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GREATER MANCHESTER PENSION FUND - MANAGEMENT/ADVISORY PANEL

Day: Friday
Date: 14 July 2023
Time: 10.00 am
Place: Guardsman Tony Downes House, Manchester Road, Droylsden, M43 6SF

Item No.	AGENDA	Page No

GENERAL BUSINESS

1. CHAIR'S INTRODUCTORY REMARKS 10.00AM

2. APOLOGIES FOR ABSENCE

3. DECLARATIONS OF INTEREST

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

4. MINUTES

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

To approve as a correct record the Minutes of the meeting of the Pension Fund Advisory Panel held on 24 March 2023.

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

To approve as a correct record the Minutes of the meeting of the Pension Fund Management Panel held on 24 March 2023.

5. LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

a) URGENT ITEMS

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

b) EXEMPT ITEMS

The Proper Officer is of the opinion that during the consideration of the items set out below, the meeting is not likely to be open to the press and public and therefore the reports are excluded in accordance with the provisions of the Schedule 12A to the Local Government Act 1972.

Items	Paragraphs	Justification
9, 10, 11, 12, 13,	3&10, 3&10, 3&10,	Disclosure would, or would

14, 15, 16, 17, 22, 23, 24	3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10	prejudice the commercial int Fund and/or its agents which affect the interests of the and/or tax payers.

6. PENSION FUND WORKING GROUPS/LOCAL BOARD MINUTES/NLGPS JOINT OVERSIGHT COMMITTEE

a) LOCAL PENSIONS BOARD 19 - 28

To consider the Minutes of the proceedings of the Local Pensions Board held on 13 April 2023.

b) INVESTMENT MONITORING AND ESG WORKING GROUP 29 - 34

To consider the Minutes of the proceedings of the Investment Monitoring and ESG Working Group held on 14 April 2023.

c) ADMINISTRATION AND EMPLOYER FUNDING VIABILITY WORKING GROUP 35 - 42

To consider the Minutes of the proceedings of the Administration and Employer Funding Viability Working Group held on 14 April 2023.

d) POLICY AND DEVELOPMENT WORKING GROUP 43 - 54

To consider the Minutes of the meeting held on 22 June 2023.

e) NORTHERN LGPS JOINT OVERSIGHT COMMITTEE 55 - 60

To note the Minutes of the meetings held on 2 February 2023..

f) SCHEME GOVERNANCE/WORKING GROUP MEMBERSHIP 2023/24 To Follow

To consider the attached report of the Director of Pensions.

ITEMS FOR DISCUSSION/DECISION

7. GMPF STATEMENT OF ACCOUNTS AND ANNUAL REPORT 2022/23 10.20AM 61 - 62

To consider the attached report of the Assistant Director, Local Investment and Property.

8. RESPONSIBLE INVESTMENT UPDATE 10.30AM 63 - 70

To consider the attached report of the Assistant Director of Pensions Investments.

9. LGPS PERFORMANCE UPDATE 10.45AM 71 - 94

To receive a presentation from Karen Thrumble (PIRC).

10. INVESTMENT STRATEGY AND TACTICAL POSITIONING 23/24 11.30AM 95 - 134

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	To consider the attached report of the Assistant Director of Pensions Investments.	
11.	**PERFORMANCE DASHBOARD 11.45AM**	135 - 172
	Report of the Assistant Director of Pensions Investments, attached.	
12.	**ANNUAL PERFORMANCE REPORTS 11.55AM**	
a)	**LONG TERM PERFORMANCE 2022/23 - MAIN FUND AND ACTIVE MANAGERS**	173 - 176
	To consider the attached report of the Assistant Director of Pensions Investments.	
b)	**CASH MANAGEMENT**	177 - 182
	To consider the attached report of the Assistant Director of Pensions Investments.	
13.	**BUSINESS PLANNING, BUDGET AND RISK MANAGEMENT 12.10PM**	183 - 188
	To consider the attached report of the Director of Pensions.	
14.	**GMPF POTENTIAL EXITING EMPLOYER 12.20PM**	189 - 192
	To consider the attached report of the Assistant Director, Pensions Administration.	
15.	**ADVISOR COMMENTS AND QUESTIONS**	

ITEMS FOR INFORMATION

16.	**ADMINISTRATION UPDATE**	193 - 196
	To consider the attached report of the Assistant Director of Pensions Administration.	
17.	**LGPS UPDATE**	197 - 202
	To consider the attached report of the Director of Pensions.	
18.	**FUTURE DEVELOPMENT OPPORTUNITIES**	
	Trustee development opportunities are available as follows. Further information/details can be obtained by contacting Loretta Stowers on 0161 301 7151.	

LGA Fundamentals – Day 1, Manchester Piccadilly Hotel	5 October 2023
PLSA Annual Conference, Manchester	17-19 October 20
LGA Fundamentals – Day 1 virtual (two half days)	19 October 2023 26 October 2023
UBS Training Day, Lowry Hotel, Manchester	30 October 2023
LGA Fundamentals – Day 2, Manchester Piccadilly Hotel	8 November 202
LGA Fundamentals – Day 2 virtual (two half days)	16 November 20 23 November 20

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

LGA Fundamentals – Day 3, Manchester Piccadilly Hotel	13 December 20
LGA Fundamentals – Day 3 virtual (two half days)	11 December 20 19 December 20

19. DATES OF FUTURE MEETINGS

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

Management/Advisory Panel	15 Sept 2023 1 Dec 2023 8 March 2024
Local Pensions Board	20 July 2023 28 Sept 2023 25 Jan 2024 11 April 2024
Policy and Development Working Group	7 Sept 2023 23 Nov 2023 22 Feb 2024
Investment Monitoring and ESG Working Group	21 July 2023 22 Sept 2023 26 Jan 2024 12 April 2024
Administration and Employer Funding Viability Working Group	21 July 2023 22 Sept 2023 26 Jan 2024 12 April 2024

WORKING PAPERS - APPENDICES

20. APPENDIX 7A - GMPF STATEMENT OF ACCOUNTS 2022/23 203 - 252

21. APPENDIX 8A - GMPF'S RESPONSIBLE INVESTMENT PARTNERS AND COLLABORATIONS 253 - 254

22. APPENDIX 13A - BUSINESS PLAN 2022/23 255 - 258

23. APPENDIX 13B - GMPF'S WHOLE FUND RISK REGISTER 259 - 262

24. APPENDIX 16A - GMPF'S ADMINISTRATION PERFORMANCE Q4 263 - 266

GREATER MANCHESTER PENSION FUND
ADVISORY PANEL

24 March 2023

Commenced:	**10.00am** **Terminated: 12.35pm**
Present:	**Councillor Cooney (Chair)** **Councillors: Butt (Trafford), Cowen (Bolton), Grimshaw (Bury), Massey (Rochdale), and Smart (Stockport)** **Employee Representatives:** **Ms Blackburn (UNISON), Mr Drury (UNITE), Mr Flatley (GMB), Mr Llewellyn (UNITE) and Mr Thompson (UNITE)** **Fund Observers:** **Councillor Taylor (Stockport)** **John Pantall – Independent Observer** **Local Pensions Board Member (in attendance as observer):** **Paul Entwistle (part meeting)** **Advisors:** **Mr Bowie (Virtual attendance), Mr Moizer and Mr Powers**
Apologies for absence:	**Councillor Andrews (Manchester), Councillor Barnes (Salford), Cunliffe (Wigan), Jabbar (Oldham) and Scott Caplan (UNISON)**

63. CHAIR'S OPENING REMARKS

The Chair, Councillor Cooney welcomed everyone to the meeting and began by reminding Members that it was more than a year since Russia's invasion of Ukraine. In addition to the death, destruction and hardship to the Country, in the rest of Europe, albeit insignificant by comparison, the war had affected the cost of living and created a lot of volatility in the markets.

The Chair was pleased to advise that the Fund stood at £29.3 billion which was around £300 million more than at the end of December 2022, although it reached a new Fund high when it reached over £30 billion last month.

He noted that Fund members did not bear any financial market risks, their pension promise was set out in legislation and was calculated based on pay and service. Pensions were critical to many members as they struggled with the cost of living crisis and the Chair was pleased to advise that they will increase form 10.1% from the 10 April 2023, which was the first Monday after the start of the new tax year.

It was known that the better the investment performance was, the more resources were available for front line services delivered by employers across Greater Manchester. As would be reported later in the agenda, the valuation process was being finalised and the Chair was pleased to report that, owing to the long term approach that the Fund had taken to achieving low cost sustainable pensions, and the £620 million achieved through not disinvesting, it was possible for the Actuary to propose sustainable cuts to contribution rates.

All local authority pools stood to benefit from contribution rate reductions, with the typical reduction somewhere between 1.0% and 2.0%, this was the equivalent for most GM authorities of 1 to 2% of Council Tax. This was a significant contribution by the Funds to keep costs down at a time of high inflation.

The Chair was further delighted to announce that the Fund and its infrastructure partnership GLIL were shortlisted for four awards at the Pension Age Awards on Tuesday, with GLIL winning the specialist sector alternatives manager of the year. This was a great achievement and reflection on the Fund, given its significant involvement.

The Chair made reference to communications circulated recently to some Members, which said that the Fund should win the award for the 'dirtiest fund of the year', he added that this was based on ignorance not fact. The Fund shared the ambition for a transition to a net zero economy, but there was fundamental disagreement on the means to achieve it, with the Fund preferring to be activist owners rather than 'passing the buck' to someone else, which will have no impact on global climate risk.

The best way to achieve the investment objectives and real world decarbonisation was to invest and pressure portfolio companies through robust corporate engagement and active ownership.

The Chair recalled that, last quarter, the Fund won the Investment and Pensions Europe 2022 Pension Fund UK award with the notable achievements of the Fund being recognised, and in particular:

- On a cumulative basis, the Fund had outperformed the average Local Authority Fund by over £5.1 billion;
- The Fund investments already produced more power through renewables than they did from coal and oil;
- Active equity holdings were 20% less carbon intensive than the average pension fund so the Fund was both moving and leading in the right direction to becoming carbon neutral;
- The Fund were also the biggest direct local government pensioner investor in renewable energy and energy efficiency, with nearly a billion pounds allocated in a number of areas including biomass and wind farm assets;
- Government recognition that GMPF were the only Fund to have invested 5% of its assets in local projects across Greater Manchester – investing nearly a billion pound alone in just property infrastructure in Greater Manchester;
- The government's levelling up paper also cited the influence of the GLIL Infrastructure platform, which GMPF established together with a small number of like-minded funds. GLIL has invested around £2.5billion - which included £800 million of GMPF's commitments. Investments included Anglian Water, Forth Ports and Clyde Wind Farm;
- Last year GMPF was one of the first UK funds to be approved as a signatory to the Financial Reporting Council's UK Stewardship Code. The stewardship code was a code requiring institutional investors to be transparent about their investment processes, engage with investee companies and vote at shareholders' meetings. The Fund were successful in being approved again this year following a rigorous process;
- In December last year, the 2021 Responsible Asset Allocator Initiative Leaders List of the 30 most responsible asset allocators ranked GMPF as 35 in the world of most responsible investors. This was out of a group of the top 634 asset allocators across 98 countries with 36 trillion US dollars in assets. The Fund scored an impressive 96 out of a potential 100 to achieve this rating; and
- Earlier this year the Fund set a 2030 interim emissions reduction target in line with the IPCC's (The Intergovernmental Panel on Climate Change) 1.5 degree pathway and reported these publicly:
    1. reduce carbon intensity by 50% by 2030 versus 2019 benchmark; and
    2. Between 2021 and 2030, an additional $2 billion investment in climate solutions, on top of the $1 billion already invested through its Northern LGPS infrastructure.

There was currently no legislation in place to cover the LGPS climate reporting. As had been reported to Panel over recent quarters, the DLUHC (Department for Levelling UP, Housing and Communities) had just consulted on climate reporting and target setting in the LGPS. The Fund was fully supportive of the proposals in its public consultation response, and had voluntarily reported in line with guidance for over the last five years. Moreover, the Fund, via its chairing of the Responsible Investor Advisory Group of the Scheme Advisory Board, had taken an active part in helping DLUHC shaped their consultation. The outcome of the consultation was keenly awaited. As a local authority pension scheme, GMPF would report carbon emissions in alignment with the industry leader TCFD (Task Force for Climate Related Financial Disclosure) guidance on methodology as a public pension scheme. The Fund had set portfolio emissions targets in line with science-based pathways as laid out in the Net Zero Investment Framework and the Net Zero Asset Owners Alliance guidance, which were consistent with achieving net zero global emissions by 2050. The best way to achieve the investment objectives and real world decarbonisation was to invest and pressure portfolio companies through robust corporate engagement and active ownership.

The Chair referenced a further significant announcement last week; the confirmation of a new devolution deal for the Greater Manchester city region. The seventh such deal, it was a wide-ranging and ambitious programme that would hand greater control over policy areas such as education, public transport, housing and environmental sustainability over to the Greater Manchester Combined Authority. The Government had set an ambition of pension funds investing 5% of their assets in 'projects which supported local areas' under government plans to level up the Country. Clearly, it was recognised that LGPS was social workers' and refuse collectors' salary sacrifice to cover their pensions and not government funds to spend on its priorities.

The Chair advised that the Fund had for a number of decades, twin aims to invest locally compatible with its fiduciary duty to seek the return on investment needed to pay pensions, whilst ensuring the money working people had invested for their retirement helped create jobs in their communities. He added that there would be a report later in the agenda on the work that the local investments team had been delivering to achieve this and the Panel would hear from the Good Economy who advised the Government that if all LGPS funds were to allocate 5% to local investing this would unlock £165bn in new investment in the UK.

64. DECLARATIONS OF INTEREST

There were no new declarations of interest submitted by Members.

65. MINUTES

(a) The Minutes of the proceedings of the meeting of the Pension Fund Advisory Panel held on 2 December 2022 were signed as a correct record.

(b) The Minutes of the proceedings of the meeting of the Pension Fund Management Panel held on 2 December 2022 were noted.

66. LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

(a) Urgent Items

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

(b) Exempt Items

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

below:

Items	**Paragraphs**	**Justification**
10, 11, 12, 13, 14, 15, 16, 19, 20, 21, 22, 23, 24	**3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10**	**Disclosure would or would be likely to prejudice the commercial interests of the Fund and/or its agents, which could in turn affect the interests of the stakeholders and/or tax payers.**

67. LOCAL PENSIONS BOARD

The Minutes of the proceedings of the meeting of the Local Pensions Board held on 19 January 2023 were received.

Councillor Ryan, on behalf of the Chair of the Local Pensions Board, Councillor Fairfoull, advised that the Board discussed the latest activities of the administration section. Also discussed was the performance dashboard for the quarter July to September 2022, and how levels of casework and performance against turnaround targets had remained relatively consistent. The Board were pleased to hear that the steps taken by officers to reduce response wait times for members wishing to access benefits on hold had resulted in improvements in that area.

Further discussion ensued in respect of the issuing of pension saving statements to those members who had exceeded, or were close to exceeding, the annual allowance tax limits. Officers reported that all statement were issued to those members affected by the statutory deadline of 6 October. Officers also details the support they provided to members in this area and explained how they were enhancing this support by offering members the opportunity to attend online sessions about pensions tax and creating several short, animated videos to accompany these sessions. Officers would also be looking to work with several employers to develop employer awareness of pensions tax.

