INFORMATION

15.	**ADMINISTRATION UPDATE 12.20PM**	125 - 128
	To consider the attached report of the Assistant Director of Pensions Administration.	
16.	**LGPS UPDATE**	129 - 134
	To consider the attached report of the Director of Pensions.	
17.	**FUTURE DEVELOPMENT OPPORTUNITIES**	
	Trustee development opportunities are available as follows. Further information/details can be obtained by contacting Loretta Stowers on 0161 301 7151.	

PLSA Webinar – Implementing TPRs new code of practice	28 March 2023
PLSA Investment Conference, Edinburgh	6-8 June 2023
PLSA Local Authority Conference, Gloucestershire	26-28 June 2023
PLSA Annual Conference, Manchester	17-19 October 2023

18. DATES OF FUTURE MEETINGS

To note the dates of future meetings to be held on:-

Management/Advisory Panel	14 July 2023 15 Sept 2023 1 Dec 2023 8 March 2024
Local Pensions Board	13 April 2023 20 July 2023 28 Sept 2023 25 Jan 2024

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

	11 April 2024
Policy and Development Working Group	22 June 2023 7 Sept 2023 23 Nov 2023 22 Feb 2024
Investment Monitoring and ESG Working Group	14 April 2023 21 July 2023 22 Sept 2023 26 Jan 2024 12 April 2024
Administration and Employer Funding Viability Working Group	14 April 2023 21 July 2023 22 Sept 2023 26 Jan 2024 12 April 2024

WORKING PAPERS - APPENDICES

GREATER MANCHESTER PENSION FUND
ADVISORY PANEL

2 December 2022

Commenced:	**10.00am**	**Terminated: 12.25pm**

Present:	**Councillor Cooney (Chair)** **Councillors: Barnes (Salford), Butt (Trafford), Cowen (Bolton), Cunliffe (Wigan), Grimshaw (Bury), Jabbar (Oldham), Massey (Rochdale), and Smart (Stockport)** **Employee Representatives:** **Ms Blackburn (UNISON), Mr Caplan (UNISON), Mr Drury (UNITE), Mr Llewellyn (UNITE) and Mr Thompson (UNITE)** **Fund Observers:** **Councillor Taylor (Stockport)** **John Pantall – Independent Observer** **Local Pensions Board Member (in attendance as observer):** **Councillor Fairfoull** **Advisors:** **Mr Bowie, Mr Moizer and Mr Powers**
Apologies for absence:	**Councillor Andrews (Manchester) and Mr Flatley (GMB)**

44. CHAIR'S OPENING REMARKS

The Chair, Councillor Cooney welcomed everyone to the meeting and began by highlighting a number of recent key events including the mini-budget followed by massive volatility in the markets and intervention from the Bank of England. There was also a new Prime Minister and a new minister responsible for the LGPS, Lee Rowley MP.

He made reference to closed private sector pension schemes, which were in the headlines as they sought to raise cash, however reminded Members that, as an open, long term pension scheme, the LGPS was not impacted. A statement had been added to the GMPF website to reassure members that their pensions were not affected by stock market performance. GMPF members did not bear any financial market risks, their pension promise was set out in legislation and was calculated based on pay and service.

The Chair was delighted to announce that, the previous evening, the Fund won the Investment and Pensions Europe 2022 Pension Fund UK award and were also shortlisted for the Public Sector Pension Fund award.

He detailed the notable achievements of the Fund as follows:
- On a cumulative basis, the Fund had outperformed the average Local Authority Fund by over £5.1 billion;
- The Fund investments already produced more power through renewables than they did from coal and oil;
- The Fund's active equity holdings were 20% less carbon intensive than the average pension fund so the Fund was both moving and leading in the right direction to becoming carbon neutral;
- The Fund was also the biggest direct local government pensioner investor in renewable energy and energy efficiency, with nearly a billion pounds allocated in a number of areas

including biomass and wind farm assets;

- Government recognition that GMPF were the only Fund to have invested 5% of its assets in local projects across Greater Manchester – it had invested nearly a billion pound alone in just property infrastructure in Greater Manchester;
- The government's levelling up paper also cited the influence of the GLIL Infrastructure platform, which GMPF established together with a small number of like-minded funds. GLIL had invested around £2.5billion, which included £800 million of GMPF's commitments. Investments included Anglian Water, Forth Ports and Clyde Wind Farm;
- Last year GMPF was one of the first UK funds to be approved as a signatory to the Financial Reporting Council's UK Stewardship Code. The stewardship code was a code requiring institutional investors to be transparent about their investment processes, engage with investee companies and vote at shareholders' meetings. The Fund was successful in being approved again this year following a rigorous process;
- In December last year, the 2021 Responsible Asset Allocator Initiative Leaders List of the 30 most responsible asset allocators ranked GMPF as 35 in the world of most responsible investors. This was out of a group of the top 634 asset allocators across 98 countries with 36 trillion US dollars in assets. The Fund scored an impressive 96 out of a potential 100 to achieve this rating;
- Earlier this year the Fund set a 2030 interim emissions reduction target in line with the IPCC's (The Intergovernmental Panel on Climate Change) 1.5 degree pathway and reported these publicly:
    1. reduce carbon intensity by 50% by 2030 versus 2019 benchmark; and
    2. Between 2021 and 2030, an additional $2 billion investment in climate solutions, on top of the $1 billion already invested through its Northern LGPS infrastructure.

In particular, the Fund was recognised in receiving the Investment and Pensions Europe 2022 Pension Fund UK award for updating social responsibility and its commitment to homeless charities and social housing sectors.

The Chair was also proud to announce that in the last few weeks, GMPF had allocated another £10 million to the National Homelessness Property Fund 2 bringing the impact fund investments to £465 million.

He added that such awards recognised pension providers that had set the professional standards in order to best serve European pension funds. The Chair congratulated everyone at the Fund for the significant achievement and reflection of the important contribution of all trustees.

The Chair advised that, later on the agenda, a presentation would be delivered by John Simmonds from CEM Benchmarking, who measured the performance of over 400 pension funds globally and would feedback favourably on how the Fund performed globally, especially following a very challenging two year pandemic.

The actuarial valuation would also be discussed, where contribution rates were set for employers. At its meeting on 10 October 2022, the Local Government Pension Scheme Advisory Board discussed emerging results from the current round of triennial local fund valuations, with calculations being made "as at" 31 March 2022. It was noted that as a result of general market performance over the three-year period to 31 March 2022, it was expected that a good proportion of funds were likely to move into surplus. In the context of extreme financial pressures being faced in local government by all types of LGPS employers, it was understandable that the need to find cost savings was paramount. However, since 31 March 2022, the Board also noted the impact of the war in Ukraine, increasing rates of inflation and wider global economic uncertainty as well as changes in interest rates in the G7 countries, which had resulted in greater financial market turmoil.

Thus, the Scheme Advisory Board warned that while LGPS funds may show a degree of surplus "as at" 31 March 2022, the Board agreed that, notwithstanding the current economic and wider funding pressures, they would require contribution rates to be set at a prudent level and one which recognised the uncertainty. The Board acknowledged that this may mean increases rather than decreases in contribution rates for employers. In light of this discussion, whilst understanding and recognising the extremely challenging position for local government finance, the Board recommended that administering authorities and other fund employers had regard to the desirability for long term stability in pension contributions given the lower growth outlook for many investment markets and the increasing cost of accruing benefits.

Notwithstanding this, the Chair was pleased to say that, owing to the long term approach that the fund has taken to achieving low cost sustainable pensions, and the £620 million achieved through not disinvesting, it was possible for the Actuary to propose sustainable cuts to contribution rates. All local authority pools stood to benefit from contribution rate reductions, with the typical reduction somewhere between 1.0% and 2.0%, this was the equivalent for most GM authorities of 1 to 2% of Council tax. This was a significant contribution by the Funds to keep costs down at a time of high inflation of 10.1%.

45. DECLARATIONS OF INTEREST

There were no new declarations of interest submitted by Members.

46. MINUTES

(a) The Minutes of the proceedings of the meeting of the Pension Fund Advisory Panel held on 16 September 2022 were signed as a correct record.

(b) The Minutes of the proceedings of the meeting of the Pension Fund Management Panel held on 16 September 2022 were noted.

47. LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

(a) Urgent Items

The Chair announced that there were no urgent items for consideration at this meeting.

(b) Exempt Items

RESOLVED
That under Section 100 (A) of the Local Government Act 1972 the public be excluded for the following items of business on the grounds that:
(i) they involve the likely disclosure of exempt information as defined in the paragraphs of Part 1 of Schedule 12A of the act specified below; and
(ii) in all circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information for reasons specified below:

Items	Paragraphs	Justification
8, 9, 10, 11, 12, 13, 14, 15, 19, 20, 21, 22, 23	**3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10**	**Disclosure would or would be likely to prejudice the commercial interests of the Fund and/or its agents, which could in turn affect the interests of the stakeholders and/or tax payers.**

48. LOCAL PENSIONS BOARD

The Minutes of the proceedings of the meeting of the Local Pensions Board held on 6 October 2022 were received.

The Chair of the Local Pensions Board, Councillor Fairfoull, advised that at its last meeting the Board reviewed the work carried out by the Administration teams during 2021/22. The changes to membership over the previous year and some of the work undertaken by the various administration teams, were discussed. Overall, the Administration section was in a much stronger position than ever before. Many of the changes implemented had strengthened the team's resilience and standards of services, and had created opportunities for further improvements and developments to be made. There were several significant projects on the horizon, and all the changes made over the last twelve months would put all administration teams in a good position to meet those challenges.

Some of the developments with the Pensions Regulator (TPR) were also discussed. On 3 August 2022, TPR unveiled its new strategy to combat pension scams. The strategy was released in light of the ongoing cost of living crisis which may make members more susceptible to pension scams. The strategy aimed to work with pension schemes to ensure they had the necessary controls in place to minimise members falling prey to scammers. It was vital that members' benefits were safeguarded and everything possible was done to ward off attempted scams.

As at each meeting, the monitoring of late payment of contributions or late submissions of data from employers was reviewed. The Board were encouraged to hear that the timeliness of contribution payments and receipt of data from employers had been good over the last quarter.

The Board discussed the findings of recent internal audit reports and the current version of the Fund's risk register.

RECOMMENDED
That the Minutes of the proceedings of the Local Pensions Board held on 6 October 2022 be noted.

49. INVESTMENT MONITORING AND ESG WORKING GROUP

The Minutes of the proceedings of the meeting of the Investment Monitoring and ESG Working Group held on 7 October 2022 were considered.

The Chair of the Working Group, Councillor Ryan, advised that the Fund's responsible investment advisor, PIRC, attended the meeting and discussed the recent political backlash against Environmental, Social and Governance investing. They also presented background to the use of Shareholder Resolutions as a stewardship tool, with a focus on resolutions that the Fund had been actively involved in over the last year. These covered issues ranging from water use, to public health, tax and workforces.

Avison Young also attended the meeting and gave an informative overview of the Property Venture Fund portfolio. There was a focus on Climate Resilience in relation to new developments.

RECOMMENDED
That the Minutes be received as a correct record;

50. ADMINISTRATION AND EMPLOYER FUNDING VIABILITY WORKING GROUP

The Minutes of the proceedings of the meeting of the Administration and Employer Funding

Viability Working Group held on 7 October 2022 were considered.

Councillor Ryan, who chaired the meeting in the absence of Councillor North, advised that discussion had taken place in respect of one of GMPF's business plan objectives, which was to work to achieve the Pensions Administration Standards Association (PASA) accreditation. PASA aimed to promote and improve the quality of pensions' administration services for UK pension schemes. PASA had a set of standards that it believed defined high-quality administration. If an organisation could demonstrate that it met those standards, it could apply to undertake PASA's independently-assessed accreditation programme. If accredited, the Fund would be able to show it was a high-quality administrator.

Overpayments of pensions to members over the previous 12-month period were reviewed. Members were interested to learn about how overpayments occur and the steps taken to collect monies paid in error to members. Overpayments occurred for various reasons such as not being informed of a member's death and overpaying their pension, and benefits being recalculated. Most overpayments were recovered within three months but sometimes recovery could take several years where there were complex circumstances such as a member dying abroad. For the 2021/22 period 79% of overpayments were recovered as at the report date, and further recoveries had probably been made since then.

As usual, the administration strategic service update and updates relating to member services, employer services, developments and technologies, and communication and engagement was also reviewed.

RECOMMENDED
(i) That the Minutes be received as a correct record;
(ii) In terms of Member Overpayments Review:
- **That the changes to the policies and procedures identified during the review to improve the process and recovery success rate, be approved;**
- **That the recommendations for the individual cases where an overpayment remains unrecovered be agreed**
- **That the intention to report individual cases to the Working Group on a quarterly basis as part of the Member Services update report going forward, be noted; and**
- **It be noted that officers intend to continue work on improving other aspects of the process once the relevant procedures have been changed in line with the recommendations.**

51. POLICY AND DEVELOPMENT WORKING GROUP

The Minutes of the proceedings of the meeting of the Policy and Development Working Group held on 24 November 2022 were considered.

The Chair of the Working Group, Councillor Cooney, advised that representatives of both Ninety One and Stone Harbor presented on their respective performance since inception, and in particular over the last 12 months. This gave Members and Advisors an opportunity to probe both managers' underlying process and philosophy. An update on the managers was included later in the agenda within the Performance Dashboard.

Members also considered details of further due diligence that had been carried out in relation to the proposed pilot of a Global Equity Value allocation to be run by UBS. Members were satisfied with the additional work and recommended that the pilot allocation be approved.

RECOMMENDED
(i) That the Minutes be received as a correct record;
(ii) In terms of UBS Global (Developed) Equity Value Allocation:
- **That approval be given for a Global (Developed) Equity Value allocation within the**

UBS Portfolio with an initial quantum of assets as set out in the report; and

- **That the rules pertaining to the Main Fund public equity allocation be updated as set out in the report.**

52. NORTHERN LGPS JOINT OVERSIGHT COMMITTEE

The Minutes of the proceedings of the meeting of the Northern LGPS Joint Oversight Committee held on 7 July 2022 were received.

RECOMMENDED
That the Minutes of the proceedings of the Northern LGPS Joint Oversight Committee held on 7 July 2022, be noted.

53. RESPONSIBLE INVESTMENT UPDATE

The Assistant Director of Pensions Investments, submitted a report and delivered a presentation providing Members with an update on the Fund's responsible investment activity during the quarter.

It was explained that the Fund was a signatory to the Principles for Responsible Investment (PRI). As a signatory to the PRI, the Fund was required to report publicly its responsible investment activity through the PRI's 'Reporting Framework'.

Upon becoming a PRI signatory, the Fund committed to the following six principles:

1. We will incorporate ESG issues into investment analysis and decision making processes.
2. We will be active owners and incorporate ESG issues into our ownership policies and practices.
3. We will seek appropriate disclosure on ESG issues by the entities in which we invest.
4. We will promote acceptance and implementation of the Principles within the investment industry.
5. We will work together to enhance our effectiveness in implementing the Principles.
6. We will each report on our activities and progress towards implementing the Principles

A summary of the Fund's Responsible Investment activity for the quarter against the six PRI principles was detailed in the report.

The Assistant Director gave details of deployment of capital as follows of the Impact Portfolio - £100m commitment to support sustainable infrastructure in the UK

He further made reference to the Northern LGPS Stewardship quarterly report, which explored Brazil, Water Stewardship, Ford, National Grid and Uyghurs.

The Assistant Director further commented on the DLUHC consultation with regard to assessing, managing and reporting climate-related risks in line with Task Force on Climate Related Financial Disclosures (TCFD), and advised that GMPF had been reporting voluntarily in line with TCFD for over 5 years.

It was also reported that more than 600 investors including GMPF managing almost $42 trillion in assets, co-signed the 2022 Global Investor Statement to Governments on the Climate Crisis. The statement called on governments to take a number of actions including:

- Ensuring that the 2030 targets in their Nationally Determined Contributions aligned with the goal of limiting the global temperature rise to 1.5ºC
- Implementation of domestic policies to deliver these targets
- Contribute to the reduction of non-carbon greenhouse gas emissions
- Build upon the agreed outcomes of COP26

- Strengthen climate disclosures across the financial system

Information was also given with regard to the Principles of Responsible Investment and Fund's requirement to publicly report annually on its responsible investment activities via the PRI's reporting framework.

Details of GMPF's Responsible Investment partners and collaborations were appended to the report.

Discussion ensued in respect of the content of the report and presentation, with the Advisors commenting on the need to demonstrate why active engagement was more effective than divestment.

The Chair thanked the Assistant Director for the comprehensive and informative presentation.

RECOMMENDED
That the content of the report and presentation be noted.

54. CEM BENCHMARKING

Consideration was given to a report of the Assistant Director of Pensions Investments and the Assistant Director of Pensions Administration, providing Members with an update on investment management cost benchmarking for the Fund over 2021/22. In addition, CEM provided a report analysing and benchmarking the Fund's administration costs and member services, an update on which was provided in the report. John Simmonds, David Jennings and Hannah Blomfield of CEM Benchmarking also delivered a presentation.

In respect of CEM Investment Cost Analysis, it was reported that GMPF had generated significant underlying savings in 2021/22.

