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GREATER MANCHESTER PENSION FUND - MANAGEMENT/ADVISORY PANEL

Day: Friday
Date: 15 September 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 - 18

To approve as a correct record the Minutes of the meeting of the Pension Fund Advisory Panel held on 14 July 2023.

b) MINUTES OF THE PENSION FUND MANAGEMENT PANEL — 19 - 24

To approve as a correct record the Minutes of the meeting of the Pension Fund Management Panel held on 14 July 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.

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

Items	Paragraphs	Justification
9,10,11,12,13,22, 23,24,25	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.

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

a) LOCAL PENSIONS BOARD 25 - 32

To consider the Minutes of the proceedings of the Local Pensions Board held on 20 July 2023.

b) INVESTMENT MONITORING AND ESG WORKING GROUP 33 - 36

To consider the Minutes of the proceedings of the Investment Monitoring and ESG Working Group held on 21 July 2023.

c) ADMINISTRATION AND EMPLOYER FUNDING VIABILITY WORKING GROUP 37 - 44

To consider the Minutes of the proceedings of the Administration and Employer Funding Viability Working Group held on 21 July 2023.

d) POLICY AND DEVELOPMENT WORKING GROUP 45 - 50

To consider the Minutes of the meeting held on 7 September 2023.

e) NORTHERN LGPS JOINT OVERSIGHT COMMITTEE 51 - 56

To note the Minutes of the meetings held on 13 April 2023.

ITEMS FOR DISCUSSION/DECISION

7. RESPONSIBLE INVESTMENT UPDATE 10.20AM 57 - 66

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

8. PENSIONS ADMINISTRATION AND BENEFITS REVIEW 10.30AM 67 - 70

To consider the attached report of the Assistant Director, Pensions Administration.

9. LGPS POOLING UPDATE 10.40AM 71 - 76

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

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

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10. THE GOOD ECONOMY 10.50AM — 77 - 80

To receive a presentation from representatives of The Good Economy.

11. UPDATE ON GMPF'S APPROACH TO CLIMATE RISK 11.30AM — 81 - 110

To consider the attached report of the Assistant Director of Pensions Investments and to receive a presentation from representatives of Trucost.

12. PERFORMANCE DASHBOARD 12.10PM — 111 - 146

Report of the Assistant Director of Pensions Investments, attached.

13. BUSINESS PLANNING, BUDGET AND RISK MANAGEMENT 12.20PM — 147 - 152

To consider the attached report of the Director of Pensions.

14. ADVISOR COMMENTS AND QUESTIONS

ITEMS FOR INFORMATION

15. LGPS UPDATE — 153 - 156

To consider the attached report of the Director of Pensions.

16. 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
LGA Fundamentals – Day 3, Manchester Piccadilly Hotel	13 December 20
LGA Fundamentals – Day 3 virtual (two half days)	11 December 20 19 December 20

17. DATES OF FUTURE MEETINGS

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

Management/Advisory Panel	1 Dec 2023 8 March 2024
Local Pensions Board	28 Sept 2023 25 Jan 2024 11 April 2024

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

Policy and Development Working Group	23 Nov 2023 22 Feb 2024
Investment Monitoring and ESG Working Group	22 Sept 2023 26 Jan 2024 12 April 2024
Administration and Employer Funding Viability Working Group	22 Sept 2023 26 Jan 2024 12 April 2024

WORKING PAPERS - APPENDICES

GREATER MANCHESTER PENSION FUND
ADVISORY PANEL

14 July 2023

Commenced:	**10.00am**	**Terminated: 12.35pm**
Present:	**Councillor Cooney (Chair)** **Councillors: Axford (Trafford), Mistry (Bolton), Jabbar (Oldham), O'Neill (Rochdale), Sheikh (Manchester), Smart (Stockport) and Walters (Salford)** **Employee Representatives:** **Mr Caplan (UNISON), Mr Flatley (GMB) and Mr Llewellyn (UNITE)** **Fund Observers:** **Councillor Taylor (Stockport)** **John Pantall – Independent Observer** **Local Pensions Board Member (in attendance as observer):** **Councillor Fairfoull** **Advisors:** **Mr Bowie, Mr Moizer and Mr Powers**	
Apologies for absence:	**Councillor Grimshaw (Bury), Councillor Rehman (Wigan)** **Ms Blackburn (UNISON), Mr Drury (UNITE) and Mr Thompson (UNITE)**	

1. CHAIR'S OPENING REMARKS

The Chair, Councillor Cooney, began by welcoming new and returning Trustees and in particular, Councillor Jaqueline North as the new Vice Chair and Cllr Jim Fitzpatrick who was re- elected this year and had returned as the Deputy of the Fund.

He further extended a very warm welcome to those who had just been appointed to the Fund: from Tameside: Cllr Laura Boyle, Cllr Charlotte Martin, Cllr George Jones and Cllr Liam Billington.

And from other Local Authorities:
Cllr Champak Mistry – Bolton – replacing Cllr Amy Cowen
Cllr Basat Sheikh – Manchester – replacing Cllr Paul Andrews
Cllr Shaun O'Neill – Rochdale - replacing Cllr Philip Massey
Cllr Andrew Walters – Salford – replacing Cllr Michele Barnes
Cllr Jill Axford – Trafford – replacing Cllr Dylan Butt
Cllr Nazia Rehman – Wigan – replacing Cllr Keith Cunliffe

The Chair also extended thanks and gratitude to the retired members of the Panel for their contribution to the work of the Fund over the last year.

The Chair then announced the recent sudden and untimely death of David Schofield, who was a Local Board Trade Union member and previous Panel member. He had been a stalwart to the Fund and would be sadly missed, particularly for his good humour and pragmatic interventions. The meeting then stood and observed one minutes silence in respect.