As at each meeting of the Board, monitoring of late payment of contributions or late submissions of data from employers, was reviewed. It was encouraging to note that the timeliness of contribution payments and receipt of data from employers had been good over the last quarter. The Board discussed the findings of recent internal audit reports and the current version of the Fund's risk register.

RECOMMENDED
That the Minutes of the proceedings of the Local Pensions Board held on 19 January 2023 be noted.

68. INVESTMENT MONITORING AND ESG WORKING GROUP

The Minutes of the proceedings of the meeting of the Investment Monitoring and ESG Working Group held on 20 January 2023 were considered.

The Chair of the Working Group, Councillor Ryan, advised that L&G updated Members on their stewardship activity. Members were presented with case studies where L&G had used their influence to change the behaviour of businesses. This was achieved through a number of approaches including direct engagement, collaborative engagement, voting, engaging the regulator and through public pressure.

The Fund's responsible investment advisors, PIRC, attended the meeting and gave a presentation on workforce related risks. PIRC gave an overview of their research into companies listed in the UK across three key risk areas including labour retention and recruitment, health and safety and industrial relations. Finally, PIRC made a number of recommendations for improvements in company reporting on those issues, which would allow investors to manage risks more effectively.

RECOMMENDED
That the Minutes be received as a correct record;

69. ADMINISTRATION AND EMPLOYER FUNDING VIABILITY WORKING GROUP

The Minutes of the proceedings of the meeting of the Administration and Employer Funding Viability Working Group held on 20 January 2023 were considered.

The Chair of the Working Group, Councillor North, advised that Members had reviewed the Additional Voluntary Contributions scheme and how it had performed for members over the previous year. AVC's allowed Scheme members to pay more to build up extra savings for their retirement, and supplement their main LGPS benefits. The Working Group reviewed the performance of the various AVC funds on offer and found that they were performing in line with other comparable providers. Overall, the Working Group were content that GMPF AVC members were receiving a reasonable service and good investment returns.

Monthly data submissions received from employers were also discussed. The monthly returns contained pensionable pay and contribution information for GMPF contributing members. Employers must submit their returns in line with the deadline set in the Pensions Administration Strategy and the admin team monitored all employer submissions against the deadline. The number of submissions received on time had been improving each month, with 85 per cent of employers meeting the deadline in October 2022. The team would continue to work with employers to ensure the deadlines were achieved and performance continued to improve.

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

RECOMMENDED
(i) That the Minutes be received as a correct record; and
(ii) In respect of the Administration, Communications and Engagement Update that the updates made to the Communications Policy be approved.

70. POLICY AND DEVELOPMENT WORKING GROUP

The Minutes of the proceedings of the meeting of the Policy and Development Working Group held on 2 March 2023 were considered.

The Chair of the Working Group, Councillor Cooney, advised that Members received a presentation from APAM, one of the two relatively new direct property portfolio managers. The manager had made very positive progress with the portfolio as a whole, particularly in respect of some of the more challenging assets.

As well as considering the Manager Monitoring Report for the latest quarter, an updated Trustee Member Development Policy and Training Plan for 2023/24, were also reviewed, along with an updated Governance Policy and Compliance Statement.

RECOMMENDED
(i) That the Minutes be received as a correct record;
(ii) In respect of the Trustee Member Development Policy and Training Plan for 2023/24, that the updated Trustee Member Development Policy, as appended to the report, be approved; and
(iii) In respect of the Governance Policy and Compliance Statement, that the updated

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

71. NORTHERN LGPS JOINT OVERSIGHT COMMITTEE

The Minutes of the proceedings of the meeting of the Northern LGPS Joint Oversight Committee held on 6 October 2022 were received.

RECOMMENDED
That the Minutes of the proceedings of the Northern LGPS Joint Oversight Committee held on 6 October 2022, be noted.

72. GMPF BUDGET 2023/24 AND MEDIUM TERM FINANCIAL PLANNING

Consideration was given to a report of the Assistant Director, Local Investments and Property, which sought approval for an expenditure budget for GMPF for 2023/24 alongside a medium-term financial plan for 2023 to 2026.

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 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. The budget was attached as Appendix 1 to the report.

Members were made aware of the 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 assumptions for medium term financial planning going forward, the draft three-year medium term plan and key observations for consideration, were detailed and discussed.

RECOMMENDED
(i) That the expenditure budget for 2023/24, as appended to the report, be approved; and
(ii) That the Medium-term Financial Plan, as detailed in the report, be approved.

73. GMPF STATEMENT OF ACCOUNTS 2022-23 - GMPF ACCOUNTING POLICIES AND CRITICAL JUDGEMENTS

The Assistant Director, Local Investments and Property, submitted a report, which gave details of the GMPF Accounting Policies and Critical Judgements for 2022-23 and the Audit Strategy Memorandum

RECOMMENDED
That the accounting policies and critical judgements attached at Appendix 1 to the report, be approved.

74. RESPONSIBLE INVESTMENT UPDATE

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

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

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

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

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

The Assistant Director gave details of deployment of capital as follows:

- Impact Portfolio - £20m commitment to a social infrastructure fund; and
- Overseas Property Portfolio - £100m commitment to build affordable homes.

He further made reference to the Northern LGPS Stewardship quarterly report, which explored Increasing Pressures: Shareholder Resolutions and the quarterly engagement report of the Local Authority Pension Fund Forum, highlighting: Human Rights, Mining, Drax, Renault, Mercedes and Chipotle.

The Assistant Director focused on the 'S' in ESG, and gave further information on:

- Modern Slavery Training;
- Mining & Tailings Summit;
- World Benchmarking Alliance Investor Statement; and
- PIRC workplace rights webinar.

In respect of Climate Action, the Assistant Director referenced letters from the Fund and co-signatories to banks calling for them to cease direct funding of new oil and gas fields.

He further highlighted shareholder resolutions that the Fund had sought to file at companies as follows:

- Nestle – Health and nutrition
- Apple – Worker rights
- Cisco Systems – Tax

Details of GMPF's Responsible Investment partners and collaborations were appended to the report. Discussion ensued in respect of the content of the report and presentation. The Chair and Members highlighted the importance of a 'just transition' and why active engagement was more effective than divestment.

The Chair thanked the Assistant Director for an interesting presentation.

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

75. 2022 ACTUARIAL VALUATION

The Director of Pensions submitted a report providing a final progress update, confirming the valuation trends and outcomes for all employers. 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, at a whole fund level, the funding position of GMPF had improved slightly since the 2019 actuarial valuation. Using the assumptions set out in the current Funding Strategy Statement, GMPF's funding level as of 31 March 2022 was 104%.

Employer Valuation results for Local Authorities were detailed and it was explained that all local authority pools would benefit from contribution rate reductions, with the typical reduction somewhere between 1.0% and 2.0%. In respect of all other employers, it was reported that most employers would have reduced contribution rates or would see their contribution rates stay at their current level from 1 April 2023.

RECOMMENDED
That the content of the report and the imminent completion of the valuation project, be noted.

76. LOCAL INVESTMENTS UPDATE

Consideration was given to a report and presentation of the Assistant Director, Local Investments and Property, which updated Members on progress with the local/impact investment portfolios.

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 presented to the Panel and summaries of deployment to date/expected and performance were also detailed.

Two promotional videos were also presented to Members.

The Assistant Director then introduced representatives of ‘The Good Economy’ (TGE), a respected Impact Advisor, well known to officers, producing Impact Reports for some of the Local Investment Fund Managers and also for other LGPS Funds. They participated in producing the 2021 Government White Paper on “Place Based Investment”, which mentioned GMPF as a leading example of a LGPS Fund having an allocation to local investment.

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.

Sarah Forster, Dr David Greenwood and Mark Hepworth of the Good Economy then presented before Members and explained how they were working with GMPF to independently report on the impact of GMPF’s place-based investments.

Discussion ensued in respect of the information presented including the transformational nature of Impact investing and further clarity was sought with regard to how it could influence improvements to local public transport. The difficulties of attracting investment in deprived areas was also explored.

The Chair thanked the Assistant Director and representatives of The Good Economy for a very interesting and informative presentations.

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

77. PERFORMANCE DASHBOARD

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

Key information from the Quarter 4 2022 Performance Dashboard was summarised. It was explained that Equity and credit markets rallied as inflation fell, surprising to the downside, but tight labour markets and strong wage growth prompted the major central banks to continue raising interest rates.

Growth data released in quarter four surprised to the upside. US labour and consumer demand remained resilient while the worst fears about potential European gas shortages had abated more recently. However, high inflation and rising interest rates increasingly weighed on the outlook for consumers and businesses. As a result, forward-looking indicators still pointed to a very challenging economic outlook, with global GDP forecasts revised lower in the fourth quarter. December’s manufacturing PMI (Purchasing Managers Index) moved further into contractionary territory as new orders fell sharply. Price measures provided better news, as the rates of input costs and output charges fell to two-year lows. The services sector had generally performed better than the manufacturing sector in the major advanced economies, supported by robust labour markets. In November, year-on year headline CPI inflation fell to 7.1%, 10.7% and 10.1% in the US, UK and eurozone respectively. Headline inflation was forecast to come down sharply over the course of the first half of 2023, but central bankers remained concerned about strong wage growth and core inflation. Following a round of 0.75% pa interest rate rises, the major central banks shifted down to smaller 0.5% per annum increases in December, taking policy rates in the US, UK and eurozone to 4.5% pa, 3.5% and 2.0% pa respectively.

Global equities rose over the fourth quarter amid increasing optimism about inflation moderating in 2023. Europe was the best performer as warmer-than-average weather sent European gas prices lower and risks of severe recession appeared to lessen. The Asia Pacific region also outperformed, with China's sudden relaxation of many of its COVID-19 restrictions expected to boost economic activity.

It was a mixed picture for global government bonds over the fourth quarter of 2022, with the 10-year US Treasury yield roughly flat, German and Japanese yields rising and UK gilt yields falling. Global investment-grade and speculative-grades credit spreads fell. Speculative-grade default rates had risen a little since the start of 2022 but remained below long-term average results.

Over the quarter total Main Fund assets increased by £597 million to £28.1 billion. On a cumulative basis, over the period since September 1987, GMPF had outperformed the average LGPS, equating to over £5.4 billion of additional assets. Apart from private equity, allocations to alternative assets, whilst increasing, remained below their long-term targets. Funding continued apace with allocations expected to increase further over the coming years.

Following the 2022/23 review of Investment Strategy, further changes to the 'realistic' strategic allocations to alternatives were made in Q3 2022. Within the Main Fund, there was an overweight position in private equity and cash (of around 3% in aggregate). Allocations to Private Debt, Infrastructure and GLIL were also overweight relative to their respective (realistic) benchmarks. The overweight positions were offset by underweight positions in bonds, equities and property. The property allocation continued to be underweight (by around 1.6%) versus its benchmark.

The Main Fund outperformed its benchmark over Q4 2022. Relative performance over 1 year and 3 years was positive. The Main Fund was also ahead of its benchmark over 5 and 10 years and performance since inception remained strong.

Over Q4 2022, 1 year active risk reduced further having reached a recent high at the end of Q2 2022. Active risk remained elevated relative to recent history – 1 year active risk remained materially higher than the levels reached 10 years ago. This had resulted in a marked increase in active risk over 3 and 5 year periods. However, over longer time periods, active risk of the Main Fund remained more stable at around 1.5% pa. Risk in absolute terms (for both portfolio and benchmark) increased in Q4 2022. The uncertainty surrounding the macro economic outlook remained high; in particular, future inflation levels, the war in Ukraine, supply chain disruptions and the future impact of the pandemic on economic output remained unclear

As at the end of Quarter 4; Over a 1 year period; three of the Fund's active securities managers outperformed their respective benchmarks whilst one underperformed its benchmark. Over a 3 year period, two managers underperformed their respective benchmarks whilst two had outperformed their respective benchmarks. The long-term performance remained strong. The performance history of the Factor Based Investing portfolio was relatively short (around 3 years), so at that very early stage no conclusions could be drawn with regard to performance.

RECOMMENDED
That the content of the report be noted.

78. BUSINESS PLANNING, BUDGET AND RISK MANAGEMENT

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

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

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

In terms of risk management, Members were advised that the overarching risk register was reviewed and updated at least once each quarter and the latest version was appended to the report. Specific risks being monitored closely by officers were highlighted and included issues relating to Employer flexibilities/exits, assessing the impact of the McCloud changes, changes to the CARE revaluation date, pensions dashboard, cyber security work and changes prompted by the budget.

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

79. ADMINISTRATION UPDATE

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

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

RECOMMENDED
That the content of the report be noted.

80. LGPS UPDATE

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

- Confirmation of annual revaluation, earnings and pensions increase;
- Annual revaluation date change in the LGPS;
- Consultation on changes to SAB's cost management process; and
- MAPS Pension Dashboard update.

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

81. FUTURE DEVELOPMENT OPPORTUNITIES

Trustee development opportunities were noted as follows:

PLSA Webinar – Implementing TPR's new code of practice	**28 March 2023**
PLSA Investment Conference - Edinburgh	**6-8 June 2023**
PLSA Local Authority Conference - Gloucestershire	**26-28 June 2023**

82. DATES OF FUTURE MEETINGS

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

Management/Advisory Panel	14 July 2023 15 Sept 2023 1 Dec 2023 8 March 2024
Local Pensions Board	13 April 2023 27 July 2023 28 Sept 2023 25 Jan 2024 11 April 2024
Policy & Development Wrk Grp	22 June 2023 7 Sept 2023 23 Nov 2023 22 Feb 2024
Investment Monitoring & ESG Wrk Grp	14 April 2023 28 July 2023 29 Sept 2023 26 Jan 2024 12 April 2024
Administration & Employer Funding Viability Wrk Grp	14 April 2023 28 July 2023 29 Sept 2023 26 Jan 2024 12 April 2024

CHAIR

GREATER MANCHESTER PENSION FUND
MANAGEMENT PANEL

24 March 2023

Commenced:	**10.00am**	**Terminated:12.35pm**
Present:	**Councillor Cooney (Chair)** **Councillors: Butt (Trafford), Cowen (Bolton), Drennan, Grimshaw (Bury), Massey (Rochdale), North, Ricci, Ryan, Smart (Stockport), Taylor and Ward** **Ms Herbert (MoJ) joined the meeting virtually** **Fund Observers:** **John Pantall – Independent Advisor** **Councillor Taylor (Stockport)**	
Apologies for Absence:	**Councillors Andrews (Manchester), Barnes (Salford), Cunliffe (Wigan), Jabbar (Oldham), Lane, Quinn and Patrick**	

63. CHAIR'S OPENING REMARKS

The Chair, Councillor Cooney welcomed everyone to the meeting and began by reminding Members that it was more than a year since Russia's invasion of Ukraine. In addition to the death, destruction and hardship to the Country, in the rest of Europe, albeit insignificant by comparison, the war had affected the cost of living and created a lot of volatility in the markets.

The Chair was pleased to advise that the Fund stood at £29.3 billion which was around £300 million more than at the end of December 2022, although it reached a new Fund high when it reached over £30 billion last month.

He noted that Fund members did not bear any financial market risks, their pension promise was set out in legislation and was calculated based on pay and service. Pensions were critical to many members as they struggled with the cost of living crisis and the Chair was pleased to advise that they will increase form 10.1% from the 10 April 2023, which was the first Monday after the start of the new tax year.