CEM had also benchmarked GMPF's costs against a peer group of 17 relatively similar sized global funds (including LGPS funds and non-LGPS funds) and GMPF was lower cost than the benchmark.

With regard to GMPF CEM Administration costs and service score analysis 2021/22, it was reported that GMPF was a high service, low cost provider relative to its peers.

The key outcomes from the 2021/22 benchmarking were highlighted. GMPF's total cost per member was £16.91, being £9.91 lower than the adjusted peer average of £26.82. GMPF's service score was 71 out of 100, being 3 points above the peer median of 68.

It was explained that CEM had made some changes to the service model this year, many of which were to measure the improvements that schemes had made to service delivery in response to the pandemic. Therefore, the scores for previous years had been adjusted to enable a like-for-like comparison to be made.

The total cost per member was slightly lower than last year (by 10p) and the service score was 4 points higher.

Changes that had a positive impact on the service score included the improvements in responding to telephone calls, mainly driven by the new contact centre functionality GMPF had deployed, and the expansion of the online events programme for members.

It was further explained that work towards the administration sections' achievement of business plan objectives and key projects should lead to further improvements to the service score in future years. Further work on expanding the use of the new contact centre functionality was already underway and would facilitate a better service score for several aspects of customer service going forward. Officers would be using the analysis within the CEM report to identify other areas where changes could be made to the way services were provided or measured, to further enhance member experience.

Discussion ensued with regard to the content of the report and presentation and, in response to a query from Advisors regarding training costs, the Assistant Director of Pensions Administration explained that there was a lot of training delivered by the in-house team.

The Director of Pensions further commented on project costs and the need to look at how training and project costs were recorded going forward.

The Chair thanked Mr Simmonds, Mr Jennings and Ms Blomfield for a very interesting presentation.

RECOMMENDED
That the content of the presentation be noted.

55. 2022 ACTUARIAL VALUATION

Steven law, Hymans Robertson, Actuary to the Fund, then presented before Members in respect of the 2022 Actuarial Valuation.

He gave details of the whole-fund results and explained a funding level of 104% with £1bn in surplus in the Fund.

A variety of funding levels amongst employers was highlighted and it was reported that, over last three year period there had been a big improvement in funding levels of big employers (which included MBC's and MoJ). The setting of employer contribution rates and the two key goals of sustainability and stability was also discussed.

Mr Law further gave information on contribution rate changes and advised of a general trend of contribution rates reducing.

In response to a query, the Director of Pensions gave information in respect of the communications exercise underway with employers in respect of contribution rates.

Discussion ensued with regard to the content of the presentation, including the as yet to be determined increase in pension increase rates and how the impact of this could be mitigated.

The Head of Pensions Administration then gave information in respect of the draft Funding Strategy Statement as circulated with the agenda.

The statement set out how the Administering Authority balanced the conflicting aims of affordability of contributions, transparency of processes, stability of employers' contributions, and prudence in the approach to funding the liabilities across the range of employers participating in GMPF.

RECOMMENDED
(i) That the content of the presentation be noted; and
(ii) That the draft Funding Strategy Statement, as circulated with the agenda, be agreed.

56. REVIEW OF INVESTMENT MANAGEMENT ARRANGEMENTS

The Assistant Director of Pensions Investments delivered a presentation in relation to the Fund's consideration of Investment Management arrangements, focussing on Benchmark Indices.

It was explained that a benchmark index was a standard or measure that could be used to analyse the allocation, risk, and return of a given portfolio. There were a number of criteria a “good” benchmark index should fulfil. GMPF most recently affirmed the benchmark indices for the Main Fund at the July 2022 meeting of the Panel. As part of the 2021/22 Review of Investment Strategy, GMPF’s Managers were consulted as to whether the benchmark indices used were appropriate.

The main fund benchmark indices by asset class were provided and benchmark indices in practice by strategic asset allocation and performance measurement, were detailed and discussed.

Discussion ensued and the Advisors commented on the importance of getting the right balances, going forward.

RECOMMENDED
That the presentation be noted.

57. PERFORMANCE DASHBOARD

Consideration was given to a report of the Assistant Director of Pensions Investments, providing high level, investment performance information, including the value of the Pension Fund Investment Portfolio, the performance of the Main Fund, and the over/under performance of the external Fund Managers against benchmark.

Key information from the Quarter 3 2022 Performance Dashboard was summarised. It was explained that, equities and bonds continued to fall in tandem in September, amid persistent concern that stubbornly high inflation would lead central banks to continue raising rates at a rapid pace. In fact, except for commodities, all primary listed asset classes (in local currencies) had negative returns in the quarter.

At the end of August 2022, year-on-year headline CPI inflation was 9.9%, 8.3%, and 9.1%, in the UK, Eurozone, and US, respectively. Of more concern to central bankers, core measures were also well above target, at 6.3% in the UK and US, and 4.3% in the Eurozone. Furthermore, year-on-year wage growth in excess of 5% in the US and UK was adding to core inflation pressures. Energy price interventions by European governments would limit the near-term peak in headline inflation, but would also support aggregate demand, potentially generating greater medium-term inflation pressure. Inflation was forecast to moderate in 2023 but remained well above target in most major economies.

Growing concerns about sustained high inflation were met with aggressive messaging and action by central banks. The Fed raised interest rates by a cumulative 1.5% p.a. in Q3, while the Bank of England and the ECB raised rates by a total of 1% p.a. and 1.25% p.a., respectively. Markets had also moved to price in a much more aggressive path for interest rates, with rates expected to reach 4.5% p.a., 3.5% p.a. and 5.8% p.a. by next year in the US, Europe, and UK, respectively. UK 10-year implied inflation, rose 0.4% p.a. to 4.0% p.a. Equivalent US implied inflation fell 0.2% p.a., to 2.2% p.a. One of the primary trends had been the strength of the dollar over the year especially versus sterling which had been weak; however, against a wider basket of currencies sterling had not depreciated as much.

UK government bonds and sterling underperformed as markets questioned the credibility of the government’s unfunded fiscal package. Bond yields also rose across the world resulting in negative returns, which were particularly notable for longer maturity bonds. Although of limited impact on LGPS, some pension funds had been impacted by increasing yields requiring LDI portfolio margin accounts to require significant funding; this in some instances was requiring selling other portfolio assets and the Bank of England had to assist this part of the market in early October. Despite a rally in July, global equities fell sharply (in local currency terms) in the second half of the quarter as high inflation, and subsequent higher interest rate expectations, weighed on both equity valuations and the fundamental outlook. However, depreciation of sterling over the period benefitted unhedged UK investors.

It was looking increasingly likely that there would be a global recession and a soft landing in 2023 may be hard to achieve. Over the quarter total Main Fund assets decreased by £128 million to £27.5 billion. With the exception of private equity, allocations to alternative assets, whilst increasing, remained below their long-term targets. Funding continued apace with allocations expected to increase further over the coming years. Following the 2022/23 review of Investment Strategy, further changes to the 'realistic' strategic allocations to alternatives were made in Q3 2022.

Within the Main Fund, there was an overweight position in private equity and cash (of around 5% in aggregate). Allocations to Private Debt, Infrastructure and GLIL were also overweight relative to their respective (realistic) benchmarks. The overweight positions were offset by underweight positions in bonds, equities and property. The property allocation continued to be underweight (by around 0.9%) versus its benchmark. On a cumulative basis, over the period since September 1987, the Main Fund had outperformed the average LGPS, equating to over £5.1 billion of additional assets. The Main Fund outperformed its benchmark over Q3 2022. Relative performance over 1 year and 3 years was positive. The Main Fund was also ahead of its benchmark over 5 and 10 years and performance since inception remained strong. Over Q3 2022, 1 year active risk fell having already increased dramatically over recent quarters. Active risk remained elevated relative to recent history – 1 year active risk was now around 3 times the levels reached 10 years ago. This had resulted in a marked increase in active risk over 3 and 5 year periods. However, over longer time periods, active risk of the Main Fund remained more stable at around 1.5% pa. Risk in absolute terms (for both portfolio and benchmark) increased in Q3 2022. The uncertainty surrounding the macro economic outlook remained high; in particular, future inflation levels, the war in Ukraine, supply chain disruptions and the future impact of the pandemic on economic output remained unclear.

As at the end of Quarter 3; three of the Fund's active securities managers outperformed their respective benchmarks whilst one underperformed its benchmark. Over a 3 year period, two managers underperformed their respective benchmarks whilst two had outperformed their respective benchmarks. The long-term performance of one of the managers remained strong. The performance history of the Factor Based Investing portfolio was relatively short (around 3 years), so at this very early stage no conclusions could be drawn with regard to performance

RECOMMENDED
That the content of the report be noted.

58. BUSINESS PLANNING, BUDGET AND RISK MANAGEMENT

Consideration was given to a report of the Director of Pensions providing an update on the current business plan and highlighted the current key risks being monitored.

Progress being made on the six key strategic projects set out in the 2022/23 business plan was detailed in the report.

Overall, progress was generally in line with the timescales. All business plan tasks continued to be monitored and reviewed each month by the Director of Pensions with the senior leadership team.

In terms of risk management, Members were advised that the overarching risk register was reviewed and updated at least once each quarter and the latest version was appended to the report. Specific risks being monitored closely by officers were highlighted and included issues relating to high inflation, assessing the impact of the McCloud changes, and cyber security work.

Discussion ensued with regard to the report and in particular, to inflation risk and how it could impact the Fund's ability to pay pensions.

RECOMMENDED
(i) That the progress on the current key business plan tasks be noted; and
(ii) That the risk register and the controls in place to mitigate each risk, be noted.

59. ADMINISTRATION UPDATE

The Assistant Director of Pensions Administration submitted a report providing an update on the following key items:

- Performance and engagement activities;
- Compliance activities; and
- Key projects updates.

RECOMMENDED
That the content of the report be noted.

60. LGPS UPDATE

Consideration was given to a report of the Director of Pensions providing the Panel with an update on the latest developments regarding the Local Government Pension Scheme, as follows:

- Education sector and the LGPS;
- MAPS Pension Dashboard update; and
- The Pensions Regulator.

RECOMMENDED
That the content of the report be noted, including the potential impact and implications for the LGPS and GMPF.

61. FUTURE DEVELOPMENT OPPORTUNITIES

Trustee development opportunities were noted as follows:

LAPFF Annual Conference - Bournemouth	**7-9 December 2022**
LGA Fundamentals Day 3 - Virtual	**20 December 2022**
LGPS Governance Conference - Bournemouth	**20-21 January 2023**
PLSA Investment Conference - Edinburgh	**6-8 June 2023**
PLSA Local Authority Conference - Gloucestershire	**26-28 June 2023**
PLSA Annual Conference - Manchester	**17-19 October 2023**

62. DATES OF FUTURE MEETINGS

It be noted that the date of future meetings be held as follows:

Management/Advisory Panel	24 March 2023 14 July 2023 15 Sept 2023 1 Dec 2023 8 March 2024
Local Pensions Board	26 Jan 2023 13 April 2023

	27 July 2023 28 Sept 2023 25 Jan 2024 11 April 2024
Policy & Development Wrk Grp	2 March 2023 22 June 2023 7 Sept 2023 23 Nov 2023 22 Feb 2024
Investment Monitoring & ESG Wrk Grp	20 Jan 2023 14 April 2023 28 July 2023 29 Sept 2023 26 Jan 2024 12 April 2024
Administration & Employer Funding Viability Wrk Grp	20 Jan 2023 14 April 2023 28 July 2023 29 Sept 2023 26 Jan 2024 12 April 2024

CHAIR

GREATER MANCHESTER PENSION FUND
MANAGEMENT PANEL

2 December 2022

Commenced:	**10.00am**	**Terminated:12.25pm**
Present:	**Councillor Cooney (Chair)** **Councillors: Barnes (Salford), Butt (Trafford), Cowen (Bolton), Cunliffe (Wigan), Drennan, Grimshaw (Bury), Jabbar (Oldham), Lane, Massey (Rochdale), North, Quinn, Ricci, Ryan, Smart (Stockport) and Taylor** **Ms Herbert (MoJ) joined the meeting virtually** **Fund Observers:** **John Pantall – Independent Advisor** **Councillor Taylor (Stockport)**	
Apologies for Absence:	**Councillors Andrews (Manchester), Patrick and Ward**	

44. CHAIR'S OPENING REMARKS

The Chair, Councillor Cooney welcomed everyone to the meeting and began by highlighting a number of recent key events including the mini-budget followed by massive volatility in the markets and intervention from the Bank of England. There was also a new Prime Minister and a new minister responsible for the LGPS, Lee Rowley MP.

He made reference to closed private sector pension schemes, which were in the headlines as they sought to raise cash, however reminded Members that, as an open, long term pension scheme, the LGPS was not impacted. A statement had been added to the GMPF website to reassure members that their pensions were not affected by stock market performance. GMPF members did not bear any financial market risks, their pension promise was set out in legislation and was calculated based on pay and service.

The Chair was delighted to announce that, the previous evening, the Fund won the Investment and Pensions Europe 2022 Pension Fund UK award and were also shortlisted for the Public Sector Pension Fund award.

He detailed the notable achievements of the Fund as follows:

- On a cumulative basis, the Fund had outperformed the average Local Authority Fund by over £5.1 billion;
- The Fund investments already produced more power through renewables than they did from coal and oil;
- The Fund's active equity holdings were 20% less carbon intensive than the average pension fund so the Fund was both moving and leading in the right direction to becoming carbon neutral;
- The Fund was also the biggest direct local government pensioner investor in renewable energy and energy efficiency, with nearly a billion pounds allocated in a number of areas including biomass and wind farm assets;
- Government recognition that GMPF were the only Fund to have invested 5% of its assets in local projects across Greater Manchester – it had invested nearly a billion pound alone in just property infrastructure in Greater Manchester;
- The government's levelling up paper also cited the influence of the GLIL Infrastructure platform, which GMPF established together with a small number of like-minded funds. GLIL had invested around £2.5billion, which included £800 million of GMPF's commitments. Investments included Anglian Water, Forth Ports and Clyde Wind Farm;

- Last year GMPF was one of the first UK funds to be approved as a signatory to the Financial Reporting Council's UK Stewardship Code. The stewardship code was a code requiring institutional investors to be transparent about their investment processes, engage with investee companies and vote at shareholders' meetings**.** The Fund was successful in being approved again this year following a rigorous process;
- In December last year, the 2021 Responsible Asset Allocator Initiative Leaders List of the 30 most responsible asset allocators ranked GMPF as 35 in the world of most responsible investors. This was out of a group of the top 634 asset allocators across 98 countries with 36 trillion US dollars in assets. The Fund scored an impressive 96 out of a potential 100 to achieve this rating;
- Earlier this year the Fund set a 2030 interim emissions reduction target in line with the IPCC's (The Intergovernmental Panel on Climate Change) 1.5 degree pathway and reported these publicly:
    1. reduce carbon intensity by 50% by 2030 versus 2019 benchmark; and
    2. Between 2021 and 2030, an additional $2 billion investment in climate solutions, on top of the $1 billion already invested through its Northern LGPS infrastructure.

In particular, the Fund was recognised in receiving the Investment and Pensions Europe 2022 Pension Fund UK award for updating social responsibility and its commitment to homeless charities and social housing sectors.

The Chair was also proud to announce that in the last few weeks, GMPF had allocated another £10 million to the National Homelessness Property Fund 2 bringing the impact fund investments to £465 million.

He added that such awards recognised pension providers that had set the professional standards in order to best serve European pension funds. The Chair congratulated everyone at the Fund for the significant achievement and reflection of the important contribution of all trustees.

The Chair advised that, later on the agenda, a presentation would be delivered by John Simmonds from CEM Benchmarking, who measured the performance of over 400 pension funds globally and would feedback favourably on how the Fund performed globally, especially following a very challenging two year pandemic.

The actuarial valuation would also be discussed, where contribution rates were set for employers. At its meeting on 10 October 2022 the Local Government Pension Scheme Advisory Board discussed emerging results from the current round of triennial local fund valuations, with calculations being made "as at" 31 March 2022. It was noted that as a result of general market performance over the three-year period to 31 March 2022, it was expected that a good proportion of funds were likely to move into surplus. In the context of extreme financial pressures being faced in local government by all types of LGPS employers, it was understandable that the need to find cost savings was paramount. However, since 31 March 2022, the Board also noted the impact of the war in Ukraine, increasing rates of inflation and wider global economic uncertainty as well as changes in interest rates in the G7 countries, which had resulted in greater financial market turmoil.

Thus, the Scheme Advisory Board warned that while LGPS funds may show a degree of surplus "as at" 31 March 2022, the Board agreed that, notwithstanding the current economic and wider funding pressures, they would require contribution rates to be set at a prudent level and one which recognised the uncertainty. The Board acknowledged that this may mean increases rather than decreases in contribution rates for employers. In light of this discussion, whilst understanding and recognising the extremely challenging position for local government finance, the Board recommended that administering authorities and other fund employers had regard to the desirability for long term stability in pension contributions given the lower growth outlook for many investment markets and the increasing cost of accruing benefits.