The Chair stated that ordinary people working in public sector jobs serving their communities, get to live out their retirement years with security and dignity, was a noble cause. There was nothing more important than safeguarding the deferred pay, which were the pensions of public sector workers, whilst balancing the need to ensure that they were affordable and sustainable to the employers and taxpayers alike. He reminded everyone that attendance at meetings was important and in particular to undertake the training provided to ensure that members had the appropriate skills and knowledge to be a trustee.

On the 23 June 2023 Government published the Economic Activity of Public Bodies (Overseas Matters) Bill to ban LGPS administering authorities from making investment decisions influenced by political and moral disapproval of foreign state conduct, except where this was required by formal Government legal sanctions, embargoes, and restrictions.

The Scheme Advisory Board, who advised Government had pointed out that, the LGPS was a well-funded and well-run scheme. Administering authorities took their statutory and fiduciary duties around the investment of pension funds very seriously. As far as the Board was aware, there was no evidence that any LGPS fund had instituted inappropriate politically motivated boycott or divestment policies. There would be further reports on the bill as it made its way through Parliament and the implications for the Fund.

Members were advised that on the 15 June 2023, a letter from the Minister was sent to the Scheme Advisory Board on governance and reporting of climate change risks in the LGPS. DLUHC had confirmed that implementation of climate reporting obligations would be delayed at least until next year. Presuming regulations were forthcoming in time for 1 April 2024, reports covering the next financial year would need to be produced by December 2025. In the meantime, the Responsible Investment Advisory Group (RIAG) who advise the Scheme Advisory Board, and chaired by the Director of Pensions for the Fund, Sandra Stewart, were looking at what advice could be given to funds wishing to do a shadow reporting year, and also what could be done to standardise the development of climate reporting approaches at the pool level.

The Fund had been undertaking voluntary climate reporting and disclosure for over 7 years. The Chair was also pleased to announce that one of Fund’s managers, Mushfiqur Rahman, had been awarded the CFA Environment Social and Governance certificate. Congratulations were extended to Mush for all the hard work he put into achieving the certification.

The Chair made reference to plans announced by the Chancellor to consult the Local Government Pension Scheme (LGPS) on new targets to double their existing investments in private equity to 10%, in a move that was intended to help unlock £25bn by 2030. The consultation also outlined a March 2025 deadline for all LGPS funds to transfer their assets into LGPS pools, suggesting that each pool should exceed £50bn of assets. The Northern Pool, consisting of GMPF, West Yorkshire and Merseyside Pension Fund were already collectively over £50billion at about £60 billion and there was oversight over 100% of the pool. In the consultation, the government suggested that whilst pooling had delivered "substantial benefits" so far, the pace of transition should accelerate to deliver further benefits, including improved net returns, more effective governance, increased savings and access to more asset classes. There were a number of other technical proposals as well. This would be studied very carefully and the Fund would be responding. It was agreed that there were opportunities to deliver the twin aims of unlocking investment into pioneering UK businesses, growing the economy, whilst ensuring affordable and sustainable pensions, and Government acknowledged that Greater Manchester Pension Fund had led the way on this, one of the fundamental beliefs of the Fund had always been that all decisions were in the best interests of members and the taxpayer and decisions were not based on politics or to address fiscal policy.

The Chair was pleased to note that the fantastic work done as the GMPF, elected members, officers and advisors, had been recognized, by GMPF being shortlisted in the LGPS Fund of the Year (assets over £2.5 billion at 31 March 2023) category. He added that, someone who should be very proud of this nomination as a testament and reflection of the contribution he has personally made, was one of the advisors, Ronnie Bowie, who after 36 years of shaping and supporting the Fund, had decided that the time had come for him to retire. Ronnie’s history with the Fund began on 13 November 1987, and since then, the Fund had grown from strength to strength. To give one example; when Ronnie did his first valuation as the Fund’s actuary in 1989, it had £1.9 billion of assets with just short of 14 thousand members. He leaves it in 2023 more than 100% funded, with a value of £30 billion and 420 thousand members. He had a huge impact on the ability of Greater Manchester to sustain affordable pensions for the public sector workforce and the huge number of people who had been able to live their retirement in comfort and dignity. The Chair thanked Mr Bowie for his hard work and commitment over the years and wished him well in his retirement and future endeavours. The Chair presented Mr Bowie with a gift. Mr Bowie responded in kind.

2. DECLARATIONS OF INTEREST

There were no new declarations of interest submitted by Members.

3. MINUTES

(a) The Minutes of the proceedings of the meeting of the Pension Fund Advisory Panel held on 24 March 2023 were signed as a correct record.

(b) The Minutes of the proceedings of the meeting of the Pension Fund Management Panel held on 24 March 2023 were noted.

4. 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
9, 10, 11, 12, 13, 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, 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.**

5. LOCAL PENSIONS BOARD

The Minutes of the proceedings of the meeting of the Local Pensions Board held on 13 April 2023 were received.

Councillor Fairfoull, Chair of the Local Pensions Board, advised that for any pension fund to operate effectively it was imperative that its decision-making bodies had the necessary level of knowledge and understanding to carry out their roles effectively. The Local Board had statutory knowledge and understanding requirements that must be met. At the last meeting GMPF's Trustee Member Development Policy and training plan for 2023/24 was discussed. He encouraged all Panel and Board members to take advantage of the development opportunities identified in the training plan where possible.

The process whereby members transferred their benefits to a different pension scheme when they leave GMPF, was also discussed. The right to a transfer exists under regulation 96 of the LGPS Regulations. The safeguards in place to ensure that members didn't transfer to questionable pension schemes that may be scams or offer poor value for money, was also discussed. In August 2022, the Pensions Regulator unveiled a new scam-fighting plan aimed at protecting savers. Following this new initiative, GMPF completed TPR's pension scams 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.