It was known that the better the investment performance was, the more resources were available for front line services delivered by employers across Greater Manchester. As would be reported later in the agenda, the valuation process was being finalised and the Chair was pleased to report that, owing to the long term approach that the Fund had taken to achieving low cost sustainable pensions, and the £620 million achieved through not disinvesting, it was possible for the Actuary to propose sustainable cuts to contribution rates.

All local authority pools stood to benefit from contribution rate reductions, with the typical reduction somewhere between 1.0% and 2.0%, this was the equivalent for most GM authorities of 1 to 2% of Council Tax. This was a significant contribution by the Funds to keep costs down at a time of high inflation.

The chair was further delighted to announce that the Fund and its infrastructure partnership GLIL were shortlisted for four awards at the Pension Age Awards on Tuesday, with GLIL winning the specialist sector alternatives manager of the year. This was a great achievement and reflection on the Fund, given its significant involvement.

The Chair made reference to communications circulated recently to some Members, which said that the Fund should win the award for the 'dirtiest fund of the year', he added that this was based on ignorance not fact. The Fund shared the ambition for a transition to a net zero economy, but there was fundamental disagreement on the means to achieve it, with the Fund preferring to be activist owners rather than 'passing the buck' to someone else, which will have no impact on global climate risk.

The best way to achieve the investment objectives and real world decarbonisation was to invest and pressure portfolio companies through robust corporate engagement and active ownership.

The Chair recalled that, last quarter, the Fund won the Investment and Pensions Europe 2022 Pension Fund UK award with the notable achievements of the Fund being recognised, and in particular:

- On a cumulative basis, the Fund had outperformed the average Local Authority Fund by over £5.1 billion;
- The Fund investments already produced more power through renewables than they did from coal and oil;
- Active equity holdings were 20% less carbon intensive than the average pension fund so the Fund was both moving and leading in the right direction to becoming carbon neutral;
- The Fund were also the biggest direct local government pensioner investor in renewable energy and energy efficiency, with nearly a billion pounds allocated in a number of areas including biomass and wind farm assets;
- Government recognition that GMPF were the only Fund to have invested 5% of its assets in local projects across Greater Manchester – investing nearly a billion pound alone in just property infrastructure in Greater Manchester;
- The government's levelling up paper also cited the influence of the GLIL Infrastructure platform, which GMPF established together with a small number of like-minded funds. GLIL has invested around £2.5billion - which included £800 million of GMPF's commitments. Investments included Anglian Water, Forth Ports and Clyde Wind Farm;
- Last year GMPF was one of the first UK funds to be approved as a signatory to the Financial Reporting Council's UK Stewardship Code. The stewardship code was a code requiring institutional investors to be transparent about their investment processes, engage with investee companies and vote at shareholders' meetings. The Fund were successful in being approved again this year following a rigorous process;
- In December last year, the 2021 Responsible Asset Allocator Initiative Leaders List of the 30 most responsible asset allocators ranked GMPF as 35 in the world of most responsible investors. This was out of a group of the top 634 asset allocators across 98 countries with 36 trillion US dollars in assets. The Fund scored an impressive 96 out of a potential 100 to achieve this rating; and
- Earlier this year the Fund set a 2030 interim emissions reduction target in line with the IPCC's (The Intergovernmental Panel on Climate Change) 1.5 degree pathway and reported these publicly:
    1. reduce carbon intensity by 50% by 2030 versus 2019 benchmark; and
    2. Between 2021 and 2030, an additional \$2 billion investment in climate solutions, on top of the \$1 billion already invested through its Northern LGPS infrastructure.

There was currently no legislation in place to cover the LGPS climate reporting. As had been reported to Panel over recent quarters, the DLUHC (Department for Levelling UP, Housing and Communities) had just consulted on climate reporting and target setting in the LGPS. The Fund was fully supportive of the proposals in its public consultation response, and had voluntarily reported in line with guidance for over the last five years. Moreover, the Fund, via its chairing of the Responsible Investor Advisory Group of the Scheme Advisory Board, had taken an active part in helping DLUHC shaped their consultation. The outcome of the consultation was keenly awaited. As a local authority pension scheme, GMPF would report carbon emissions in alignment with the industry leader TCFD (Task Force for Climate Related Financial Disclosure) guidance on methodology as a public pension scheme. The Fund had set portfolio emissions targets in line with science-based pathways as laid out in the Net Zero Investment Framework and the Net Zero Asset Owners Alliance guidance, which were consistent with achieving net zero global emissions by 2050. The best way to achieve the investment objectives and real world decarbonisation was to

invest and pressure portfolio companies through robust corporate engagement and active ownership.
The Chair referenced a further significant announcement last week; the confirmation of a new devolution deal for the Greater Manchester city region. The seventh such deal, it was a wide-ranging and ambitious programme that would hand greater control over policy areas such as education, public transport, housing and environmental sustainability over to the Greater Manchester Combined Authority. The Government had set an ambition of pension funds investing 5% of their assets in 'projects which supported local areas' under government plans to level up the Country. Clearly, it was recognised that LGPS was social workers' and refuse collectors' salary sacrifice to cover their pensions and not government funds to spend on its priorities.

The Chair advised that the Fund had for a number of decades, twin aims to invest locally compatible with its fiduciary duty to seek the return on investment needed to pay pensions, whilst ensuring the money working people had invested for their retirement helped create jobs in their communities. He added that there would be a report later in the agenda on the work that the local investments team had been delivering to achieve this and the Panel would hear from the Good Economy who advised the Government that if all LGPS funds were to allocate 5% to local investing this would unlock £165bn in new investment in the UK.

64. DECLARATIONS OF INTEREST

There were no new declarations of interest submitted by Members.

65. MINUTES

The Minutes of the proceedings of the meeting of the Pension Fund Advisory Panel held on 2 December 2022 were noted.

The Minutes of the proceedings of the meeting of the Pension Fund Management Panel held on 2 December 2022 were signed as a correct record.

66. LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

(a) Urgent Items

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

(b) Exempt Items

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

Items	**Paragraphs**	**Justification**
10, 11, 12, 13, 14, 15, 16, 19, 20, 21, 22, 23, 24	**3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10**	**Disclosure would or would be likely to prejudice the commercial interests of the Fund and/or its agents, which could in turn affect the interests of the beneficiaries and/or tax payers.**

67. LOCAL PENSIONS BOARD

The Minutes of the proceedings of the meeting of the Local Pensions Board held on 19 January 2023 were considered.

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

68. INVESTMENT MONITORING AND ESG WORKING GROUP

The Minutes of the proceedings of the meeting of the Investment Monitoring and ESG Working Group held on 20 January 2023 were considered

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

69. ADMINISTRATION AND EMPLOYER FUNDING VIABILITY WORKING GROUP

The Minutes of the proceedings of the meeting of the Administration and Employer Funding Viability Working Group held on 20 January 2023 were considered

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

70. POLICY AND DEVELOPMENT WORKING GROUP

The Minutes of the proceedings of the meeting of the Policy and Development Working Group held on 2 March 2023 were considered

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

71. NORTHERN LGPS JOINT OVERSIGHT COMMITTEE

The Minutes of the proceedings of the meeting of the Northern LGPS Joint Oversight Committee held on 6 October 2022 were received.

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

72. GMPF BUDGET 2023/24 AND MEDIUM TERM FINANCIAL PLANNING

A report was submitted by the Assistant Director, Local Investments and Property.

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

73. GMPF STATEMENT OF ACCOUNTS 2022-23 - GMPF ACCOUNTING POLICIES AND CRITICAL JUDGEMENTS

A report was submitted by the Assistant Director, Local Investments and Property.

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

74. RESPONSIBLE INVESTMENT UPDATE

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

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

75. 2022 ACTUARIAL VALUATION

A report was submitted by the Director of Pensions.

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

76. LOCAL INVESTMENTS UPDATE

A report was submitted by the Assistant Director, Local Investments and Property and a presentation delivered by representatives of the Good Economy.

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

77. PERFORMANCE DASHBOARD

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

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

78. BUSINESS PLANNING, BUDGET AND RISK MANAGEMENT

A report of the Director of Pensions was submitted.

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

79. ADMINISTRATION UPDATE

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

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

80. LGPS UPDATE

A report of the Director of Pensions was submitted.

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

81. FUTURE DEVELOPMENT OPPORTUNITIES

Trustee development opportunities were noted as follows:

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

82. DATES OF FUTURE MEETINGS

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

Management/Advisory Panel	14 July 2023 15 Sept 2023 1 Dec 2023 8 March 2024
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CHAIR

GREATER MANCHESTER PENSION FUND - LOCAL PENSIONS BOARD

13 April 2023

Commenced: 15:00 **Terminated: 16:30**

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

Apologies for Absence **Chris Goodwin**

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 the 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 LPGS. 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 ntoed.

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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GREATER MANCHESTER PENSION FUND - INVESTMENT MONITORING AND ESG WORKING GROUP

14 April 2023

Commenced: 09:00am **Terminated:** 10:30am

Present:	Councillors Ryan (Chair), Andrews, Butt, Cowen, Drennan, Jabbar, Lane, North, Ricci, Smart and Ward Mr Drury, Flatley, Llewellyn	
In Attendance:	Sandra Stewart	Director of Pensions
	Tom Harrington	Assistant Director of Pensions (Investments)
	Steven Taylor	Assistant Executive Director (Investment Special Projects)
	Paddy Dowdall	Assistant Executive Director (Local Investments and Property)
	Mushfiqur Rahman	Investments Manager
	Lorraine Peart	Investments Officer
	Abdul Bashir	Senior Investments Manager (Public Markets)
	Alan MacDougall	PIRC
	Conor Constable	PIRC
Apologies for Absence:	Councillor Barnes, Massey and Quinn Mr Caplan Fund Observers Pantall and Taylor	

19. DECLARATIONS OF INTEREST

There were no declarations of interest.

20. MINUTES

The minutes of the Investment Monitoring & ESG Working Group meeting on the 20 January 2023 were approved as a correct record with the amendment that Councillor Butt be recorded as present.

21. NINETY ONE ESG UPDATE

Consideration was given to a presentation of the Portfolio Manager and Head of Institutional Sales of Ninety One and the Sustainability Director for the 4Factor approach.

The Director, Head of Institutional Sales detailed the Evolution of Stewardship and Sustainability at Ninety-One. From 2008 to 2020 there was a focus on formal integration frameworks, awareness building, sustainability insights and training. From 2020 to 2022 there was a shift to scalable and efficient responses to integrating through investment teams and expanding sustainable product offerings. From 2022 there was a focus on the alignment and execution of sustainability approach across the firm whilst considering real world impact.

The Sustainability Director presented Ninety One's approach to sustainability as stewards of client's capital. There were 6 principles at the core of Ninety One's approach:

1. **Substance**. Pursue substance over form in all aspects of sustainability
2. **Differentiate between Integration and Impact**. Focus on high quality ESG integration standards for all strategies.
3. **High Quality Integration**. Ensure the range of ESG risks and opportunities were assessed and priced for.

4. **Strategic Engagements**. Enhance understanding of risks and provide the opportunity to improve outcomes.
5. **Continuous Learning**, to improve knowledge in a fast developing area and make use of external and internal expertise.
6. **Holistic approach**. Commitment to advocacy to influence and focus on Ninety One's sustainability credentials.

Ninety One detailed their approach to meeting net zero targets and transition plans. Ninety One prioritised heavy emitters, assessed transition plans using their own framework and undertook engagement over divestment to proactively drive transition. On transitioning their operations, Ninety One used location based accounting, reduced overall energy consumption, and gave specific focus on energy efficiency across offices.

The Working Group were presented with the TPAF a tool for measuring Transition across portfolios. The framework enabled Ninety One to assess where companies were on their transition journeys today and had influence over where they would be in the future.

The Portfolio Manager for Ninety One delivered a presentation on 4Factor Sustainability Credentials. It was explained that Ninety One believed markets were inefficient due to behavioural errors made by investors. They believed a disciplined bottom-up process could mitigate behavioural errors and capture opportunities. They also believed that finding successful investment required fundamental analysis incorporating financial and material non-financial information including sustainability considerations.

It was explained that sustainability analysis was essential to finding successful investments, Ninety One therefore incorporated it across their investment process through:

- **Universe Screening**. Ongoing evaluation into incorporating material non-financial information.
- **Fundamental Analysis**. Evaluating and pricing externalities using proprietary frameworks.
- **Engagement.** Ranging from regular interactions to challenge questions or raise awareness to strategic engagements with material potential to drive change.
- **Portfolio construction**. Monitoring portfolio exposure to carbon and other ESG metrics to identify key sustainability opportunities and risks.
- **Reporting**. Proving insight on key engagements and sustainability credentials of client portfolios.

It was further explained that carbon pathways were integral but only one part of wider sustainability assessments and Ninety-One did prioritise positive change over broad brush exclusions.

Members were presented with the Transition Plan Assessment (TPA) analysis of a case study of a heavy emitting company. It was explained that a transition plan assessment was conducted for all heavy emitters drawing on best-in class frameworks and assessment methodologies. The TPA examined the ambition, credibility and implement-ability of a transition and decarbonisation plan.

The Working Group were presented with a number of case studies and their stages in the journey to reaching targets. The Working Group were advised that over 50% of the Fund's portfolio was committed to science based targets. Members were also presented with the carbon intensity and footprint of the portfolio.

Members discussed how progress was managed along different companies' transition plans. It was explained that ultimately, Ninety One reserved the right to sell the shares in the portfolio but this would only be considered if all steps had been taken to encourage a company to progress with their targets and plan. There had yet to be that experience with any company in the Fund's portfolio. Where companies were taking steps that wound hinder their progress in regards to their carbon emissions targets the first steps that would be taken would be to engage quickly. Many steps or actions taken would be on a case by case basis.

RECOMMENDED
That the presentation be noted.

22. NINETY ONE TRADING COST UPDATE

Consideration was given to a presentation by the Director, Head of Institutional sales for Ninety One. The presentation detailed the transaction and research costs for the Fund's portfolio.

RECOMMENDED
That the presentation be noted.

23. RESPONSIBLE INVESTMENT UPDATE

Consideration was given to a presentation of Representatives of PIRC Ltd on the PIRC Shareholder Voting Guidelines 2023. A copy of the report was attached at Appendix A, and a document highlighting changes from the PIRC Shareholder Voting Guidelines 2022 was attached at Appendix B. PIRC also presented their work on electric vehicle supply chains, and specifically the creation of the "Lead The Charge" benchmark of leading EV manufacturers.

It was reported that the latest iteration of the shareholder voting guidelines included more prescription in relation to investment trusts. Also expectations of boards increased when assessing Say on Climate. For most significant emitters, PIRC was substantially expanding the scope of its analysis and recommendations. The main changes to the guidelines were on expectations on climate change for major emitters and holding board members responsible where companies were falling short and therefore creating potential investment risks.

It was explained that there was growing evidence and consensus to the economic cost. Companies were facing legal action on the climate and there was investor action through shareholder resolutions. Despite the scale of the risks, progress was still slow, it was now eight years since the Paris Agreement. Action was needed to deliver change, PIRC had taken strong positions but wanted to take a more systematic approach.

The focus of the new approach was on the biggest emitters, there was an expectation that companies commit to net zero by 2050, and an expectation that there should be short, medium and long-term targets, aligning to 1.5 degrees pathway. This would show a commitment to addressing risk and enable accountability for whether boards had met targets and successfully addressed climate related financial risks.

