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GREATER MANCHESTER PENSION FUND - LOCAL PENSIONS BOARD

Day: Thursday
Date: 20 July 2023
Time: 3.00 pm
Place: Hybrid Teams Meeting / Boardroom, Guardsman Tony Downes House, Manchester Road, Droylsden, M43 6SF

Item No.	AGENDA	Page No						
1.	APOLOGIES FOR ABSENCE To receive any apologies for absence.							
2.	DECLARATIONS OF INTEREST To receive any declarations of interest.							
3.	MINUTES To receive the minutes of the Local Pensions Board meeting on the 13 April 2023.	1 - 10						
4.	LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) 1985 - EXEMPT ITEMS The Proper Officer is of the opinion that during the consideration of the items set out below, the meeting is not likely to be open to the press and public and therefore the reports are excluded in accordance with the provisions of the Schedule 12A to the Local Government Act 1972. <table border="1"><thead><tr><th>Item</th><th>Paragraphs</th><th>Justification</th></tr></thead><tbody><tr><td>6,7,8,9,10,11,12, 13,</td><td>3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10</td><td>Disclosure would, or would be likely to be the commercial interests of the Func agents which could in turn affect the the beneficiaries and/or tax payers.</td></tr></tbody></table>	Item	Paragraphs	Justification	6,7,8,9,10,11,12, 13,	3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10	Disclosure would, or would be likely to be the commercial interests of the Func agents which could in turn affect the the beneficiaries and/or tax payers.	
Item	Paragraphs	Justification						
6,7,8,9,10,11,12, 13,	3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10	Disclosure would, or would be likely to be the commercial interests of the Func agents which could in turn affect the the beneficiaries and/or tax payers.						
5.	GMPF FINAL ACCOUNTS To consider a report of the Director of Pensions / Assistant Director for Local Investments and Property.	11 - 62						
6.	ADMINISTRATION UPDATE To consider a report of the Director of Pensions / Assistant Director for Administration.	63 - 86						
7.	THE PENSIONS REGULATOR (TPR)	87 - 108						

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

Item No.	AGENDA	Page No
	To consider a report of the Director of Pensions / Assistant Director for Administration.	
8.	SUMMARY OF GMPF DECISION MAKING	109 - 114
	To consider a report of the Director of Pensions.	
9.	BUSINESS PLANNING AND RISK MANAGEMENT	115 - 136
	To consider a report of the Director of Pensions.	
10.	LOCAL BOARD GOVERNANCE FOR 2023/24	137 - 154
	To consider a report of the Director of Pensions / Assistant Director for Administration.	
11.	THE INTERNAL DISPUTE RESOLUTION PROCEDURE AND RESOLVING COMPLAINTS	155 - 164
	To consider a report of the Director of Pensions / Assistant Director for Administration.	
12.	INTERNAL AUDIT ANNUAL OPINION 2022/23	165 - 176
	To consider a report of the Interim Head of Audit.	
13.	INTERNAL AUDIT PLAN 2023/24	177 - 208
	To consider a report of the Interim Head of Audit.	
14.	URGENT ITEMS	
	To consider any additional items the Chair is of the opinion shall be dealt with as a matter of urgency.	
15.	DATE OF NEXT MEETING	
	To note the date of the next meeting of the Local Pensions Board on 28 September 2023.	

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

Agenda Item 3

GREATER MANCHESTER PENSION FUND - LOCAL PENSIONS BOARD

13 April 2023

Commenced: 15:00

Terminated: 16:30

Present:

Councillor Fairfoull
Jack Naylor
Paul Taylor
Michael Cullen
Paul Entwistle
David Schofield
Mark Rayner
Catherine Lloyd

(Chair) Employer Representative
Employer Representative
Employer Representative
Employer Representative
Employee Representative
Employee Representative
Employee Representative
Employee Representative

Apologies for Absence

Chris Goodwin

37 MINUTES

The minutes of the Local Pensions Board meeting on the 19 January 2023 were approved as a correct record.

38 GMPF FINAL ACCOUNTS AND BUDGET/MEDIUM TERM FINANCIAL PLANNING ACCOUNTING POLICIES

Consideration was given to a report of the Director of Pensions / Assistant Director for Local Investments and Property. The report detailed the progress of the governance arrangements for the budget setting and financial reporting. This was provided by the attached appendix to the report that was presented to the GMPF Management Panel on 24 March 2023.

It was explained that the medium-term financial plan was essentially dependent upon the assumptions in the Funding Strategy Statement, and the out-turn was largely subject to financial markets and their impact on investment performance. The medium-term financial plan 2023 to 2026 would be finalised for the annual report following approval of budget and Fund Valuation at 31 March 2023.

Members of the Board were advised that the Fund remained committed to its core objectives. There remained a great deal of uncertainty in the short to medium term in the outlook for inflation. The key assumptions and methodology for budget setting were set out in the report.

The level of budget sought for 2023/24 sought an increase from that in 2022/23. The budget covered the expenditure by the Fund on governance, administration and investment costs for oversight and internal management. External Investment Management fees were overseen by Management Panel in a more detailed fashion with comparison to peer Pension Funds provided by CEM.

It was reported that there had been significant changes made in recent years to the disclosure of investment management costs. There was detailed consideration given to those through reporting mechanisms outside of budget setting, particularly through the reporting by CEM. They were not, therefore, considered in detail as part of the report. For information, those costs (excluding private markets) for 2023/24 with a comparison to projected out-turn for 2022/23, were outlined in the report.

The Board discussed the impact of the accounts not being signed off and its material impact.

RESOLVED

That the report be noted.

39 LOCAL INVESTMENTS

Consideration was given to a report of the Director of Pensions / Assistant Director for Local Investments and Property. The report detailed the progress of Local Investments through the attached copy of the reports that went to GMPF Management Panel on the 24 March 2023.

In terms of GMPVF, it was explained that the aim of the portfolio was to gain cost effective, diversified exposure to property development assets located predominantly in the North West of England and with a clear emphasis on Greater Manchester. Also, to add value to the economy of the North West through property development to generate employment, improve long-term employment prospects and generally contribute to the overall development of the local economy.

The mandate adopted a very broad definition of property development, to be as flexible as possible to the opportunities available. However, examples of possible investments included direct development, including purchase of land and property for development, either with or without a partner. They also included investment in financial instruments such as debt or equity in property development and investment in collective investment vehicles. The development could involve construction of new buildings or renovation of existing buildings. The allocation of the portfolio across the capital structure and a summary of deployment and performance, were detailed in the report. Progress with the portfolio was also presented to the Panel.

In respect of the Impact Portfolio, it was reported that it had been active since 2014. Investments had been made into a range of Limited Partnerships, this being the most common form of investment vehicle for the private markets.

The purpose of the allocation was to gain cost effective, diversified exposure to a portfolio of "impact" investments located predominantly in the North West of England. The principal aims used to define impact investing being: -

- Targeting underserved markets
- Promoting health and well being
- Supporting Improvement in Education and Skills
- Supporting Sustainable Living
- Renewable energy generation
- Job creation/safeguarding

It was explained that the Panel had previously agreed, that to meet the aims of the Impact portfolio, investments would be diversified across key themes, details of which, were provided in the report. Actual deployment would be subject to the availability and timing of suitable investment opportunities.

Progress with the impact portfolio was appended to the report and summaries of deployment to date/expected and performance were also detailed.

The Good Economy, had been directly appointed from the National LGPS Framework for Stewardship Services, to prepare an independent report on the outputs achieved from the Funds Local Investment Portfolios. The work was underway but not yet complete. A summary of their initial work was appended to the report.

RESOLVED

That the report be noted.

40 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 taking

place in the Administration section during the last quarter, including comments on administration performance and on complaints and disputes.

The performance dashboard for quarter 3 (October to December 2022) could be found at appendix 1. Overall, levels of casework and performance against turnaround targets remain relatively consistent. Performance levels remain high and work on projects that support improving the service provided to members has continued.

Demand from members with benefits on hold looking to bring those benefits into payment remained high, however the steps taken to reduce response wait times had had a positive effect, reducing times to more normal levels. The team was continuing to focus on this area of work this quarter to ensure further improvements are made. Increases in workload had also been generated by the receipt of revised pay figures because of the backdated pay award agreed in the autumn.

The work to transition processes onto My Pension continued to increase steadily, and over 168,000 members were now registered for My Pension.

Member events continued to be popular and very well received. Sixteen online member events were held in quarter 3 with 750 members attending. The events programme included LGPS overview presentations, pre-retirement presentations and sessions for members with benefits on hold. Seven employer events were also held on the topics of ill health, employer discretions and pensionable pay, with 14 employer representatives attending one or more session.

In regard to Member Services, work had commenced on producing Annual Benefit Statements for 2023 for both contributing members and members with benefits on hold. The statement artwork had now been reviewed and the next stage of the process, to extract the data needed to populate the statements, was underway.

The report detailed that over the last quarter, in the lead up to the voluntary scheme pays deadline of 31 January 2023, 70 scheme pays requests were received from members who had exceeded their annual allowance. These were all processed by the deadline and the details sent to HMRC.

In Employer Services there continued to be a significant number of employers applying to join GMPF, with 45 cases currently being progressed. Within these, there were nine employers who could need to apply for admitted body status, however, application forms had not yet been received.

Monthly data submissions continued to be monitored at the TPR breaches meeting held monthly. The number of submissions received on time continued to improve, with 88 per cent of employers meeting the deadline in January 2023.