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

The Board further 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.

6. INVESTMENT MONITORING AND ESG WORKING GROUP

The Minutes of the proceedings of the meeting of the Investment Monitoring and ESG Working Group held on 14 April 2023 were considered.

RECOMMENDED
(i) That the Minutes be received as a correct record; and
(ii) In respect of the GMPF Submission to the UK Stewardship Code Reporting Framework, that the draft updated GMPF Stewardship Report be endorsed for submission to the FRC

7. 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 14 April 2023 were considered.

RECOMMENDED
(i) That the Minutes be received as a correct record; and
(ii) In respect of the Administration and Communications and Engagement Update, that the new Communications & Engagement Strategy be approved.

8. POLICY AND DEVELOPMENT WORKING GROUP

The Minutes of the proceedings of the meeting of the Policy and Development Working Group held on 22 June 2023 were considered.

The Chair of the Working Group, Councillor Cooney, advised that the Working Group, along with the Advisors, devoted time to considering a draft of the Investment Strategy report for the Main Fund. Feeding into this were detailed mandates and associated reviews of strategy and implementation covering the internally managed portfolios of Alternative, Local and Property Investments. The final Investment Strategy report would be presented later in the agenda.

Separately, over five years ago the Fund implemented a Global Equity Trigger Process, which was designed to either protect the Fund when the stock market became very expensive, or enhance the Fund's returns by investing at times of extreme stock market lows.

Going into 2022/23, the triggers had reduced the Fund's exposure to equities and, as markets fell, this protection was unwound, in line with the process. No triggers were subsequently activated as the market fluctuated fairly tightly around the Fund's estimate of Fair Value.

Officers provided Members with an updated estimate of Fair Value for 2023/24. Officers also provided an update in relation to the size of the maximum asset switch to be targeted. The updates were recommended for adoption by the Panel.

RECOMMENDED

(i) That the Minutes be received as a correct record;

(ii) In terms of Investment Strategy and Tactical positioning 2023/24; That there be no significant changes to the Fund's approach and the current Investment Strategy and long term direction of travel be maintained;

(iii) In terms of Internally Managed Portfolios: Investment Mandates; that the Investment Mandates for the Internally Managed Portfolios, as appended to the report, be adopted by the Panel;

(iv) In terms of Private Equity: Review of Strategy and Implementation;

(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%

(ii) 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.

(v) In terms of Private Debt: Review of Strategy and Implementation;

(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.

(vi) In terms of Infrastructure Funds: Review of Strategy and Implementation;

(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.

(vii) In terms of the Special Opportunities Portfolio: Review of Strategy and Implementation;

(i) the allocation to the Special Opportunities Portfolio remains at up to 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.

(viii) In terms of UK Property Portfolio: Review of Strategy and Implementation and Performance Monitoring;

(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.

(ix) In terms of Overseas Property Portfolio: Review of Strategy and Implementation

(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.

(x) In terms of Property Venture Fund: Review of Strategy and Implementation

(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.

(xi) In terms of Impact and Invest for Growth Portfolio: Review of Strategy and Implementation

(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.

(xii) In terms of GLIL Infrastructure LLP: Review of Strategy and Implementation;
(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.

(xii) In terms of Global Equity 'Purchase/Sale' trigger process – Update of Fair Value Estimate, Trigger Points and size of Switch; 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.

9. NORTHERN LGPS JOINT OVERSIGHT COMMITTEE

The Minutes of the proceedings of the meeting of the Northern LGPS Joint Oversight Committee held on 2 February 2023 were received.

RECOMMENDED
That the Minutes of the proceedings of the Northern LGPS Joint Oversight Committee held on 2 February 2023, be noted.

10. SCHEME GOVERNANCE/WORKING GROUP MEMBERSHIP

RECOMMENDED
That details of the Scheme Governance and Working Group membership be circulated separately, following the meeting.

11. GMPF STATEMENT OF ACCOUNTS 2022/23 AND ANNUAL REPORT

The Assistant Director, Local Investments and Property, submitted a report, giving details of the draft annual report and accounts for GMPF (as appended to the report), including a summary financial report and updates Members with respect to the external audit.

Members were advised that there was no movement from the position as at the last 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 were closer to issuing audit opinions for these accounts, but they were still outstanding.

RECOMMENDED
(i) That the draft accounts be noted; and
(ii) That the update on the progress of external audit, be noted.

12. 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 regional private equity fund; and
- Property Venture Fund - £75m co-investment to build homes with affordable rents in the North West.

He commented on and gave further details of:

- PIRC's new carbon 1.5 Proxy Voting Service – specific focus on the world's largest emitters where investment risks were greatest with proxy voting recommendations which escalated action according to how short a company is of investor expectations on 1.5°C targets;
- Legal and General Reporting – measuring Scope 3 emissions;
- The Northern LGPS Stewardship quarterly report which explored Labour Rights and Risks, Say on Climate, Brazil, Volvo, Constellation Brands and Water Stewardship

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, in particular the consequences of voting against shareholder resolutions and the importance of raising the profile of how sustainable elements such as rain water capture were included in residential projects the Fund was invested in. The Advisors 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.

13. LGPS PERFORMANCE UPDATE

Karen Thrumble of PIRC, attended virtually before Members and delivered a presentation, which provided an overview of the Fund's investment performance within a long-term, peer group context to enhance governance and improve decision making.

The Chair thanked Ms Thrumble for a very informative and thought provoking presentation.

RECOMMENDED
That the content of the presentation be noted.

14. INVESTMENT STRATEGY AND TACTICAL POSITIONING 2023/24

Consideration was given to a report and presentation of the Assistant Director of Pensions Investments, to review the benchmark asset allocations for the Main Fund and Investment Managers and to consider changes to the investment restrictions.