PIRC believed that the absence of adequate climate targets at major greenhouse gas emitters was an indicator of serious governance shortcomings. Voting would therefore reflect this. The strongest emphasis would be on the 2050 commitment and short term targets so that investors could hold boards to account on progress. Voting recommendations aimed to hold directors to account for failing to have adequate targets with voting guidelines designed to escalate.

In regards to the "Lead The Charge" benchmark of EV manufacturers, it was reported that the EV transition was taking place and tailpipe emissions were on their way out. However, if the 1.5C emissions pathway was to be achieved then focus would need to turn to the harmful business practices from mining and manufacturing which were all part of the auto supply chain. It was explained that as tailpipe emissions fade away, supply chain emissions end up comprising the bulk of autos lifecycle emissions. Additional emissions-intensive minerals, such as nickel in batteries and greater use of aluminium increases supply chain emissions overall. The Working Group were advised that the objective of the benchmark was to:

- Evaluate major automakers progress towards equitable, sustainable, and fossil free supply chains

- Establish a new expectation for what a “clean” car really is
- Complement existing EV scorecards and other initiatives, rather than duplicate, by focusing on companies’ supply chains, not their own operations

To encourage supply chain transparency and disclosure, companies had been scored solely on publicly available official reporting which had received board level sign off. It was also explained that indicators were aligned with existing benchmarking initiatives and relevant legislation. Each category had the same indicator structure and scoring had been weighted towards implementation indicators.

Members of the Working group were presented with some examples of the scorecard and provided links to the full scorecard at leadthecharge.org.

RECOMMENDED
That the presentation be noted.

24. GMPF SUBMISSION TO THE UK STEWARDSHIP CODE REPORTING FRAMEWORK

Consideration was given to a report of the Director of Pensions / Assistant Director of Pensions (Investments). The report detailed the draft updated GMPF Stewardship Report for submission to the Financial Reporting Council.

The 2020 Stewardship Code consists of 12 Principles that were applicable to GMPF as an asset owner that are divided into four main categories (Purpose and Governance, Investment Approach, Engagement and Exercising Rights and Responsibilities). For each Principle, GMPF was required to provide a summary of:

- Context (why was this activity being undertaken?)
- Activities (what the activity was?)
- Outcomes (what were the desired outcomes and possible consequences?)

The Stewardship Report should be a single document structured to give a clear picture of how GMPF had applied the 12 Principles and should be fair, balanced and understandable. GMPF’s draft updated Stewardship Report was attached at Appendix B.

In order to maintain its signatory status, asset owners such as GMPF, were required to demonstrate their stewardship activities for the reporting period between 1 January and 31 December each year with the deadline for submitting reporting this year being 31 May. There were currently no tiers in place when the reporting was being assessed.

Once the Stewardship Report was submitted and approved by the FRC, it was required to be a public document and must be made available on GMPF’s website.

GMPF’s second submission in April 2022 to the 2020 Code was accepted in September 2022. During the assessment of GMPF’s submission, the FRC highlighted some areas the Fund could improve its reporting on. Attached as Appendix A was confirmation of GMPF’s successful submission and the FRC’s feedback where it could improve reporting.

RECOMMENDED
That the draft updated GMPF Stewardship Report be endorsed for submission to the FRC.

25. CLASS ACTIONS UPDATE

Consideration was given to a report of the Director of Pensions / Assistant Director of Pensions (Investments). The report provided Members with an update on litigation in which Greater

Manchester Pension Fund (GMPF) actively sought to recover losses in the value of its shareholdings in various companies as a result of actions taken by those companies.

The report provided a summary of outstanding or recently settled active class actions. It was stated that there were no major receipts within 2022 and there were 3 new cases detailed in the report.

RECOMMENDED
That the report be noted.

26. INVESTMENT CONSULTANTS OBJECTIVES FOR HYMANS ROBERTSON

Consideration was given to a report of the Director of Pensions / Assistant Director of Pensions (Investments). The report provided members of the Working Group with an update on investment consultant objectives and a review of Hymans Robertson's performance (versus objectives) for the year 2022.

The Working Group were reminded that the Management Panel agreed to delegate, to the Director of Pensions, the setting of detailed objectives for the Fund's investment consultant (Hymans Robertson) by 10 December 2019, such detailed objectives being in line with the broad framework as set out in the Hymans Robertson report. Hymans Robertson provided GMPF with an initial draft 'menu' of objectives, which formed the basis of the final set of objectives. Officers agreed the final set of bespoke objectives for the investment consultants, Hymans Robertson, on 6 December 2019, a copy of which has been provided to Hymans Robertson. The agreed objectives for the investment consultants were attached at Appendix A.

In June 2019, the CMA published its final order following a review of the investment consulting and fiduciary management markets. Consequently, pension scheme trustees must submit 'compliance statements' stating that they had complied with the above requirements. The most recent of which needed to be submitted between 10 December 2022 and 7 January 2023 and annually thereafter. On 6 January 2023, the Chair of the Greater Manchester Pension Fund Management Panel submitted the Fund's annual compliance statement to the CMA confirming the Fund's compliance with Part 3 and Part 7 of the Order.

As part of the Fund's annual review, Hymans Robertson's performance over the preceding year had been evaluated and a qualitative assessment versus objectives undertaken. To support the assessment of performance versus investment consultants objectives, Hymans Robertson provided 'evidence' of work undertaken and areas of focus over the year. This information was attached at Appendix B.

Officers concluded that Hymans Robertson had met their investment consultants objectives for 2022. As part of ongoing deliberations, areas of focus and specific projects, as well as feedback had been discussed. It is not proposed to make any changes to the agreed investment consultant objectives at this stage.

RECOMMENDED
That the report be noted.

27. URGENT ITEMS

There were no urgent items.

CHAIR

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

14 April 2023

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

Present: Councillors North (Chair), Andrews, Butt, Cowen, Cunliffe Drennan, Jabbar, Patrick and Ricci,

Mr Llewellyn, Flatley and Drury

In Attendance:

Sandra Stewart	Director of Pensions
Emma Mayall	Assistant Director of Pensions (Pensions Administration)
Victoria Plackett	Head of Pensions Administration
Joanne Littlejohn	Employer Services Strategic Lead
Georgia Ryan	Developments & Technologies Strategic Lead

Apologies for Absence: Councillor Grimshaw, Massey, Taylor, Quinn and Ryan

Ms Blackburn

Fund Observers John Pantall and John Taylor

31 DECLARATIONS OF INTEREST

There were no declarations of interest.

32 MINUTES

The minutes of the Administration, Employer Funding and Viability Working Group 20 January 2023 were approved as a correct record.

33 ADMINISTRATION STRATEGIC SERVICE UPDATE

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

The Assistant Director for Administration detailed the progress on key strategic business plan items. Work to enhance the functionality and usability of My Pension online continued. Currently, officers were focused on updating the retirement process for contributing members. Work on this project continued to go well and the improved functionality would be rolled out to more processes over the coming months.

Work on the 2022 valuation was now complete, with the Fund's Actuary having issued the Valuation reports and rates and adjustments certificate. This project was therefore now complete. Work on all IT projects continued to go well. Further improvements to the disaster recovery and back up arrangements had been made recently, with work also having progressed on the project to improve cyber security resilience and controls.

The regulations and guidance on McCloud were still awaited. The Government's response to their consultation in 2020 appeared to have been further delayed but was expected imminently. This was expected to be followed by a consultation on draft regulations, with regulations being made before the summer recess in 2023. This would be very close to the expected implementation date of 1 October 2023. This was likely to create some issues as there would be no opportunity to make pension system amendments in this timeframe. Therefore, manual calculations and amendments were likely depending on the content of the regulations. This project would be a key focus for officers for the next twelve months and beyond once the implications of the final regulations were fully known and understood.

In regard to the Administration Work and Performance, a performance dashboard for quarter 2 (October to December 2022) could be found attached at Appendix 1. Overall, levels of casework and performance against turnaround targets remained relatively consistent. Performance levels remained high and work on projects that support improving the service provided to members had continued.

It was explained that although call and email contact and response times were as expected during the quarter, the figures since January 2023 had been higher than expected and the Customer Services team had struggled to deal with the calls and requests received. Officers had been looking into the issues and at possible solutions and more work on this area would follow in the coming weeks. These issues would be reflected in the statistic for the next quarter.

As covered at the March 2023 Management Panel meeting, there remained several challenges with the work to finalise the accounts for 2021/22. Work was now underway on the project to produce the annual report and account for 2022/23. A year-end closure timetable was in place, and the GMPF Accountancy team was working toward completing the accounts by the end of June with a full draft set of financial statements to be available in the third week of June 2023.

In regard to the compliance with the pension regulators code of practice. It was reported that TPR had recently issued communications confirming that the single code would now be called the General Code of Practice and was likely to be published mid-April 2023. 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.

On the 2 March 2023, the Department for Work and Pensions announced plans for a 'reset' of the Pensions Dashboards Programme, with a further update on the plan for the delivery of pensions dashboards expected before summer recess. It was believed under the 'reset' the framework for dashboards would remain unchanged, although DWP would legislate to provide new connection deadlines and further information on the revised timeline would be made available following an agreement on PDP's updated delivery plan. Officers would continue to monitor the progress of this project closely and consider the impact of the delays on GMPF's dashboard project and resource plans.

One of GMPF's business plan objectives was to work to achieve PASA accreditation. PASA is the Pensions Administration Standards Association and aims to promote and improve the quality of pension's administration services for UK pension schemes. GMPF is already a member of PASA.

Hymans Robertson was supporting the GMPF team with this process by providing project management support. Initial project meetings were held in August and September 2022 and a project management structure was now in place and a gap analysis exercise had been carried out. From this, several work streams had been identified and work was carried out last quarter on identifying all the actions that need to be undertaken. A project highlight report showing high level progress made so far was attached at **Appendix 2.** Originally, the aim had been to try to achieve accreditation by October 2023. However, based on current progress and evaluation of the further work that needs to be undertaken, this has been revised to February 2024.

As reported at the last meeting, a small number of GMPF employers had recently been reviewing their pension provisions and as a result, two GMPF employers had exited the Fund in the last quarter. These employers did not have a guarantor and were not part of an actuarial pool, and therefore were considered high-risk employers within the Fund. There were also a small number of other employers within the Fund who were currently in the process of reviewing their pension provision and had sought to engage with GMPF on this matter.

Over the last quarter, officers had been reviewing and updating the trustee training policy and creating a new trustee training plan for 2023/24. In the coming weeks, updates would be made to the Governance area of the GMPF website and work would begin on creating new trustee training events to reflect the changes agreed.

RECOMMENDED
That the report be noted.

34 ADMINISTRATION MEMBER SERVICES UPDATE

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

It was reported that 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. Statements for members with benefits on hold would be processed first and uploaded to My Pension accounts by 31 May 2023. Members who had requested paper communications would also receive their Annual Benefits Statement by this date.

It was explained that 'Scheme pays' was a mechanism by which the annual allowance tax charge could be paid by a pension scheme, rather than by the member personally. A tax charge could arise when the annual allowance limit was exceeded. A member could choose to use the scheme pays option, which reduced their future pension entitlement, rather than pay the charge directly to HMRC. 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.

The project to move processes online continued to progress. Work was underway to improve the online process for contributing members who retire.

A key project during the next quarter will be to test and implement bulk processing for members with benefits on hold who leave with different leavings dates (for post 2014 joiners only). This would bring significant efficiencies for the team. The Leaving Members team would continue to work with colleagues across the office to test this new facility.

The 2023 National Fraud Initiative exercise had now begun. This was a bi-annual exercise that matches electronic data within and between public and private sector bodies to prevent and detect fraud. The exercise was run by the Cabinet Office and was led and coordinated internally by the Tameside MBC Internal Audit team. Reports were received and checks were undertaken to establish if payments were being made in error. The results of this work would be presented to a future meeting.

In regard to pension overpayment recovery, Appendix 1a provided details of all pension overpayment cases reviewed in quarter 3. Confirmation of the total pension overpayment amounts attempting to be recovered as of 28 February 2023 could be found attached at Appendix 1b.

In addition to measuring the performance using key performance indicators, GMPF issues surveys to members to obtain a view of member experience for several key processes. Two surveys were carried out in quarter 3 and the results were subsequently reviewed by the Complaints and Issues Board. Appendices 2a and 2b provided details of the questions asked in the surveys and show the responses received from members. All subsequent actions identified were added to a surveys action plan, a copy of which was provided at Appendix 2c.

The Working Group were advised that the new retirement process for contributing members, which was due to go live in the next quarter, would take into consideration the feedback provided from the survey detailed in Appendix 2b. Further changes would be made in the coming months after feedback from the next surveys was received.

RECOMMENDED
That the report be noted.

35 ADMINISTRATION EMPLOYER SERVICES UPDATE

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

It was reported that 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. Work was ongoing with these employers. The team continued to monitor schools that were looking to convert to academy status. There were currently 60 schools considering conversion. There were also nine possible free schools to be created in the Greater Manchester region. A list of all applications ongoing and those applications agreed or closed over the last quarter was attached at Appendix 1. GMPF had admitted 15 employers since the last Working Group meeting, eight of which had backdated effective dates prior to 1 April 2022

A review of the admissions procedure was currently underway to ensure processes were as efficient as possible and employers were admitted more promptly to the Fund going forward.

In regard to monthly data collection, the Employer Data team supported all employers to submit their monthly data return correctly and on time. The number of submissions received on time had been improving each month, with 88 per cent of employers meeting the deadline in January 2023. Work was ongoing with those employers who are not submitting their data on time to provide them with the necessary support to achieve the deadline. The table in Section 1 of the attached A**ppendix 2** showed local authority monthly data submission performance from March 2022 to February 2023.

It was explained that it was important that all data submissions were accurate and on time. However, this was particularly important for the March monthly submission as the data provided was used in the Annual Benefit Statements and the Pension Savings Statements for members. A year-end plan was in place to ensure employers understand this, were engaged and fully aware of the data they needed to supply and the deadlines they needed to achieve. Tasks undertaken by GMPF had included issuing a year-end newsletter and providing online training for all employers to attend or watch on demand. The training sessions were attended by 150 individual employer representatives from 78 employers, and a communication was sent to all employers who did not attend advising them to watch the session prior to submitting their March 2023 return.

An improvement project had also begun this quarter to look at how the accuracy of the monthly data received could be improved further and at the efficiencies that could be made to the processes for collecting and reconciling monthly payments. This project forms part of the overarching data improvement work.

It was reported that in regard to data collection for McCloud, 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. The Employer Services teams were responsible for undertaking this part of the McCloud project and for ensuring data accuracy was maintained throughout. Communications had been sent to all employers to inform them that the data collection and verification part of this project was about to commence and to warn them that they would need to conduct some data checks and provide missing data. This work would begin in April 2023.

The Working Group was advised that an indication of the performance of GMPF's larger employers was gained by recording data about the timeliness of new starter and early leaver information, and the number and age of queries that are outstanding with those employers. This data was provided to all local authorities, the Chief Constable of Greater Manchester, and the National Probation Service monthly. Performance data was available in Sections 2, 3 and 4 of the attached **Appendix 2**.

The team was currently producing detailed information for local authorities about their performance. The Year in Review document was first produced for the 2021/22 year and was well received. Issuing these reports was now an annual exercise and the team is looking to expand the number of employers that they provide these reports to, starting with the larger non local authority employers.