Notwithstanding this, the Chair was pleased to say that, owing to the long term approach that the fund has taken to achieving low cost sustainable pensions, and the £620 million achieved through not disinvesting, it was possible for the Actuary to propose sustainable cuts to contribution rates. All local authority pools stood to benefit from contribution rate reductions, with the typical reduction somewhere between 1.0% and 2.0%, this was the equivalent for most GM authorities of 1 to 2% of Council tax. This was a significant contribution by the Funds to keep costs down at a time of high inflation of 10.1%.

45. DECLARATIONS OF INTEREST

There were no new declarations of interest submitted by Members.

46. MINUTES

The Minutes of the proceedings of the meeting of the Pension Fund Advisory Panel held on 16 September 2022 were noted.

The Minutes of the proceedings of the meeting of the Pension Fund Management Panel held on 16 September 2022 were signed as a correct record.

47. LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

(a) Urgent Items

The Chair announced that there were no urgent items for consideration at this meeting.

(b) Exempt Items

RESOLVED
That under Section 100 (A) of the Local Government Act 1972 the public be excluded for the following items of business on the grounds that:
(i) they involve the likely disclosure of exempt information as defined in the paragraphs of Part 1 of Schedule 12A of the act specified below; and
(ii) in all circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information for reasons specified below:

Items	Paragraphs	Justification
8, 9, 10, 11, 12, 13, 14, 15, 19, 20, 21, 22, 23	**3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10**	**Disclosure would or would be likely to prejudice the commercial interests of the Fund and/or its agents, which could in turn affect the interests of the beneficiaries and/or tax payers.**

48. LOCAL PENSIONS BOARD

The Minutes of the proceedings of the meeting of the Local Pensions Board held on 6 October 2022 were considered.

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

49. INVESTMENT MONITORING AND ESG WORKING GROUP

The Minutes of the proceedings of the meeting of the Investment Monitoring and ESG Working Group held on 7 October 2022 were considered

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

50. ADMINISTRATION AND EMPLOYER FUNDING VIABILITY WORKING GROUP

The Minutes of the proceedings of the meeting of the Administration and Employer Funding Viability Working Group held on 7 October 2022 were considered

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

51. POLICY AND DEVELOPMENT WORKING GROUP

The Minutes of the proceedings of the meeting of the Policy and Development Working Group held on 24 November 2022 were considered

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

52. NORTHERN LGPS JOINT OVERSIGHT COMMITTEE

The Minutes of the proceedings of the meeting of the Northern LGPS Joint Oversight Committee held on 7 July 2022 were received.

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

53. RESPONSIBLE INVESTMENT UPDATE

A report was submitted and a presentation delivered by the Assistant Director of Pensions Investments.

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

54. CEM BENCHMARKING

A report was submitted by the Assistant Director of Pensions and presentation delivered by a representatives of CEM Benchmarking.

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

55. 2022 ACTUARIAL VALUATION

Steven law, Hymans Robertson, Actuary to the Fund, presented before Members in respect of the 2022 Actuarial Valuation

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

56. REVIEW OF INVESTMENT MANAGEMENT ARRANGEMENTS

A presentation was delivered by the Assistant Director of Pensions Investments.

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

57. PERFORMANCE DASHBOARD

A report of the Assistant Director of Pensions Investments was submitted.

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

58. BUSINESS PLANNING, BUDGET AND RISK MANAGEMENT

A report of the Director of Pensions was submitted.

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

59. ADMINISTRATION UPDATE

A report was submitted by the Assistant Director of Pensions Administration.

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

60. LGPS UPDATE

A report of the Director of Pensions was submitted.

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

61. FUTURE DEVELOPMENT OPPORTUNITIES

Trustee development opportunities were noted as follows:

LAPFF Annual Conference - Bournemouth	**7-9 December 2022**
LGA Fundamentals Day 3 - Virtual	**20 December 2022**
LGPS Governance Conference - Bournemouth	**20-21 January 2023**
PLSA Investment Conference - Edinburgh	**6-8 June 2023**
PLSA Local Authority Conference - Gloucestershire	**26-28 June 2023**
PLSA Annual Conference - Manchester	**17-19 October 2023**

62. DATES OF FUTURE MEETINGS

It be noted that the date of future meetings be held as follows:

Management/Advisory Panel	24 March 2023 14 July 2023 15 Sept 2023 1 Dec 2023 8 March 2024
Local Pensions Board	26 Jan 2023 13 April 2023 27 July 2023 28 Sept 2023 25 Jan 2024 11 April 2024
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CHAIR

GREATER MANCHESTER PENSION FUND - LOCAL PENSIONS BOARD

19 January 2023

Commenced: 15:00 **Terminated: 16:50**

Present:	**Councillor Fairfoull**	**(Chair) Employer Representative**
	Jack Naylor	**Employer Representative**
	Paul Taylor	**Employer Representative**
	Michael Cullen	**Employer Representative**
	Paul Entwistle	**Employee Representative**
	David Schofield	**Employee Representative**
	Mark Rayner	**Employee Representative**
	Catherine Lloyd	**Employee Representative**

Apologies for Absence **Chris Goodwin**

26 DECLARATIONS OF INTEREST

There were no declarations of interest.

27 MINUTES

The minutes of the Local Pensions Board meeting on the 28 July 2022 were approved as a correct record.

28 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:

Items	Paragraphs	Justification
5, 6, 7, 9, 10, 11,	**3&10, 3&10, 3&10, 3&10, 3&10, 3&10,**	**Disclosure would or would be likely to prejudice the commercial interests of the Fund and/or its agents, which could in turn affect the interests of the beneficiaries and/or tax payers.**

29 ADMINISTRATION UPDATE

Consideration was given to a report of the Director of Pensions/Assistant Director for Pensions Administration. The report provided the Local Board with a summary of the key activities that had taken place in the Administration section during the last quarter, including comments on administration performance and on complaints and disputes. Confirmation of the areas of focus for the next quarter were also covered in the report.

It was reported that most of the Annual Benefit Statements for contributing members were issued in this quarter with all statements issued before the 31 August statutory deadline, except for those for around 18 members where there were ongoing queries with these members' employers. This was also the quarter when pension saving statements were produced for those members who had either exceeded, or who were close to exceeding, the annual allowance tax limit in 2021/22. All pension saving statements were issued by the 6 October statutory deadline.

Member events continued to be popular and very well received. Fourteen online member events were held in quarter 2 with 930 members attending. The events programme includes LGPS overview presentations, pre-retirement presentations and sessions for members with benefits on hold. Ten employer events were also held on the topics of ill health, employer discretions and pensionable pay, with 135 employer representatives attending one or more session.

In regard to Member Services over the last quarter, work mainly focused on delivering two key objectives. This first was to produce and issue pension saving statements to those members who had exceeded, or were close to exceeding, the annual allowance tax limits. 746 contributing members received a statement, as did nine members with benefits on hold and 33 pensioner members. All statements were issued by the 6 October statutory deadline. GMPF had worked with Mercer again this year to assist members who were or could be affected by the annual allowance limits. To further enhance the support available, officers had created a new member event about pension's tax to add to our events calendar and were holding several sessions in January 2023 to gauge interest and feedback.

The second objective had been to both move the benefits on hold into payment process online while also reducing the wait time for members, which had developed due to the substantial increase in requests received in recent months.

In regard to Employer Services, monthly data submissions continued to be monitored at the monthly TPR breaches meetings. 85% of employers submitted their return on time in October 2022. The Employer Data team are continuing to work with employers to ensure the deadlines continue to be achieved.

It was stated that the customer services and communications dashboard at appendix 2 provided some key statistics and information about general engagement from April to November 2022 on page 1 and other useful statistics for quarter 2, July to September 2022 on the remaining pages.

Member registrations for My Pension among contributors and pensioner members continued to increase steadily each month. However, to encourage more of our members with benefits on hold to register, the team was about to begin a promotional postcard campaign, writing to a small group of members every month to encourage them to sign up.

RESOLVED
The information provided in the report be noted.

30 SUMMARY OF GMPF DECISION MAKING

Consideration was given to a report of the Director of Pensions. The report summarised the recommendations made by GMPF Working Groups over the period from October 2022 to November 2022, which were approved at Management Panel meeting on 2 December 2022.

At the meeting of the Administration, Employer Funding and Viability Working Group on the 7 October the Working Group considered a number of reports for noting. The Working Group also reviewed member overpayments and the work undertaken to recover lost monies during the last twelve months. The following recommendations were made:

(a) Approve the changes to the policies and procedures identified during the review to improve the process and recovery success rate

(b) Agree with the recommendations for the individual cases where an overpayment remains unrecovered
(c) Note that the intention is to report individual cases to the Working Group on a quarterly basis as part of the Member Services update report going forward
(d) Note that officers intend to continue work on improving other aspects of the process once the relevant procedures have been changed in line with the recommendations

Further, the Working group was informed of the progress to date on the 2022 Actuarial Valuation, discussion centred on the Funding Strategy Statement. The Working Group recommended:
(a) The report be noted and the appended slides which were presented by the GMPF Actuary at the 16 September 2022 Management Panel
(b) Note progress on the valuation

As the meeting of the Investment Monitoring and ESG Working Group on the 7 October 2022 the Working Group considered a number of reports for noting, no recommendations were made.

At the meeting of the Policy and Development Working Group on the 24 November 2022 the working Group considered a number of reports for noting. The Working Group also considered a report which detailed further information about the due diligence undertaken in relation to the proposal for a pilot of a Global (Developed) Equity Value allocation. Going forward, it was proposed that the Global (Developed) Equity Value allocation would be kept under review and increased, subject to satisfactory progress against the standard monitoring framework of Philosophy, People, Process and Performance, and with prior approval by Panel. The recommendations made were as follows:
(a) That approval be given for a Global (Developed) Equity Value allocation within the UBS Portfolio with an initial quantum of assets (as set out in the report)
(b) That the rules pertaining to the Main Fund public equity allocation be updated.

RESOLVED
That the report be noted.

31 BUSINESS PLANNING AND RISK MANAGEMENT

Consideration was given to a report of the Director of Pensions, which provided details of the current business plan and highlights the current key risks being monitored.

The Overarching risk register was reviewed and updated at least once each quarter and the latest version was included within this report for review at appendix 1. It was highlighted that the specific risks that had been being monitored closely by officers this quarter were:

Risk 1 – High inflation. Price inflation had been increasing rapidly in recent months, both in the UK and in many parts of the world. Many elements of the LGPS benefit package were linked to CPI inflation, including annual pension increases for retired members and the revaluation of active members' pension accounts accrued since the change to a career-average scheme in 2014. Barring an unexpected change of approach from Government, these benefits will be increased in April 2023 in line with the September 2022 CPI inflation figure, which was 10.1%

Impacts of high-inflation on GMPF included a deterioration in the cash-flow position (contributions received versus benefits paid) and the potential for lower returns on growth assets such as equities as central banks tightened monetary policy when seeking to bring inflation back towards long-term targets. These issues were being considered as part of the assumption setting for the 2022 actuarial valuation and discussions regarding investment strategy.

Risk 9 – Assessing the impact of the McCloud changes. DLUHC issued an update on McCloud on 27 July 2022, which suggested that an updated version of the draft regulations and a new consultation will take place early in 2023, with the actual regulations being made later in 2023. The lack of certainty continues to cause issues for funds and their software suppliers and further reduces the timeframes that all parties originally set out to work to.

Additionally, officers were continuing to work on identifying the best routes to ensure any data changes were captured and uploaded effectively, but there were several risks that needed to be carefully considered and this was continuing to prove a challenge. This work continued be a key focus for the team, who continue to collaborate with colleagues from several other LGPS funds to try to identify all viable options.

Risk 19 – Cyber security work. The risks relating to cyber security were greater than ever and work continued ensuring existing controls were still working and on putting new controls in place wherever possible.

The Working Group received a presentation which provided an update on IT Risk and the work being undertaken by the IT team to improve back up and disaster recovery processes.

RESOLVED
That the report be noted.

32 THE PENSIONS REGULATOR (TPR)

Consideration was given to a report of the Director of Pensions/Assistant Director of Administration. The report provided the Board with a copy of the current breaches log and decisions made by the Scheme Manager regarding the reporting of these breaches including details of any late payment of contributions. The report also provided an update on the TPR's proposed Single Code of Practice.

Members of the Board were advised that a copy of the current breaches log (excluding late payments of contributions) was attached as Appendix 1. The criteria that officers used to assist them in assessing whether a breach might be deemed 'material' was also attached at Appendix 2.

In regard to Late Payment of Contributions and Escalation Procedures, one of the key requirements of Code of Practice number 14 was that Scheme Managers operated appropriate systems and controls to ensure that contributions were paid to the Scheme in accordance with requirements in the Scheme Regulations. Officers met monthly to discuss issues that related to the monitoring of late contributions and other payments (such as early retirement strain costs) and to examine options for revising and improving current processes.

Appendix 3 contained details of expected contribution payments (with matching remittance information) that had not been received by GMPF by the 19th of the month following the month to which they relate (for example 19 November for October contributions) for August 2022 to October 2022.

Appendix 4 provided some further analysis on the contribution payments received in respect of the period August 2022 to October 2022, specifically detailing the number of employers making payments (and the amount of contribution payments received) in accordance with GMPF's deadline of the first day of the following month.

RESOLVED
That the report be noted.

33 CEM ADMINISTRATION BENCHMARKING

Consideration was given to a report of the Director of Pensions/Assistant Director for Administration. The report provided the Local Board with information about CEM's administration benchmarking process and the key outcomes for GMPF from the latest exercise completed for 2021/22. It also highlighted the current plans to ensure that more elements of GMPF's service levels could be measured in the future.

It was reported that GMPF's peer group comprised of 14 pension schemes whose membership ranged between 92 thousand and 640 thousand members. The peer median was 317 thousand, compared to GMPF's membership of 405 thousand. Nine LGPS pension funds supplied data and were part of this peer group. The CEM benchmarking report compares both costs and member service, with 'cost per member' and 'service score' being the two indicators of comparison

As mentioned, CEM's analysis shows that GMPF remains a high service, low cost provider relative to its peers. GMPF's total cost per member was £16.91, being £9.91 lower than the adjusted peer average of £26.82. GMPF's service score was 71 out of 100, being 3 points above the peer median of 68. The total cost per member was slightly lower than last year (by 10p) and the service score was 4 points higher.

There were two main areas that officers intend to focus on in view of the outcomes of the report.

The first was around measuring casework tasks. This was a particularly difficult area due to the complexities of casework workflow and the limits of the current reporting tools available within the pension system. However, this was an area where GMPF scores lower than its peers and where change should be possible.

The second was to consider the value and benefit of providing a stewardship report to GMPF employers to provide feedback on how well GMPF's members were being served. Although this was not a measure that was reflected in the overall service score, there could be benefits to producing this type of report and officers intend to explore this further and liaise with those funds that already produced a stewardship report to see what they can learn.

RESOLVED
That the report be noted.

34 2022 ACTUARIAL VALUATION

Consideration was given to a report of the Director of Pensions. The report provided progress to date on the valuation project and highlighted some key issues.

The Board were advised that GMPF's actuary, Hymans Robertson, had presented at previous Panel meetings about some of the key issues influencing the outcomes of the valuation. The presentation slides that were presented by the Actuary at the December 2022 Panel meeting had been attached as Appendix 1 to this report.

It was reported that at a whole fund level, the funding position of GMPF has improved slightly since the 2019 actuarial valuation. Using the assumptions set out in the Funding Strategy Statement, GMPF's funding level as of 31 March 2022 is 104%.

In regards the employer valuation results, officers met with the Actuary on 4 November 2022 to examine the proposed contribution rates for employers outside of local authority pools. Most employers would either have reduced contribution rates or would see their contribution rates stay at their current level.

There were a small number of employers where the proposed contribution rates for 2023-2026 were higher than the current contribution rates they currently pay. Generally, these employers were admission bodies that did not allow new entrants into GMPF and who did not have a funding guarantee from a tax-raising body. In these circumstances, in line with the Funding Strategy Statement, the Actuary was seeking to increase their funding level to ensure there was no deficit when the employer ceases to be in the Fund.

The Board were advised that a revised Funding Strategy Statement was drawn up in the summer and the consultation period with employers began on 15 August 2022. Employers were notified by email that GMPF was consulting on its Funding Strategy Statement, and they were invited to send responses by 11 October 2022. GMPF received two responses within the consultation deadline and two after the consultation deadline.

GMPF also made an amendment to the draft Funding Strategy Statement during the consultation period following the unexpected period of volatility in gilts experienced. The amendment was made to section 4.2.3 on 'Exit payments'. The following wording was added: "*additional allowances may be made relative to the funding basis for other areas of material uncertainty, including, but not limited to, inflation, longevity, exceptional market volatility around the cessation date and future benefit changes"*.

The Management Panel approved the amended Funding Strategy Statement at their December 2022 meeting, and a copy of the finalised version is attached at Appendix 2.

As part of the 2019 valuation, GMPF engaged a partner to undertake a piece of work to provide an insight into the financial resilience (also referred to as employer covenant) of GMPF's employers. The purpose of the work was to help inform the setting of contribution rates and assess the financial risk posed by individual employers or specific sectors. The work also had the benefit of providing an independent third-party view of GMPF's employers, which could be drawn upon when discussing affordability concerns with individual employers.