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, whilst 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 the 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.

More attention would continue to be devoted to the investment issues surrounding the particular circumstances of specific employers and, following on from the 2022 Actuarial Valuation, it was intended to undertake further work in the area.

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 the portfolios during 2022/23. The likelihood of reaching the strategic benchmark weights would 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').

The report 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 those 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 content of the report and presentation and the Advisors were broadly supportive of the proposals.

RECOMMENDED

1. Main Fund Overall Asset Allocation

- **(a) No changes proposed for the 'fully implemented' benchmark asset allocation.**
- **(b) Adjust the Public Equity to take account of the changes in 'realistic benchmark' allocations to Infrastructure, Private Debt, Special Opportunities Portfolio, Direct UK Infrastructure and Local Investment *[see 5. (f), 5. (g), 5. (h), 6. (a) and 8. (a) below].* More specifically, reduce the Public Equity allocation by 4.0% (from 45.3% to 41.3%) to take account of these changes.**

2. Public Equity Allocation

- **(a) Set the Public Equity benchmark allocation as 41.25% *[see 1. (b) above]*.**
- **(b) Set the overall splits within the Public Equity allocation as:**
  - **i. 59% Regional and 41% Global**
  - **ii. Within the Global allocation: 36% Global Public Equity (managed by Ninety One), 52% Global Developed Equity (managed by SciBeta) and 12% Global (Developed) Value Equity (managed by UBS)**
  - **iii. Within the Regional allocation: 91% by UBS (ACTIVE) and 9% by L&G (INDEX TRACKING)**
- **(c) To proceed as planned to implement the third tranche in terms of moving gradually over a number of years from the recouched current mix of the Regional Equity allocation towards a Market Cap weighted shape as adopted at the July 2021 Panel. No further change necessary at this time.**

3. Debt Related Investments (inc Bonds)/Cash Allocation

- **(a) No changes proposed for the overall bond position – maintain current overall benchmark allocation for bonds.**
- **(b) No change to the 3.2% allocation to Strategic Cash.**
- **(c) No changes proposed to the current 'liquidity waterfall' and approach to managing the Fund's liquidity needs. Any developmental changes regarding the ongoing management or implementation of the Fund's liquidity requirements to be considered as part of the Fund's review of Investment Management Arrangements.**

4. Environmental, Social and Governance Factors

- **(a) No changes proposed for the Fund's incorporation of ESG factors into the strategic benchmark and investment strategy.**
- **(b) The Fund's approach to being an activist investor via company engagement, as outlined in 16.3, is noted.**

5. Alternative Investments

- **(a) Private Equity : The recommendations of the Policy & Development Working Group be adopted (minute 5 refers).**
- **(b) Infrastructure : The recommendations of the Policy & Development Working Group be adopted (minute 7 refers).**
- **(c) Private Debt : The recommendations of the Policy & Development Working Group be adopted (minute 6 refers).**
- **(d) Special Opportunities Portfolio : The recommendations of the Policy & Development Working Group be adopted (minute 8 refers).**
- **(e) Maintain the strategic target allocation to private equity at 5%.**
- **(f) Change the realistic allocation to Infrastructure from 4.0% to 5.0%.**
- **(g) Change the realistic allocation to Private Debt from 3.5% to 5.0%.**
- **(h) Change the realistic allocation to Special Opportunities Portfolio from 2.0% to 2.5%.**

(i) **All increases in realistic allocation to Infrastructure, Private Debt and Special Opportunities Portfolio to come entirely from Public Equities.**

6. **Direct UK Infrastructure**
   (a) **Change the realistic allocation to GLIL from 3% to 3.5%.**
   (b) **Direct Infrastructure : The recommendations of the Policy & Development Working Group be adopted (minute 12 refers).**
7. **Property**
   (a) **Maintain the overall strategic target exposure to property at 10%.**
   (b) **Property : The recommendations of the Policy & Development Working Group be adopted (minutes 9 and 10 refers).**
8. **Local Investment**
   (a) **Maintain the overall limit on those assets which are locally invested at 5% of Main Fund as agreed at the July 2011 Panel. Change the 'realistic benchmark' allocation for Local Investments from 3.0% to 3.5%.**
   (b) **Local Investment: The recommendations of the Policy & Development Working Group be adopted (minutes 11 and 12 refers).**
9. **Currency hedging**
   (a) **Maintain the existing currency hedging arrangements and review at future reviews of investment strategy. No other changes are proposed to the management of currency exposure elsewhere within the Fund at this stage.**
10. **Rebalancing**
   (a) **No changes are proposed to the existing rebalancing arrangements. Any developmental changes to the Fund's approach to rebalancing and its implementation to be considered as part of the Fund's review of Investment Management Arrangements.**
11. **Benchmark Indices**
   (a) **No changes are proposed to the current benchmark indices of the Fund.**

12. **Implementation**
   (a) **The nature, timing and detailed implementation of any benchmark changes necessary to reflect the decisions of the Panel be settled by the Director of Pensions following consultation with the Advisors and/or managers where appropriate.**

15. 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 1 2023 Performance Dashboard was summarised. It was explained that stresses in the banking sector caused financial market sentiment to decline amid concerns around financial stability. Worries over the health of the banking system on both sides of the Atlantic were the main preoccupation for both central bankers and investors in March 2023. Economic and financial market sentiment was undermined early in the month by the collapse of two mid-sized lenders in the US – Silicon Valley Bank and Signature Bank – forcing US regulators to take urgent action to shore up confidence. That was followed by news a week later that UBS would acquire Credit Suisse, in a move that the Swiss regulator FINMA said would "ensure stability for the bank's customers and the financial centre".