The timeliness of contribution payments and other employer debts, such as those relating to the costs associated with early retirements, was also collated. The current position relating to employer debt could be found in the attached **Appendix 3.**

The Employer Liaison team had scheduled quarterly meetings for the 2023 year with all local authorities, the Chief Constable of Greater Manchester, and the National Probation Service. A review of the format of these meetings was in progress to ensure they remained beneficial to both parties. It was mentioned at the last working group meeting that the team had commenced six monthly guided inductions with new employers to ensure that they are fully aware of their obligations. This process included providing support, training, and guidance. This offer had now been extended to employers who were taking on new contracts with GMPF, employers who were failing to meet expected performance levels, and those employers who have had a large turnover of staff.

Employer training on ill health, discretions, pensionable pay, retirements, leavers, topping up benefits and the Altair pensions administration software was all now available to employers. Additional training was held this quarter to assist employers with understanding the importance of their March data submission. So far, 623 employer representatives had attended one or more of the training events since the training events programme began.

The iConnect system, which was used to collect monthly data, was introduced in 2018 and a significant amount of work had been undertaken by the Employer Data team since then to support all employers to use it successfully. The challenge for the team now was to review and improve the processes, and to ensure all employers and GMPF could reap the full benefits of the system. The GMPF team would be working with other LGPS funds who use the iConnect system in the coming months to identify and develop learning opportunities.

RECOMMENDED
That the report be noted.

36 ADMINISTRATION COMMUNICATIONS & ENGAGEMENT UPDATE

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

The Customer Services and Communications dashboard was attached at **Appendix 1**. 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.

It was reported that call and email volumes reduced through the quarter, as was usual at that time of year as Christmas approaches. A steep increase in queries normally followed at the start of the new year, and this was the case in January 2023. However, 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.

This would be reflected in the dashboard for quarter 4 that would be available at the next meeting. These challenges were being addressed and steps were being taken to review team processes, arrange regular support from other teams, and to recruit additional Customer Service officers to increase team size and resilience. Service levels were not currently at an acceptable level; however, it was expected that levels would improve once these developments and changes were made.

The GMPF Complaints and Issues Board met each month to review all complaints, suggestions, compliments, and disputes received. Dashboards containing feedback and further actions for October, November, and December 2022 were provided in **Appendix 2**. In this three-month period, there were 13 compliments and 10 complaints received. The compliments were largely about helpfulness and efficiency of pensions office colleagues. The complaints were varied and included problems with logging out of My Pension, a suspended pension, and a member being unable to take a trivial commutation.

In regard to the email routing implementation, it was reported that the Customer Services contact centre system included a feature called email routing, which allowed member emails to be distributed to the team along with telephone calls. This feature had been used since April 2022 to manage emails received about My Pension. Work had been underway since then to use this feature to manage all email subject types that were received. By doing this, the team would be able to better monitor incoming emails and response times. The work was almost finished with final preparations being done to internal team processes before going live.

The Working Group was advised that member registrations for My Pension continued to increase steadily each month. Current statistics on the number of members signed up to My Pension and the number of members who had opted for paper communications could be found in the dashboard in **Appendix 3.** A promotional postcard, aimed at encouraging members with benefits on hold to register for My Pension was sent out during January, February, and March 2023. This postcard was sent to members aged 50 to 59. Out of the 2965 postcards sent out in the first two months, 149 recipients had since registered.

It was reported that anew 'You said, so we did' webpage had been added to the employer area of the website. This webpage highlighted where employers have provided feedback and allowed the team to demonstrate the changes made based on that feedback. It was hoped that by highlighting these changes it would encourage more feedback from employers and help GMPF to provide a better service.

The Communications and Engagement service had a written strategy document that set out how GMPF aims to communicate and engage with its stakeholders and that sets specific objectives to be achieved as part of business planning processes.

Objectives in the previous Communications and Engagement Strategy were established up to the end of March 2023. Therefore, a new strategy had been produced to incorporate the projects planned for the next two years. The updated strategy was available to view in **Appendix 4.**

RECOMMENDED
That the content of the report be noted and the new Communications & Engagement Strategy be approved.

37 ADMINISTRATION DEVELOPMENTS & TECHNOLOGIES UPDATE

Consideration was given to a report of the Director of Pensions/Assistant Director for

Administration. The report provided the Working Group with a summary of the work and projects being carried out by the Developments & Technologies section of Pensions Administration.

It was reported that at the start of the year, work was undertaken to migrate all remaining data, systems, and services from an outdated physical server to a new server. This work was carried out in full, with minimal disruption, and the risks associated with system down time and data loss had now reduced.

The IT platform that the GMPF website was built on will be reaching end of life later this year, and so a new platform needs 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. This work would be undertaken in the summer, with the associated costs of this work already accounted for in the budget.

As reported in January 2023, the audio-visual requirements for the Conference Room were more complex and consultancy support had been procured to assist with this work. This work was due to be completed in the coming weeks. The equipment and resources will then be procured, and the new solution installed in quarters 1 and 2 of 2023/24.

The team had also been focusing on the implementation of a new software product that would support all colleagues with their personal development. The cloud-based system was designed to empower staff to take control of their own personal development, increasing engagement and supporting succession planning. The team had been working with the software provider to conduct the necessary cyber security checks and complete data protection impact assessments. The next steps of this project would include testing, roll-out and training, which would all be undertaken in the coming weeks.

In regards to the McCloud project the Systems Development team was responsible for leading GMPF's McCloud project, and for coordinating all tasks that need to be undertaken. The tasks undertaken this quarter had focused on the data collection aspect of the project. Over the last quarter, the project team had been working to determine which member records need to be checked against employer payroll records. An analysis of the options available for conducting the data checks had been undertaken to make sure that the approach taken was secure, manageable, and appropriate for both the Fund and its employers.

The Employer Services section would be coordinating the work needed to collect and verify data with employers, and more details about this work was provided in the Employer Services update report.

This was a large project, with over 600 files of data needing to be prepared and sent to the relevant employers. Returned files would then need to be checked and member records updated. For large employers especially, this would also be a challenging task, and the team would be looking for ways to support them as the work progresses. Input will also be needed from the Internal Audit team, to provide assurance that the approach is appropriate and robust. Further updates on the progress of this project would be provided each quarter as the work progresses.

On compliance activities, it was reported that the Government's recent spring budget introduced changes relating to the annual allowance and lifetime allowance pension. Officers would be evaluating the impact of these changes and reviewing all regulatory amendments to determine the impact on GMPF's procedures, and the changes needed to communications and system calculations.

The strategy for Developments and Technologies service was updated annually. It contained details of the key projects and work items that were to be undertaken during the next twelve months. Appendix 2 provided information about the objectives that had been set for the 2023/24 year. Updates on each of these objectives would be provided with each Working Group report throughout the year.

Members of the Working Group discussed the changes the Government made on the pension revaluation process. It was explained that when the LGPS became a career average scheme in April 2014, annual increases applied to a member's career average pension were applied on 1 April each year. The Department for Levelling Up, Housing and Communities recently changed this, with revaluation now to be applied from 6 April instead. This change sought to remove the impact of inflation on the annual allowance for all members, other than for those members whose benefits were in payment and any death grants relating to deferred and pensioner members who died in the period 1 to 5 April.

RECOMMENDED
That the contents of the report be noted.

38 URGENT ITEMS

There were no urgent items.

CHAIR

GREATER MANCHESTER PENSION FUND - POLICY AND DEVELOPMENT WORKING GROUP

22 June 2023

Commenced: 11:00am **Terminated: 12.50pm**

IN ATTENDANCE

Councillor Cooney (Chair)	
Councillor Fitzpatrick	
John Thompson	**Trade Union Representative (UNITE)**
John Pantall	**Independent Observer**
Councillor John Taylor (Stockport)	**Observer**
Mark Powers	**Advisor to the Fund**
Peter Moizer	**Advisor to the Fund**
Ronnie Bowie	**Advisor to the Fund**
Sandra Stewart	**Director of Pensions**
Tom Harrington	**Assistant Director of Pensions (Investments)**
Paddy Dowdall	**Assistant Director of Pensions (Local Investments and Property)**
Steven Taylor	**Assistant Director of Pensions (Special Projects)**
Neil Cooper	**Head of Pension Investment (Private Markets)**
Kevin Etchells	**Principal Investment Manager (Local Investments)**
Michael Ashworth	**Senior Investments Manager (Public Markets**
Andrew Hall	**Investment Manager (Local Investments)**
Abdul Bashir	**Investment Manager (Public Markets)**
Mushfiqur Rahman	**Investments Manager (Public Markets)**
Alex Jones	**Investment Officer (Local Investments)**
Ben Farmer	**Hymans Robertson**
Elaine Torry	**Hymans Robertson**

Apologies for absence: **Councillor North and Petula Herbert**

1. DECLARATIONS OF INTEREST

There were no declarations of interest.

2. MINUTES

The minutes of the meeting of the Policy and Development Working Group held on the 2 March 2023, were approved as a correct record.

3. INVESTMENT STRATEGY AND TACTICAL POSITIONING 2023/24

Consideration was given to a report and presentation of the Assistant Director of Pensions Investments, to facilitate a discussion of key relevant points between Working Group members and the Advisors in order to inform the finalised version of the report to Panel.

In addition, Hymans Robertson (Hymans) had undertaken asset liability modelling (ALM) of the Main Fund. The purpose of the ALM was to inform discussions on investment strategy and provide some context, quantitatively. ALM analysis provided a quantitative framework for considering whether the existing benchmark asset allocation remained appropriate for achieving the Fund's long-term objectives and consideration of risk exposures and downside risks inherent within the strategy. Hymans then presented the ALM analysis, which was attached as Appendix B to the report.

It was explained that the Investment Managers and Advisors believed that the current investment strategy was capable of delivering the required returns over the long term (albeit one Fund Manager was a more pessimistic 'dissenting' voice). Economic uncertainties remained, with a medium term outlook that, while broadly positive, could potentially encompass a number of unattractive scenarios (including the likelihood of economic recessions in the short term). In such circumstances, it was not apparent that any significant changes to the Fund's approach would prove beneficial, other than the diversification methods already being employed by the Fund.

The increasing maturity profile of Fund employers as public sector spending reductions continued, were likely to reduce the tolerance of the Fund to its volatility of returns between years. Officers continued to work with Hymans Robertson (Hymans) on this issue. Options were being considered for better aligning Employers' investment strategies to their own (recently improved) funding position, which would help to reduce the funding level volatility of individual employers, and therefore the Fund as a whole.

Attention would continue to be devoted to the investment issues surrounding the particular circumstances of specific employers and it was intended to undertake further work in that area post the 2022 Actuarial Valuation.

Historically, the Main Fund benchmark had contained an allocation of 10% to Property. Actual exposure to Property had long under-achieved this target exposure and currently amounted to around 8.5% of Main Fund assets. Separately, and where appropriate, 'realistic' benchmarks for Private Market assets and Local Investments would be increased to reflect the strong progress made in implementing these portfolios during 2022/23. The likelihood of reaching these strategic benchmark weights would of course depend on how markets behaved over that timeframe. The rapidly rising equity markets of recent years had meant an increased £ amount allocation was required to reach the target weights (although the recent market falls of 2022 had somewhat attenuated this). Officers were working with Hymans with a view to enhancing the benchmark indices used.

One immediate implication of the increasing maturity of the Fund was the change in the balance of cashflows between inflows (from employer and employee contributions) and outflows (for pension payments) whereby the latter now significantly exceeded the former with the net outflow growing year by year. The need to fund the increasing investments in Alternative, Property and Local assets, and to preserve an appropriate allocation to cash, were likely to necessitate additional withdrawals of assets from the Fund's Investment Managers over the coming years. Additional cash required over and above that currently held within the Fund would be sourced from the Main Fund's roster of public markets equities and investment grade bond Investment Managers. Following completion of the 2022 valuation, Officers were working with Hymans to review the Fund's liquidity arrangements and would report back to future meetings of the Panel.

Approval for a pilot Global (Developed) Value Equity allocation within the UBS Portfolio was given at the 24 November 2022 meeting of the Policy and Development Working Group. Following approval, a new UBS Global (Developed) Value Equity portfolio was incepted on 20 December 2022, equating to 2.6% of UBS' multi-asset portfolio and was funded from assets already managed by UBS. The Global (Developed) Value Equity allocation would be kept under review and increased subject to satisfactory progress against the standard monitoring framework and prior approval by Panel. It was anticipated that any increases would take into account the Main Fund's gradual reduction of exposure to the UBS Value Team within the regional equity allocation (as a result of the established Main Fund's 'come what may' move towards a global market cap 'centre of gravity').

It was concluded that the Fund was facing a range of strategic and tactical investment related issues, each having their own 'research agenda' in terms of background work, policy formulation and practical implementation. How the Fund addressed these issues and implemented suitable changes would be a critical determinant of its standing in 5 or 10 years' time.

Discussion ensued with regard to the above and the Advisors were supportive of broadly maintaining the current investment strategy, commenting in particular on the reliability of long term asset liability modelling, the Fund's current excellent funding position and the opportunities this afforded to take advantage of high interest rates.

RECOMMENDED
That there be no significant changes to the Fund's approach and the current Investment Strategy and long term direction of travel be maintained.

4. INTERNALLY MANAGED PORTFOLIOS: INVESTMENT MANDATES

The Assistant Director of Pensions Investments submitted a report explaining that a significant and increasing proportion of Main Fund assets were managed internally, a trend which was expected to continue for the foreseeable future.

It was explained that at the September 2020 meeting of the Policy and Development Working Group, Mark Powers, Advisor to the Fund, made a proposal for an initiative to formalise and codify the internally managed portfolios, in a similar way to other recent initiatives.

This proposal was enacted in 2021 with the formalisation and codification of a set of standardised Investment Mandates for all Internally Managed Portfolios.

The report included a third iteration of mandates.

RECOMMENDED
That the Investment Mandates for the Internally Managed Portfolios, as appended to the report, be adopted by the Panel.

5. PRIVATE EQUITY: REVIEW OF STRATEGY AND IMPLEMENTATION

The Assistant Director of Pensions, Investments, submitted a report and Members received a presentation, which provided a review of activity and of the strategy and implementation approach regarding investment in private equity.

The report and presentation outlined:

- Current approach to investing in Private Equity;
- Implementation during calendar year 2022;
- Current position against current strategy;
- Review of strategy; and
- Review of Implementation.

Discussion ensued with regard to the above and it was:

RECOMMENDED

(i) Consistent with the recommendations of the Main Fund Investment Strategy Review, the medium-term strategic allocation for private equity remains at 5% by value of the total Main Fund assets;

(ii) the target geographical diversification of the private equity portfolio remains:

Geography	Target Range
Europe inc UK	35% to 50%
USA	35% to 50%
Asia & Other	10% to 20%

(iii) the investment stage diversification of the private equity portfolio remains:

Stage	Target Range
Lower Mid-Market & Growth	10%-20%
Mid-Market	45%-55%
Large Buyout	30%-40%

(iv) the pace of Primary Fund commitments to be £120m pa so that, together with co-investment deployment of approximately £38m pa on average, private equity exposure is targeted at or around the 5% target strategic Main Fund allocation;
(v) GMPF's private equity strategy is implemented by appropriately sized commitments to Northern Private Equity Pool such that the anticipated deployment will be consistent with the pacing recommendation at 8.5; and
(vi) it is recognised that the portfolio may not fall within the target ranges at 8.3 and 8.4 above from time to time to reflect, *inter alia*, portfolio repositioning.