The Employer Services section was responsible for undertaking the data collection and reconciliation work linked to the McCloud project. Although the regulations were still awaited, the team had been working for some time on finding a solution for identifying the missing data needed and for adding this to member records. Communications had been sent to all employers to inform them that the data collection and verification part of this project is about to commence and to warn them that they will need to conduct some data checks and provide missing data.

In regard to the Developments & Technologies service, the IT platform that the GMPF website was built on would be reaching end of life later this year, and so a new platform needed to be sourced and the website content migrated to the new platform. Officers were working with colleagues from the Tameside MBC IT team to scope and plan the migration to the new platform.

The Customer Services and Communications dashboard was attached at appendix 3. This dashboard provided long-term statistics about general engagement from April to December on page 1, with other statistics for quarter 3 (October to December 2022) on the remaining pages. Call and email volumes reduced through the quarter, as was usual at that time of year as Christmas

approaches. However, as mentioned, demand had remained high, and coupled with resource issues on the team, this had resulted in much longer than normal wait times and high numbers of abandoned calls.

RESOLVED

That the information provided in the report be noted.

41 THE TRANSFERS PROCESS

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 pension transfer process and information about the checks in place to reduce risk, including details of how GMPF complied with the Pensions Regulator's pledge to help fight scams and protect members. The report also provided confirmation that as part of the self-certifying the pledge GMPF's trustee members must complete the Regulator's Public Service Toolkit as part of their training to ensure the requirements continued to be met.

The transfer process was complicated, with several sets of regulations and guidance to consider. The transfer value calculations themselves were also complex, particularly since the LGPS changed to be a career average revalued earnings scheme in 2014. Members could have built up benefits over five periods that each differ either in benefit accrual rates, pension age or both. Additionally, benefits built up from 1 April 2014 may be subject to a final salary underpin. Compliance checks to ensure a transfer could be paid legally had always been part of the transfer process. However, the level of checks undertaken started to increase in 2013 when there was a significant increase in pension liberation cases.

A 'Scorpion' leaflet was created by the Pensions Regulator in February 2013, and GMPF issued this leaflet to members when they first enquired about a transfer, warning them about scams and providing them with guidance on the risks. This leaflet is still issued today, with a copy of the current version attached for information at appendix 1.

Pension flexibilities brought about significant change to occupational and personal pension schemes and created additional risks for members. However, it also created new opportunities for pension scams, requiring further information and warnings to be provided to members. A copy of the current LGPS Freedom and Choice leaflet given to all members who enquire about a transfer was attached for information at appendix 2.

Following the Covid-19 outbreak in 2020, a joint communication was created and issued by The Pensions Regulator, the Financial Conduct Authority and the Money and Pensions Service. Pension funds were asked to forward this communication to all members who were asking to transfer out their benefits. This was in response to pension schemes identifying the risk that members could find themselves in financial difficulty due to the pandemic, and so be more susceptible to falling for a pension scam. **Appendix 3** was the current version of this communication, which was still issued with all GMPF transfer letters.

Appendix 4 provided details of the GMPF transfer process flowchart. This chart showed all the key stages and checks that the GMPF team completes before making a transfer payment to a member's receiving scheme.

On 1 June 2022, the Occupational and Personal Pension Scheme (Disclosure of Information) Regulations 2022 came into force. It was reported that the new regulations introduced new requirements, referred to as Stronger Nudge. The Stronger Nudge to pensions guidance required pension schemes to ensure that members have either received or opted out of receiving appropriate pensions guidance before proceeding with the transfer. Pension funds must facilitate the booking of a Pension Wise appointment as part of the application process. A flag system was also introduced in these regulations to help to identify potential risks and guidance was provided on what to do if a

red or amber flag was identified. GMPF implemented all the regulatory requirements linked to Stronger Nudge and there was detailed information about this for members on the GMPF website.

In August 2022, the Pensions Regulator unveiled a new scam-fighting plan aimed at protecting savers. GMPF had recently completed the Pledge self-certification process, which confirmed the Fund had adopted higher standards to help protect pensions from criminals and would be innovative to help protect pensions in the future.

It was explained that before GMPF was able to successfully complete the process, checks were carried out to ensure the necessary signposting was in place that would alert members to the risk of scams, which included providing information in all relevant communications, such as in annual benefit statements, within transfer letters and on the GMPF website. All these checks and signposting measures help to ensure transfer payments were only made to legitimate pension schemes and they significantly reduced the risk to members. The process was now extremely robust with multiple checks and warnings throughout. As part of self-certifying the Pledge, GMPF's trustee members must complete the Regulator's Public Service Toolkit as part of their training to ensure the requirements continued to be met.

RESOLVED

That the report be noted.

42 THE PENSIONS REGULATOR (TPR)

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 current breaches log and decisions made by the scheme Manager regarding the reporting of these breaches. The report also included an update on the TPR proposed Single Code of Practice now called the General Code.

As mentioned at previous Local Board meetings, TPR issued a consultation on its Single Code of Practice on 17 March 2021. TPR had recently issued communications confirming that the single code will now be called the General Code of Practice and was likely to be published mid-April 2023.

TPR had confirmed that the main aim of the General Code was to ensure consistency in its expectations for all types of pension scheme, and that the General Code would be considerably shorter than all the codes it replaced. Content would be separated into five key areas, being:

- The Governing Body
- Funding and investment
- Administration
- Communication and disclosure
- Reporting to TPR

As reported at the last meeting, officers had been carrying out a gap analysis based on the anticipated changes highlighted in the consultation documentation to help ensure GMPF was fully compliant with the new code whenever it was issued.

A summary document highlighting the self-assessment rating resulting from the gap analysis work of the modules in the sections listed above was attached at Appendix 5. There were no areas of concern to highlight at present. However, TPR had confirmed that the new General Code would differ somewhat to the initial consultation and therefore detailed compliance work would need to be undertaken once the new Code was available. There were also several requirements stated in the consultation where it was unclear whether those requirements would apply to the LGPS or not. TPR had confirmed that text and information in the new General Code should clarify where a requirement applies to the LGPS. Therefore, once the General Code was issued, this clarification work could also be undertaken.

RESOLVED

That the developments set out in the report be noted.

43 BUSINESS PLANNING AND RISK MANAGEMENT

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

This quarter, the Fund's senior management team had been undertaking a full review of the whole fund risk register and this work is currently still in progress. The latest version of the register was included within this report for review at appendix 1. Work on finalising the revised version would continue in the coming weeks, with more detailed assessments of the risk levels to be carried out and new tabs to be added to enable trustee members to see the current risks at a glance, together with the direction of travel. The risk policy had been updated as part of this work and is attached at appendix 2.

In regard to progress on strategic items, it was reported that on the project to implement the changes due to be made to the regulations following the McCloud ruling. The amended regulations were still awaited, however, internally, work had been progressing well on the system amendments and data capture. A significant amount of testing had taken place in conjunction with one of our local authority employers on how to capture any missing data and work connected to McCloud would continue to be a key focus for the administration teams over the coming months.

Specific issues that had been being monitored closely by officers this quarter were:

- Issue 4 – Employer flexibilities / exits.
- Issue 8 – McCloud .
- Issue 14 – Changes to the CARE revaluation date.
- Issue 18 – Pensions Dashboard.
- Issue 16 – Increase in levels of cyber fraud
- Issue 24 – Changes prompted by the budget
- Issue 25 – UBS takeover of Credit Suisse

RESOLVED

That the report be noted.

44 SUMMARY OF GMPF DECISION MAKING

Consideration was given to a report of the Director of Pensions. The report summarised the recommendations made by the GMPF Working Groups over the period from January 2023 to March 2023, which were approved at the Management Panel meeting on 24 March 2023. It also summarised the decisions made by the Management Panel at the same meeting,

At the meeting of the Administration, Employer Funding and Viability Working Group on the 20 January 2023 a number of reports were considered for noting. The Working Group also reviewed a summary of the work and projects being carried out by the Communications & Engagement area of Pensions Administration. The report discussed GMPF's Communications Policy. It was reported that the policy had been updated with some minor changes to reflect some of the work undertaken on communications. While the 'digital first' approach remained key, the main amendment to the policy concerned meeting with members face to face. This service was temporarily withdrawn during the Covid-19 pandemic but had now been reinstated following the removal of social distancing requirements. The updated Communications Policy was attached in Appendix 5 of the report and the Working Group was asked to approve this version. It was recommended that the updates made to the Communications Policy be approved.

At the meeting of the Investment Monitoring and ESG Working Group on the 20 January 2023 the Working Group considered a number of reports for noting.

At the Policy and Development Working Group meeting on the 2 March 2023 the Working Group considered the following reports for noting and consideration was given to a report 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.

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. It was recommended that the updated Trustee Member Development Policy be approved.

It was a requirement for GMPF to prepare and publish a governance compliance statement. A new, updated Governance Policy was attached to the report. 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 covered 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. It was recommended that that the updated and combined Governance Policy and Governance Compliance Statement be approved.

At its 24 March 2023 meeting, the GMPF Management Panel approved the recommendations from the various Working Group meetings. The Panel was asked to approve an expenditure budget for GMPF for 2023/24 alongside a medium-term financial plan for 2023 to 2026. 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. It was recommended that the Management Panel approve the expenditure budget for 2023/2 and approve the Medium-Term Financial Plan for 2023 to 2026.

GMPF was required to prepare its financial statements under International Financial Reporting Standards (IFRS). The financial statements were 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 required that GMPF accounts should be prepared in accordance with International Accounting Standard (IAS) 26. It was recommended that the Management Panel approve the accounting policies and critical judgements contained in the report.