Global growth surprised positively in the first quarter of 2023 with resilient labour markets and falling energy prices, improving the outlook for consumers and businesses. Forecasted 2023 GDP growth was revised higher in most developed economies, while recession in the UK was now forecasted to be shorter and shallower than previously expected. Year-on-year headline CPI inflation in the US and Eurozone fell to 6.0%, and 8.5%, respectively, as the UK measure rose to

10.4%. The equivalent core measures fell to 5.5% in the US as the UK and Eurozone measures rose to 6.2% and 5.6% respectively. The ECB, BoE and the Fed continued to announce increases in interest rates. The BoE and the Fed both raised policy rates by 0.25% p.a., to 4.25% p.a. and 5.0% p.a. respectively. The ECB raised rates by a larger 0.50% p.a., to 3.50% p.a. However, the improvement in the near-term economic outlook and upside inflation surprises saw a reassessment of both the likely peak in interest rates and the subsequent pace of interest rate cuts, as economists and investors moved to anticipate higher for longer interest rates may be required to return inflation to target. Market volatility was likely to stay high, and policymakers may have to go further to make sure faith in the global financial system stayed solid. Financial conditions were also likely to tighten, which increased the risk of a hard landing for the economy, even if central banks eased off on interest rate rises.

Equity markets gained in March and over the quarter, pointing to confidence that regulators had acted with sufficient speed and force to avert a full-blown banking crisis. The improvement in consumer and business sentiment in Europe, on the back of lower gas prices, led European equities to outperform. Growth stocks outperformed value stocks over the quarter, as falling bond yields supported the former while the latter were weighed down by stresses in the banking sector and a significant hit to bank shares in March. By sector, energy, healthcare and financials were the worst underperformers.

Bonds had been volatile over the quarter, rallying in January before posting mark-to-market year-to-date losses in February and rallying again in March after investor flight to safety due to stresses in the banking sector and low investor sentiment. The concerns contributed to an overall fall in government bond yields over the quarter. Corporate bonds posted positive returns due to the falling underlying sovereign bond yields.

Over the quarter total Main Fund assets increased by £386 million to £28.5 billion. On a cumulative basis, over the period since September 1987, GMPF had outperformed the average LGPS, equating to over £4.8 billion of additional assets.

Apart from private equity, allocations to alternative assets, whilst increasing, remained below their long-term (Fully Implemented) 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 1.5%) versus its benchmark. The Main Fund underperformed its benchmark over Q1 2023. 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 Q1 2023, 1 year active risk increased having fallen in recent quarters from its 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 Q1 2023. 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 1; 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 of one manager 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.

16. LONG TERM PERFORMANCE 2022/23 – MAIN FUND AND ACTIVE MANAGERS

The Assistant Director of Pensions Investments, submitted a report, which advised members of the recent and longer term performance of the Main Fund as a whole and of the external Public Markets active Fund Managers. Detailed results covering periods up to 30 years were given.

The performance of UBS over their time as a Manager for the Fund and performance for Ninety One since their inception in 2015/16, were displayed.

RECOMMENDED
That the content of the report be noted.

17. CASH MANAGEMENT

A report was submitted by the Assistant Director of Pensions Investments, which explained that the Fund adopted a relatively prudent approach to its cash management. The report outlined the constraints in place to ensure an appropriate level of prudence, focusing primarily on capital preservation and secondly on higher returns. It also detailed the performance achieved over the last three years. The report also set out broad proposals for an operationally simplified and 'futureproofed' set of cash management arrangements. Officers proposed to come back to a future meeting of the Panel, or appropriate Working Group, with detailed proposals for new arrangements.

The report concluded that the Pension Fund's cash had been generally well managed. Performance in 2022/23 exceeded the benchmark and total interest received was £10.9 million.

RECOMMENDED
(i) That the content of the report be noted; and
(ii) The decision to move to new cash management arrangements be approved in principle.

18. 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, cyber security work and recruitment challenges.

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.

19. GMPF POTENTIAL EXITING EMPLOYER

Consideration was given to a report of the Director of Pensions, which gave details of a potential exiting employer.

It was explained that a large and mature admission body of GMPF had notified the Fund of its intention to exit the LGPS. The employer was likely to be fully funded on a cessation basis at present and had requested that GMPF considered options to reduce the risk of a deficit arising prior to the anticipated exit date.

This report summarised details of the employer's participation in GMPF, outlined some of the potential options available and highlighted relevant considerations for the Management Panel.

RECOMMENDED
That the Director of Pensions be authorised to determine an appropriate exit strategy for the employer in consultation with GMPF's Actuary and Hymans investment advisors.

20. 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.

21. LGPS UPDATE

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

- Scheme Annual Report 2022
- Letter from the Minister on governance and reporting of climate change risks in the LGPS
- McCloud Supplementary Issues Consultation
- Guarantee For Academy Trusts Outsourcing Arrangements
- Audit Issues for 2021/2022 Accounts
- LGPS Compatibility with Sharia Investment Principles
- MAPS Pensions Dashboard update

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

22. FUTURE DEVELOPMENT OPPORTUNITIES

Trustee development opportunities were noted as follows:

LGA Fundamentals – Day 1, Manchester Piccadilly Hotel	**5 October 2023**
PLSA Annual Conference - Manchester	**17-19 October 2023**
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 2023**
LGA Fundamentals – Day 2 virtual (two half days)	**16 November 2023 23 November 2023**
LGA Fundamentals – Day 3, Manchester Piccadilly Hotel	**13 December 2023**
LGA Fundamentals – Day 3 virtual (two half days)	**11 December 2023 19 December 2023**