6. PRIVATE DEBT: REVIEW OF STRATEGY AND IMPLEMENTATION

The Assistant Director of Pensions, Investments, submitted a report and Members received a presentation, which updated the Working Group on investment activity in respect of the Private Debt portfolio during 2022, described the current portfolio and reviewed the strategy for the portfolio and its implementation.

The report and presentation outlined:

- Current approach to investing in Private Debt;
- Implementation during calendar year 2022;
- Actual position against current strategy;
- Review of Strategy; and
- Review of Implementation.

Discussion ensued in respect of the above and it was:

RECOMMENDED
(i) the medium-term strategic allocation for private debt remains at 5% by value of the total Main Fund assets.
(ii) the target geographical diversification of the private debt portfolio remain as follows:

Geography	Target Range
Europe	40% to 50%
USA	40% to 50%
Asia & Other	0% to 20%

(iii) the portfolio should continue to be populated by partnership commitments to funds where the vast majority of investments are senior secured loans;
(iv) the scale of commitment to funds to be £375m per annum, to maintain the strategy allocation; and
(v) it is recognised that the portfolio may not fall within the target ranges at 8.3 above from time to time to reflect, *inter alia*, portfolio repositioning.

7. INFRASTRUCTURE FUNDS: REVIEW OF STRATEGY AND IMPLEMENTATION

The Assistant Director of Pensions, Investments, submitted a report and Members received a presentation, updating members of the Working Group on investment activity in respect of the Infrastructure fund portfolio during 2022, described the current portfolio and reviewed the strategy for the portfolio and its implementation.
The report and presentation outlined:

- Current approach to investing in Infrastructure;
- Implementation during calendar year 2022;
- Actual position against current strategy;
- Review of Strategy; and
- Review of Implementation.

Discussion ensued in respect of the above and it was:

RECOMMENDED

(i) Consistent with the recommendations of the Main Fund Investment Strategy Review, the medium-term strategic allocation to Infrastructure Funds remains at 5% by value of total Main Fund assets;

(ii) the target geographical diversification of the infrastructure portfolio remains:

Geography	Target Range
Europe	50% to 70%
North America	20% to 30%
Asia & Other	0% to 20%

(iii) the target stage diversification of the infrastructure portfolio is amended to reduce the target range for Opportunistic, with a concomitant increase in the target range for Value Added:

Investment Stage	Relative Risk	Target Range
Core & Long Term Contracted	Low	30% to 40%
Value Added	Medium	50% to 70%
Opportunistic	High	0% to 10%

(iv) the pace of new fund commitments is reduced to £160m per annum to maintain achievement of the strategy over a sensible time frame;

(v) the Private Markets team implement the Infrastructure strategy via commitments to private partnerships and to co-investments; and

(vi) it is recognised that the portfolio may not fall within the target ranges at 8.3 and 8.4 from time to time to reflect, *inter alia*, portfolio repositioning.

8. SPECIAL OPPORTUNITIES PORTFOLIO: REVIEW OF STRATEGY AND IMPLEMENTATION

Consideration was given to a report and presentation of the Assistant Director of Pensions Investments, updating the Working Group on investment activity in respect of the Special Opportunities Portfolio during 2022, described the current portfolio and reviewed the strategy for the portfolio and its implementation.

The report and presentation outlined:

- Current approach to investing in Special Opportunities;
- Implementation during calendar year 2022 – Private Debt Opportunities;
- Implementation during calendar year 2022 – Real Assets;
- Actual position against current strategy;
- Review of Strategy;
- Review of Implementation – Private Debt Opportunities;
- Review of Implementation – Real Assets; and

Discussion ensued in respect of the above and it was:

RECOMMENDED

(i) the allocation to the Special Opportunities Portfolio remains at <u>up to</u> 5% by value of the total Main Fund assets; and
(ii) the main strategic control to remain the Type Approval mechanism described at Section 3.2.

9. UK PROPERTY PORTFOLIO: REVIEW OF STRATEGY AND IMPLEMENTATION AND PERFORMANCE MONITORING

The Assistant Director, Local Investments and Property, submitted a report and delivered a presentation updating the Working Group on investment activity in respect of the UK Property Portfolio during 2022. It further reviewed future strategy and implementation.

The report and presentation outlined:
- Current portfolio construction;
- Current portfolio metrics;
- Deployment progress during 2022;
- Portfolio cashflow forecast;
- Key strategic objectives;
- Proposed deployment routes; and
- Portfolio pacing and pacing recommendation.

Discussion ensued in respect of the above and it was

RECOMMENDED
(i) That the medium-term strategic allocation for the UK Property portfolio remains at 8% by value of the total Main Fund assets;
(ii) That the current Northern LGPS UK Housing allocation is transferred from local investments to UK Property as a deliberate over-weight position against the sectoral weightings within MSCI benchmark;
(iii) That the UK Property portfolio construction is revised to the following sub allocations as per the contents of the report;

Allocation	Proposed Allocation Range	Proposed Allocation	Target MSCI Outperformance
Direct Property	2-3%	2.5%	0%
Balanced Funds	2-4%	3.0%	0%
Specialist	0-2%	1.0%	2%
Housing	1-2%	1.5%	0%
	7-9%	8.0%	

(iv) That the pacing of commitment to UK property continue as per section 9.8 in order to meet a “realistic” target of allocation of 8% of the Main Fund allocation by end of 2025; and
(v) That it be recognised that the portfolio may not fall within its target ranges from time to time to reflect, *inter alia*, portfolio repositioning.

10. OVERSEAS PROPERTY PORTFOLIO: REVIEW OF STRATEGY AND IMPLEMENTATION

The Assistant Director, Local Investments and Property, submitted a report and delivered a presentation updating the Working Group on investment activity in respect of the Overseas Property portfolio during 2022. It further described the current portfolio and reviewed the strategy and the implementation.

The report and presentation outlined:

- Current approach to investing in Global Property;
- Implementation during calendar year 2022;
- Current position against current strategy;
- Review of Strategy; and
- Review of Implementation.

Discussion ensued in respect of the above and it was:

RECOMMENDED

(i) That the medium-term strategic allocation for the Overseas portfolio remains at a target range of 0-3% by value of the total Main Fund assets;

(ii) That the Overseas Property target risk remains:

Risk Factor	Investment Characteristics	Outperformance over UK IPD	Target Portfolio Weight	Range
Matching (core and core plus strategies which are intended to match long running UK IPD – whilst providing diversification benefits)	**Low to moderate use of leverage, benchmark level active management, and high-income return component.**	**0% (Europe and US) 2% (Rest of World)**	**50%**	**40 – 60%**
Enhancing (value add and opportunistic strategies which are intended to enhance long running UK IPD through active management)	**Moderate to high use of leverage, above benchmark level of active management and high capital value return component.**	**4% (Europe and US) Enhancing strategies in the Rest of the World will not be considered.**	**50%**	**40 – 60%**

(iii) That the Overseas Property target geographic diversification remains:

Geography	Target Portfolio Weighting	Range
US	**45%**	**30 – 60%**
Europe	**45%**	**30 – 60%**
Rest of the World	**10%**	**0 – 20%**

(iv) That the pacing of commitment to funds to remain at £100m per annum in order to maintain a "realistic" target allocation of 2% of the Main Fund allocation over the next 4 years; and

(v) That it is recognised that the portfolio may not fall within its target ranges from time to time to reflect, inter alia, portfolio repositioning.

11. PROPERTY VENTURE FUND: REVIEW OF STRATEGY AND IMPLEMENTATION

A report was submitted and a presentation delivered by the Assistant Director, Local Investments and Property, which updated the Working Group on investment activity in respect of the Property Venture Fund (GMPVF) portfolio during 2022. The report described the current portfolio and reviewed the strategy for the portfolio and its implementation.

The report and presentation outlined:

- Current approach to investing in the Property Venture Fund;
- Implementation during calendar year 2022;

- Current position against current strategy;
- Review of Strategy; and
- Review of Implementation.

Discussion ensued in respect of the above and it was

RECOMMENDED

(i) the medium term strategic allocation for the GMPVF portfolio remains at 2.5% by value of the total Main Fund assets;

(ii) the target geographical diversification of the GMPVF portfolio remains:

Geography	Target Range
Greater Manchester	60%-100%
Northern LGPS Area (ex GM)	0%-40%

(iii) the investment stage diversification of the GMPVF portfolio is amended as follows:

Stage	Current Core %	Current Range	Proposed Core%	Proposed Range	Change %
Income Generating Property	33%	20% - 45%	50%	40% - 60%	17%
Development Equity	15%	5% - 25%	20%	15% - 30%	5%
Development - Mezzanine Debt	26%	15% - 35%	10%	5% - 15%	-16%
Development - Senior Debt	26%	15% - 35%	20%	15% - 30%	-6%
	100%		100%		

(iv) the sector diversification of the GMPVF Income Generating Properties is amended as follows:

Sector	Current Core %	Current Range	Proposed Core%	Proposed Range	Change %
Industrial	35%	25% - 45%	50%	40% - 60%	15%
Offices	35%	25% - 45%	25%	15% - 35%	-10%
Other (Retail,Leisure, Housing, Alternatives)	30%	20% - 40%	25%	15% - 35%	-5%
	100%		100%		

(v) the permitted range of exposure to speculative risk, based on a percentage of the total amount committed by GMPVF, remains:

	Range
	% of Committed
Pre - Let	20-100
Speculative	0-80

(vi) commitments to projects continue to be scaled and timed such that, combined with investments in income producing property and likely realisations of existing developments, the allocation is deployed over the medium term. It is recognised that at any given time, the portfolio may vary significantly from the target ranges shown above.

12. IMPACT AND INVEST FOR GROWTH PORTFOLIO: REVIEW OF STRATEGY AND IMPLEMENTATION

The Assistant Director, Local Investments and Property, submitted a report and delivered a presentation reviewing the activity in respect of the Impact portfolio, which included the legacy Invest for Growth portfolio, during 2022.

The report and presentation outlined:

- Current approach to investing;
- Implementation during calendar year 2022;
- Current position against current strategy;
- Review of Strategy; and
- Review of Implementation.

Discussion ensued in respect of the above and it was:

RECOMMENDED

(i) The medium term strategic allocation for the Impact portfolio remains at 2% by value of the total Main Fund assets.

(ii) The Impact Theme target diversification for the Impact portfolio remains:

Impact Themes		Target % Range
JOBS	50%	25%-75%
Loans to SMEs		
Equity Investment in Underserved Markets		
Investment in Technology Jobs		
PLACE	50%	25%-75%
Social Infrastructure		
Housing/Property Dev in Underserved Markets		
Renewable Energy Infrastructure		
Social Investment		
Total		100%

(iii) The pacing of commitment to funds to continue at £80m pa, to meet the "realistic" target of allocation of 1.5% of Main Fund allocation by end of 2024.

(iv) It is recognised that the portfolio may not fall within the target ranges at 8.2 from time to time to reflect, inter alia, portfolio repositioning.

(v) The Investment Mandate for this portfolio (reported as a separate item) is adopted to ensure appropriate monitoring arrangements.

13. GLIL INFRASTRUCTURE LLP: REVIEW OF STRATEGY AND IMPLEMENTATION

The Assistant Director, Local Investments and Property, submitted a report and delivered a presentation reviewing the activity and the strategy and implementation approach regarding investment in GLIL Infrastructure LLP in 2022.

The report and presentation outlined:

- Current approach to investing in GLIL;
- Implementation during calendar year 2022; and
- Current position against current strategy.

Discussion ensued in respect of the above and it was:

RECOMMENDED
(i) That the 5% Main Fund allocation to GLIL remains unchanged;
(ii) That the Investment Mandate and Investment Guidelines remain unchanged; and
(iii) That the results of the strategic review once approved by Northern LGPS, are reported to the working group.

14. UPDATE ON LEVERAGE

A report was submitted by the Assistant Director of Pensions, Investments, informing Working Group members that discussions with the Advisors during May 2018, in connection with the Property Portfolio, raised the profile of leverage exposure as an area of focus. The report provided an update

It was explained that there had been no change in the Fund's approach to leverage, since the previous annual update.

RECOMMENDED
That the content of the report and the Fund's position on leverage, be noted.

15. GLOBAL EQUITY 'PURCHASE/SALE' TRIGGER PROCESS – UPDATE OF FAIR VALUE ESTIMATE, TRIGGER POINTS AND SIZE OF SWITCH

The Assistant Director of Pensions, Investments, submitted a report explaining that, in May 2016, the Policy and Development Working Group considered detailed proposals regarding a 'trigger process' for Global Equities. These proposals were adopted by the Panel.

The report provided an overview of the evolution of the Global Equity metric over 2022/23, vis-a-vis the trigger points. In accordance with the adopted formalised process, the report also proposed an updated estimate of Fair Value for global equities, associated updated trigger points and an update in relation to the 'size' of the maximum asset switch to be targeted, all for adoption by the Panel at its July 2023 meeting.

RECOMMENDED
That the updated Fair Value estimate, associated updated trigger points and the updated 'size' of the maximum asset switch to be targeted, as contained within the report, be adopted.

16. MANAGER MONITORING REGIME INCLUDING MONITORING ESCALATION

Consideration was given to a report of the Assistant Director of Pensions Investments, which summarised the results from the Monitoring Escalation Protocol as at 31 March 2023.
The Overall Status Levels and courses of action taken (or to be taken) in relation to the results from the most recent Monitoring Escalation Protocol were provided for each manager in an appendix to the report.

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

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

RECOMMENDED
That the content of the report be noted.

17. DATE OF NEXT MEETING

It was noted that the next meeting of the Policy & Development Working Group was scheduled to take place on Thursday 7 September 2023.

CHAIR

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NORTHERN LGPS JOINT OVERSIGHT COMMITTEE

2 February 2023

Commenced: 11:00		**Terminated: 12:20**
Present:	**Cllr Gerald P Cooney (Chair)**	**Chair, Greater Manchester Pension Fund**
	Councillor Oliver Ryan	**Vice-Chair, Greater Manchester Pension Fund**
	Councillor Andrew Thornton	**Chair, West Yorkshire Pension Fund**
	Elizabeth Bailey	**Deputy Chair, West Yorkshire Pension Fund**
	Councillor Pat Cleary	**Chair, Merseyside Pension Fund**
In attendance	**Sandra Stewart**	**Director of Pensions, GMPF**
	Peter Wallach	**Director of Pensions, MPF**
	Euan Miller	**Managing Director, WYPF**
	Rodney Barton	**Retiring Director of Pensions, WYPF**
	Tom Harrington	**Assistant Director of Pensions, Investments, GMPF**
	Steven Taylor	**Assistant Director of Pensions, Special Projects, GMPF**
	Neil Cooper	**Head of Pension Investment, GMPF**
	Mushfiqur Rahman	**Investments Manager for Public Markets, GMPF**
	David Olliver	**Senior Investments Manager, GMPF**
	Alex Jones	**Investment Officer, GMPF**
	Owen Thorne	**Merseyside Pension Fund**
	Adil Manzoor	**Merseyside Pension Fund**
	Colin Standish	**West Yorkshire Pension Fund**
	Simon Edwards	**West Yorkshire Pension Fund**
	Alan McDougal	**PIRC**
	Janice Hayward	**PIRC**
	Tom Powdrill	**PIRC**
	Conor Constable	**PIRC**
Apologies for Absence:	**Councillor Cherry Povall**	**Deputy Chair, Merseyside Pension Fund**

23 DECLARATIONS OF INTEREST

There were no declarations of interest.