At a high-level, the findings provided useful insights into GMPF's employer base and helped contextualise sector specific financial risks. It is worth noting that the covenant work was intended to be a snapshot of an employer's covenant and not a detailed review.

It was explained that the covenant review provided a useful starting point to assess employer covenant and could enable further detailed work. Officers were planning to identify high risk employers for further scrutiny. Any future covenant work would be reported to future Local Board meetings.

RESOLVED
That the report, the appended slides which were presented by the GMPF Actuary at the recent Management Panel and the progress made on the valuation process be noted.

35 PROGRESS REPORT ON RISK MANAGEMENT AND AUDIT SERVICES - 17 SEPTEMBER 2022 TO 31 DECEMBER 2022

Consideration was given to a report of the Interim Head of Risk Management and Audit Services. The report summarised the work of Risk Management and Audit Service for the period of the 17 September 2022 to 31 December 2022.

The progress report showing the actual days spent against the planned days for 2022/23 was the cumulative position from the 1 April 2022 to 31 December 2022 and was attached at Appendix 1. 132 days had been spent against the 300 planned days up to 31 December 2022. This was less days than would be expected at this stage in the year, due to staff resourcing issues, previously discussed. Several new staff had now been recruited and starting in January 2023, so based on the new resources that were expected to be in place, the days that were believed to be delivered to the end of March were projected as 220.

There were two final reports issued during the period 17 September 2022 to 31 December 2022 these were on the Pension Fund Debtors and Northern Private Equity Partnership (NPEP).

RESOLVED
That the report be noted.

36 URGENT ITEMS

There were no urgent items.

CHAIR

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GREATER MANCHESTER PENSION FUND - INVESTMENT MONITORING AND ESG WORKING GROUP

20 January 2023

Commenced: 09:00am **Terminated:** 10:38am

Present:	Councillors Ryan (Chair), Andrews, Barnes, Drennan, Jabbar, Lane, Massey, North, Quinn, Ricci, Smart and Ward	
	Mr Caplan Drury, Flatley, Llewellyn	
	Fund Observers Pantall and Taylor	
In Attendance:	Sandra Stewart	Director of Pensions
	Tom Harrington	Assistant Director of Pensions (Investments)
	Michael Ashworth	Principle Investments Manager
	Richard Thomas	Investments Manager
	Mushfiqur Rahman	Investments Manager
	Lorraine Peart	Investments Officer
	Reka Todor	Investments Officer
	Alex Jones	Investments Officer
	Alan MacDougall	PIRC
	Janice Hayward	PIRC
	Tom Powdrill	PIRC
Apologies for Absence:	Councillor Cowen	

14. DECLARATIONS OF INTEREST

There were no declarations of interest.

15. MINUTES

The minutes of the Investment Monitoring & ESG Working Group meeting on the 7 October 2022 were approved as a correct record.

16. LEGAL & GENERAL ESG REVIEW

Consideration was given to a presentation of Legal & General on Environmental, Social and Governance activity in the last 12 months including an update on split voting.

Members of the Working Group were reminded that Legal and General had been working with the Greater Manchester Pension Fund since 2000. Legal & General looked after approximately £3.5bn of the funds' assets, predominantly index equity government and corporate bond funds, plus liquidity and corporate bond mandates (active) and provided a return in line with the appropriate market index.

The Senior Global ESG Manager explained that the purpose of LGIM was to create a better future through responsible investing. LGIM had a responsibility to many stakeholders. When capital was allocated LGIM conduct extensive research into potential environmental and societal outcomes. LGIM believed ESG factors were financial material. Responsible investing was essential to mitigate risks, unearth opportunities and strengthen long-term returns. LGIM strived to effect positive change in the companies and assets in which they invested, and for society as a whole.

It was explained that LGIM engaged globally to deliver positive change, aiming to raise market standards and safeguard clients' assets for the long term. Stewardship within LGIM had an independent structure, LGIM had the same voice across investments and stewardship. LGIM believed in structured engagement with clear communication of policies, expectations and consequences.

The Senior Global ESG manager presented a chart of LGIM's structured engagement with consequences. It was highlighted that LGIM publish their policies, votes and views on individual companies including ESG Score and Climate Score. In 2021, LGIM held 773 engagements with 571 companies, in 2021 LGIM engaged with policy makers on over 30 topics. Further, LGIM filed 3 shareholder resolutions in 2021, one of which LGIM were able to withdraw.

In regards to LGIM's Climate Impact Pledge, Members of the Working Group were advised that red lines that LGIM set in promoting Paris-alignment. Examples were presented to the Working Group of direct engagement and the impact that was had. The Working Group considered a case study where LGIM stewardship team highlighted serious concerns with regards to company's climate strategy. There were multiple engagements with the company since 2017, action was taken including voting against the chair. Changes were delivered in 2020/21 following engagement.

The Working Group was presented with LGIM's global stewardship themes, this included:

- Board Accountability
- Cyber Security
- Biodiversity
- Low-Carbon Solutions
- Transparency
- Diversity
- Tax
- Privacy & Data Security
- Climate Change
- Health
- Income Inequality
- Executive Pay

Members were presented with highlights from these stewardship themes. On deforestation, collaborative and policy maker engagement as a member of IPDD LGIM met with Brazilian Environment Ministry on current and upcoming projects and plans to tackle deforestation in Brazil. LGIM would be co-chairing a recently-launched working group established by the IPDD. This group would engage on the deforestation-free commodity regulations being debated and implemented in the UK, Europe, the United States, and China. Deforestation was not just a company issue: national policymakers had a significant role to play through the development and enforcement of appropriate regulation.

In regards to Health, in 2020, with AXA Investment Management and the Access to Medicine Foundation, LGIM wrote an open letter to global pharmaceutical companies, asking them to undertake practical steps to accelerate research & development and overcome potential barriers to access to COVID-19 medicines and vaccines. LGIM filed a shareholder proposal at Moderna's 2022 AGM, requesting that they disclose how government financial support for development & manufacture of COVID-19 vaccine was considered in decisions affecting access. Following Moderna's agreement to improve its transparency by publishing the requested report, LGIM were able to withdraw the shareholder resolution.

Members discussed LGIM's approach to diversity and how the approach changed depending on the country in which a company operated. Further discussion took place on the increased use of voting as part of LGIM's structured engagement, it was explained that LGIM had built out their reporting capabilities to be transparent on their voting intentions and to indicate where companies had not met their climate targets.

Following request by the Assistant Director for Investments the Senior Global ESG Manager for Legal and General provided an update on split voting. It was explained that LGIM knew voting was important to clients, and that they were aware of what competitors were offering, LGIM sought to listen to all their clients to ensure their voting policy aligned with their clients. It was further explained that most clients were happy with being aligned with LGIM voting policy, if a client wanted to vote in a different manner, LGIM would support that in a segregated arrangement.

RECOMMENDED
That the presentation be noted.

17. RESPONSIBLE INVESTMENT UPDATE

Consideration was given to a presentation of representatives of PIRC, which summarised the report "*Not By The Numbers"*. Workforce related risks companies report and the data they (don't) disclose' which was attached to the report at Appendix 1.

It was explained that when investors sought to understand the extent to which workforce related ESG issues were a material risk which required monitoring or intervention, one of their key sources of information was companies' own reporting. In UK financial reporting, this required reviewing what companies themselves have identified and disclosed as 'principal risks'.

It was stated that principal risks were defined by the Financial Reporting Council (FRC) as a risk or combination of risks that could seriously affect the performance, future prospects or reputation of the entity. These should include those risks that would threaten its business model, future performance, solvency or liquidity.

Companies were also expected to provide an explanation of how they manage or mitigate the risk. The FRC states that Information on how the principal risks are managed was therefore important to shareholders when making resource allocation decisions and assessing management's stewardship. Given how important these risks were to a company's future, it would make sense for a company to disclose data relating to them to demonstrate to investor how they were managing them.

In 2022, PIRC conducted a comprehensive review of the workforce related data disclosure for companies in the FTSE All-Share (excluding investment trusts). PIRC identified three key workforce-related principal risks - Labour Retention and Recruitment, Health and Safety, Labour Disruption - and analysed the level of disclosure of data where companies had listed one or more of these. In addition, PIRC looked for disclosure of a workforce issue as a principal risk where other data suggested that this might reasonably be expected. The key findings of this review included:

- 233 out of 388 (60%) FTSE All-Share companies listed Labour Retention and Recruitment as one of their principal risks. Only 55 (24%) of these companies provided any kind of turnover data, whether that be voluntary, involuntary, or overall turnover rates.
- 121 out of 388 (32%) FTSE All-Share companies listed Health and Safety as one of their principal risks. 95 (79%) of these companies provided some level of H&S data, although as previous analysis by PIRC had shown, the lack of consistent measures used in H&S data made comparative analysis very difficult.
- 5 out of 388 (1%) FTSE All-Share companies listed Labour Disruption/Poor Industrial Relations as one of their principal risks. Only one of these companies (Go-Ahead Group) did not provide any data/information on unions or collective bargaining coverage.

Providing data on workforce principal risks demonstrated to the investor that risks were being seriously considered and meaningfully addressed; conversely, a lack of disclosure may concern the investor that the data was too unfavourable to publish. Companies should ensure that principal risk disclosure reflected all the major workforce-related principal risks faced. The recommendations of the report were summarised to the working Group:

- Where Labour Retention and Recruitment was listed as a principal risk, companies should disclose turnover, in as much granularity as is practical.
- Where Health and Safety was listed as a principal risk, companies should disclose safety data along with an explanation of why disclosed metrics had been chosen.
- Where Labour Disruption had been disclosed as a principal risk, companies should disclose information on union relations including collective bargaining coverage, density and unions with whom the company had a relationship.
- Where companies had high turnover, there was an expectation to see commentary in the annual report and for boards to consider its inclusion as a principal risk.
- Where companies had faced sanction by the HSE it was expected to see commentary in the annual report and for boards to consider its inclusion as a principal risk; and
- Where companies had, or expected difficult industrial relations it was expected to see commentary in the annual report and for boards to consider its inclusion as a principal risk.

RECOMMENDED
That the report be noted.

18. URGENT ITEMS

There were no urgent items.

CHAIR

GREATER MANCHESTER PENSION FUND - ADMINISTRATION, EMPLOYER FUNDING AND VIABILITY WORKING GROUP

20 January 2023

Commenced: 11:00 **Terminated:** 12:20

Present: Councillors North (Chair), Andrews, Butt, Cowen, Drennan, Grimshaw, Jabbar, Massey, Patrick, Ricci, Ryan, Taylor and Quinn

Ms Gale Blackburn, Mr Llewellyn, Flatley and Drury

Fund Observers John Pantall and John Taylor

In Attendance:

Sandra Stewart	Director of Pensions
Emma Mayall	Assistant Director of Pensions (Pensions Administration)
Victoria Plackett	Head of Pensions Administration
Mark Flannagan	Customer Services Section Manager
Georgia Ryan	Developments & Technologies Strategic Lead
Matthew Simensky	Communication & Engagement Strategic Lead
Jane Wood	Member Services Strategic Lead

Apologies for Absence: Councillor Cowen and Cunliffe

21 DECLARATIONS OF INTEREST

There were no declarations of interest.

22 MINUTES

The minutes of the Administration, Employer Funding and Viability Working Group 7 October 2022 were approved as a correct record.

23 ADMINISTRATION STRATEGIC SERVICE UPDATE

Consideration was given to a report of the Director of Pensions/Assistant Director for Administration. The report provided the Working Group with a summary of the strategic improvement administration projects or areas that were being worked on by the Administration, Funding and Accountancy teams.

Since the last meeting, the latest My Pension online processing enhancements had been used to improve the process for members with deferred benefits on hold to request payment. Work on this project continued to go well and the improved functionality would be rolled out to more processes over the coming months.

Work on the 2022 valuation had also continued over the last quarter, with the results having been calculated by the Actuary and the Funding Strategy Statement having been finalised after consultation and approved by the Management Panel at its December 2022 meeting.

It was reported that work on all IT projects continued to go well. Improvements to the disaster recovery and back up arrangements had now been made, with work also having progressed on the project to improve cyber security resilience and controls.
In regard to Administration Work and Performance, a performance dashboard for quarter 2 (July to September 2022) was attached to the report at Appendix 1. Most of the Annual Benefit Statements

for contributing members were issued in this quarter with all statements issued before the 31 August statutory deadline, except for those for around 18 members where there were ongoing queries with these members' employers. This was also the quarter when pension saving statements were produced for those members who had either exceeded, or who were close to exceeding, the annual allowance tax limit in 2021/22. All pension saving statements were issued by the 6 October statutory deadline.

The main area of ongoing work to ensure GMPF met the expectations of the current codes of practice was centred on ensuring GMPF employers meet their responsibilities. In addition, the Regulator's revised Code of Practice was also expected to be issued imminently. Officers had been carrying out a gap analysis based on the anticipated changes highlighted in the consultation documentation. This should help to ensure GMPF would be fully compliant with the new code once it was issued.

An update was provided on the Pensions Dashboard Project, it was explained that one of the first steps for pension schemes to take was to decide how they would connect their fund or scheme to the Dashboard. Most funds were likely to need to use an Integrated Service Provider (ISP) to do this, as connecting directly to the dashboard system would be a significant undertaking and require substantial IT and network expertise. The ISP would provide a middleware solution that should help to protect a fund against the impact of potential traffic from the Dashboard ecosystem on core systems.

As reported at previous meetings, one of GMPF's business plan objectives was to work to achieve PASA accreditation. Hymans Robertson was supporting the GMPF team with this process by providing project management support. Initial project meetings were held in August and September 2022 and a project management structure was in place and a gap analysis exercise had been carried out. From this, several workstreams had been identified and work was carried out last quarter on identifying all the actions that need to be undertaken. A project highlight report showing high level progress made so far is attached at Appendix 2.

It was reported that officers had been working on several ways to enhance the current support provided to those members who exceed or were close to exceeding the annual allowance pension tax limits. GMPF must send a pension saving statement to any member who had exceeded the annual allowance by 6 October following the end of the tax year. For the last few years, GMPF had worked with Mercer to assist members who were or could be affected by the annual allowance limits.

To further enhance the support available, officers had created a new member event about pension's tax to add to our events calendar and are holding several sessions in January 2023 to gauge interest and feedback. The team would then be looking to create several short, animated videos to accompany these sessions and to be available on the GMPF website. They would also be looking to work with several of our employers to develop employer events on this topic.

It was stated that a small number of GMPF employers were reviewing their pension provisions and as a result, were considering exiting GMPF for affordability reasons. Most of these employers did not have a guarantor or are not part of an actuarial pool, and therefore were considered to be in the high risk category of employers within the fund.

Officers were working with employers who were expressing an interest in exiting the fund to determine whether an exit was viable and if so, what the terms of the exit should be. It was important that in all cases, GMPF was satisfied that all members and other GMPF employers were protected should an employer exit the fund. The FSS details GMPF's policy regarding the terms of exit for employers and each case would be assessed in line with the terms of the FSS before an employer exits the fund.

Updates on this area of work would be provided at future meetings.

RECOMMENDED

That the report be noted.

24 ADMINISTRATION MEMBER SERVICES UPDATE

Consideration was given to a report of the Director of Pensions/Head of Administration. The report provided the Working Group with a summary of the work and projects being carried out by the Member Services section of Pensions Administration.

Work to produce and issue pension saving statements for contributors, members with deferred benefits on hold and pensioner members who have retired in the 2021/22 tax year was completed this quarter. All statements were issued by the statutory deadline of 6 October 2022. A total of 746 statements were issued to contributor members.

The project to move processes online continues to progress. The first phase of the project to move the benefits on hold into payment process online had been well received by members. Over half of members wishing to access benefits on hold were now able to process their benefits into payment completely online.

In additional to those members requesting payment of benefits, work was also underway to provide the online facility for those members who had not been in touch but whose benefits were due for payment.

At the last meeting, the Working Group reviewed all the overpayment cases that had been considered by the Member Overpayments Group and approved the recommendations made. These cases were all outstanding cases up to 31 March 2022. Attached to the report at Appendix 1a were details of all cases reviewed in quarter 1 and quarter 2 where the amounts had been deemed as unrecoverable, for the Working Group to review and approve. Confirmation of the total pension overpayment amounts attempting to be recovered as of 31 October 2022 could be found at Appendix 1b.

In regards to Member Feedback three surveys were carried out in quarter 1 and the results were subsequently reviewed by the Complaints and Issues Board. In a change this year, emails had been sent to members to ask them to complete a survey as well as links to the survey being included in the correspondence provided to them. This approach had resulted in a higher response rate. Attached to the report, Appendices 2a, 2b and 2c provided details of the questions asked in the surveys and shows the responses received from members. Not all comments received were shown; just several that were typical of the comments received or that might help to provide useful feedback. All subsequent actions identified were added to a surveys action plan, a copy of which was provided at Appendix 2d.

All teams within Member Services were now using the individual Print Me solution, which enabled correspondence to be printed externally by the Funds print provider. The efficiencies made from implementing this change and from moving processes online had seen the level of printing done in house reduce significantly.