23. DATES OF FUTURE MEETINGS

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

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 & Development Wrk Grp	7 Sept 2023 23 Nov 2023 22 Feb 2024
Investment Monitoring & ESG Wrk Grp	21 July 2023 22 Sept 2023 26 Jan 2024 12 April 2024
Administration & Employer Funding Viability Wrk Grp	21 July 2023 22 Sept 2023 26 Jan 2024 12 April 2024

CHAIR

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GREATER MANCHESTER PENSION FUND
MANAGEMENT PANEL

14 July 2023

Commenced:	**10.00am**	**Terminated:12.35pm**
Present:	**Councillor Cooney (Chair)** **Councillors: Axford (Trafford), Billington, Boyle, Drennan, Fitzpatrick, Jabbar (Oldham), Jones, Martin, Mistry (Bolton), O'Neill (Rochdale), North, Sheikh (Manchester), Smart (Stockport), Taylor, Walters (Salford) and Ward** **Ms Herbert (MoJ) joined the meeting virtually** **Fund Observers:** **John Pantall – Independent Advisor** **Councillor Taylor (Stockport)**	
Apologies for Absence:	**Councillors Grimshaw (Bury), Lane, Quinn, Rehman (Wigan) and Ricci**	

1. CHAIR'S OPENING REMARKS

The Chair, Councillor Cooney, began by welcoming new and returning Trustees and in particular, Councillor Jaqueline North as the new Vice Chair and Cllr Jim Fitzpatrick who was re- elected this year and had returned as the Deputy of the Fund.

He further extended a very warm welcome to those who had just been appointed to the Fund: from Tameside: Cllr Laura Boyle, Cllr Charlotte Martin, Cllr George Jones and Cllr Liam Billington.

And from other Local Authorities:
Cllr Champak Mistry – Bolton – replacing Cllr Amy Cowen
Cllr Basat Sheikh – Manchester – replacing Cllr Paul Andrews
Cllr Shaun O'Neill – Rochdale - replacing Cllr Philip Massey
Cllr Andrew Walters – Salford – replacing Cllr Michele Barnes
Cllr Jill Axford – Trafford – replacing Cllr Dylan Butt
Cllr Nazia Rehman – Wigan – replacing Cllr Keith Cunliffe

The Chair also extended thanks and gratitude to the retired members of the Panel for their contribution to the work of the Fund over the last year.

The Chair then announced the recent sudden and untimely death of David Schofield, who was a Local Board Trade Union member and previous Panel member. He had been a stalwart to the Fund and would be sadly missed, particularly for his good humour and pragmatic interventions. The meeting then stood and observed one minutes silence in respect.

The Chair stated that ordinary people working in public sector jobs serving their communities, get to live out their retirement years with security and dignity, was a noble cause. There was nothing more important than safeguarding the deferred pay, which were the pensions of public sector workers, whilst balancing the need to ensure that they were affordable and sustainable to the employers and taxpayers alike. He reminded everyone that attendance at meetings was important and in particular to undertake the training provided to ensure that members had the appropriate skills and knowledge to be a trustee.

On the 23 June 2023 Government published the Economic Activity of Public Bodies (Overseas Matters) Bill to ban LGPS administering authorities from making investment decisions influenced by political and moral disapproval of foreign state conduct, except where this was required by formal Government legal sanctions, embargoes, and restrictions.

The Scheme Advisory Board, who advised Government had pointed out that, the LGPS was a well-funded and well-run scheme. Administering authorities took their statutory and fiduciary duties around the investment of pension funds very seriously. As far as the Board was aware, there was no evidence that any LGPS fund had instituted inappropriate politically motivated boycott or divestment policies. There would be further reports on the bill as it made its way through Parliament and the implications for the Fund.

Members were advised that on the 15 June 2023, a letter from the Minister was sent to the Scheme Advisory Board on governance and reporting of climate change risks in the LGPS. DLUHC had confirmed that implementation of climate reporting obligations would be delayed at least until next year. Presuming regulations were forthcoming in time for 1 April 2024, reports covering the next financial year would need to be produced by December 2025. In the meantime, the Responsible Investment Advisory Group (RIAG) who advise the Scheme Advisory Board, and chaired by the Director of Pensions for the Fund, Sandra Stewart, were looking at what advice could be given to funds wishing to do a shadow reporting year, and also what could be done to standardise the development of climate reporting approaches at the pool level.

The Fund had been undertaking voluntary climate reporting and disclosure for over 7 years. The Chair was also pleased to announce that one of Fund's managers, Mushfiqur Rahman, had been awarded the CFA Environment Social and Governance certificate. Congratulations were extended to Mush for all the hard work he put into achieving the certification.

The Chair made reference to plans announced by the Chancellor to consult the Local Government Pension Scheme (LGPS) on new targets to double their existing investments in private equity to 10%, in a move that was intended to help unlock £25bn by 2030. The consultation also outlined a March 2025 deadline for all LGPS funds to transfer their assets into LGPS pools, suggesting that each pool should exceed £50bn of assets. The Northern Pool, consisting of GMPF, West Yorkshire and Merseyside Pension Fund were already collectively over £50billion at about £60 billion and there was oversight over 100% of the pool. In the consultation, the government suggested that whilst pooling had delivered "substantial benefits" so far, the pace of transition should accelerate to deliver further benefits, including improved net returns, more effective governance, increased savings and access to more asset classes. There were a number of other technical proposals as well. This would be studied very carefully and the Fund would be responding. It was agreed that there were opportunities to deliver the twin aims of unlocking investment into pioneering UK businesses, growing the economy, whilst ensuring affordable and sustainable pensions, and Government acknowledged that Greater Manchester Pension Fund had led the way on this, one of the fundamental beliefs of the Fund had always been that all decisions were in the best interests of members and the taxpayer and decisions were not based on politics or to address fiscal policy.