RESOLVED

That the report be noted

45 2022 ACTUARIAL VALUATION

Consideration was given to a report of the Director of Pensions. The report provided a final progress update, confirming that the valuation project was now complete. It also highlighted that GMPF officers and the Fund's Actuary had been reviewing the suitability of the Funding Strategy Statement for cessation valuations, in light of two recent employer exits.

It was reported that officers met with the Actuary on 4 November 2022 to examine the proposed contribution rates for employers outside of local authority pools. For the 2023-2026 triennial period, most employers had benefitted from reductions in contribution rates or have seen their contribution rates stay at their current level.

In total, 373 employers had their contribution rates reduced on 1 April 2023, 194 employers had their contributions stay the same, and 75 employers had their contribution rates increase. The vast majority of increases and decreases were in the 0.1% to 3.0% range, with a few employer specific outliers.

There were a small number of employers where the contribution rates for 2023-2026 were higher than the previous contribution rates they used to pay. Generally, these employers were admission bodies that do 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 had sought to increase their funding level to ensure there was no deficit when the employer ceases to be in the Fund.

As part of this valuation, multi-academy trusts (MATs) were offered the opportunity to pool all their academies under their own MAT-specific pool. Four MATs approached GMPF to discuss pooling their academies together from 1 April 2023. Of these four, only one MAT decided to pool their academies following conversations with GMPF.

Since adoption of the latest Funding Strategy Statement in December 2022, two employers had ceased their participation in GMPF prompting cessation valuations.

RESOLVED

That the report and the completion of the valuation project be noted.

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

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

A new, updated Trustee Member Development policy was attached at appendix 1. This 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 will be delivered
- Reference to the annual training plan that will outline the mandatory courses, external training events and in house training events available
- Details of how the training plan will support succession planning
- Confirmation of how the success of the training strategy will be measured and future learning opportunities identified

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 General Code, the intention now was to review it annually to ensure it was kept up to date.

A new training plan for 2023/24 was attached at appendix 2. Officers intended to expand the number of in-house training events available, making use of the opportunity to deliver short, bite

size 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.

RESOLVED

That the updated Trustee Member Development Policy be noted.

47 PROGRESS REPORT ON RISK MANAGEMENT AND AUDIT SERVICES

Consideration was given to a report of the Director of Resources. The report summarised the work of the Risk Management and Audit Service for the period 1 January 2023 to 31 March 2023.

This progress report covered the work undertaken on the 2022/23 Pension Fund Audit Plan for the period 1 January 2023 to 31 March 2023. Analysis of Actual vs Planned Audit days was being finalised to 31 March 2023 and would be provided to the next meeting of this panel alongside the 2022/23 out-turn budget analysis report and the Audit Plan for 2023/24.

A review of the remaining audits in the plan had been undertaken and discussions had been held with Pension Fund Management to ensure that the high risk areas were prioritised for completion. The audits undertaken would provide the necessary assurance around the key systems and controls in place. There were a number of audits in the plan that would need to be rescheduled due to the timing of the proposed audits. These audits would be reassessed as part of the risk assessment for the annual planning process for the 2023/24 audit plan, to establish if they were still required.

Members discussed and requested a programme which considered the risk and balance of audits and the rationale on why audits were taking place. It was also expressed that the coverage was more important than days spent.

RESOLVED

That the report be noted.

48 URGENT ITEMS

There were no urgent items.

CHAIR

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Agenda Item 5

Report To:	LOCAL PENSIONS BOARD
Date:	20 July 2023
Reporting Officer:	Sandra Stewart, Director of Pensions Paddy Dowdall Assistant Director (Local Investments and Property)
Subject:	GMPF FINAL ACCOUNTS ACCOUNTING POLICIES
Report Summary	This report is submitted for information and Members are asked to note the progress of the governance arrangements for financial reporting. This is provided by attaching a copy of the reports that went to GMPF Management Panel on 14 July 2023.
Recommendations:	Members are asked to note the 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 how the management Panel has overseen this and where responsibilities lie.
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:	For further information please contact Paddy Dowdall, Assistant Director – Local Investments and Property, tel 0161 301 7140, email paddy.dowdall@tameside.gov.uk .

1. INTRODUCTION

- 1.1 This report covers the draft accounts for GMPF and updates Members with respect to the external audit.

2. GMPF DRAFT ACCOUNTS

- 2.1 A simplified statement of accounts is shown below. The full draft accounts are attached as an appendix to this report. At the time of writing these accounts are subject to approval by Tameside Section 151 officer and incorporation into Tameside accounts and clearly pre audit.

	£m	£m	£m
GMPF value as at 31 March 2022			29,324
Contributions and benefits			(260)
Employee contributions	184		
Employer contributions	529		
Pension benefits paid		(954)	
Net transfers		(19)	
Management costs			(105)
Investment		(96)	
Administration		(7)	
Oversight		(2)	
Investments			467
Income	719		
Change in the market value of investments	(252)		
Total change in the value of GMPF			102
GMPF value as at 31 March 2023			29,426

3. UPDATE ON PROGRESS OF EXTERNAL AUDIT

- 3.1 There is no movement from the position as at the least meeting of Management Panel for the audit of GMPF's 2021 and 2022 accounts. Following work with auditors Financial Reporting Council CIPFA, and GM authorities the auditors are closer to issuing audit opinions for these accounts but at the time of writing this report they are still outstanding. A verbal update will be given at the meeting.
- 3.2 For 2023 accounts the anticipated timetable is as follows. A verbal update will be provided at the meeting.

Date	Who	Action
30 June 2023	GMPF team	Complete Draft Accounts
7 July	Director of Resources	Approve Draft Accounts
10- 31 July	Mazars	Audit Work
August	Mazars	Issue of AFR
September	Mazars Audit Panel GMPF Management Panel	Finalisation of Audit Opinion and acceptance of Audit Findings

4. RECOMMENDATIONS

- 4.1 As set out at the front of the report.

Greater Manchester Pension Fund

Statement of Accounts

2022/23

DRAFT (1) UNAUDITED

(Full Report)

05 July 2023

Fund Account for the year ended 31 March 2023			
31 March 2022 £000		Note	31 March 2023 £000
	Contributions and benefits		
(168,254)	Contributions from employees	5	(184,648)
(460,804)	Contributions from employers	5	(528,724)
(629,058)			(713,372)
(386)	Transfers in (bulk)	5a	0
(21,213)	Transfers in (individual)		(35,147)
(650,657)			(748,519)
905,599	Benefits payable	6	954,379
34,940	Payments to and on account of leavers	7	54,043
289,882	Net (additions) / withdrawals from dealings with members		259,903
120,317	Management expenses	8	105,736
410,199	Net (additions) / withdrawals including management expenses		365,639
	Returns on investments		
(589,927)	Investment income	9	(722,211)
3,415	Taxes on income	10	3,258
(2,257,932)	Profit and losses on disposal of investments and changes in value of investments	11a	251,855
(2,844,444)	Net return on investments		(467,098)
(2,434,245)	Net (increase) / decrease in the net assets available for benefits during the year		(101,459)
(26,890,009)	Net assets of the Fund at start of year		(29,324,254)
(29,324,254)	Net assets of the Fund at end of year		(29,425,713)

Please see relevant Note for further information and/or analysis.

Net Assets Statement at 31 March 2023

31 March 2022 £000		Note	31 March 2023 £000
11,104,860	Equities		10,849,776
2,473,336	Bonds	11b	2,786,973
975,760	Investment property	11c	807,695
24,838	Derivative contracts	11d	14,929
9,363,200	Pooled investment vehicles	11e	10,773,706
4,179,479	Insurance policies	11f	3,526,911
922,059	Cash and deposits	11g	435,893
298,234	Other investment assets	11h	182,053
29,341,766	Investment assets		29,377,936
(49,499)	Derivative contract liabilities	11d	(7,155)
(18,148)	Other investment liabilities	11h	(23,528)
(67,647)	Investment liabilities		(30,683)
76,083	Current assets	11h	96,712
(25,948)	Current liabilities	11h	(18,252)
50,135	Net current assets		78,460
29,324,254	Net assets of the scheme available to fund benefits at the reporting period end		29,425,713

Please see relevant Note for further information and/or analysis.

Notes to Greater Manchester Pension Fund Accounts

1. Notes to the Accounts

The financial statements have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 based on IFRS, published by the Chartered Institute of Public Finance and Accountancy (CIPFA). This requires that GMPF accounts should be prepared in accordance with International Accounting Standard (IAS) 26, except where interpretations or adaptations to fit the public sector are detailed in the Code. The financial statements summarise the transactions of GMPF and deal with net assets at the disposal of the Management Panel. They do not take account of obligations to pay pensions and benefits which fall due after the end of the GMPF financial year. Under IFRS, GMPF is required to disclose the actuarial present value of promised retirement benefits. This is disclosed as a separate note (Note 25). The full actuarial position of GMPF which does take account of pension and benefit obligations falling due after the year end is outlined in Note 22. These financial statements should be read in conjunction with that information.

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

Tameside MBC is the statutory Administering Authority for the Greater Manchester Pension Fund (GMPF). The administration and investment performance of GMPF is considered and reviewed every quarter by the Management Panel, which throughout most of the year, consisted of 19 elected Members (10 from Tameside MBC, being the Administering Authority, and nine from other Greater Manchester local authorities) and a representative from the Ministry of Justice.