24 MINUTES

The Minutes of the meeting of the Northern LGPS Joint Committee held on 6 October 2022 were agreed as a correct record.

25 COMMON CUSTODIAN UPDATE

Consideration was given to a report of the Director of Pensions (GMPF) / Assistant Director for Investments (GMPF). Representatives of Northern Trust presented an update on the key milestones, deliverables and high level KPIs applicable to their appointment as the common custodian to the Northern LGPS pool.

The Committee received a presentation from the Relationship Manager for Northern Trust. The presentation set out Key Performance Indicators, measuring trade settlement, income collection and straight through trades.

The Key Milestones and Deliverables that were completed and in progress for GMPF, MPF and WYPF were presented to the committee.

RESOLVED
That the report and presentation be noted.

26 COMMON CUSTODIAN - CONTRACT EXTENSION AND FEE REVIEW

Consideration was given to a report of the Director of Pensions (GMPF) / Assistant Director for Investments (GMPF). The report recommend that the three underlying Northern LGPS Funds appoint Thomas Murray Ltd (TML) to carry out a fee review and custodian monitoring exercise of their contractual arrangements with Northern Trust.

It was reported that officers believed it was now appropriate to begin considering whether the appointment of the Northern Trust should be extended for a further 5 years. This would be considered against a background of i) the three underlying Northern LGPS Funds being broadly satisfied with the current common custodial arrangements; and ii) the knowledge that transitioning custodians was a very substantial and resource intensive undertaking.

Before deciding whether to extend for a further 5 years, officers believed it was important to ensure that the current contractual arrangements with Northern Trust continued to provide value for money. As such, it was proposed that the three underlying Northern LGPS Funds sought to appoint TML to carry out a fee review and custodian monitoring exercise. TML were best placed to undertake this work, given their status as the pre-eminent custodian selection and monitoring specialist, and having been heavily involved in the initial procurement project leading to Northern Trust's appointment. TML's fee was not expected to be material.

Once the proposed fee review was completed, this would be considered alongside an assessment of the custodian's performance during the initial contractual period. It was planned that a further report would be brought back to a future meeting of the Northern LGPS Joint Committee recommending that the option to extend the appointment of Northern Trust for a further 5 years be exercised, or otherwise.

RESOLVED
That the three underlying Northern LGPS Funds appoint Thomas Murray Ltd (TML) to carry out a fee review and custodian monitoring exercise of their contractual arrangements with Northern Trust.

27 POOLING UPDATE

Consideration was given to a report of the Managing Director (WYPF), the report provided an update on pooling activity since the previous Northern LGPS Joint Committee meeting and summarised relevant national pooling developments.

In regards to the revisions to guidance on LGPS asset pooling it was reported that on the 9 December the Chancellor of the Exchequer announced that Government would also consult on requiring LGPS funds to ensure they were considering investment opportunities in illiquid assets such as venture and growth capital, as part of a diversified investment strategy. It was once again reiterated that Government will be releasing new pooling guidance for consultation. This was expected in 'early 2023'.

Lee Rowley MP was the new minister for Local Government and would therefore take up responsibility for the LGPS.

As set out on the LGPS Scheme Advisory Board website, the Board Chair, Cllr Roger Phillips, and Board Secretary Jo Donnelly had a meeting with the Minister on 7 December 2022. Topics discussed included pooling, government progress on the Good Governance recommendations, climate risk and reporting regulations for the LGPS and the impact of National Living Wage increases in the coming years on local government.

In early January 2023 it was reported that the Royal Borough of Kensington and Chelsea was seeking to exit the London CIV pool. This would be the first time that a LGPS fund had proposed withdrawal from one of the eight LGPS pools.

Given the further ministerial changes and the Royal Borough of Kensington and Chelsea activity, there could clearly be further delay and/or material amendments made to the proposed LGPS consultation.

RESOLVED
That the report be noted.

28 SCHEME ADVISORY BOARD UPDATE

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

The principal items on the agenda for the 28 November meeting were:

- Code of Transparency Update. Contractual arrangements with Byhiras were discussed. It was proposed that a user group comprising frequent and infrequent users of the system be established to consider proposed enhancements to the Byhiras reporting system and their value to users.
- RIAG Chair's (Director of GMPF) report. An update on the most recent RIAG meeting was provided. The meeting focused on TCFD reporting and a variety of views had been expressed around targets, methodologies, the role of Pools and the challenges of Scheme-wide reporting. It was important that the statutory guidance from DLUHC provided clarification on the various matters.
- DLUHC Regulatory Update. The consultation on TCFD reporting had closed. More than 120 responses. Constructive approach. A consultation on Pooling and Levelling Up would be issued when feasible. Climate risk regulations needed to be in place by 1 April 2023. Considering whether the annual council report on spend known as the SF3 return could be expanded to include more information on Investments such as 'Broad asset categories and Pooling'.

RESOLVED
That the report be noted.

29 UPDATE ON RESPONSIBLE INVESTMENT

Consideration was given to a presentation of representatives of PIRC, which set out the Q3 2022 Northern LGPS Stewardship Report (attached at Appendix 1).

The Committee were advised of PIRC were encouraging companies to adopt the global reporting initiatives on tax standards. This was initially filed at Amazon and was also approved by the SEC. The Tax Transparency Shareholder Proposal was then filed at subsequent companies including Microsoft and Cisco. It was reported that other investors have now taken this model resolution and filled it at companies.

An update was provided on the resolutions brought by GMPF. Following GMPF co-filling a resolution during 2022, Unilever agreed to publish nutrition scores for its food portfolio against external health metrics and set new targets. Prior to the engagement Unilever had been disclosing volumes of ‘healthy’ vs ‘unhealthy’ products it sold based on its own nutrient profiling model, making it less resilient to regulatory changes. Co-Fillers agreed to withdraw the resolution providing the company set targets to reduce the proportion of ‘unhealthy’ products it sold.

Further, GMPF submitted paperwork relating to a proposed resolution requesting that Nestle, the largest food and beverage manufacturer in the world, provided strategic plans and targets to increase sales derived from healthier food and beverage products. The co-filing group advised Nestle of the intention to submit a resolution two weeks ago. A series of engagement meetings with the company had been scheduled ahead of the filling deadline (early March) during which a negotiation between the investor group and the company would take place.

In regards to Freedom of Association resolutions, there were a number of these resolutions being filed as US companies this year. Shareholders urged the Board of Directors to commission and oversee an independent, third-party assessment to Starbucks adherence to its stated commitment to workers’ freedom of association and collective bargaining rights as contained in the International Labour Organisation’s Core Labour Standards and as explicitly referenced in the company’s Global Human Rights Statement.

RESOLVED
That Members note the Q3 2022 Northern LGPS Stewardship report.

30 PERFORMANCE MEASUREMENT

Consideration was given to a report of the Director of Pensions (GMPF), the provided members of the Northern LGPS Pool Joint Committee with an update on performance measurement.

An extract from the Northern LGPS reporting for periods to 30 September 2022 was attached as an Appendix (note that returns for the three year period are un-annualised). The reporting assisted in fulfilling both reporting requirements to Government, and any oversight obligations of the Joint Committee.

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

RESOLVED
That the report be noted.

31 GLIL UPDATE

Consideration was given to a report of the Assistant Director for Local Investment and Property (GMPF). The report updated members on progress with the Northern Pool’s direct infrastructure investment platform (GLIL) and to give an interim update on the consultation exercise amongst stakeholders and wider market into how GLIL should position itself.

With regard to the consultation exercise, there had been significant engagement by the stakeholders and the GLIL team have learnt a great deal from the feedback about their expectations from GLIL and their perspective on the way forward. This had been extremely helpful but had required significant re-drafting of plans. This should result in a better plan for the way forward and one with a shorter implementation timetable. The broad themes were that there was not a perceived need for structural change and creation of new entities but that managerial changes, tax efficient charging mechanisms and enhanced governance procedures could drive necessary improvements. Engagement continued with advisers and other stakeholders and it was anticipated that preliminary proposals would be available in the new financial year.

Members were updated on investment progress. Attached to this report was the GLIL report to investors for the period ending 30 September 2022. The key highlights of this report and of activity post the issuing of the report to date, were:

- Fund NAV stood at £2.65bn, slight reduction from £2.7bn at 30 June. IRR since inception of 11.1% and 22% over the last 12 months. £266m of distributions returned to investors since inception.
- Following the date of the report GLIL had deployed in excess of £550m with the majority invested in 2 assets. On 1 November £200m for a 6.25% stake in Hornsea 1, one of the largest operational offshore windfarms in the world powering over 1 million homes. 20 January 2023, £306m for a 25% stake in the M6 Toll road, the UK's only true toll road that helped to reduce congestion on the heavily used M6 through Birmingham, smaller follow on investments had been made via GLIL's holding in Semparian
- GLIL also completed the exit of its portfolio of Biomass asset managed by Iona Capital following the issuing of the report, this investment was no longer considered appropriate for GLIL given that fees were being paid to a manager. The assets were sold to a group of Scottish LGPS funds led by Lothian Pension Fund.
- Market for Infrastructure investments remained strong as the attraction of assets benefitting from inflation linked revenues was increasingly felt. Increase in Gilt yields could lead to a repricing of assets however the strong demand and availability of capital chasing scarce opportunities could limit this. Price caps and windfall taxes had had an effect of renewable energy assets that had performed strongly as a result of the elevated power prices.

RESOLVED
That the report be noted.

32 DATE OF NEXT MEETING

RESOLVED
It was noted that the next meeting of the Northern LGPS Joint Oversight Committee was scheduled to take place on 13 April 2023.

CHAIR

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Agenda Item 7

Report To:	**GMPF MANAGEMENT/ADVISORY PANEL**
Date:	14 July 2023
Reporting Officer:	Sandra Stewart, Director of Pensions Paddy Dowdall Assistant Director (Local Investments and Property)
Subject:	**GMPF STATEMENT OF ACCOUNTS AND ANNUAL REPORT 2022-2023**
Report Summary	This report covers the draft annual report and accounts for GMPF including a summary financial report and updates Members with respect to the external audit.
Recommendations:	Members are asked to: (i) Note the draft accounts. (ii) Note the update on progress of external audit.
Policy Implications:	None.
Financial Implications: **(Authorised by the Section 151 Officer)**	As the administering authority, Tameside MBC has important responsibilities in relation to the Greater Manchester Pension Fund. As the largest fund in the Local Government Pension Scheme, the Fund also has significant resources it deploys to meet those responsibilities. This paper sets out where the responsibilities lie. The assumptions used for valuing assets will have an impact on the value of assets reported in the accounts. In most circumstances the impact is unlikely to be material.
Legal Implications: **(Authorised by the Solicitor to the Fund)**	The administering authority must produce an annual report and accounts in line with statutory provisions.
Risk Management:	GMPF's accounts are used to provide information to a variety of users and for a variety of purposes. The accuracy of the statements is critical in the determination of employer costs and there are clearly reputational issues relating to the validity of the accounts. The audit process provides reassurance on the integrity of the statements and mitigates against the possibility of material misstatement
ACCESS TO INFORMATION:	**NON-CONFIDENTIAL** **This report does not contain information which warrants its consideration in the absence of the Press or members of the public.**
Background Papers:	**APPENDIX 7A** – **GMPF Statement of Accounts 2022/23** Any enquiries should be directed to John Douglas Head of Pension Fund Accountancy john.douglas@gmpf.org.uk Tel (0161 301 7128)

1. INTRODUCTION

1.1 This report 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 2022 and 2023 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.

Report to :	**PENSION FUND MANAGEMENT /ADVISORYPANEL**
Date :	14 July 2023
Reporting Officer :	Sandra Stewart, Director of Pensions Tom Harrington, Assistant Director of Pensions (Investments)
Subject :	**QUARTERLY UPDATE ON RESPONSIBLE INVESTMENT ACTIVITY**
Report Summary :	This report provides Members with an update on the Fund's responsible investment activity during the quarter.
Recommendation(s) :	That the report be noted.
Links to Core Belief Statement:	The relevant paragraph of the Fund's Core Belief Statement is as follows : "2.6 Well governed companies that manage their business in a responsible and sustainable manner will produce higher returns over the long term."
Financial Implications : **(Authorised by the Section 151 Officer)**	There are no direct material costs as a result of this report.
Legal Implications : **(Authorised by the Solicitor to the Fund)**	The provisions underlined by the Regulation 7 guidance for the formulation and maintenance of their ISS, clearly address issues of responsible investment by the Local Government Pensions Scheme administering authorities. Regulation 7(2)(e) requires funds to follow pertinent advice and act prudently when making investment decisions, *"…a prudent approach to investment can be described as a duty to discharge statutory responsibilities with care, skill, prudence and diligence".* They must consider any factors that are financially material to the performance of their investments, including ESG factors contemplating the time horizon of the liabilities along with their approach to social investments. Regulation 7(2)(f), emphasises that *"administering authorities are encouraged to consider the best way to engage with companies to promote their long-term success, either directly, in partnership with other investors or through their investment managers, and explain their policy on stewardship with reference to the Stewardship Code."* Administering authorities are strongly encouraged to either vote their shares directly or ask their fund managers to vote in line with their policy under the Regulation 7(2)(f) and to publish a report of voting activities as part of their pension fund annual report under Regulation 57 of the 2013 Regulations. Regulation 7 (6) underlines that the ISS must be published by 1 April 2017 and requires it to be reviewed at least every three years.
Risk Management :	Increasing net investment returns needs to be delivered without materially increasing Fund's exposure to investment risks. We

want everyone to have a pension they can be proud of – one which builds a better world, without compromising on returns.

ACCESS TO INFORMATION : **NON CONFIDENTIAL**

This report does not contain information which warrants its consideration in the absence of the Press or members of the public.

Background Papers :

APPENDIX 8A	**RI Partners and Collaborations**

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

1. BACKGROUND

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

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

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

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

2. RESPONSIBLE INVESTMENT ACTIVITY DURING THE QUARTER

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

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

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

2.3 Ninety One, GMPF's active public equity market manager, presented at the April Investment Monitoring & ESG Working Group meeting. They presented how their approach to investment stewardship and sustainability has evolved over time. In their approach to sustainability, they presented how they differentiate between ESG integration and impact and how they strategically prioritise their engagements to fully understand risks and ensure they provide the best possible opportunity for companies to improve outcomes. They also presented their net zero target for 50% of financed emissions to have science-based transition pathways by 2030 and transition plan to reduce the absolute emissions of their operations for scope 1 and 2 by 46% by 2030. To illustrate their approach to sustainability they used examples of portfolio holdings to show how they assess a company transition plan which then informs key priorities to engage with a company.