The Chair was pleased to note that the fantastic work done as the GMPF, elected members, officers and advisors, had been recognized, by GMPF being shortlisted in the LGPS Fund of the Year (assets over £2.5 billion at 31 March 2023) category. He added that, someone who should be very proud of this nomination as a testament and reflection of the contribution he has personally made, was one of the advisors, Ronnie Bowie, who after 36 years of shaping and supporting the Fund, had decided that the time had come for him to retire. Ronnie's history with the Fund began on 13 November 1987, and since then, the Fund had grown from strength to strength. To give one example; when Ronnie did his first valuation as the Fund's actuary in 1989, it had £1.9 billion of assets with just short of 14 thousand members. He leaves it in 2023 more than 100% funded, with a value of £30 billion and 420 thousand members. He had a huge impact on the ability of Greater Manchester to sustain affordable pensions for the public sector workforce and the huge number of people who had been able to live their retirement in comfort and dignity. The Chair thanked Mr Bowie for his hard work and commitment over the years and wished him well in his retirement and future endeavours. The Chair presented Mr Bowie with a gift. Mr Bowie responded in kind.

2. DECLARATIONS OF INTEREST

There were no new declarations of interest submitted by Members.

3. MINUTES

The Minutes of the proceedings of the meeting of the Pension Fund Advisory Panel held on 24 March 2023 were noted.

The Minutes of the proceedings of the meeting of the Pension Fund Management Panel held on 24 March 2023 were signed as a correct record.

4. 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
9, 10, 11, 12, 13, 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, 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.**

5. LOCAL PENSIONS BOARD

The Minutes of the proceedings of the meeting of the Local Pensions Board held on 13 April 2023 were considered.

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

6. INVESTMENT MONITORING AND ESG WORKING GROUP

The Minutes of the proceedings of the meeting of the Investment Monitoring and ESG Working Group held on 14 April 2023 were considered

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

7. 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 14 April 2023 were considered

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

8. POLICY AND DEVELOPMENT WORKING GROUP

The Minutes of the proceedings of the meeting of the Policy and Development Working Group held on 22 June 2023 were considered

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

9. NORTHERN LGPS JOINT OVERSIGHT COMMITTEE

The Minutes of the proceedings of the meeting of the Northern LGPS Joint Oversight Committee held on 2 February 2023 were received.

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

10. SCHEME GOVERNANCE/WORKING GROUP MEMBERSHIP

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

11. GMPF STATEMENT OF ACCOUNTS 2022-23 AND ANNUAL REPORT

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.

12. 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.

13. LGPS PERFORMANCE UPDATE

A presentation was delivered by Karen Thrumble of PIRC

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

14. INVESTMENT STRATEGY AND TACTICAL POSITIONING

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

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

15. 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.

16. LONG TERM PERFORMANCE 2022/23 – MAIN FUND AND ACTIVE MANAGERS

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

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

17. CASH MANAGEMENT

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

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

18. 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.

19. GMPF POTENTIAL EXITING EMPLOYER

A report of the Director of Pensions was submitted.

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

20. 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.

21. LGPS UPDATE

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

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

22. FUTURE DEVELOPMENT OPPORTUNITIES

Trustee development opportunities were noted as follows:

LGA Fundamentals – Day 1, Manchester Piccadilly Hotel	**5 October 2023**
PLSA Annual Conference - Manchester	**17-19 October 2023**
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 2023**
LGA Fundamentals – Day 2 virtual (two half days)	**16 November 2023** **23 November 2023**
LGA Fundamentals – Day 3, Manchester Piccadilly Hotel	**13 December 2023**
LGA Fundamentals – Day 3 virtual (two half days)	**11 December 2023** **19 December 2023**

23. DATES OF FUTURE MEETINGS

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

Management/Advisory Panel	15 Sept 2023 1 Dec 2023 8 March 2024
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Policy & Development Wrk Grp	7 Sept 2023 23 Nov 2023 22 Feb 2024
Investment Monitoring & ESG Wrk Grp	21 July 2023 22 Sept 2023 26 Jan 2024 12 April 2024
Administration & Employer Funding Viability Wrk Grp	21 July 2023 22 Sept 2023 26 Jan 2024 12 April 2024

CHAIR

GREATER MANCHESTER PENSION FUND - LOCAL PENSIONS BOARD

20 July 2023

Commenced: 15:00		**Terminated: 16:15**
Present:	**Councillor Fairfoull**	**(Chair) Employer Representative**
	Paul Taylor	**Employer Representative**
	Paul Entwistle	**Employer Representative**
	Michael Cullen	**Employer Representative**
Apologies for Absence	**Councillor Jack Naylor**	
	Chris Goodwin, Catherine Lloyd and Mark Rayner	

1 CHAIR'S OPENING REMARKS

The Chair, Councillor Fairfoull, began by welcoming everyone to the meeting. The Chair then announced the recent sudden and untimely death of David Schofield, who was a Local Board Trade Union member and previous Management Advisory Panel member. He had been a stalwart to the Fund and would be sadly missed, particularly for his good humour and pragmatic interventions. The meeting then observed a moments silence in respect.

2 DECLARATIONS OF INTEREST

There were no declarations of interest.

3 MINUTES

The minutes of the Local Pensions Board meeting on the 13 April 2023 were approved as a correct record.

4 GMPF FINAL ACCOUNTS

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 14 July 2023.

Members of the Board were advised that there was no movement from the position as at the last 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 they were still outstanding.

RESOLVED
That the report be noted.