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

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

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

GMPF also currently has three Working Groups, which consider particular areas of its activities and make recommendations to the Management Panel. Governance arrangements for GMPF are continually under review. The Working Groups in operation in 2022/23 covered:

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

There are two Officers to GMPF:

- Chief Executive & Director of Pensions – administrator of GMPF and link for Panel Members, advisors and investment managers between meetings
- Director of Resources – responsible for preparation of Administering Authority’s accounts, which includes GMPF’s Statement of Accounts

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

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

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

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

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

The membership of GMPF as at 31 March 2023 and the preceding year is shown below:

31 March 2022		31 March 2023
116,152	Contributors	116,406
139,306	Pensioners	139,040
146,959	Deferred Members *	146,948
402,417	Total Membership	402,394
603	Employers with Contributing Members	597

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

The contributions received from GMPF employers can be found in Note 20. Further information is published in the Greater Manchester Pension Fund Annual Report 2022/23 and Funding Strategy Statement (FSS). The FSS is available from www.gmpf.org.uk and the Annual Report will be published on the website following the completion of the external audit of GMPF’s Statement of Accounts 2022/23.

2. Accounting policies

Basis of preparation:

The accounts have been prepared on an accruals basis. That is, income and expenditure is recognised as it is earned or incurred including contributions receivable and pension benefits payable. The 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 the 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.

Please note: The annual updates from the Provider for the current year 2022/23 were not available at time of producing these accounts.

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 CIPFA Code of Practice on Local Authority Accounting in the United Kingdom: 2022/23 Accounts.

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 2023.

Foreign investments:

Foreign investments are translated at the exchange rate applicable at 31 March 2023. 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 2023 are determined as follows:

At 31 March 2023	Valuation basis / technique	Main assumptions	Key sensitivities affecting the valuations provided
Equities and bonds (Level 1)	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.	n/a
Direct investment property (Level 3)	Independent valuations for freehold and leasehold investment properties at fair value have been valued by Savills plc, Chartered Surveyors, as at 31 December 2022, subsequently adjusted for transactions undertaken between 1 January 2023 and 31 March 2023. 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.	Significant changes in rental growth, vacancy levels or discount rate could affect valuations, as could more general changes to market processes.
Indirect property (part of Pooled Investment Vehicles) (Levels 2 - 3)	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.	Material events occurring between the date of the financial statements provided and GMPF's own reporting date, changes to expected cashflows, differences audited and unaudited accounts.
Cash and other net assets (Level 1)	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.	n/a

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At 31 March 2023	Valuation basis / technique	Main assumptions	Key sensitivities affecting the valuations provided
Derivatives (Level 2)	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 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.	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.	n/a
Private equity, infrastructure and special opportunities portfolios (Levels 2 - 3)	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	Material events occurring between the date of the financial statements provided and GMPF's own reporting date, changes to expected cashflows, differences audited and unaudited accounts.

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 on page XXX. These costs together with other management costs are met from within the employer contribution rate. Certain of GMPF's external securities managers have contracts which include performance fees in addition to the annual management fees. The performance fees are based upon one off, non-rolling, 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 (see Note 25).

Derivatives:

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

2a. Critical judgements in applying accounting policies

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

- No investments are impaired (further detail on the investment strategy and approach to managing risk can be found in Note 4)
- All leases are classified as operating leases.

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

2b. Major sources of estimation uncertainty

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

Unquoted equity, infrastructure and special opportunities investments

Unquoted equities are valued by the investment managers in accordance with Accounting Standards Codification 820 or with International Financial Reporting Standards (IFRS). The value of unquoted equities, infrastructure and special opportunities held via investment in specialist pooled investment vehicles at 31 March 2023 was £5,224,591,000 (£4,634,476,000 at 31 March 2022).

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.

3. Classification of financial instruments

Accounting policies describe how different asset classes of financial instruments are measured and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the carrying amounts of financial assets and liabilities by category and net assets statement heading.

	At 31 March 2023		
	Fair value through profit and loss £000	Financial assets at amortised cost £000	Financial liabilities at amortised cost £000
Financial assets:			
Equities	10,849,776	0	0
Bonds	2,786,973	0	0
Derivatives	14,929	0	0
Pooled investment vehicles	10,773,706	0	0
Insurance policies	3,526,911	0	0
Cash	0	435,893	0
Other investment assets	0	182,053	0
Current assets	0	96,712	0
	27,952,295	714,658	0
Financial liabilities:			
Derivatives	(7,155)	0	0
Other investment liabilities	0	0	(23,528)
Current liabilities	0	0	(18,252)
	(7,155)	0	(41,780)
Total	27,945,140	714,658	(41,780)

	At 31 March 2022		
	Fair value through profit and loss £000	Financial assets at amortised cost £000	Financial liabilities at amortised cost £000
Financial assets:			
Equities	11,104,860	0	0
Bonds	2,473,336	0	0
Derivatives	24,838	0	0
Pooled investment vehicles	9,396,723	0	0
Insurance policies	4,179,479	0	0
Cash	0	922,059	0
Other investment assets	0	298,234	0
Current assets	0	76,083	0
	27,179,236	1,296,376	0
Financial liabilities:			
Derivatives	(49,499)	0	0
Other investment liabilities	0	0	(18,148)
Current liabilities	0	0	(25,948)
	(49,499)	0	(44,096)
Total	27,129,737	1,296,376	(44,096)

Note: the above tables do not include investment property.

Net Gains and Losses on Financial Instruments

All gains and losses on financial instruments were at fair value through the profit and loss. The net loss for the year ending 31 March 2023 was £199,870,000 (£2,150,000,000 net profit as at 31 March 2022).

3a. Valuation of assets carried at fair value

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

	At 31 March 2023			
	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Financial assets:				
Equities	10,849,776	0	0	10,849,776
Fixed interest	0	2,786,973	0	2,786,973
Derivatives	0	14,929	0	14,929
Pooled investment vehicles	0	2,854,281	7,919,425	10,773,706
Insurance policies	0	3,526,911	0	3,526,911
Non-financial assets (at fair value through profit & loss):				
Directly held investment property	0	0	807,695	807,695
Total	10,849,776	9,183,094	8,727,120	28,759,990

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

Level 1

Inputs to Level 1 are quoted prices on the asset being valued in an active market where there is sufficient transaction activity to allow pricing information to be provided on an ongoing basis. Financial instruments classified as Level 1 predominantly comprise actively traded shares. There have been no transfers in year between Level 1 and Level 2.

Level 2

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

Level 3

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

The valuation techniques used by GMPF, and the key sensitivities to those, are detailed in Note 2 and there has been no change in the valuation techniques used during the year. All assets have been valued using fair value techniques which represent the highest and best price available at the reporting date. Transfers between levels are deemed to have occurred when there is a significant change to the level of observable and unobservable inputs used to determine fair value.

The table below sets out the assets classified as level 3 assets. GMPF has determined that the valuation methods detailed in Note 2 are likely to be accurate to within the following ranges, as provided by GMPF's investment advisor, Hymans Robertson LLP, and has set out below the consequent potential impact on the closing value of investments held at 31 March 2023 and 31 March 2022. There are various factors that affect the complexity of valuation and the realisable value of assets including changing one or more unobservable inputs and certain asset specific issues may lead to realisable valuations falling outside the stated range.

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	Valuation at 31 March 2023 £000	Valuation range %	Value on increase £000	Value on decrease £000
Directly held investment property	807,695	17.2%	946,619	668,771
Private Equity	4,258,276	33.6%	5,689,057	2,827,495
Indirect Property Investments	1,352,225	17.2%	1,584,808	1,119,642
Infrastructure	2,308,924	17.3%	2,708,368	1,909,480
Level 3 Assets	8,727,120		10,928,852	6,525,388

	Valuation at 31 March 2022 £000	Valuation range %	Value on increase £000	Value on decrease £000
Directly held investment property	975,760	15.0%	1,122,124	829,396
Private Equity	3,854,579	31.2%	5,057,208	2,651,950
Indirect Property Investments	934,759	15.0%	1,074,973	794,545
Infrastructure	1,878,964	17.5%	2,207,783	1,550,145
Level 3 Assets	7,644,062		9,462,087	5,826,037

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

31 March 2022 £000		31 March 2023 £000
6,615,567	Opening balance	7,644,062
1,608,555	Acquisitions	1,721,838
(1,095,798)	Disposal proceeds / Return of capital	(957,201)
	Total gains/losses included in the Fund account:	
440,625	- on assets sold	320,736
894,517	- on assets held at year end	(2,315)
(819,404)	Transfer of unit trusts to Level 2 at market value	0
7,644,062	Closing balance	8,727,120

4. Financial risk management

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

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

The FSS is reviewed in detail at least every three years in line with triennial valuations being carried out. A full review was completed in December 2022.

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

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

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

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

Market risk

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

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

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

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

Asset type	Potential Market Movements (+/-)	
	31 March 2022 p.a.	31 March 2023 p.a.
UK equities	19.9%	19.1%
Overseas equities	19.8%	19.8%
Fixed interest gilts	6.8%	6.3%
Index linked gilts	7.3%	7.5%
Corporate bonds	8.1%	7.8%
High yield debt	7.4%	8.2%
Investment property	15.0%	17.2%
Private equity	31.2%	33.6%
Infrastructure	17.5%	17.3%
Cash and other liquid funds	0.3%	0.3%
GMPF	10.1%	11.5%

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

The overall GMPF volatility has been calculated based on GMPF's target asset split as at 31 March 2022 and 2023. The calibration of the model is based on a combination of historical data, economic theory and expert opinion. This model includes the impact of potential changes in UK interest rates and foreign exchange rates to fixed income assets allowing for correlation impacts.