As part of our anti-fraud work, the Pension Payments team undertook an annual process to confirm pensioners that live overseas were still alive and due their pension, referred to as an existence check. The team was now working through the final stages of the annual existence check exercise. 2,234 checks were made, with members being given the option to complete them in one of four ways. Members could either return a paper certificate, arrange a video call with a member of the team, use the "*MyPensionID*" app or log into their My Pension account. GMPF were notified of the death of 12 pensioners as part of this process. 123 pensioners had not completed the checks, nor had anyone been in touch to provide an explanation as to why the member was unable to complete them. Subsequently these pensions had been suspended following reminder letters being issued.

It was expected that most, if not all, of these members would have failed to notice their pension had been suspended because the size of the monthly payment was only small. However, it was also likely that a small number could be deceased.

RECOMMENDED
That the report be noted.

25 ADMINISTRATION EMPLOYER SERVICES UPDATE

Consideration was given to a report of the Director of Pensions/Head of Pensions Administration. The report provided the Working Group with a summary of the work and projects being carried out by the Employer Services area of Pension Administration.

There continued to be a significant number of employers applying to join GMPF, with 41 cases currently being progressed. Within these, there were eight employers who could need to apply for admitted body status, however application forms had not yet been received. Work was ongoing with these employers.

In addition, there were 28 schools considering conversion to academy status, 10 possible free schools to be created in our region, and two Multi Academy Trusts that were transferring to new trusts. Many of these have contracts with companies providing cleaning and catering services at their schools or Multi Academy Trusts where admission agreements were likely to be needed to enable those staff with LGPS pensions to retain access to the Scheme.

GMPF had admitted 43 employers since the last Working Group meeting, 29 of which had backdated effective dates prior to 1 April 2022. There were still 21 cases in progress where the effective date was prior to 1 April 2022 and work was actively ongoing by both the Employer Admissions and GMPF Legal teams to ensure that these cases were progressed expediently.

In regard to Monthly Data Collection, the Employer Data team supported all employers to submit their monthly data return correctly and on time. The monthly returns contained pensionable pay and contribution information for GMPF contributing members. Employers should submit their returns in line with the deadline set in the Pensions Administration Strategy and the team monitors all employer submissions against this deadline.

The number of submissions received on time had been improving each month, with 85 per cent of employers meeting the deadline in October 2022. The team would continue to work with employers to ensure the deadlines are achieved and performance continues to improve.

The Employer Liaison team continued to hold regular quarterly meetings with all the Local Authorities and the National Probation Service to discuss any issues and to provide support. The team had now also commenced six monthly guided inductions with several new employers to ensure that they were fully aware of their obligations. The employers had been attending an initial overview session and then signing up for training events. These inductions had been well received and were particularly useful for those employers who are new to LGPS administration.

Employer training on ill health, discretions, pensionable pay, retirements, leavers, topping up benefits and the Altair pensions administration software was all now available to employers. So far, 447 employer representatives have attended one or more training event. Two new training courses covering employer admissions and understanding the employer role were in development. Training on pension's tax was also planned to be developed shortly, to help employers to understand the implications of the Annual and Lifetime Allowance.

RECOMMENDED
That the report be noted.

26 ADMINISTRATION DEVELOPMENTS & TECHNOLOGIES UPDATE

Consideration was given to a report of the Director of Pensions/Assistant Director for Administration. The report provided the Working Group with a summary of the work and projects being carried out by the Developments & Technologies section of Pension Administration.

Work on the project to replace and renew both the IT hardware and software infrastructure of GMPF had continued this quarter. Over the last 18 months, this project had continued with all departments and teams working on migrating their files and documents. The original goal was to have this work completed by the end of 2022, which had not been achieved. However, all migrations should be completed in the next six months. Although this work was ongoing, the value gained from taking a thorough approach was significant, and there were now much stronger controls in place for several risks linked to data management.

Progress had been made in the last quarter on enhancing the technology available within the office to support hybrid working and hybrid meetings. A contract was initiated in December 2022 for audio-visual equipment to be installed into several meeting rooms at Guardsman *Tony Downes* House. These solutions would be installed between January and March 2023.

During the last quarter, the Systems Maintenance team had loaded a new software image to all devices in the GMPF IT estate. This work was necessary to upgrade the operating system technology in use and to ensure all devices use the most up to date security software.

It was reported that since the Complaints and Issues Board was established in February 2019, GMPF had seen a decline in the number of formal disputes received each year. In 2022, there were half the number of formal disputes received compared to 2019. This was a significant improvement, indicating that the work undertaken by the Board and the subsequent feedback provided to Pensions Administration teams and employers to assist with the process of dealing with complaints is beneficial.

Attached at appendix 2 was the information about the objectives that were set for the 2022 calendar year. An update on each had been added to outline the progress that has been made. Work was underway to develop the objectives for 2023 and onwards, and these would be brought to the next Working Group meeting.

The Working Group received a presentation which provided an update on IT Risk and on the work being undertaken to improve back up and disaster recovery processes.

RECOMMENDED
That the contents of the report and the associated appendices be noted.

27 CEM ADMINISTRATION BENCHMARKING

Consideration was given to a report of the Director of Pensions/Assistant Director for Pension Administration. The report provided the Working Group with information about CEM's administration benchmarking process and the key outcomes for GMPF from the latest exercise completed for 2021/22. It also highlighted the current plans to ensure that more elements of GMPF's service levels could be measured in the future.

It was reported that GMPF's peer group comprised of 14 pension schemes whose membership ranged between 92 thousand and 640 thousand members. The peer median was 317 thousand, compared to GMPF's membership of 405 thousand. Nine LGPS pension funds supplied data and were part of this peer group. The CEM benchmarking report compares both costs and member service, with 'cost per member' and 'service score' being the two indicators of comparison

As mentioned, CEM's analysis shows that GMPF remains a high service, low cost provider relative to its peers. GMPF's total cost per member was £16.91, being £9.91 lower than the adjusted peer average of £26.82. GMPF's service score was 71 out of 100, being 3 points above the peer median of 68. The total cost per member was slightly lower than last year (by 10p) and the service score was 4 points higher.

There were two main areas that officers intend to focus on in view of the outcomes of the report.

The first was around measuring casework tasks. This was a particularly difficult area due to the complexities of casework workflow and the limits of the current reporting tools available within the pension system. However, this was an area where GMPF scores lower than its peers and where change should be possible.

The second was to consider the value and benefit of providing a stewardship report to GMPF employers to provide feedback on how well GMPF's members are being served. Although this was not a measure that was reflected in the overall service score, there could be benefits to producing this type of report and officers intend to explore this further and liaise with those funds that already produced a stewardship report to see what they can learn.

RECOMMENDED
That the report be noted.

28 SCHEME ADDITIONAL VOLUNTARY CONTRIBUTIONS

Consideration was given to a report of the Director of Pensions/Head of Pensions Administration. The report provided information about scheme members' AVC investments as of 1 December 2022 and fund performance information. The vast majority of GMPF members' AVC accounts are administered by Prudential.

The report detailed that as of 1 December 2022, the GMPF Prudential AVC scheme had 5,014 contributing members (which was approximately 4.2% of GMPF's contributing members) with total funds invested in excess of £70million. Most of the investments (£44.4m) were in the With-Profits Fund, which was historically the 'default fund' for members who choose not to make a fund choice. The default fund was changed in August 2019 to a bespoke lifestyle strategy option, designed to be appropriate for typical LGPS AVC members.

It was explained that a lifestyle strategy option aimed to match a person's life stage with an appropriate fund choice for that life stage. It works by setting a retirement date and automatically adjusting fund selection so that as a member got closer to their stated retirement age, the fund choice becomes progressively lower risk.

There were also a small number of AVC accounts administered by providers other than Prudential. These were inherited by GMPF from other LGPS funds because of member transfers from other LGPS funds that used alternative AVC providers. These providers include Scottish Widows, Zurich, and Standard Life.

As of 1 December 2022, over 62% of members' assets in the GMPF AVC Scheme were invested in the Prudential With-Profits Fund. The majority of GMPF AVC members were still invested in the Prudential With-Profits Fund but this figure had been steadily declining over the past few years.

The aim of a with-profits arrangement is typically to achieve above-inflation returns while maintaining security and stability. Returns are added to a member's with-profits account by way of a bonus system that helps to smooth out the ups and downs of investment performance. The bonuses were in two parts. Firstly, an annual rate of bonus was applied daily. Secondly, there was a terminal bonus that was added to a members' account at retirement.

RECOMMENDED
That the report be noted.

29 ADMINISTRATION COMMUNICATIONS & ENGAGEMENT UPDATE

Consideration was given to a report of the Director of Pensions/Assistant Director for Administration. The report provided the Working Group with a summary of the work and projects being carried out by the Communications & Engagement area of Pensions Administration.

The Customer Services and Communications dashboard was attached to the report at Appendix 1. This dashboard provided some key statistics and information about general engagement from April to November 2022 on page 1, with other statistics for quarter 2 (July to September 2022) on the remaining pages.

Call volumes reduced towards the end of quarter 2, as the demand created from the issue of annual benefit statements and the peak retirement date of 31 August reduced. This pattern was consistent with previous years.

The GMPF Complaints and Issues Board meets each month to review all complaints, suggestions, compliments, and disputes received. Dashboards containing feedback and further actions for August, September and October 2022 were provided in Appendix 2. In total, there were 19 compliments and 14 complaints received. The complaints were varied and included problems with the overseas verification process and general delays.

In regard to the email routing implementation, the Customer Services contact centre system included a feature called email routing, which allowed member emails to be distributed to the team along with telephone calls. This feature had been used since April 2022 to manage emails received about My Pension. Work had been underway since then to use this feature to manage all email subject types that were received.

Member registrations for My Pension had continued to increase steadily each month. Current statistics on the number of members signed up to My Pension and the number of members who had opted for paper communications can be found in Appendix 3.

A promotional postcard had been created, aimed at encouraging members with benefits on hold who have not already done so to register. The first batch of these postcards will be sent out to the first group of members in January 2023, with further batches being sent each month thereafter.

An update was provided on changes and updates to the website. The Contact Us pages of the website had recently been updated to facilitate the use of email routing. As part of this work, the opportunity was taken to revise the priority order of information on the Contact Us page and to improve the content of the help text, based on feedback from the contact centre calls, website statistics and email analysis.

The 'You said, so we did' page had also been updated following a review of the suggestions received over the last quarter. Wherever improvements had been made, these have been shared with members on this page.

The website cookie policy had also been updated to comply with the current UK online regulations. This meant that GMPF website visitors could now accept or decline non-essential cookies. Unfortunately, this affected the accuracy of the website statistics for website traffic, as visitors who decline non-essential cookies would no longer be recorded as visiting the website by the website analytics software currently used. Therefore, the team was currently looking at alternative website analytics software that would provide more accurate data.

It was reported that A 'dependant children' newsletter was issued in November to inform the child or their guardian that they can register for My Pension. Statistics would be provided to the next Working Group meeting to confirm how many of these members have registered.

Members of the Working Group were advised that objectives in the current Communications and Engagement Strategy were established up to the end of March 2023. Therefore, the team was currently working on producing a new strategy to incorporate the projects planned for the next two years. This new strategy would be presented to the Working Group at the next meeting. The current strategy was available to view in Appendix 4 and contained the latest status updates**.**

The Communications Policy had been updated with some minor changes that reflect some of the work undertaken. While the 'digital first' approach remained key, the main amendment to the policy concerns meeting with members face to face. This service was temporarily withdrawn during the Covid-19 pandemic but had now been reinstated. The updated Communications Policy was in Appendix 5 and the Working Group was asked to approve this version**.**

RECOMMNEDED
That the content of the report be noted and the updates made to the Communications Policy be approved.

30 URGENT ITEMS

There were no urgent items.

CHAIR

GREATER MANCHESTER PENSION FUND - POLICY AND DEVELOPMENT WORKING GROUP

2 March 2023

Commenced: 11:00am **Terminated:12.25pm**

IN ATTENDANCE

Councillor Cooney (Chair)	
Councillor Ryan	
John Thompson	**UNITE**
John Pantall	**Fund Observer**
Cllr John Taylor (Stockport)	**Fund Observer**
Mark Powers	**Advisor to the Fund**
Ronnie Bowie	**Advisor to the Fund**
Sandra Stewart	**Director of Pensions**
Tom Harrington	**Assistant Director of Pensions (Investments)**
Emma Mayall	**Assistant Director of Pensions (Administration)**
Steven Taylor	**Assistant Director of Pensions (Special Projects)**
Kevin Etchells	**Senior Investment Manager (Property)**
Michael Ashworth	**Senior Investments Manager (Public Markets)**
Abdul Bashir	**Senior Investments Manager (Public Markets)**
Mushfiqur Rahman	**Investments Manager (Public Markets)**
Victoria Plackett	**Head of Pensions Administration**
Alex Jones	**Investment Officer (Local Investments)**
Rebecca Shaw	**Investment Officer (Accounting, Property and Local Investments)**
Dionne Ellams	**Investments Assistant (Local Investments)**

Representatives of APAM:
Simon Cooke
Ben Kennedy
Rhys Williams
Andrew Day
Nathan Reidy

Apologies for absence: **Cllr North, Petula Herbert (MoJ), Peter Moizer - Advisor to the Fund**

42. DECLARATIONS OF INTEREST

There were no declarations of interest.

43. MINUTES

The minutes of the meeting of the Policy and Development Working Group held on the 24 November 2022, were approved as a correct record.

44. DIRECT PROPERTY PORTFOLIOS: INVESTMENT MANAGEMENT ARRANGEMENTS UPDATE

The Assistant Director, Local Investments and Property, submitted a report, which advised Members that, following a strategic review of property management arrangements and a subsequent procurement exercise, Schroders and APAM were appointed to manage two direct national property portfolios for GMPF from November 2021.

Members were further advised that APAM was the manager of the internal 'Bad Bank' portfolio, which was a collection of more challenged assets which required significant asset management to stabilise and create liquidity. The core objective of the mandate was to stabilise assets to either transfer to the core portfolio or seek an overall sale.

Representatives of APAM then presented before Members providing an update on progress to date on their portfolio as well as giving an outlook for the future including their key priorities in managing the portfolio.

Discussion ensued in respect of the content of the presentation and Members and Advisors thanked APAM for their presentation and noted the very positive progress with the portfolio on the whole, particularly in respect of some of the more challenging assets.

Advisors sought further information with regard to management arrangements/risk management of a number of the assets and general discussion ensued in respect of the challenges and complexities faced when dealing with listed buildings.

The Chair thanked the representatives for their excellent presentation.

RECOMMENDED
That the content of the presentation be noted.

45. MANAGER MONITORING REGIME INCLUDING MONITORING ESCALATION

Consideration was given to a report of the Assistant Director of Pensions Investments, which summarised the results from the Monitoring Escalation Protocol as at 31 December 2022.

The Overall Status Levels and courses of action taken (or to be taken) in relation to the results from the most recent Monitoring Escalation Protocol were provided for each manager in an appendix to the report.

It was explained that the Manager Escalation Protocol included performance as the sole metric by which the Securities Managers were initially assessed. There were a number of less quantitative, softer dimensions, which could be used to form a view on the Manager's prospects of outperforming going forward. These included the quality of the staff and turnover of key personnel, a coherent and robust approach to linking the underlying philosophy of investing to the actual purchases and sales made and the underlying investment philosophy itself.

In addition, a traffic light approach (Green, Amber, Red) had been developed to provide a single overall indicator that summarised Officers' current subjective assessment of People, Process and Philosophy for each Manager. The respective traffic light should be viewed as providing additional context to supplement the codified Status Levels of the Monitoring Escalation Protocol.

The Advisors commented on the outperformance of all the Fund Managers and explored the various investment styles and market conditions, which had brought this about.

RECOMMENDED
That the content of the report be noted.

46. TRUSTEE MEMBER DEVELOPMENT POLICY AND TRAINING PLAN FOR 2023/24

Consideration was given to a report of the Assistant Director of Pensions Administration, providing background information about trustee member training requirements, together with an updated version of the Trustee Member Development Policy for approval. It also provided details of the training plan for 2023/24.

A new, updated Trustee Member Development policy was appended to the report at Appendix 1. The new version included:

- More information about the tools and resources available to support training;
- Updated references to the CIPFA frameworks that were updated in 2021;
- Confirmation of the various methods by which training would be delivered;
- Reference to the annual training plan that would outline the mandatory courses, external training events and in house training events available;
- Details of how the training plan would support succession planning; and
- Confirmation of how the success of the training strategy would be measured and future learning opportunities identified.

It was explained that the previous policy applied to senior officers as well as trustee members. However, officers were currently in the process of developing a Workforce development plan (linked to the Scheme Advisory Board's expectations around Good Governance). Therefore, the intention was to include details of the training requirements for senior officers within the Workforce development plan instead.

The previous policy was reviewed every two years. However, due to the current focus on good governance and the possibility of new requirements being introduced by the Regulator in the new Code of Practice, the intention was to review it annually to ensure it was kept up to date.

A new training plan for 2023/24 was appended to the report at Appendix 2. Officers intended to expand the number of in-house training events available, making use of the opportunity to deliver short, bitesize sessions online and thus covering a wider number of topics throughout the year. The Governance area of the website would be updated over the coming weeks to reflect the changes suggested.

RECOMMENDED
That the updated Trustee Member Development Policy, as appended to the report, be approved.