2.4 Ninety One, GMPF's active equity manager produced a report titled "A Disorderly Transition" recognising that the transition to net zero is unlikely to be neat or steady but rather a disorderly one which could feature emissions limits with little warning. Industries will not find low-emission technology that steadily reduces global emissions by 7.6% each year, the pace of reduction which would halve emissions by 2030. The report recognises transition

investments, engaging with high emitting companies and supporting those companies with robust transition plans will help mitigate the level of disorder in the transition. The report supports GMPF's approach of an allocation to the impact portfolio, investing in infrastructure, clean energy and position to engage rather than divest to drive real world change.
https://ninetyone.com/en/insights/a-disorderly-transition?utm_source=linkedin&utm_medium=social&utm_campaign=a-disorderly-transition&utm_content=linkedin_static3&li_fat_id=344eff76-8996-4ddf-a5f9-5a682a4f797b&fm-li-creative-id=216720024

2.5 The GMPF Investment Committee approved a commitment of £20m into a regional private equity fund from the Impact Portfolio allocation under the theme of 'Equity Investment in Underserved Markets'. The manager has been a signatory to the PRI since 2009. The GMPF Investment Committee also approved a co-investment of £75m alongside a fund targeting UK affordable housing from the Property Venture Fund. The focus is primarily on suburban 2-4 bed homes providing affordable rents for working families. The co-investment specifically targets a portfolio of homes located in Liverpool and Greater Manchester.

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

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

2.7 The Funds RI advisor, PIRC, supports GMPF in forming and implementing its RI Policy which covers voting. In April, PIRC launched their Carbon 1.5 proxy voting service. Carbon 1.5 steps up PIRC's focus on climate change and focuses on the highest emitting companies where investment risks are greatest. PIRC's research team will be analysing company disclosures against expectations that targets are 1.5°C aligned and cover all relevant emissions. This research will then inform voting recommendations that escalate according to how far short companies are of investor expectations on targets.
https://www.pirc.co.uk/updates/

2.8 The Fund's passive investment manager, Legal and General, published its ESG Impact report during the quarter.
https://www.lgim.com/landg-assets/lgim/_document-library/esg/esg-impact-report-q1-2023.pdf

2.9 Legal and General also published the 12th edition of their Active Ownership report where they outline the activities they have undertaken to deliver positive change on behalf of clients on a broad range of ESG issues. The report shows that in 2022, LGIM gave particular attention to stepping up their action on biodiversity, how they exercised their voting rights, and how they engaged on issues such as living wage, deforestation, board level ethnicity and the threat of climate change.
https://www.lgim.com/uk/en/capabilities/investment-stewardship/active-ownership/?cid=emlActive_Ownership_DB_2022

2.10 Legal and General produced a report titled "Net Zero 2050: More affordable than ever, if we act now" which suggest the window to achieve a 1.5°C outcome, consistent with 'net zero' emissions by 2050, is closing fast. But it also highlights the surprisingly positive reductions in the cost to achieve such an outcome. However, one of the conclusions was that, "The one biggest policy lever – that we believe stands several orders of magnitudes above every other – to drive real change remains largely unused: the world still lacks an effective, transparent, consistently applied and above all significant price on emissions that would allow price

signals to drive the market-led solution to this crisis."
https://www.lgim.com/landg-assets/lgim/_document-library/insights/long-term-thinking/climate-solutions-whitepaper.pdf

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

2.11 The Fund's public market passive manager, LGIM, published a research paper relating to scope 3 emissions titled "Scope 3: Omission Impossible" which advocates for the disclosure of scope 3 emissions. Estimates suggest that scope 3 emissions account for over 80% of total emissions in the median MSCI World company and therefore can be a material risk which requires pricing to fully understand climate risks. The challenge for scope 3 emissions lies in the data quality that requires careful considerations such as:
There is no fully developed and agreed methodology

- Not all scope 3 emissions are within a company's control
- Existing calculation approaches do not deliver consistent results and therefore difficult to make investment decisions based on these figures
- Many categories of emissions are not directly comparable
- Reporting oil & gas industry emissions is fraught with complexity

2.12 The paper concludes that despite the complexities companies should report and regulators should support the disclosure of accurate and standardised scope 3 emissions data. Investors should only incorporate scope 3 data into their investment decisions with careful consideration of accuracy, estimation bias and methodology constraints and treat scope 3 data separately from scopes 1 and 2 and ideally separate upstream from downstream emissions within scope 3 are they are very distinct. This accords with GMPF's current approach that while scope 3 data is currently not reliable the inclusion of upstream scope 3 data in the annual carbon footprinting exercise is a practical approach to capture the most reliable data that is within companies' control. The full research paper can be found using the link below.
https://www.lgimblog.com/categories/esg-and-long-term-themes/scope-3-omission-impossible/

2.13 The CDP is a not-for-profit charity that runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts. As a signatory, each year GMPF takes part in the effort to gather more support and request more companies to complete the CDP survey which helps investors manage the risks of climate change, deforestation and water security. In May, the CDP held a UK Signatory Day where attendees were shown the work of the CDP, the importance of disclosure and how signatories aid the non-disclosure campaign. Other presentations included how the CDP is scaling up its adoption of impactful and high-quality frameworks, targeting a four-fold increase in the number of disclosures from 20,000 to 80,000 and how they intend on managing increasing disclosure and the importance of Nature and Water in investments.

2.14 The Northern LGPS is a signatory of the Workforce Disclosure Initiative (WDI). The initiative focuses on company disclosure and transparency on how they manage workers with the aim of improving the quality of jobs in multinational companies' operations and supply chains. In April, the WDI organised a webinar to explore the risks of increasing pay packages of CEO's not only to portfolios, but also to wider economic and social stability, and how investors can begin to play part in combatting these risks.

2.15 The WDI also produced its 2022 findings report which found that 167 companies responded to the survey was broadly the same as 2021. There has been a steady increase from 34 responses in 2017. The financial sector had the most responses with 31 and companies in developed economies were more likely to respond. The report found that the top workforce opportunities being reported by companies were diversity & inclusion, training and development and employee engagement and the some of the risks companies identified were modern slavery and child labour, health and safety and wellbeing. The report also explores six thematic findings that were identified:

- Job quality
- Human rights
- Emerging markets
- Marginalised workers
- The cost-of-living crisis
- Supply chain data

2.16 The full report can be accessed using the link below: https://cdn2.assets-servd.host/shareaction-api/production/resources/reports/WDI-2022-Trends-and-Insights.pdf

2.17 Unite the Union, Britain and Ireland's largest trade union, held a webinar for investors in CK Hutchison, for a briefing on their campaign against the potential merger of Three UK – owned by CK Hutchison – and Vodafone UK. The briefing covered the progress their campaign has made to date, plans for future campaign actions, and the material risk that the campaign poses to CK Hutchison. Unite's two main concerns were around the potential increase in mobile phone bills the merger will likely have which will exacerbate the cost of living crisis and the concerns over national security from China.

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

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

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

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

2.20 GMPF is a signatory of the Climate Action 100+ initiative. The aim of this group is to work with companies to ensure that they are minimising and disclosing the risks and maximising the opportunities presented by climate change. In March, Climate Action 100+ released its latest Net Zero Company Benchmark framework. The Benchmark assesses the world's largest corporate greenhouse gas emitters on their net zero transition. It is not a disclosure mechanism or database itself. Rather, it is an evaluation tool for investor engagement. The new Benchmark framework embeds a stronger focus on company:

- Emissions reductions, and their key underlying driving factors
- Alignment with 1.5°C pathways, evaluating if companies are on track to meet the goals of the Paris Agreement
- Net-zero transition planning, assessing key levers for company decarbonisation, corresponding capital allocation, and asset-level changes

2.21 Further details of the benchmark can be found using the link below. https://www.climateaction100.org/wp-content/uploads/2023/03/Climate-Action-100-Net-Zero-Company-Benchmark-Framework-2.0..pdf

2.22 The Institutional Investor Group on Climate Change (IIGCC) has published its Net Zero Standard for Oil & Gas, a new framework for investors to assess alignment of oil and gas companies' transition plans with a 1.5°C climate scenario. The framework was developed alongside companies from the oil and gas sector and further informed by the Transition Pathway Initiative (TPI). The framework will help inform investors' corporate engagement priorities and escalation strategies and help them to better understand the transition risk in their portfolios.

2.23 The publication follows a two-year collaborative process led by IIGCC with support from the

TPI, investors and regional investor groups. Provisional indicators were published in September 2021 and subsequently tested in a pilot study covering five major European oil and gas companies. Results from the pilot study showed increasing transparency over decarbonisation plans, including disclosures on the contribution of offsets to targets and guidance on production plans. However, the pilot study also showed the need for continued improvement in several areas, in particular the alignment of all targets and plans with relevant 1.5°C scenario benchmarks. The framework can be accessed using the link below.
https://www.iigcc.org/resource/net-zero-standard-for-oil-gas/

2.24 IIGCC has launched the Net Zero Engagement Initiative (NZEI), to scale and accelerate climate-related corporate engagement. The new initiative aims to support investors align more of their investment portfolio with the goals of the Paris Agreement. By expanding the universe of companies engaged beyond the Climate Action 100+ focus list, including those across the demand side, the objective is to help investors align more of their portfolio with the goals of the Paris Agreement as set out by investor net zero commitments, such as the Net Zero Asset Managers initiative and the Paris Aligned Asset Owners initiative. The central ask of investor engagement via NZEI is a corporate net zero transition plan. 107 focus companies have been sent letters where signatories outlined their expectations for a net zero transition plan. Ninety One and LGIM are signatories to this initiative. Further information on this initiative can be found in the link below.
https://www.iigcc.org/resource/net-zero-engagement-initiative/

2.25 The Northern LGPS signed a letter to Kemi Badenoch MP, Secretary of State for Business and Trade, relating to executive remuneration. The letter asked the Minister to seek a review of shareholder rights in UK companies related to the issue of executive pay. This would signal to the market that the Government is intending to review these rights which would be a positive step at a time when there is enormous scrutiny on excessive executive pay.

2.26 In the previous update to the Panel, Officers reported the shareholder resolution relating to health which GMPF sought to co-file at Nestle, and the subsequent withdrawal. Following the agreement to withdraw with Nestle on the condition that the company develop a healthy sales-based target, GMPF and other investors wrote a statement to the company outlining the group's expectations. The full statement can be accessed using the link below.
https://shareaction.org/reports/public-statement-nestl%C3%A9

2.27 In November, GMPF filed a shareholder resolution at ConocoPhillips relating to tax practices and requesting the company adopts the Global Reporting Initiatives tax standard and publish tax transparency reports for shareholders. At the AGM, the resolution received 17% of the votes in favour building on the breakthrough result at Amazon for a similar resolution. These votes send a clear signal that investors expect meaningful data on issues such as tax which is financially material.

2.28 Officers previously reported that Northern LGPS had signed letters sent to a number of European banks requesting that they halt the direct financing of new oil and gas fields. As a result, BNP committed to this request in May. The links below are the press release from ShareAction and statement from BNP Paribas formally acknowledging the commitment.
https://shareaction.org/news/bnp-paribas-responds-to-investor-pressure-with-new-oil-and-gas-policy-but-gaps-remain
https://group.bnpparibas/en/press-release/bnp-paribas-details-and-strengthens-its-energy-transition-ambitions

2.29 The Northern LGPS also backed an investor statement at Barclays' AGM where ShareAction made the same request as that contained within the initial letters sent to banks. It also asked how the bank will assess the transition plans of its clients and commit to publishing an update of how its Client Transition framework will work in practice. The full statement can be accessed using the link below.
https://cdn2.assets-servd.host/shareaction-api/production/resources/reports/Barclays-

Invetsor-Statement-FINAL.pdf

2.30 The Chair of LAPFF visited communities devastated by the Mariana tailings dam collapse of 5 November 2015 and the Brumadinho tailings dam collapse of 25 January 2019 during the summer of 2022. The Mariana dam is owned by Samarco, which is a joint venture between BHP and Vale. The Brumadinho dam is wholly owned by Vale. LAPFF also visited Conceição do Mato Dentro to see Anglo American's Minas Rio tailings dam which has not collapsed but about which surrounding community members have concerns. LAPFF have published a report of findings and a short video from the visit which is available to the public.

2.31 The report flags a host of human rights and environmental concerns that have yet to be addressed in the wake of the Mariana and Brumadinho disasters. Apart from issues related to housing, health, and livelihoods, the impact on cultural rights was a prominent problem for affected community members to whom LAPFF spoke throughout the visit. Among the range of environmental impacts noted in conversations with affected community representatives, severe concerns about water quality and availability arose consistently. There were underlying concerns about the companies' failure to engage meaningfully and effectively with all communities affected by all three of the companies' mining operations.
https://lapfforum.org/wp-content/uploads/2023/05/LAPFF_MINING_INVESTMENT-RISK-REPORT_FINAL.pdf
https://www.youtube.com/watch?v=P1nSY1IK9rg

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

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

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

2.34 Following on from the IMESG Working Group meeting in April where Officers presented a draft of the report on compliance with the UK Stewardship Code, Officers completed and submitted the necessary reporting in May. Where previously compliance to the Stewardship Code involved signing up to a set of statements, the latest Stewardship Code asks investors to report on how they have exercised their responsibilities across all asset classes in relation to the 12 Principles. Details of the new Stewardship Code can be found using the link below.
https://www.frc.org.uk/investors/uk-stewardship-code

3. RECOMMENDATION

3.1 As per the front of the report.

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

Agenda Item 9

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Agenda Item 17

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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 20232 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

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 basis.	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.

	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.

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:

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
Thurruck 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
	Investment assets:	
3,350	Forward currency contracts	36
21,488	Financial futures	14,893
24,838		14,929
	Investment liabilities:	
(417)	Forward currency contracts	(7,067)
(49,082)	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 Contract	Settlement date	Currency	Currency bought 000	Currency	Currency sold 000	Assets £000	Liability £000
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)**

31 March 2022 Contract	Settlement date	Currency	Currency bought 000	Currency	Currency sold 000	Assets £000	Liability £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 Contract	Settlement date	Currency	Economic exposure 000	Market value £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 Contract	Settlement date	Currency	Economic exposure 000	Market value £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:£8,5.0,000) 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).

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	08980059
		Hive Bethnal Green Ltd	09362438
		Plot 5 First Street Nominee Ltd	09919396
		Plot 5 First Street GP Ltd	09904743
		GMPF UT (Second Unit Holder) Ltd	08725454
		Airport City (General Partner) Ltd	08723477
		Airport City (Asset Manager) Ltd	08723467
		Manchester Charles Street Residential (ELP GP) Ltd	10977358
		Manchester Charles Street Residential (SLP GP) Ltd	SC576947
		Manchester New Square (General Partner) Ltd	11082473
		GMPF Heimstaden Bostad Ltd	14684986
		Semperian PPP Investment Partners Holdings Ltd (Jersey Registration)	98327
John Douglas	Investment Manager / Interim Head of Accountancy	GLIL Corporate Holdings Ltd	10046509
		GLIL Corporate Holdings 2 Ltd	10824179
		GLIL Corporate Holdings 3 Ltd	12932522
		GLIL Corporate Holdings 4 Ltd	13679875
		GLIL Corporate Holdings 5 Ltd	13680391
		GLIL Renewable Holdings	12315576
		GLIL Storage 1 Ltd	13489710
		GLIL Storage 2 Ltd	13490021
		GLIL Blue Comet Holdings Limited	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:

	31 March 2022	
Financial Assumptions	**% 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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GMPF's Responsible Investment Partners and Collaborations

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

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

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

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

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

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

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

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

GMPF's Responsible Investment Partners and Collaborations

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

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

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

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

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

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

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

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

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

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Agenda Item 24

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