If the market price of GMPF's investments increases or decreases over a period of a year in line with the data within the table above, the change in the market value of the net assets available to pay benefits as at 31 March 2022 and 2023 would have been as shown in the tables below.

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Asset type	31 March 2023 £000	% Change p.a.	Value on increase £000	Value on decrease £000
UK equities	3,497,152	19.1%	4,165,108	2,829,196
Overseas equities	8,930,763	19.8%	10,699,054	7,162,472
Fixed interest gilts	1,273,326	6.3%	1,353,546	1,193,106
Index linked gilts	1,635,500	7.5%	1,758,163	1,512,838
Corporate bonds	1,979,020	7.8%	2,133,384	1,824,656
High yield debt	1,543,647	8.2%	1,670,226	1,417,068
Investment property	2,914,997	17.2%	3,416,376	2,413,618
Private equity	4,258,276	33.6%	5,689,057	2,827,495
Infrastructure	2,308,924	17.3%	2,708,368	1,909,480
Cash and other liquid funds	1,036,331	0.3%	1,039,440	1,033,222
GMPF	29,377,936	11.5%	32,756,399	25,999,473

Asset type	31 March 2022 £000	% Change p.a.	Value on increase £000	Value on decrease £000
UK equities	3,969,042	19.9%	4,758,881	3,179,203
Overseas equities	8,895,699	19.8%	10,657,047	7,134,351
Fixed interest bonds	1,685,914	6.8%	1,800,556	1,571,272
Index linked bonds	1,215,196	7.3%	1,303,905	1,126,487
Corporate bonds	2,010,247	8.1%	2,173,077	1,847,417
High yield debt	1,419,226	7.4%	1,524,249	1,314,203
Investment property	2,630,318	15.0%	3,024,866	2,235,770
Private equity	3,854,579	31.2%	5,057,208	2,651,950
Infrastructure	1,978,568	17.5%	2,324,817	1,632,319
Cash and other liquid funds	1,682,977	0.3%	1,688,026	1,677,928
GMPF	29,341,766	10.1%	32,305,284	26,378,248

Note: the above tables do not include investment liabilities and net current assets. Pooled Investment Vehicles have been broken down and included in the relevant asset type.

Interest rate risk

GMPF invests in financial assets for the primary purpose of obtaining a return on investments whilst recognising that there is a risk that returns will not be as expected. Changes in the level of interest rates will contribute to the volatility of returns in all asset classes. The table in the section on market risk shows the expected volatility over one year for GMPF's investment portfolio. One area directly affected by interest rate changes is the level of income expected from floating rate cash instruments. As at 31 March 2023, GMPF had £388,176,000 (2021/22 £412,270,000) invested in this asset via pooled investment vehicles. Therefore, a 1% change in interest rates will increase or reduce GMPF's return by £3,882,000 (2021/22 £4,123,000) on an annualised basis.

Currency risk

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

Credit risk

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

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

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

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

TMBC believes it has managed its exposure to credit risk and has had no experience of default or uncollectable deposits, with no balances written off during the period. GMPF's cash holding under its Treasury Management arrangements at 31 March 2023 was £279,000,000 (31 March 2022 £737,400,000). This was held with the following institutions:

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Summary	Rating	Balance at 31 March 2022 £000	Balance at 31 March 2023 £000
Money market Funds			
Aberdeen Assets	AAA	65,400	0
Federated	AAA	75,000	0
Insight	AAA	75,000	0
Legal & General	AAA	75,000	0
Morgan Stanley	AAA	75,000	75,000
SSGA	AAA	75,000	66,000
Banks			
Close Brothers	A+	50,000	50,000
Barclays	A+	50,000	50,000
Local authorities & public bodies			
Aberdeenshire Council	N/A	10,000	5,000
Blackpool Council	N/A	5,000	0
Derbyshire Council	N/A	10,000	0
Eastbourne Council	N/A	35,000	0
Eastleigh Council	N/A	5,000	0
Enfield Council	N/A	0	5,000
Great Yarmouth Borough Council	N/A	0	8,000
Leeds City Council	N/A	20,000	0
Somerset West Taunton	N/A	5,000	0
Telford & Wrekin Council	N/A	0	5,000
Tewkesbury Borough Council	N/A	50,000	0
Thurrock Council	N/A	2,000	0
Uttlesford Council	N/A	10,000	0
Wakefield council	N/A	30,000	0
West Dunbartonshire Council	N/A	0	5,000
Wokingham Council	N/A	15,000	10,000
Total		737,400	279,000

Liquidity risk

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

TMBC has immediate access to the GMPF cash holdings, except for investments placed with other local authorities – where periods are fixed when the deposit is placed. GMPF had in excess of £279 million cash balances at 31 March 2023.

All financial liabilities at 31 March 2023 are due within one year.

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

31 March 2022 £000	Liquidity terms	31 March 2023 £000
20,581,301	Assets realisable within 7 days	19,714,739
75,000	Assets realisable in 8-30 days	141,000
102,000	Assets realisable in 31-90 days	20,000
8,583,465	Assets taking more than 90 days to realise	9,502,197
29,341,766	Total	29,377,936

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

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

5. Contributions

By Category

31 March 2022 £000		31 March 2023 £000
(168,254)	Employees contributions	(184,648)
	Employers:	
(450,971)	Normal contributions	(524,959)
(9,833)	Deficit recovery contributions	(3,765)
(460,804)	Total employers contributions	(528,724)
(629,058)	Total	(713,372)

By Authority

31 March 2022 £000		31 March 2023 £000
(7,843)	Tameside MBC (administering body)	(11,943)
(537,821)	Scheduled Bodies	(633,724)
(83,394)	Admission bodies	(67,705)
(629,058)	Total	(713,372)

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

The funding level is the ratio of assets to liabilities at the valuation date. At the 2022 Actuarial Valuation, GMPF was assessed as 104% funded. The employer contribution rates specified are minimum rates. Some employers make voluntary payments in excess of these minimum rates and some make contributions in excess of their future service rate in order to help repay a deficit position over a period. In addition, a small number of employers were required to make explicit lump sum deficit payments – details of these can be found in the 2022 Actuarial Valuation report located at www.gmpf.org.uk.

5a. Bulk transfers

There were no receipts of significance in 2021/22 or 2022/23.

6. Benefits payable

By Category

31 March 2022 £000		31 March 2023 £000
749,216	Pensions	793,763
134,585	Commutation & lump sum retirement benefits	142,337
21,798	Lump sum death benefits	18,279
905,599	Total	954,379

By Authority

31 March 2022 £000		31 March 2023 £000
37,651	Tameside MBC (administering body)	40,034
682,533	Scheduled Bodies	719,037
185,415	Admission bodies	195,308
905,599	Total	954,379

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

7. Payments to and on account of leavers

31 March 2022 £000		31 March 2023 £000
2,748	Group transfers to other schemes	0
31,217	Individual transfers to other schemes	52,868
23	Payments for members joining state scheme	0
(18)	Income for members from state scheme	(8)
970	Refunds to members leaving service	1,183
34,940	Total	54,043

8. Management expenses

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

31 March 2022 £000		31 March 2023 £000
112,928	Investment management expenses:	96,425
6,147	Administrative costs	7,273
1,242	Oversight and governance costs	2,038
120,317	Total	105,736

The cost of administration and investment management are met by the employers through their employer contributions. Note 8 shows costs analysed as per CIPFA guidance. The key element of investment management costs are fees paid to investment managers and these are set out in more detail in Note 11i.

Investment management expenses:

31 March 2022 £000		31 March 2023 £000
1,794	Employee costs	1,871
274	Support services including IT	308
5,282	Transaction costs (public managers) *	4,956
84,473	Management fees - private markets (custodian)**	67,746
20,699	Management fees - public markets	21,092
406	Custody fees	452
112,928	Total	96,425

* Transaction costs are incremental costs directly attributable to the sale and purchase of UK and Overseas equities. They comprise £629,000 (2022 £633,000) commissions and £4,327,000 (2022 £4,649,000) other costs which included UK stamp duty and market levies.

**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.

Administrative costs:

31 March 2022 £000		31 March 2023 £000
4,892	Employee costs	5,339
1,072	Support services including IT	1,727
183	Printing and publications	207
6,147	Total	7,273

Oversight and governance costs:

31 March 2022 £000		31 March 2023 £000
493	Employee costs	566
17	Support services including IT	392
143	Governance and decision making costs	178
30	Investment performance monitoring	37
73	External audit fees *	73
132	Internal audit fees	134
188	Actuarial fees - investment consultancy	98
166	Actuarial fees	560
1,242	Total	2,038

* Total external auditors fee in 2022/23 is £73,383 (2021/22 73,383) of which £30,000 (2021/22 £30,000) was in relation to work carried out on behalf of GMPF's main scheme employers.

The above costs include GMPF's share of costs for Northern LGPS Pool – see Note 8a for further details.