47. GOVERNANCE POLICY AND COMPLIANCE STATEMENT

The Assistant Director of Pensions Administration submitted a report, which advised of the requirement for GMPF to prepare and publish a governance compliance statement and proposed that a new, updated, and combined Governance Policy and Governance Compliance Statement be adopted.

A new, updated Governance Policy was attached to the report at Appendix 2**.** The new version included more background information about GMPF's governance structures and functions, alongside updated information about the current Panels, Working Groups and Local Board, that cover the requirements of part (1) of regulation 55.

It was explained that the governance compliance statement followed the format recommended in the statutory guidance. The previous governance compliance statement was a separate document, but this had now been incorporated into the new Governance Policy at section 4. Only minor updates had been made to the text explaining partial compliance for items A(b) and B(a), to reflect current practice.

RECOMMENDED
That the updated Governance Policy and Governance Compliance Statement, as appended to the report, be approved.

48. DATE OF NEXT MEETING

It was noted that the next meeting of the Policy & Development Working Group was scheduled to take place on Thursday 22 June 2023.

CHAIR

NORTHERN LGPS JOINT OVERSIGHT COMMITTEE

6 October 2022

Commenced: 11.00am **Terminated: 12.05pm**

Present:	**Cllr Gerald P Cooney (Chair)**	**Chair, Greater Manchester Pension Fund**
	Elizabeth Bailey	**Deputy Chair, West Yorkshire Pension Fund**
	Councillor Pat Cleary	**Chair, Merseyside Pension Fund**
	Councillor Cherry Povall	**Deputy Chair, Merseyside Pension Fund**
In attendance		
	Sandra Stewart	**Director of Pensions, GMPF**
	Peter Wallach	**Director of Pensions, MPF**
	Rodney Barton	**Director of Pensions, WYPF**
	Euan Miller	**Assistant Director of Pensions, Funding and Business Development, GMPF**
	Tom Harrington	**Assistant Director of Pensions, Investments, GMPF**
	Paddy Dowdall	**Assistant Director of Pensions, Local Investments and Property, GMPF**
	Steven Taylor	**Assistant Director of Pensions, Special Projects, GMPF**
	Neil Cooper	**Head of Pension Investment, GMPF**
	Dan Hobson	**Head of Real Assets**
	Alex Jones	**Investments Officer**
	Owen Thorne	**Merseyside Pension Fund**
	Greg Campbell	**Merseyside Pension Fund**
	Adil Manzoor	**Merseyside Pension Fund**
	Colin Standish	**West Yorkshire Pension Fund**
	Simon Edwards	**West Yorkshire Pension Fund**
	Alan McDougal	**PIRC**
	Janice Hayward	**PIRC**
	Tom Powdrill	**PIRC**
	Conor Constable	**PIRC**
Apologies for Absence:	**Councillor Oliver Ryan – GMPF and Councillor Andrew Thornton - WYPF**	

13. DECLARATIONS OF INTEREST

There were no declarations of interest.

14. MINUTES

The Minutes of the meeting of the Northern LGPS Joint Oversight Committee held on 7 July 2022 were agreed as a correct record.

15. POOLING UPDATE

Consideration was given to a report of the Assistant Director, Funding and Business Development, GMPF, which provided an update on pooling activity since the previous Northern LGPS Joint Oversight Committee meeting and summarised relevant national pooling developments.

It was reported that, on 3 January 2019, MHCLG released new draft statutory guidance on LGPS asset pooling for 'informal' consultation. Parties that were consulted included pools, administering authorities and local pension boards. The guidance was intended to replace previous pooling guidance, in particular the LGPS Investment Reform Criteria and Guidance issued in November 2015 ('the 2015 guidance').

As per discussion at previous meetings, the draft statutory guidance had blurred the original four criteria in the 2015 guidance. In its place the guidance had 6 sections covering; structure and scale, governance, transition of assets to the pool, making new investments outside the pool, infrastructure investment and reporting.

Members were advised that Government was yet to publish a response to the consultation (it appeared that it would be superseded) and the 2015 guidance therefore, remained in force.

DLUHC civil servants had indicated that a consultation on several key policy areas for the LGPS was expected to be issued in autumn 2022. The consultation was expected to cover LGPS pooling as well as other related matters such as the implementation of TCFD ('Task-force on Climate-Related Financial Disclosure') requirements for LGPS funds and investing LGPS assets to support the levelling-up agenda. However, a consultation on implementation of TCFD requirements was released separately on 1 September (further details of which were provided in the report) and no further information had been released regarding pooling.

In early September Liz Truss replaced Boris Johnson as Prime Minister and appointed Simon Clarke as Secretary of State for Levelling Up, Housing and Communities. Paul Scully, who was originally appointed as Minister of State at DLUHC in July, was retained in post and was expected to be the Minister responsible for overseeing the LGPS. Given the recent ministerial changes, there could be further delay and/or material changes made to the proposed LGPS consultation referred to previously.

As reported at the previous meeting of the Joint Committee, DLUHC had once again issued its annual request for a further progress update from each of the Pools, setting out the assets transferred to the pool as at 31 March 2022 and an estimate of costs savings achieved and those expected in future.

DLUHC was keen for all pools to be reporting cost savings on a consistent basis. A consistent LGPS-wide methodology was agreed in principle between the pools last year and the proposals were endorsed by DLUHC. The main area of contention at some pools was regarding whether indirect transition costs such as bid/offer spreads should be included in the headline costs figures or disclosed separately, with pools having adopted different approaches in the past. Northern LGPS' costs savings had been calculated using the same methodolog***y*** as in 2021 and it was expected that other pools had also used a consistent approach.

The Northern LGPS submission was sent to DLUHC on 23 September. Copies of sections A and C of the Northern LGPS submission, which set out the assets pooled and cost savings achieved and projected in future, were attached in appendix to the report.

Northern LGPS' net cost savings for 2021/22 had been calculated as £40.7m (increasing from approximately £30m in 2020/21), giving total savings since inception of £112m. These figures were slightly higher than the future projections made last year (£37.9m). The increase in costs savings achieved was a result of the continued increase in commitments to the GLIL and NPEP vehicles, favourable movement in the $/£ exchange rate and, in particular, a material increase in the net asset value of GLIL. At the time of writing the report, the cost savings of most other LGPS pools were not known. Government was expected to report aggregated figures across the LGPS as a whole.

Members were advised that each of the partner funds in the Northern LGPS Pool was currently in the process of producing 31 March 2022 year end accounts and an annual report. Guidance on preparing the annual report was provided by the accounting body CIPFA. This guidance currently included a section on accounting for asset-pooling arrangements.

In 2020 and 2021 it was agreed by the Joint Committee that a Pool Annual Report be produced, which funds would have the option of including within their respective annual reports. This would act to provide some of the information to satisfy CIPFA guidance and could be used by the funds in their communications with stakeholders to provide evidence of the Pool's progress against its objectives. A current draft of the 2022 Northern LGPS Annual Report was appended to the report.

Members were further advised that on 1st September, DLUHC issued a consultation seeking views on proposals to require LGPS administering authorities in England and Wales to assess, manage and report on climate-related risks, in line with the recommendations of the Taskforce on Climate-related Financial Disclosures ('TCFD'). The consultation was closing on 24th November. Whilst the consultation proposals placed requirements on administering authorities rather than pools, section 4 of the consultation sought views on the role of LGPS pools in delivering the requirements. Each of the partner funds had already voluntarily reported in line with the recommendations of the TCFD. In light of the above, it was recommended that the pool submit a joint, generally supportive consultation response.

Updates on the progress of the main ongoing work-streams for the Northern LGPS together with LGPS Pooling developments nationally were provided in the report.

RESOLVED
(i) That the content of the report be noted, in particular the annual pooling update provided to DLUHC;
(ii) That the draft Northern LGPS Annual Report for 2021/22, as appended to the report, be noted; and
(iii) That a Pool level collaborative response to the consultation on TCFD reporting, with final sign off delegated to the Chair, be endorsed.

16. SCHEME ADVISORY BOARD UPDATE

Consideration was given to a report of the Director of Pensions, MPF, providing an update on the last meeting of the Investment, Governance & Engagement (IG&E) Sub-Committee that had taken place on the 26 September 2022.

Details of the actions and agreements from the meeting held on 23 May 2022 were appended to the report.

The principal items on the agenda for the 26 September 2022 included:
- Code of Transparency Update;
- RIAG Chair's report; and
- DLUHC Regulatory Update.

RESOLVED
That the content of the report be noted.

17. UPDATE ON RESPONSIBLE INVESTMENT

Tom Powdrill and Conor Constable, PIRC Ltd, Responsible Investment Advisor to the Northern LGPS, presented a report 'Voting on Workforce Issues', which explained that, whilst the 'S' in ESG (Environmental, Social and Governance) had attracted more attention in recent years, it remained an area where investor stewardship activity was in its infancy, and the use of voting rights specifically was very limited. Some of PIRC's pension fund clients had their own voting policy which addressed some of the issues. However, to PIRC's knowledge, there were no UK major investors that were systematically taking workforce issues into account in the exercise of their shareholder voting rights. Therefore, applying a voting strategy informed by workforce issues to a wide group of UK companies would be an unprecedented and significant step. For the last 6 months PIRC had been developing a new database of FTSE All Share companies covering 80+ workforce indicators. PIRC were seeking funding to undertake the development of a policy framework to generate voting recommendations on workforce issues as a stand-alone project. Once completed it could be applied to provide voting recommendations driven by analysis of workforce factors.

They further presented Northern LGPS' Stewardship Report for Quarter 2 2022. The report explored tackling climate change; effective engagement and voting on shareholder resolutions.

RESOLVED
(i) That the presentation and the content of the latest quarterly Responsible Investment report be noted; and
(ii) That the expenditure, as set out in Appendix A to the report, for PIRC to undertake the development of a policy framework to generate voting recommendations on workforce issues, as a stand-alone project, be approved.

18. PERFORMANCE MEASUREMENT

Consideration was given to a report of the Assistant Director of Investments, GMPF, which provided an update on performance measurement.

An extract from the Northern LGPS reporting for periods to 30 June 2022 was attached as an Appendix to the report. The reporting assisted in fulfilling both reporting requirements to Government, and any oversight obligations of the Joint Committee.

Officers continued to work closely with Portfolio Evaluation to separately identify NPEP and GLIL returns in these performance reports, given their importance to the Northern LGPS proposition.

RESOLVED
That the content of the report be noted.

19. COMMON CUSTODIAN UPDATE

The Assistant Director of Pensions Investments, GMPF submitted a report, which provided details of key performance indicators and key milestones and deliverables for the quarter to 30 June 2022 in relation to Northern Trust (NT) in their capacity as the common custodian to the Northern LGPS pool, as attached in an appendix to the report.

RESOLVED
That the content of the report be noted.

20. DIRECT INFRASTRUCTURE PLATFORM (GLIL) UPDATE

Consideration was given to a report of the Assistant Director, Local Investment and Property, GMPF, providing an update on the progress with the direct infrastructure investment platform (GLIL) and to sought approval for a consultation exercise amongst stakeholders and wider market into how GLIL should position itself.

It was explained that the facilitation of infrastructure investments was one of the four criteria in the Government's pooling agenda. The principle was that through pooling of assets and investment resources, the LGPS could enhance the capability and capacity to invest infrastructure. The Northern Pool, alongside Local Pensions Partnership, was the most advanced of the LGPS pools in this regard. This was through the creation of GLIL a direct infrastructure investing platform that was established, but which could also be developed and expanded to through working with other pools.

Members were advised that GLIL had progressed well and had one external investor. There had been some engagement with other pools but this had not progressed as well as hoped. Officers had reflected on this and sought to analyse why; and also to review the operation of GLIL to ensure that it served the objectives of current owners.

The executive committee of GLIL engaged Triad consultancy to review the questions set out above. An executive summary of their report was attached as an appendix.

The key conclusions of the preliminary work were detailed and the GLIL executive team sought Members approval to progress the consultation exercise, engaging Triad to do further work as follows:

- Interviews and documentation thereof with advisers Members and other stakeholders of Member Funds as directed by the Director of each Fund to ascertain views;
- Structured Market research, and review of available benchmarking information into how large global asset owners deployed capital into infrastructure;
- Presentation of broad findings to special meeting of Northern LGPS JC in late November early December, date to be confirmed; and
- Support to GLIL EC in drawing up recommendations to bring forward to Northern LGPS JC on 3 February 2022.

The GLIL report to investors for the period ending 30 June 2022 was appended to the report. The key highlights, together with events and transactions after that date, were presented.

RESOLVED
(i) That the report be noted; and
(ii) That the consultation exercise and timetable for review, as set out in the report, be approved.

21. NORTHERN PRIVATE EQUITY POOL – REVIEW OF REGULATORY STATUS

The Assistant Director of Pensions Investments, GMPF, submitted a report, which presented a review of Northern Private Equity Pool's regulatory status by external legal advisers.

It was explained that Northern Private Equity Pool (NPEP) was incepted in May 2018 and following legal advice received at the time, it was concluded that it could operate without the inclusion of a management entity that was subject to regulatory approval and oversight. Such a conclusion relied on an analysis of the working arrangements of NPEP and the extent to which they were consistent with a "joint venture" interpretation rather than falling within the definition of a Collective Investment Scheme.

Officers believed it was sensible to revisit the analysis of the working arrangements of NPEP on a regular basis to ensure that there had been no changes in the regulatory or legal landscape that could change the conclusion of such analysis.

Officers engaged with Squire Patton Boggs to renew its analysis of the NPEP arrangements and activities and report on their regulatory status. Squire's report was appended to the report.

Members were advised that the external review concluded that there had been no legal or regulatory changes that were pertinent to NPEP and that it ought to continue to attract a "joint venture" interpretation and, therefore, its activities sat outside of the regulatory perimeter.

RESOLVED

That the content of the report be noted.

22. DATE OF NEXT MEETING

RESOLVED
It was noted that the next meeting of the Northern LGPS Joint Oversight Committee was scheduled to take place on 2 February 2023.

CHAIR

Report To:	**GMPF MANAGEMENT/ADVISORY PANEL**
Date:	24 March 2023
Reporting Officer:	Sandra Stewart, Director of Pensions Paddy Dowdall, Assistant Director of Pensions, (Local Investments and Property)
Subject:	**GMPF BUDGET 2023/2024 AND MEDIUM-TERM FINANCIAL PLANNING**
Report Summary:	This report asks the Management Panel to approve an expenditure budget for GMPF for 2023/24 and a medium-term financial plan 2023-2026. (An updated version will be included in the Annual report for 2022/23).
Recommendations:	1) That the Management Panel approves the expenditure budget for 2023/24. 2) That the Management Panel approve the Medium-Term Financial Plan.
Financial Implications: **(Authorised by the Section 151 Officer)**	The financial implications are set out in the report. There is a projected increase in expenditure which supports strategic change at the Fund to optimise net risk adjusted returns on investments and to provide efficient administration in order to ultimately minimise the contributions paid by employers.
Legal Implications: **(Authorised by the Solicitor to the Fund)**	There is a duty on the Fund to achieve best value and consequently the Panel need to ensure through such monitoring that value for money is being achieved.
Risk Management:	Failure to properly manage and monitor the Fund's budgets may lead to a reduction in service standards for scheme members or employers, or a loss of confidence in the management of the Fund.
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:	Any enquiries should be directed to John Douglas Head of Pension Fund Accountancy john.douglas@gmpf.org.uk Tel (0161 301 7128)

1. INTRODUCTION

1.1 This report asks the Management Panel to approve an expenditure budget for GMPF for 2023/24 alongside a medium-term financial plan for 2023 to 2026.

1.2 The medium-term financial plan is essentially dependent upon the assumptions in the Funding Strategy Statement, and the out-turn is largely subject to financial markets and their impact on investment performance.

1.3 The medium-term financial plan 2023 to 2026 will be finalised for the annual report following, approval of budget and Fund Valuation at 31 March 2023.

1.4 CIPFA Guidance on preparing the Annual Report for Local Government Pension Scheme Funds requires GMPF to publish a medium-term financial plan approved by those charged with governance of the Fund. The Management Panel is approving the draft version of this subject to final confirmation in values as at 31 March 2023; and the assumptions and methodology that underpin it.

2. BUDGET FOR 2023/24 AND CHANGES FROM 2022/23

2.1 The Fund remains committed to its core objectives. There remains a great deal of uncertainty in the short to medium term in the outlook for inflation. The table below sets out the key assumptions and methodology for budget setting.

Pay Award 2023/24	Assuming no lower than latest offer from employers (yet to be accepted)
Inflation	Notional 5% applied to non-staff costs
Staffing	As in post and recruitment in hand at Feb 2022
Goods and Services	As contracted plus internal estimates for variable usage items
Business development	Centrally allocated provision of £850,000 to implement business plan aspirations

2.2 The level of budget sought for 2023/24 seeks an increase from that in 2022/23 The table below sets out some key movements. This budget covers the expenditure by the Fund on governance, administration and investment costs for oversight and internal management. External Investment Management fees are overseen by Management Panel in a more detailed fashion with comparison to peer Pension Funds provided by CEM. The budget is attached as **Appendix A** to this report.

Reconciliation of movements in Budget from 2022/23 to 2023/24

		Year 2022/23	
Staffing		£7,847,671	
Other Costs		£6,508,866	
Total		**£14,356,537**	
			Year 2023/24
Staffing			9,336,619
Other Costs			7,300,800
Total			**16,637,493**
	Change from 2022/23 £	**Change from 2022/23 %**	**Proportion of Change**
Variances 2024 to 2023			
Staffing	£1,488,948	18.97%	65.28%
Other Costs	£791,934	12.17%	34.72%
Total	£2,280,956	15.89%	
Staffing Costs			
External factors for staff cost : Changes to pension contributions and cumulative effect of pay awards	£844,921	10.77%	56.75%
Other staffing increases	644,027	8.21%	43.25%
Other Significant Movements None Staffing			
	Change from 2022/23 £		
No actuarial valuation this year	(150,000)		
Web design and maintenance	50,000		
IT consultancy	84,000		
Payroll consultancy project	80,000		
Cyber security	150,000		
Business Plan developments	200,000		
Performance Measurement	158,000		
Reduction in income	238,000		
Total significant	**810,000**		
Balance (sum of general inflation less efficiencies plus minor changes)	**(18,066)**		

2.3 To put the budget for GMPF into context, the table below set out some external comparisons for investments and administration against peer groups of comparable funds, for the last 2 years.

Investment Costs GMPF year end March 2022 from CEM		
	£m	**% AUM**
GMPF Actual	99	0.38
Benchmark (CEM specific)	122	0.46
Difference	**-24**	**0.09**

Investment Costs GMPF year end March 2021 from CEM		
	£m	% AUM
GMPF Actual	92	0.39
Benchmark (CEM specific)	113	0.48
Difference	**-21**	**0.09**

Administration Costs GMPF year end March 2022 from CEM	
	£ per member
GMPF Actual	16.91
Benchmark (CEM peer group)	26.82
Difference	**-9.91**

Administration Costs GMPF year end March 2021 from CEM	
	£ per member
GMPF Actual	17.01
Benchmark (CEM peer group)	23.65
Difference	**-6.64**

3. INVESTMENT MANAGEMENT FEES

3.1 Members of management panel will be aware of the significant changes made in recent years to the disclosure of investment management costs. There is detailed consideration given to these through reporting mechanisms outside of budget setting, particularly through the reporting by CEM. These are not therefore considered in detail as part of this report. For information the table below shows these costs (excluding private markets) for 2023/2024 with a comparison to projected out-turn for 2022/23. The fees are not itemised due to confidentiality clauses in agreements with fund managers.

	Budget 2023-2024 £m	Projected 2022-2023 £m	Change £m
Overall Total	**23.72**	**21.45**	**2.27**

3.2 From a financial reporting perspective this year will see the second year of disclosure of certain costs for certain types of pooled private market investments. These having previously been accounted for within the changes in value of investments will now be identified separately. These are the costs identified by the custodian through their administration and accounting of GMPF private market investments and whilst meeting accounting requirements will not be exactly the same as those calculated by CEM. The estimate is that these will be in the region of £90m per annum from 2022/23 rising roughly in line with AUM thereafter. These changes in disclosure make no difference to the projected outcomes for the Fund NAV statement in the accounts or the medium-term plan.

4. MEDIUM TERM FINANCIAL PLAN 2023-2026

4.1 The assumptions for medium term financial planning going forward are detailed in the table below.

Fund Investment Return	5.6% per annum over the long term
Inflation	CPI Bank of England
Pay Inflation	2.25% longer term
Employer Payroll	From actuarial valuation
Pensioner Profile	From actuarial valuation
Management Budget	2022/23 projected forward
Investment Management Costs	CEM plus Internal estimate projection

4.2 The draft 3-year medium term plan is detailed below.

	2023/24	2024/25	2025/26
	£m	**£m**	**£m**
Fund Size at Start of Year	30,000	31,194	32,448
Fund Size at end of Year	31,194	32,448	33,778
Pensions Paid	938	955	961
Contributions received	592	612	634
Net Transfers	0	0	0
Net Cashflow	-346	-343	-327
Management Costs			
Investment Income	140	150	160
Increase in Value of Investments	0	0	0
Net Return from Investments	655	691	730
Net Change in Fund	1,025	1,056	1,087

4.3 Key observations to be considered are:

- The Fund has an increasingly mature liability profile.
- Investment income is still higher than outflows to pensioners net of contributions.
- Investment returns are key driver of outcomes.
- The changes to investment cost disclosure have no impact on overall result and are in effect a movement to costs that was previously deducted from appreciation of investments within the accounting of pooled investment vehicles.

5. RECOMMENDATIONS

5.1 That the Management Panel approves the expenditure budget for 2023/24.

5.2 That the Management Panel approve the Medium-Term Financial Plan.

APPENDIX A

GMPF Management Budget 2022/23 excluding external investment management fees

Area	**Description / Basis**	**2023-2024 £**		**2022/23 £**
Staffing	Including indirect costs such as training	9,336,619		7,797,671
Leadership & Development	Recharge from TMBC for Corporate Leadership team plus development items	948,892		745,703
Governance	Advisors, Local Board and Panel costs plus Democratic Services	349,337		324,573
Custody		496,625		500,120
Actuarial Fees		355,000		580,500
Professional Fees	Includes External audit fees	2,327,000		1,960,900
IT and Equipment		1,394,500		1,387,000
Premises	Rent, rates, utilities etc.	1,135,600		1,104,300
Other General Costs	Post, telephone, printing & stationery, media, travel etc. including misc. items < £10,000	685,325		672,684
Central Establishment Charges	Core Services HR Internal Audit etc.	596,000		508,086
Income	Charge to external investments plus some pension advice	(987,000)		(1,225,000)
Total Cost		**16,637,493**		**14,356,537**

Report To:	**GMPF MANAGEMENT/ADVISORY PANEL**
Date:	24 March 2023
Reporting Officer:	Sandra Stewart, Director of Pensions Paddy Dowdall Assistant Director (Local Investments and Property)
Subject:	**GMPF STATEMENT OF ACCOUNTS 2022-23 GMPF ACCOUNTING POLICIES AND CRITICAL JUDGEMENTS**
Report Summary	This report covers the. GMPF Accounting Policies and Critical Judgments for 2021-22 and the Audit Strategy Memorandum
Recommendations:	Members are asked to approve the accounting policies and critical judgements attached as **Appendix A** to this report.
Policy Implications:	None.
Financial Implications: **(Authorised by the Section 151 Officer)**	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. 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.
Legal Implications: **(Authorised by the Solicitor to the Fund)**	The administering authority must produce an annual report and accounts in line with statutory provisions.
Risk Management:	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 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:	Any enquiries should be directed to John Douglas Head of Pension Fund Accountancy john.douglas@gmpf.org.uk Tel (0161 301 7128)

APPENDIX 1

GMPF ACCOUNTING POLICIES AND CRITICAL JUDGMENTS

CHANGES FROM 2022/23
No Change

STATUTORY BACKGROUND

GMPF is required to prepare its financial statements under International Financial Reporting Standards (IFRS). The financial statements are prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 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 the notes to the accounts. These financial statements should be read in conjunction with that information.

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.

ACCOUNTING POLICIES

Basis of preparation:
The accounts are 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 exceptions are that individual and bulk transfers (due to uncertainty over final settlement and timing of payments), advance payment of employer contributions and investment costs for private markets administered by the custodian as part of investment activity, are recognised on a received or paid basis. There are no accounting standards issued but not adopted in the preparation of the financial statements

Financial assets and liabilities:
A financial asset or a financial liability shall be recognised in the balance sheet when, and only when, GMPF becomes a party to the contractual provisions of the instrument. On initial recognition, GMPF is required to classify financial assets and liabilities into amortised cost, fair value through profit and loss or fair value through other comprehensive income. Financial assets are classified dependent on the reason for holding the assets. Amortised cost assets are those held to generate cash flows and the amounts received are solely principal and interest. Fair value assets through profit and loss

or other comprehensive income, are assets which fail the amortised cost categorisation tests, where they are held for trading purposes and/or the amounts received relate to more than solely principal and interest (e.g. equity instruments). Financial liabilities are classified as amortised cost except in certain circumstances where they are classified as at fair value.

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 in accordance with Regulation 4(2)(c) of the Pension Scheme (Management and Investment of Funds) Regulations 2009 (as amended).. 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 income from pooled investment vehicles 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 CIPFA Code of Practice on Local Authority Accounting in the United

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 2022.

Foreign investments:
Foreign investments are translated at the exchange rate applicable at 31 March 2022. 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 payable represent the benefits paid during the financial year and include an estimated accrual for lump-sum benefits outstanding as at the year-end if applicable. Benefits payable also includes interest on late payment. Any amounts due but unpaid are disclosed in the net assets statement as current liabilities.

Investment values:
All investment assets are valued at their fair value as at 31 March 2022 are determined as follows:

At 31 March 2022	Valuation basis / technique	Main assumptions
Equities and bonds	Pricing from market data providers based on observable bid price quotations.	Use of pricing source. If there are minor variations in the price dependent upon the pricing feed used, the Custodian's valuation will take precedence.
Direct investment property	Independent valuations for freehold and leasehold investment properties at fair value have been valued by Savills plc, Chartered Surveyors, as at 31 December 2021, subsequently adjusted for transactions undertaken between 1 January 2022 and 31 March 2022. Valuations have been prepared 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.
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. All cash is recorded at book value unless there is knowledge of any impairment.
Derivatives	Derivative contracts are valued at fair value. 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. 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. The fair value of the forward currency contracts is based on market forward exchange rates at the year-end date and	All derivatives are based on a visible price (i.e. not private transactions) and all counter parties are deemed solvent and able to meet their liabilities. The relevant prices and exchange rates used are provided by the Custodian and consistent with those used elsewhere in accounts.

	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.	
Private equity, infrastructure and special opportunities portfolios	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, applying earnings multiples of comparable public companies to projected future cash flows, 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.	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.

Financial instruments at fair value through the profit and loss: paragraph deleted from accounts
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.

Financial instruments at amortised cost: paragraph deleted from accounts
Non-derivative financial assets which have fixed or determinable payments and are not quoted in an active market are classified as at amortised cost.

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.

Transaction costs of investments:
Acquisitions costs of investments other than listed equities are included in purchase prices and netted from sale receipts.

Management Expenses:
Investment management expenses paid directly by GMPF are included within Management Expenses within the Fund account. 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, three 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 charged directly by the investment managers. These costs are allocated directly to the Fund Account where information is available to the Custodian by the investment manager, on an as paid rather than on an accruals basis. Where costs are charged by these managers and not disclosed to custodian, they are included in the fair value adjustments applied to assets concerned within the Fund Account and corresponding notes, in previous years all of these costs were treated this way. The annual report contains a comprehensive review of investment costs.

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

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. All derivatives are based on a visible price (i.e. not private transactions) and all counter parties are deemed solvent and able to meet their liabilities. The relevant prices and exchange rates used are provided by the Custodian and consistent with those used elsewhere in accounts.

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, due to uncertainty over final settlement and timing of payments, are recognised on a received or paid 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.

Critical judgements in applying accounting policies

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

- No investments are impaired (further detail on the investment strategy and approach to managing risk can be found in notes to the accounts)
- All leases are classified as operating leases.

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 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.

Pension Fund liability paragraph deleted from accounts

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 the notes to the accounts. This estimate is subject to significant variances based on change to the underlying assumptions.

Classification of financial instruments

Different asset classes of financial instruments are valued in accordance with accounting standards as either fair value or amortised cost.

A small number of indirect property unit trusts were reclassified in year from Level 3 to Level 2 based on a more detailed understanding of the observable and unobservable inputs into these assets.

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Report to :	**PENSION FUND MANAGEMENT PANEL**
Date :	24 March 2023
Reporting Officer :	Sandra Stewart, Director of Pensions Tom Harrington, Assistant Director of Pensions (Investments)
Subject :	**QUARTERLY UPDATE ON RESPONSIBLE INVESTMENT ACTIVITY**
Report Summary :	This report provides Members with an update on the Fund's responsible investment activity during the quarter.
Recommendation(s) :	That the report be noted.
Links to Core Belief Statement:	The relevant paragraph of the Fund's Core Belief Statement is as follows : "2.6 Well governed companies that manage their business in a responsible and sustainable manner will produce higher returns over the long term."
Financial Implications : **(Authorised by the Section 151 Officer)**	There are no direct material costs as a result of this report.
Legal Implications : **(Authorised by the Solicitor to the Fund)**	The provisions underlined by the Regulation 7 guidance for the formulation and maintenance of their ISS, clearly address issues of responsible investment by the Local Government Pensions Scheme administering authorities. Regulation 7(2)(e) requires funds to follow pertinent advice and act prudently when making investment decisions, *"…a prudent approach to investment can be described as a duty to discharge statutory responsibilities with care, skill, prudence and diligence".* They must consider any factors that are financially material to the performance of their investments, including ESG factors contemplating the time horizon of the liabilities along with their approach to social investments. Regulation 7(2)(f), emphasises that *"administering authorities are encouraged to consider the best way to engage with companies to promote their long-term success, either directly, in partnership with other investors or through their investment managers, and explain their policy on stewardship with reference to the Stewardship Code."* Administering authorities are strongly encouraged to either vote their shares directly or ask their fund managers to vote in line with their policy under the Regulation 7(2)(f) and to publish a report of voting activities as part of their pension fund annual report under Regulation 57 of the 2013 Regulations. Regulation 7 (6) underlines that the ISS must be published by 1 April 2017 and requires it to be reviewed at least every three years.

Risk Management :	Increasing net investment returns needs to be delivered without materially increasing Fund's exposure to investment risks. We want everyone to have a pension they can be proud of – one which builds a better world, without compromising on returns.
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 :	**APPENDIX 9A** – **GMPF's RI Partners and Collaborations**

APPENDIX 9A	**GMPF's RI Partners and Collaborations**

Any enquiries should be directed to: Mushfiqur Rahman, Investments Manager, on 0161-301 7145 (email: mushfiqur.rahman@gmpf.org.uk).

1. BACKGROUND

1.1 The Fund's approach to Responsible Investment is set out in its Investment Strategy Statement. The Fund has also published a more detailed Responsible Investment policy on its website.

1.2 The Fund is a signatory to the Principles for Responsible Investment (PRI). As a signatory to the PRI, the Fund is required to publicly report its responsible investment activity through the PRI's 'Reporting Framework'.

1.3 Upon becoming a PRI signatory, the Fund committed to the following six principles:

1. *We will incorporate ESG issues into investment analysis and decision-making processes.*
2. *We will be active owners and incorporate ESG issues into our ownership policies and practices.*
3. *We will seek appropriate disclosure on ESG issues by the entities in which we invest.*
4. *We will promote acceptance and implementation of the Principles within the investment industry.*
5. *We will work together to enhance our effectiveness in implementing the Principles.*
6. *We will each report on our activities and progress towards implementing the Principles.*

2. RESPONSIBLE INVESTMENT ACTIVITY DURING THE QUARTER

2.1 A summary of the Fund's Responsible Investment activity for the latest quarter against the six PRI principles is provided below.

We will incorporate ESG issues into investment analysis and decision-making processes.

2.2 The majority of the Fund's assets are managed by external investment managers. The Fund's approach to Responsible Investment is incorporated into the mandates of each investment manager via their respective Investment Management Agreement. Managers take into consideration ESG issues as part of their investment analysis and decision-making process and engage regularly with companies that are held within the portfolio. The Fund's public equity investment managers report annually on their Responsible Investment activity to the Investment Monitoring and ESG Working Group (IMESG).

2.3 Legal & General Investment Management, GMPF's passive public market manager, presented at the January Investment Monitoring & ESG Working Group meeting. They reported on their approach to investment stewardship and how they engage globally to deliver positive change, raise market standards and safeguard client assets for the long term. They presented their 'Identify, Engage, Change' approach to stewardship demonstrating this with case studies of engagements on a range of themes they have identified. These include diversity, climate change and health which are aligned to themes GMPF has noted in its RI Policy.

2.4 The GMPF Investment Committee approved a commitment of £20m for the Impact portfolio to a social infrastructure fund focused on buying on or building impact rented housing and specialist accommodation. This includes affordable housing, homes for keyworkers, supported living and care homes. The UK has a shortage of affordable housing and accommodation for adult social care. The fund's investment strategy targets additionality, intentionality and inclusivity to bring about systemic change within the wider housing sector. It seeks to deliver high quality residential housing solutions for general needs accommodation and adult social care, with a core focus on mixed tenure new developments. A recent Big

Society Capital report estimates the shortfall of affordable housing as being 101,000 new homes per annum and this equates to a capital shortfall of £253 billion.

2.5 As part of its overseas property allocation GMPF committed £100m to Heimstaden Bostad (HSTB) which is the largest unlisted owner of residential housing across Europe. HSTB focusses on mid-level affordable homes in countries with stable economic environments and in cities and suburbs with favourable supply and demand dynamics. HSTB's sustainability strategy is qualified by 25,000 tenants who responded to a survey which highlighted their preference of a focus on people and sustainability. Homes are designed to suit different needs, an ability to have green areas and on-site renewable energy sources.

We will be active owners and incorporate ESG issues into our ownership policies and practices.