8a. Costs related to the Northern LGPS Pool

	At 31 March 2023			
	Direct £000	Indirect £000	Total in year £000	Cumulative £000
Set up costs:				
Legal	0	0	0	71
Procurement	0	0	0	30
Other costs	66	0	66	379
Total set up costs	66	0	66	480

	At 31 March 2022			
	Direct £000	Indirect £000	Total in year £000	Cumulative £000
Set up costs:				
Legal	0	0	0	71
Procurement	0	0	0	30
Other costs	75	0	75	314
Total set up costs	75	0	75	415

9. Investment income

31 March 2022 £000		31 March 2023 £000
(46,950)	Fixed interest (corporate and government bonds)	(56,692)
(319,244)	Equities	(366,446)
(899)	Index linked	(1,684)
(183,396)	Pooled investment vehicles	(248,365)
(43,480)	Investment property (gross)	(40,501)
5,915	Investment property non-recoverable expenditure	8,937
(434)	Interest on cash deposits	(15,315)
(1,439)	Stocklending	(2,145)
(589,927)	Total	(722,211)

In accordance with IAS 12 Income Taxes, investment income includes withholding taxes and irrecoverable withholding tax is analysed separately as a tax charge. Income received by Legal and General and Stone Harbour is automatically reinvested within the relevant sector fund, as are many of the other specialist pooled funds, and thus excluded from the above analysis.

10. Taxation

GMPF is exempt from UK income tax on interest and from capital gains tax on the profits resulting from the sale of investments. GMPF is exempt from United States withholding tax on dividends and can recover all or part of the withholding tax deducted in some other countries. The amount of withholding tax deducted from overseas dividends which GMPF is unable to reclaim in 2022/23 amounts to £3,258,000 (2021/221 £3,415,000) and is shown as a tax charge.

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

11a. Reconciliation of movement in financial assets

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

Value at 31 March 2022 £000		Purchases £000	Sales £000	Change in fair value £000	Value at 31 March 2023 £000
	Financial assets at fair value through profit and loss				
11,104,860	Equities	3,676,689	(4,096,650)	164,877	10,849,776
2,473,336	Bonds	1,899,404	(1,439,230)	(146,537)	2,786,973
975,760	Investment property	89,599	(180,247)	(77,417)	807,695
(24,661)	Net derivatives	170,551	(216,180)	78,064	7,774
13,542,679	Managed and unitised funds	3,563,824	(2,509,612)	(296,274)	14,300,617
28,071,974		9,400,067	(8,441,919)	(277,287)	28,752,835
	Financial assets and liabilities at amortised cost				
922,059	Cash				435,893
298,234	Other investment assets				182,053
76,083	Net current assets				96,712
(18,148)	Other investment liabilities				(23,528)
(25,948)	Net current liabilities				(18,252)
29,324,254	Total				29,425,713

Value at 31 March 2021 £000		Purchases £000	Sales £000	Change in fair value £000	Value at 31 March 2022 £000
	Financial assets at fair value through profit and loss				
11,462,318	Equities	3,669,169	(5,200,770)	1,174,143	11,104,860
1,731,185	Bonds	1,348,170	(543,342)	(62,677)	2,473,336
870,516	Investment property	48,041	(45,562)	102,765	975,760
(7,743)	Net derivatives	180,796	(126,647)	(71,067)	(24,661)
12,020,434	Managed and unitised funds	2,539,906	(2,126,828)	1,109,167	13,542,679
26,076,710		7,786,082	(8,043,149)	2,252,331	28,071,974
	Financial assets and liabilities at amortised cost				
663,516	Cash				922,059
221,170	Other investment assets				298,234
74,694	Net current assets				76,083
(120,098)	Other investment liabilities				(18,148)
(25,983)	Net current liabilities				(25,948)
26,890,009	Total				29,324,254

11b. Bonds

31 March 2022 £000		31 March 2023 £000
567,856	UK public sector quoted	591,351
654,566	Overseas public sector quoted	263,134
511,538	UK corporate quoted	435,994
500,729	Overseas corporate quoted	674,564
238,647	Index linked	821,930
2,473,336	Total	2,786,973

11c. Investment property

31 March 2022 £000		31 March 2023 £000
760,205	UK - Main investment property portfolio	591,825
215,555	UK - Greater Manchester Property Venture Fund	215,870
975,760		807,695

In order to reduce risk, investment property is diversified over a wide range of sectors.

No directly held investment property has restrictions on its realisation, remittance of income or disposal proceeds.

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

In accordance with the Investment Property Strategy, hold/sell decisions for the investment properties remain under active review, subject to business plan progress and investment market sentiment. Three properties were either being prepared for sale, being marketed or prices had been agreed at 31 March 2023 - combined valuation: £22,900,000 (compared to two properties March 2022 combined valuation: £9,380,000).

GMPF sold four investment properties during the 2022/23 financial year: combined valuation £172,000,000 at 31 March 2022 (had sold five investment properties during the 2021/22 financial year: combined valuation £32,200,000 at 31 March 2021).

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

Movement in the fair value of investment properties in 2022/23	£000
Balance at 1 April 2022	975,760
Purchases	57,045
Expenditure during year	32,554
Disposals	(180,247)
Net gains/ (losses) from fair value adjustments	(77,417)
Balance at 31 March 2023 *	807,695

* Three properties were either being prepared for sale, marketed or prices had been agreed at 31 March 2023

Movement in the fair value of investment properties in 2021/22	£000
Balance at 1 April 2021	870,516
Purchases	27,644
Expenditure during year	20,397
Disposals	(45,562)
Net gains/ (losses) from fair value adjustments	102,765
Balance at 31 March 2022 *	975,760

* Two properties were either being prepared for sale, marketed or prices had been agreed at 31 March 2022

Future operating lease rentals receivable

31 March 2022 £000		31 March 2023 £000
42,576	Not later than 1 year	36,786
140,373	Later than 1 year, but not later than 5 years	116,147
221,272	Later than 5 years	216,290
404,221	Total	369,222

The future minimum lease payments due to GMPF under non-cancellable operating leases are stated above. Only direct properties have been included.

The following approach has been taken in calculating the figures above: -

- Where a lease contains a tenant's break clause, it is only up to this point that the aggregation is made.
- GMPF's share of club deals, joint ventures and indirect holdings are excluded.
- Some (predominantly retail) tenancies contain provisions for rent concessions during periods of enforced store closures. These have not been modelled above, due to the unknown extent and timing of any such periods.
- For tenancies where the rent is linked to turnover and there is no base rent element, the rent has been modelled as zero as no further sums are guaranteed to be received.
- No contingent rents were recognised in the period.

11d. Derivatives

31 March 2022 £000		31 March 2023 £000
3,350	Investment assets:	
21,488	Forward currency contracts	36
	Financial futures	14,893
24,838		14,929
(417)	Investment liabilities:	
(49,082)	Forward currency contracts	(7,067)
	Financial futures	(88)
(24,661)	Net (liability)/asset	7,774

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

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

31 March 2023	Settlement date	Currency	Currency bought 000	Currency	Currency sold 000	Assets £000	Liability £000
Contract							
Forward Currency Contract	Within one month	JPY	27,935,700	GBP	174,089	0	(3,776)
Forward Currency Contract	Within one month	AUD	10,000	GBP	5,508	0	(89)
Forward Currency Contract	Within one month	CHF	7,000	GBP	6,230	0	(22)
Forward Currency Contract	Within one month	HKD	15,000	GBP	1,576	0	(30)
Forward Currency Contract	Within one month	EUR	27,750	GBP	24,366	36	0
Forward Currency Contract	Within one month	USD	213,000	GBP	175,324	0	(3,131)
Forward Currency Contract	Within one month	CAD	14,750	GBP	8,833	0	(19)
Total						36	(7,067)

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31 March 2022			Currency bought		Currency sold	Assets	Liability
Contract	Settlement date	Currency	000	Currency	000	£000	£000
Forward Currency Contract	Within one month	JPY	20,037,600	GBP	124,049	1,806	(398)
Forward Currency Contract	Within one month	GBP	210,935	USD	276,475	919	0
Forward Currency Contract	Within one month	CHF	8,600	GBP	7,003	99	0
Forward Currency Contract	Within one month	HKD	26,500	GBP	2,573	0	(2)
Forward Currency Contract	Within one month	AUD	12,900	GBP	7,252	108	0
Forward Currency Contract	Within one month	CAD	21,000	GBP	12,628	141	0
Forward Currency Contract	Within one month	USD	291,500	GBP	221,390	44	(17)
Forward Currency Contract	Within one month	EUR	39,000	GBP	32,742	233	0
Total						3,350	(417)

31 March 2023			Economic exposure	Market value
Contract	Settlement date	Currency	000	£000
UK Equity Futures	Less than one year	GBP	13,215	182
Overseas Equity Futures	Less than one year	GBP	277,446	14,711
UK Equity Futures	Less than one year	GBP	0	0
Overseas Equity Futures	Less than one year	GBP	22,767	(88)
Total			313,428	14,805

31 March 2022			Economic exposure	Market value
Contract	Settlement date	Currency	000	£000
UK Equity Futures	Less than one year	GBP	19,988	831
Overseas Equity Futures	Less than one year	GBP	376,760	20,656
UK Equity Futures	Less than one year	GBP	(35,409)	(1,797)
Overseas Equity Futures	Less than one year	GBP	(782,292)	(47,284)
Total			(420,953)	(27,594)

11e. Pooled investment vehicles

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

31 March 2022 £000		31 March 2023 £000
1,174,708	Property	1,233,618
1,878,965	Infrastructure *	2,308,924
3,320,427	Private Equity **	3,700,187
653,821	Equities	696,410
534,151	Special Opportunities	558,089
1,255,196	Global credit	1,411,873
8,817,268	Managed funds	9,909,101
545,932	Property	864,605
545,932	Unit trusts	864,605
9,363,200	Total pooled investment vehicles	10,773,706

* includes £983,284,000 GLIL investment via the Northern LGPS Pool vehicle (2022 £820,509,000)

** includes £538,506,000 NPEP investment via the Northern LGPS Pool vehicle (2022 £415,315,000)

11f. Insurance Policies

31 March 2022 £000		31 March 2023 £000
33,523	Property	9,080
262	UK quoted equity	260
261,437	UK fixed interest	233,112
775,598	UK index linked securities	627,984
591,524	UK corporate bonds	505,910
412,270	UK cash instruments	388,176
1,102,865	Overseas quoted equity	866,663
202,056	Overseas fixed interest	185,730
406,456	Overseas corporate bonds	362,551
200,950	Overseas index linked securities	185,587
164,029	Global credit	131,774
28,509	Inflation funds	30,084
4,179,479	Insurance policies	3,526,911

11g. Cash

31 March 2022 £000		31 March 2023 £000
788,571	Sterling	329,062
133,488	Foreign currency	106,831
922,059	Total	435,893

11h. Other investments balances and net assets

31 March 2022 £000		31 March 2023 £000
7,933	Amounts due from broker	1,821
70,667	Outstanding dividends and recoverable withholding tax	71,317
17,885	Gross accrued interest on bonds	19,651
15,200	Gross accrued interest on loans	13,768
79,069	Investment loans	59,949
103,116	Variation margin	12,715
4,364	Other accrued interest and tax reclaims	2,832
298,234	Other investment assets	182,053
(16,383)	Amounts due to broker	(21,762)
(1,765)	Irrecoverable withholding tax	(1,766)
(18,148)	Other investment liabilities	(23,528)
30,387	Employer contributions - main scheme	24,508
54	Employer contributions - additional pensions	39
27,522	Property	24,121
363	Admin & investment management expenses	910
17,757	Other	47,134
76,083	Current assets	96,712
(7,914)	Property	(7,260)
(18)	Employer contributions - main scheme	(18)
(1,820)	Employer contributions - additional pensions	(1,726)
(4,995)	Admin & investment management expenses	(4,903)
(11,201)	Other	(4,345)
(25,948)	Current liabilities	(18,252)
50,135	Net current assets	78,460
330,221	Other investment balances and net assets	236,985

11i. Transaction and management costs

Managers of listed securities

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

Directly held property

Transaction costs continue to be capitalised and are implicit within the value of the assets concerned. These amounted to £4,784,000 for 2022/23 (2021/22 £14,946,000).

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

Pooled investment vehicles in unlisted assets

Certain investments in pooled vehicles, predominantly in private markets, alternatives and property have investment costs charged directly by the investment managers from either asset values or capital calls/payments. 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 the 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 table below shows an estimate of a fuller charge to these private market funds on an accruals basis including performance related fees.

31 March 2022 £000		31 March 2023 £000
	GMPF Private market and alternative investments	
182,440	- performance related	TBC
67,604	- non-performance related	TBC
	GMPF Indirect investment property	
15,502	- performance related	TBC
19,149	- non-performance related	TBC
	Northern LGPS Investments (NPEP/GLIL)	
17,621	- performance related	TBC
12,634	- non-performance related	TBC
314,950	Total	0

12. Local investments

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

31 March 2022 £000		31 March 2023 £000
215,555	Greater Manchester Property Venture Fund	215,870

13. Designated funds

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

31 March 2022 £000		31 March 2023 £000
188,103	UK corporate bond	144,849
568,730	UK Index linked	447,920
21,313	Cash instruments	18,607
33,272	Cash	27,502
28,509	Inflation funds	30,085
164,029	Investment Grade Corporate Bonds	131,774
58,166	UK Fixed Interest	51,721
1,062,122	Total	852,458

14. Summary of managers' portfolio values at 31 March

2022			2023	
£m	%		£m	%
		Externally managed		
9,825	33.5%	UBS Global Asset Management	9,816	33.3%
4,146	14.1%	Legal & General	3,518	12.0%
2,603	8.9%	Sci Beta	2,650	9.0%
1,780	6.1%	Ninety One (formerly Investec)	1,875	6.4%
1,255	4.3%	Stone Harbor	1,412	4.8%
0	0.0%	LaSalle	0	0.0%
703	2.4%	Schroders Capital	489	1.7%
57	0.2%	APAM	103	0.4%
215	0.7%	Avison Young (advisory mandate)	216	0.7%
20,584	70.2%		20,079	68.3%
		Internally managed		
5,734	19.5%	Private markets	6,567	22.2%
33	0.1%	Designated funds	28	0.1%
1,754	6.0%	Property (indirect)	2,107	7.2%
1,219	4.2%	Cash, other investments and net assets	645	2.2%
8,740	29.8%		9,347	31.7%
29,324	100.0%	Total	29,426	100.0%

15. Concentration of investment

As at 31 March 2023, GMPF held, respectively, 9.15% and 0.004% of its net assets in insurance contracts MF32950 and MF36558 with Legal & General Assurance (Pensions Management) Limited. They are linked long term contracts under Class III of Schedule 1 of the Insurance Companies Act 1982 and not "with profits" contracts.

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

31 March 2022 £000	POLICY MF32950	31 March 2023 £000
1,102,254	Overseas equities	866,090
203,238	UK fixed interest	181,356
403,358	UK corporate bonds	360,989
202,019	Overseas fixed interest	185,695
206,832	UK Index linked	180,027
200,914	Overseas index linked	185,552
390,897	UK cash instruments	369,502
406,383	Overseas corporate bonds	362,479
3,115,895	Total	2,691,690

31 March 2022 £000	POLICY MF36558	31 March 2023 £000
262	UK equities	260
611	Overseas equities	573
32	UK fixed interest	35
63	UK corporate bonds	72
37	Overseas fixed interest	35
36	UK Index linked	37
60	UK cash instruments	35
37	Overseas index linked	67
73	Overseas corporate bonds	72
1,211	Total	1,186

16. Notifiable interests

As at 31 March 2022 and 31 March 2023, GMPF had holdings of 3% or over in the ordinary share capital of the following quoted companies:

UK Equity 31 March 2022 %		UK Equity 31 March 2023 %
3.5	Balfour Beatty PLC	0.0
5.2	Curry's PLC	4.0
3.3	Intu Properties PLC	3.3
3.9	Man Group PLC	0.0
3.0	National Express Group PLC	0.0
4.8	RPS Group PLC	0.0
0.0	Synthomer PLC	5.8

17. Undrawn commitments

31 March 2022 £000	Asset type	Nature of commitment	31 March 2023 £000
2,630	Directly held investment property	Commitments regarding demolition or refurbishment work	251,042
75,432	Directly held investment property	Commitments regarding purchases	43,331
1,878,290	Indirect private equity and infrastructure	Commitments to fund	2,221,962
413,664	Special Opportunities portfolio	Commitments to fund	361,383
233,687	Property managed funds	Commitments to fund	288,354
48,296	Property unit trusts	Commitments to fund	9,697
1,900	Commercial/domestic based property unit trust	Commitments to fund	9,417
6,242	Local Investment 4 Growth fund	Commitments to fund	17,092
232,268	Local Impact Portfolio	Commitments to fund	368,055
3,532	Greater Manchester Property Venture Fund	Commitment to lend	22,078
813,144	Private debt portfolio	Commitment to fund	513,821
62,410	Internally Managed LGPS Northern Housing	Commitment to fund	81,756
3,771,495	Total		4,187,988

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

18. Related party transactions

In the course of fulfilling its role as administering authority to GMPF, Tameside MBC incurred costs for services (e.g. salaries and support costs) of £9,526,000 (2021/22:£8,500,000) on behalf of GMPF and reclaimed from HMRC VAT of £8,483,000 (2021/22 £6,208,000) net. Total payments due to Tameside MBC therefore, amounted to £1,043,000 (2021/22 £2,322,000). GMPF reimbursed Tameside MBC £2,933,000 (2020/21£1,913,000) for these charges during the year and so there is a debtor owing to GMPF at the year-end of £1,890,000 (2021/22 £409,000 creditor). This debt will be netted off future payments due to Tameside MBC.

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

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

For Year Ending 31 March 2023	Salary entitlement (Full time equivalent)	Salary, fees & allowances (Paid in year)	Employers pensions contributions (Paid in year)	Total (Paid in year)
Assistant Director of:	£	£	£	£
Pensions (Special Projects)	98,207	58,924	12,374	71,298
Pensions (Investments)	98,207	98,207	20,623	118,830
Pensions (Funding & Business Development) - Leaver in Year	98,207	57,023	11,975	68,998
Pensions (Local Investments & Property)	98,207	98,207	20,623	118,830
Pensions (Administration)	86,918	86,918	18,253	105,171

For Year Ending 31 March 2022	Salary entitlement (Full time equivalent)	Salary, fees & allowances (Paid in year)	Employers pensions contributions (Paid in year)	Total (Paid in year)
Assistant Director of:	£	£	£	£
Pensions (Special Projects)	96,282	57,769	12,131	69,900
Pensions (Investments)	96,282	96,282	20,219	116,501
Pensions (Funding & Business Development)	96,282	96,282	20,219	116,501
Pensions (Local Investments & Property)	96,282	96,282	20,219	116,501
Pensions (Administration)	84,993	84,993	17,849	102,842

Note: There were no payments for Compensation for Loss of Office in 2021/22 or 2022/23

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

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

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

Greater Manchester Pension Fund Statement of Accounts 2022/23

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

Name	Position in GMPF 2022/23	Company in which directorship is held	Company Registration Number
Sandra Stewart	Chief Executive & Director of Governance & Pensions	Northern Pool GP (No1) Ltd	11360203
Patrick Dowdall	Assistant Director of Pensions (Local Investments & Property)	Matrix Homes (General Partner) Ltd Hive Bethnal Green Ltd Plot 5 First Street Nominee Ltd Plot 5 First Street GP Ltd GMPF UT (Second Unit Holder) Ltd Airport City (General Partner) Ltd Airport City (Asset Manager) Ltd Manchester Charles Street Residential (ELP GP) Ltd Manchester Charles Street Residential (SLP GP) Ltd Manchester New Square (General Partner) Ltd GMPF Heimstaden Bostad Ltd Semperian PPP Investment Partners Holdings Ltd (Jersey Registration)	08980059 09362438 09919396 09904743 08725454 08723477 08723467 10977358 SC576947 11082473 14684986 98327
John Douglas	Investment Manager / Interim Head of Accountancy	GLIL Corporate Holdings Ltd GLIL Corporate Holdings 2 Ltd GLIL Corporate Holdings 3 Ltd GLIL Corporate Holdings 4 Ltd GLIL Corporate Holdings 5 Ltd GLIL Renewable Holdings GLIL Storage 1 Ltd GLIL Storage 2 Ltd GLIL Blue Comet Holdings Limited	10046509 10824179 12932522 13679875 13680391 12315576 13489710 13490021 12880831

The above receive no remuneration for these directorships.