2.6 Voting and engagement is a cornerstone to the Fund's RI activities. The Fund retains maximum possible authority to direct voting, rather than delegating authority to the external Investment Managers. The Fund is able to engage with companies both directly and indirectly through its long-standing membership of the Local Authority Pension Fund Forum and as part of the Northern LGPS pool. The Fund's voting record can be found using the link below.
https://votingdisclosure.pirc.co.uk/?cl=Uyc0NScKLg==&pg=1

2.7 Slavery was formally abolished in the US and Europe in the 19th century, but the abuse and exploitation of vulnerable people continues in many workplaces and other settings around the world today. Modern slavery is an illegal, covert activity supported by crime and corruption. This makes it hard to precisely detect or measure the scale of the problem. According to the ILO and Walk Free Foundation it is estimated that $150 billion of profits is generated from forced labour. Officers attended a seminar hosted by Alliance Bernstein where speakers discussed the steps investors can take to assess and reduce the risks of modern slavery.

2.8 Themis, a platform that helps organisations identify and manage financial crime presented at the seminar developed a freely available online course in partnership with the UK Independent Anti-Slavery Commissioner and the UK Modern Slavery Training Delivery Group, a UK government initiative. The course provides individuals working in the financial services sector the tools they need to be able to help tackle modern slavery and human trafficking. The course can be accessed using the link below.
https://themisknowledge.com/shop/Modern_Slavery_and_Human_Trafficking.php?mkt_tok=NDMzLURLQS02NDkAAAGJ6ied2lYBYoIQJRzNroGhxSxneEaZuZm4Vqlvd6QtcuCjDbyDLpO585H1rn76GVKmkwKizzsQ4Qj05iFQi79i_gLSx5C2IhMsY3PX5Gc

2.9 On the fourth anniversary of the Brumadinho tailings dam disaster Officers attended the Global Investor Summit on Minding 2030 and Tailings. The first half of the summit concentrated on the lessons learnt from the work investors have led on tailings dam safety following the disaster. Supported by the UN, the creation of the Global Tailings Management Institute was announced to oversee the auditing and effective implementation of the new Global Tailings Industry Standard.

2.10 The second part of the summit saw the announcement of a Global Investor Commission on Mining 2030 developed in partnership with the United Nations Environment Programme. The multi-stakeholder Commission will seek to develop a global consensus across the finance and corporate world of a reformed mining sector that supports a positive vision for mining and does not cause harm to people, communities and the environment.

2.11 The Fund's passive investment manager, Legal and General, published its ESG Impact report during the quarter.
https://www.lgim.com/landg-assets/lgim/_document-library/esg/q4-2022-esg-impact-report---final.pdf

We will seek appropriate disclosure on ESG issues by the entities in which we invest.

2.12 LAPFF and the Northern LGPS signed on to the World Benchmark Alliance Investor Statement for a just transition calling for companies to take urgent action to plan for a just transition. The statement follows findings from the WBA's 'Just Transition Assessment' showing high emitting companies were failing to identify, prepare and mitigate the social impacts of their decarbonisation plans.

2.13 54 signatories from around the globe are sending a strong signal to oil and gas companies that planning for a just transition is a significant part of making the low carbon transition a success. As a first step, the oil and gas sector is required to engage in robust transition planning, which involves anticipating how decarbonisation will affect people and communities, and plan accordingly to ensure their fundamental rights are respected while undertaking low carbon strategies. This statement and the full list of signatories can be accessed using the link below.
https://www.worldbenchmarkingalliance.org/impact/investor-statement-for-a-just-transition/

2.14 In February, the Local Authority Pension Fund Forum (LAPFF), Sarasin & Partners LLP, CCLA and Ethos Foundation wrote to the chairs of all FTSE listed companies requesting that companies allow for a shareholder vote on their greenhouse gas emission reduction strategy. Having a 'Say on Climate' vote aims to enhance transparency and accountability on one of the most pressing financially material risks facing investee companies.

2.15 Ahead of the 2023 AGM season, the letter welcomed those Boards that have already enabled shareholders to have a 'Say on Climate' via a resolution on the ballot paper. However, the letter urged all companies to follow suit by disclosing their transition plans aligned to a 1.5°C temperature outcome and allowing investor oversight on the robustness of plans through a vote on the strategy and any associated capital expenditure requirements.

2.16 The intervention comes against the backdrop of increasing pressure from government and regulators to draw up plans and take action to reduce emissions. The letter's signatories noted the HM Treasury's launch of the UK Transition Plan Taskforce to develop the 'gold standard' for private sector climate transition plans in the UK. The taskforce states that a transition plan should be integral to the company's overall strategy, setting out how it aims to prepare and contribute to a rapid shift towards a decarbonised economy. The full press release can be accessed using the link below.
https://lapfforum.org/engagements/2023-say-on-climate/

2.17 A number of the companies where workers are seeking to organize, and face resistance, claim adherence to fundamental rights at work such as freedom of association and collective bargaining. Some companies that cite support for ILO core conventions in their workplace and human rights policies also actively campaign against the exercise of these rights. Investors have responded by filing resolutions at a number of US companies that call on them to undertake an independent review of the application of their existing workplace rights policies.

2.18 PIRC hosted a webinar on workplace rights focusing on the conflict between companies' stated policies on workplace rights and their practices on the ground. It explored the importance of non-interference by employers when employees are considering representation by a union. There was a representative from the ILO who briefly explained the core conventions and attendees heard from workers at Starbucks who sought to unionise and their experiences of the company's response to organising and bargaining.

We will promote acceptance and implementation of the Principles within the investment industry.

2.19 All of the Fund's external public markets investment managers are PRI signatories. Many of the Fund's external private markets investments managers are also PRI signatories, and those who are not are encouraged to become so.

2.20 There have been calls for LGPS funds to further scale up investment in alternative assets and invest more in affordable housing. The Government is also calling on the LGPS to increase local investment and the chancellor has stated that the government will consult on requiring LGPS funds to consider illiquid asset investment opportunities. GMPF's Assistant Director of Pensions spoke at the All-Party Parliamentary Group's discussion on Local authority pension fund investment in affordable housing where he provided an insight into GMPF's approach to local investments and its affordable housing investments. He shared GMPF's experience and what more can be done to maximise investment opportunities and of the barriers and constraints to investing in affordable housing.

2.21 GMPF and Avison Young co-hosted a morning of presentations showcasing the investments made in GMPF's Local Investments portfolio. Avison Young presented some of the trends they see that have been incorporated into the portfolio such as the growth of place-based investments and being part of the solution in addressing local challenges while ensuring the investments remain attractive from a financial point of view. They emphasised that creating a positive impact is not always instant and can take time.

2.22 Several of the Fund's external managers also presented some case studies highlighting the positive impact the investments have made. These include:

- An adult education scheme that delivers training courses to help long term unemployed people return to work, retrain or re-skill
- An environmental consultancy that helps companies around air and water quality in Salford
- A Manchester based circular economy business that specialises in refurbishing and recycling used IT hardware

2.23 In 2022, PIRC were commissioned by a group of NGOs to develop a methodology for analysing corporate disclosures of electric vehicle manufacturers and to score individual companies assessed against multiple indicators that seek to determine how companies are progressing in their efforts to ensure equitable, sustainable and fossil-free supply chains. This resource is publicly available and the benchmark and individual scorecards for each of the 18 companies are available online.
https://leadthecharge.org/

We will work together to enhance our effectiveness in implementing the Principles.

2.24 Where possible the Fund works in collaboration with other like-minded investors to amplify the investor voice and effect positive change. The Fund participates in several initiatives and forums across the full spectrum of ESG issues. A description of the Fund's main RI partners and collaborative bodies is attached as **Appendix A**.

2.25 The food sector is one of the biggest sources of greenhouse gas emissions. Investors, consumers, governments and other stakeholders are putting increasing pressure on the sector's biggest emitters to reduce their contribution to climate change. Food companies have responded by disclosing more information about their GHG footprints, and more importantly by setting emissions reduction targets. Recognising the need for greater scrutiny of corporate climate ambition in the food sector, TPI has developed a new Carbon Performance methodology for food producers, which quantifies companies' current emissions and assesses whether their targets are enough to align with low carbon scenarios to limit the global temperature increase to 1.5°C. The discussion paper and methodology can be accessed using the link below.
https://www.transitionpathwayinitiative.org/publications/110.pdf?type=Publication

2.26 In December HSBC announced it would no longer provide direct financing to new oil and gas fields, making it the world's biggest bank to do so. This sends a strong market signal that banks appetite for financing new oil and gas is diminishing, as well as sets a new minimum standard for major European banks committed to net zero. HSBC's announcement was in direct response to engagement by ShareAction and investors, including the filing of two resolutions.

2.27 Building on this momentum ShareAction organised for a series of letters to be sent to a number of European banks requesting that they also halt the direct financing of new oil and gas fields. GMPF signed on to letters sent to BNP Paribas, Deutsche Bank and Societe Generale. The letters as well as the media traction these letters garnered can be seen using the links below.
https://api.shareaction.org/resources/reports/BNP-Paribas-Letter-from-ShareAction-and-investors-07.02.2022.pdf

https://api.shareaction.org/resources/reports/Deutsche-Bank-ShareAction-and-investor-letter-on-no-new-oil-and-gas-fields-07.02.2022.pdf

https://api.shareaction.org/resources/reports/Societe-Generale-ShareAction-and-investor-letter-on-no-new-oil-and-gas-fields-07.02.2022.pdf

https://www.standard.co.uk/business/business-news/major-investors-urge-big-european-banks-to-stop-financing-fossil-fuels-b1059300.html

https://www.itv.com/news/2023-02-09/major-investors-urge-big-european-banks-to-stop-financing-fossil-fuels

2.28 As part of GMPF's focus on health, the Fund sought to co-file a shareholder resolution co-ordinated by ShareAction at Nestle in January. The resolution was requesting the company to better disclose revenue that is generated from healthier products and its strategic plans to increase these sales. ShareAction held a number of meetings with the company and as a result decided that sufficient progress had been made with the company that the resolution was withdrawn with the intention further meetings to monitor progress.

2.29 GMPF also sought to co-file a shareholder resolution with Apple requesting an independent third-party assessment of the company's adherence to its stated commitment to workers' freedom of association and collective bargaining rights as contained in the ILO's declaration on fundamental principles and rights at work. The resolution was also withdrawn following positive engagement and agreement from the company to carry out the assessment.

2.30 In June, GMPF filed a shareholder resolution at Cisco Systems relating to tax practices and requesting the companies to adopt the Global Reporting Initiatives tax standard and publish tax transparency reports for shareholders. At the AGM, the resolution received 27% of the votes in favour building on the breakthrough result at Amazon for a similar resolution and also sent a clear signal to the company that investors expect meaningful data on issues such as tax which is financially material.

We will each report on our activities and progress towards implementing the Principles.

2.31 The Northern LGPS Stewardship Report for the latest quarter can be found using the link below.
https://northernlgps.org/taxonomy/term/15

2.32 The LAPFF Quarterly Engagement Report for the latest quarter can be found using the link below.
https://lapfforum.org/publications/category/quarterly-engagement-reports/

3. RECOMMENDATION

3.1 As per the front of the report.

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of the Local Government Act 1972.

Agenda Item 10

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Agenda Item 12

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Agenda Item 15

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GMPF's Responsible Investment Partners and Collaborations

2 Degrees Investing Initiative
This climate scenario analysis provides a forward looking assessment of how GMPF's corporate bond and equity holdings compare to a 2°C transition scenario. It helps GMPF to better understand the potential for misallocation of capital and financial risk under a 2°C transition and where GMPF's holdings stand in those industries which are deemed to be the most important in relation to climate change. Web link: https://2degrees-investing.org/resource/pacta/

30% Club
The 30% Club is a group taking action to increase gender diversity on boards and senior management teams with the aim of achieving a minimum of 30% female representation on FTSE 100 boards. GMPF is a signatory to this campaign and is working alongside other signatories to engage with companies on the target list. Web link: https://30percentclub.org/

CDP
GMPF is a member of the CDP (formerly Carbon Disclosure Project). Each year, the CDP supports companies, cities, states and regions to measure and manage their risks and opportunities on climate change, water security and deforestation. Investors can use the annual disclosures as a basis for engagement with companies. Web link: https://www.cdp.net/en

Climate Action 100+
GMPF is a signatory of the Climate Action 100+ initiative. The aim of this group is to work with companies to ensure that they are minimising and disclosing the risks and maximising the opportunities presented by climate change. The organisation has a list of focus companies that they are working through and use the backing of the signatories as leverage.
Web link: http://www.climateaction100.org/

Global Mining & Tailings Safety Initiative
GMPF has been involved in and backed this initiative. Spearheaded by the Church of England Pensions Board and the Swedish Council of Ethics of the AP Pension Funds the initiative aims to tackle the problem of tailings dam safety. PIRC, in its capacity as research and engagement partner to LAPFF, requested a stakeholder engagement component to the initiative, to which the organisers readily agreed. This engagement has highlighted significant discrepancies between company accounts of these disasters and community experiences, prompting important questions for investors regarding the investment propositions of the companies involved.
Web link: https://www.churchofengland.org/investor-mining-tailings-safety-initiative

Institutional Investors Group on Climate Change
GMPF is a member of IIGCC whose aim is to mobilise capital for the low carbon transition and to ensure resilience to the impacts of a changing climate by collaborating with business, policy makers and investors. Officers from GMPF attend seminars and keep up to date with collaborations and initiatives of IIGCC. Web link: https://www.iigcc.org/

Investing in a Just Transition Initiative
GMPF supports the Investing in a Just Transition Initiative which focuses on delivering a transition to a low-carbon economy while supporting an inclusive economy with a particular focus on workers and communities across the UK. GMPF understands this needs to be done in a sustainable way that safeguards against communities being left behind during this transition.
Web link: http://www.lse.ac.uk/granthaminstitute/investing-in-a-just-transition-global-project/

Local Authority Pension Fund Forum
GMPF is a member of LAPFF. Most engagement activity is undertaken through the forum and representatives of GMPF take part in company engagements. LAPFF is a collaborative shareholder engagement group of Local Authority pension funds. Given the long-term nature of the members they can look beyond the short term to ensure a positive impact is made through engagement activity. Web link: http://www.lapfforum.org/

Make My Money Matter
GMPF via Northern LGPS is a partner to this initiative. NLGPS' collaboration with MMMM is part of the pool's ambition to invest 100% of assets in line with the Paris Agreement on climate change, and help members understand the importance of knowing where their pensions are invested.
Web Link: https://makemymoneymatter.co.uk/

Principles for Responsible Investment
GMPF is a signatory of the UN backed PRI. The principles were developed by investors for investors and in implementing them, signatories contribute to develop a more sustainable global financial system. Institutional investors have a duty to act in the best interest of their beneficiaries and ESG issues can affect these responsibilities. The principles align investors with broader objectives of society and their fiduciary duties.
Web link: https://www.unpri.org/

PIRC
GMPF appointed PIRC Ltd as its responsible investment adviser, to assist in the development and implementation of its RI policy. PIRC Ltd is an independent corporate governance and shareholder advisory consultancy providing proxy research services to institutional investors on governance and ESG issues. Web link: http://www.pirc.co.uk/

Say on Climate
GMPF has given its support via its membership in the Northern LGPS to the Say on Climate initiative. The initiatives aim is for companies to disclose emissions with a comprehensive plan to manage those emissions and to have a shareholder vote on the plan at the AGM.
Web link: https://www.sayonclimate.org/

Transition Pathway Initiative
The Transition Pathway Initiative is a global, asset-owner led initiative which assesses companies' preparedness for the transition to a low carbon economy. The assessments provide a rating for each company that can be used to target engagements to specific issues relating to climate change.
Web Link: https://www.transitionpathwayinitiative.org/

Trucost
GMPF uses this external organisation to measure its carbon footprint for the actively managed corporate bond and equity holdings. Trucost's backward looking method uses the information from the companies' most recent reports, and third-party sources, to measure the level of GHG emissions of the company over the last year. As such, GMPF's carbon footprint is a measure of its emissions over the last year. This gives GMPF the ability measure itself against a benchmark and take a view on where to focus efforts for engagement. Web link: https://www.trucost.com/

UK Stewardship Code
GMPF takes its responsibilities as a shareholder seriously. Stewardship is seen as part of the responsibilities of share ownership, and therefore an integral part of the investment strategy. GMPF supports the aims and objectives of the Stewardship Code and is a signatory of the code.
Web link: https://www.frc.org.uk/investors/uk-stewardship-code

Valuing Water Finance Initiative
GMPF via Northern LGPS is a signatory to this initiative. The initiative is a new global investor-led effort to engage companies with a high water footprint to value and act on water as a financial risk and drive the necessary large-scale change to better protect water systems.
Web link: https://www.ceres.org/water/valuing-water-finance-initiative

Workforce Disclosure Initiative
The Workforce Disclosure Initiative is an organisation that focuses on company disclosure and transparency on how they manage workers with the aim of improving the quality of jobs in multinational companies' operations and supply chains. GMPF is a member and actively promotes the creation of decent work and quality jobs as part of its approach to employment standards and human capital management.
Web link: https://shareaction.org/wdi/

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