Name	Position in GMPF 2022/23	Company in which directorship is held	Company Registration Number
Kevin Etchells	Principal Investment Manager	Island Site (General Partner) Ltd	11532059
		Island Site (Nominee) Ltd	11532379
		Hive Bethnal Green Ltd	09362438
		Leeds Valley Park Management Company Ltd	04635674
		GMPF Heimstaden Bostad Ltd	14684986
Andrew Hall	Senior Investment Manager (Property)	GMPF UT (Second Unit Holder) Ltd	08725454
		Matrix Homes (General Partner) Ltd	08980059
		Plot 5 First Street GP Ltd	09904743
		Plot 5 First Street Nominee Ltd	09919396
		Manchester Charles Street Residential (ELP GP) Ltd	10977358
		Manchester Charles Street Residential (SLP GP) Ltd	SC576947
		Island Site (General Partner) Ltd	11532059
		Island Site (Nominee) Ltd	11532379
		Manchester New Square (General Partner) Ltd	11082473
David Olliver	Senior Investment Manager	GLIL Corporate Holdings 3 Ltd	12932522
		GLIL Blue Comet Holdings Limited	12880831
		42 Irish renewable energy holdings and windfarms	List available
Alan Robertson	Investment Manager	Flexion Energy UK Storage Ltd	13492210
		Flexion Energy UK Holdings Ltd	13492974
		GLIL Storage 1 Ltd	13489710
		GLIL Storage 2 Ltd	13490021

The above receive no remuneration for these directorships.

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

The following members of the Management and Advisory Panels consequently have

- benefits on hold during 2022/23 under the Councillor Scheme,
- are in receipt of pension benefits under the Councillor Scheme,
- have benefits on hold by virtue of their membership of GMPF in current or previous employments,
- are in receipt of pension benefits by virtue of their membership of GMPF in previous employments.

Tables to follow

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

Tables to follow

19. Employer related investment

As at 31 March 2023, GMPF had no outstanding short-term loans to any contributing employer i.e. £ Nil (2022 £ Nil).

As part of the GMPVF, the Fund has a portfolio of loans secured on development projects across the North West. These types of loans are often done alongside other lenders. The Greater Manchester Combined Authority – a contributing employer to the Fund - is also a provider of development debt and has co-invested into several developments with GMPF.

GMPF has a minor holding in the Airport City joint venture, which is developing land adjacent to Manchester Airport for commercial use. The main stakeholder at Airport City, being Manchester Airport Group, was a contributing employer to GMPF until August 2021.

GMPF formed a joint venture with Manchester City Council in 2014, a contributing employer to GMPF, known as Matrix Homes, to develop residential property, for both sale and to rent, at sites across Manchester.

As at 31 March 2023, the GMPF UK Property Portfolio includes a standing investment of office accommodation. Part of this property is leased to Irwell Valley Housing Association who are a contributing employer to GMPF.

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

A number of local authorities brought forward their payment of pension contributions, paying an estimated three years up front, in 2020/21 (total £217 million) to make efficient use of their cash balances. This prepayment had been fully utilised by March 2023 i.e. Nil balance (March 2022 £110 million).

Contributions from Employers 2022 £m	Contributions from Employees 2022 £m	Benefits Paid 2022 £m		Contributions from Employers 2023 £m	Contributions from Employees 2023 £m	Benefits Paid 2023 £m
(24)	(7)	47	Bolton Borough Council	(26)	(8)	50
(15)	(5)	29	Bury Borough Council	(16)	(5)	31
(2)	(18)	115	Manchester City Council	(11)	(19)	117
0	(6)	38	Oldham Borough Council	(5)	(7)	39
(20)	(6)	38	Rochdale Borough Council	(22)	(7)	41
(22)	(7)	45	Salford City Council	(24)	(8)	46
(1)	(7)	36	Stockport Borough Council	(8)	(8)	39
(1)	(7)	38	Tameside Borough Council (administering authority)	(5)	(7)	40
0	(5)	29	Trafford Borough Council	(4)	(6)	29
(32)	(10)	47	Wigan Borough Council	(35)	(11)	49
(278)	(73)	259	Other scheme employers *	(320)	(84)	277
(66)	(17)	185	Admitted bodies *	(53)	(15)	196
(461)	(168)	906	Total	(529)	(185)	954

* A full list of all scheme and admitted bodies can be found in the GMPF Annual Report 2022/23 which is available at www.gmpf.org.uk.

21. Investment Strategy Statement and Funding Strategy Statement

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

22. Actuarial Review of GMPF

GMPF's last Actuarial valuation was undertaken as at 31 March 2022. A copy of the valuation report can be found on the GMPF website.

<https://www.gmpf.org.uk/about/policies-reports-and-statements>

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

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

The valuation revealed that GMPF's assets, which at 31 March 2022 were valued at £29,324 million, were sufficient to meet 104% of the present value of promised retirement benefits earned. The resulting surplus was £1,021 million. The present value of promised retirement benefits at 31 March 2023 can be found in Note 25.

The key financial assumptions adopted for the 2022 valuation were:

Financial Assumptions	31 March 2022	
	% p.a. Nominal	% p.a. Real
Discount rate	3.60%	0.70%
Pay increases	3.70%	0.80%
Price inflation / Pension increases	2.90%	0.80%

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

23. Stock Lending

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

At the year end the value of stock on loan was £701.8 million (31 March 2022: £1,086.1 million) in exchange for which the custodian held collateral at fair value of £726.8 million (31 March 2022: £1.129.2 million), which consisted exclusively of government bonds and government guaranteed bonds.

24. AVC Investments

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

GMPF's main AVC provider is Prudential where the sums saved are used to secure additional benefits on a money purchase basis for those contributors electing to pay additional voluntary contributions. The funds are invested in a range of investment products from which each member can select.

Note: The annual update from the Provider for 2022/23 is still outstanding. The latest figures available are for the year to March 2022 and are shown in the table below.

Contributions paid 21/22		£8,814,016
Units purchased 21/22	4,980,023	
Units sold 21/22	3,673,547	
Fair value as at 31 March 2022		£74,076,034
Fair value as at 31 March 2021		£75,756,711

25. Actuarial present value of promised retirement benefits

CIPFA's Code of Practice on Local Authority Accounting 2022/23 requires administering authorities of LGPS funds to disclose the actuarial present value of promised retirement benefits in accordance with IAS26 Accounting and Reporting by Retirement Benefit Plans.

Allowance has been made for the Government's decision to make full indexation, relating to the ruling on the equalisation of Guaranteed Minimum Pensions (GMPs) between men and women, the permanent solution for public service pension schemes including the LGPS.

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

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

Assumptions

The assumptions used are those adopted for the administering authority's IAS19 Employee Benefits report at each year end as required by the CIPFA Code of Practice on Local Authority Accounting 2022/23.

Financial assumptions

31 March 2022 % p.a.	Year ended:	31 March 2023 % p.a.
3.20%	Inflation/pension increase rate	2.95%
3.95%	Salary increase rate	3.75%
2.70%	Discount rate	4.75%

Mortality

Life expectancy is based on GMPF's VitaCurves with improvements in line with the CMI 2021 model, and will converge to a long-term rate of 1.5% p.a. Other demographic assumptions are unchanged. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

31 March 2022			31 March 2023	
Males	Females		Males	Females
20.3 years	23.2 years	Current pensioners	20.2 years	23.5 years
21.6 years	25.1 years	Future pensioners*	21.4 years	25.1 years

* future pensioners are assumed to be currently aged 45

Commutation

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

Value of promised retirement liabilities

31 March 2022 £m		31 March 2023 £m
27,206	Value of Net Assets per NAS	29,426
(35,461)	Present value of promised retirement benefits	(24,928)
(8,255)	IAS26 Surplus / (deficit) in the Fund	4,498

Liabilities have been projected using a roll forward approximation from the latest formal funding valuation as at 31 March 2022.

Sensitivity analysis

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

31 March 2022			31 March 2023	
Approximate % increase to promised retirement benefits	Approximate monetary amount (£m)	Change in assumptions at year ended 31 March	Approximate % increase to promised retirement benefits	Approximate monetary amount (£m)
2%	636	0.1% increase in the Pension Increase Rate	2%	409
0%	69	0.1% increase in the Salary Increase Rate	0%	52
4%	1,418	1 year increase in member life expectancy	4%	997
2%	710	0.1% decrease in Real Discount Rate	2%	454

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

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