5 LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985 – EXEMPT ITEMS

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

(ii) in all circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information for reasons specified below:

Items	Paragraphs	Justification
6, 7, 9, 10, 11, 13	**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.**

6 ADMINISTRATION UPDATE

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

The performance dashboard for quarter 4 (January to March 2023) could be found at Appendix 1. Overall, levels of casework and performance against turnaround targets remained relatively consistent. Performance levels remained high and work on projects that supported improving the service provided to members continued. It was reported that two areas experienced substantial increases in workload. The first affecting member benefits, where significant numbers of revised pay figures were received because of the backdated pay award agreed in the autumn. The second affecting customer services, where there was higher than expected demand from members for support. Steps had therefore been taken to address these issues, and officers were continuing to make changes aimed at achieving improvements.

It was reported that all key processes had been transitioned to My Pension and the focus had now switched to making further improvements to the workflows and processes to improve the customer experience. Registration figures continued to increase and usage figures further increased in response to the member newsletters being issued during February and March 2023.

Member events continued to be popular and very well received. Eleven member events were held in quarter 4 which 488 members attended. The events programme included LGPS overview presentations, pre-retirement presentations and sessions for members on pensions tax limits and ways to top up benefits. Thirteen employer events were also held, several on using the monthly data submitting system, plus ones on pensionable pay and ill health, with 176 employer representatives in attendance at one or more session.

In regard to Member Services, work had been undertaken on producing the Annual Benefit Statements for 2022/23 for both contributing members and members with benefits on hold. Statements for members with benefits on hold were all uploaded to their My Pension accounts by 31 May 2023. The annual allowance exercise for 2022/23 had commenced, and initial data extraction work and checks were underway. It was reported that GMPF must issue Pension Saving Statements for all members who have exceeded the annual allowance by October 2023 and an update on the progress of this project would be provided at the next meeting.

The project to move processes online so that members could access various documents through My Pension account continued to progress. Work was underway to improve the online process for contributing members who retire. New workflow was being built and robust testing would then be completed to ensure the process is fit for purpose. It was explained that the work was slightly behind schedule and a further progress update on the work would be provided at the next meeting.

In Employer Services, there continued to be a steady number of employers who had applied to join GMPF, with 39 admission cases currently being progressed. Within these, there are 12 employers who may need to apply for admitted body status but where application forms have not yet been received. Work was ongoing with these employers.

Monthly data submissions continued to be monitored at the TPR breaches meeting held monthly. The number of submissions received on time remained consistent with 78.57% of employers meeting the deadline in April 2023. Further work and support was required with those employers who are not submitting their data on time.

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. 140 data files have been issued to employers to date and employers had been given three weeks to check this data and return securely to GMPF.

In regards to the Developments & Technologies section, officers had undertaken work with Tameside MBC IT team and its website development partner in respect of migrating website content to a new software platform. It was explained that GMPF continued monitoring all attempted cyber-attacks and statistics for quarter 4 (January to March 2023) could be found in appendix 2 which included an update on cyber compliance, statistics from security systems and an update on cyber incidents and trends.

The Customer Services and Communications dashboard was attached at appendix 3. This dashboard provided long term statistics about general engagement from April 2022 to March 2023, with other statistics for quarter 4. High call volumes coupled with resource issues on the Customer Services team had resulted in much longer than normal wait times and high numbers of abandoned calls. 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.

RESOLVED
That the report be noted.

7 THE PENSIONS REGULATOR (TPR)

Consideration was given to a report of the Director of Pensions / Assistant Director for Pensions Administration. The report provided the Local Board with a summary of the current breaches log and decisions made by the scheme Manager regarding the reporting of these breaches. The report also included an update on the TPR proposed Single Code of Practice now called the General Code.

A copy of the current breaches log (excluding late payments and contributions) was attached as Appendix 1. The criteria that officers used to assist them in assessing whether a breach might be deemed ‘material’ was also attached at appendix 2. It was explained that GMPF officers continued to meet monthly and considered the materiality of any breaches that had occurred and discussed the appropriate actions to be taken to minimise the potential for breaches to occur in the future.

It was explained that one of the key requirements of Code of Practice number 14 is that Scheme Managers operated appropriate systems to ensure that contributions are paid to the Scheme in accordance with requirements in the Scheme Regulations. Officers continued to meet monthly to discuss issues that related to the monitoring of late contributions and examined options for improving current processes. Following the implementation of monthly data collection from employers, compliance with data submission deadlines was also monitored.

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 which confirmed that the single code will now be called the General Code of Practice and was likely to be published late 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

GMPF had undertaken a GAP analysis which was appended to the April 2023 Local Board report. Further analysis would be undertaken when the final code is issued, and requirements are clear.

RESOLVED
That the Local Pensions Board
(a) Review the current breaches log and consider the decisions made by the Scheme Manager regarding reporting those breaches
(b) Note the other relevant developments set out in the report.

8 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 April 2023 to June 2023, which were approved at the Management Panel meeting on 14 July 2023. It also summarised the decisions made by the Management Panel at the same meeting.

The Director of Pensions summarised the recommendations made by the Administration, Employer Funding and Viability Working Group and Investment Monitoring and ESG working Group on the 14 April 2023 and the recommendations made by the Policy and Development Working Group on the 22 June 2023.

At its 14 July 2023 meeting, the GMPF Management Panel approved the recommendations from the various Working Group meetings. The Panel was informed about the Fund's cash management strategy. The report viewed by Panel contained details of the performance achieved over the last 3 years. Panel were presented with broad proposals for an operationally simplified and 'futureproofed' set of cash management arrangements that were recommended for adoption. It was recommended that the Management Panel:

(a) Note performance in relation to cash management;
(b) Approve, in principle, the decision to move to new cash management arrangements.

The Panel were further informed about a large and mature admission body of GMPF who notified the Fund of its intention to exit the LGPS. It was recommended that the Management Panel:

(a) Authorise the Director of Pensions to determine an appropriate exit strategy for the employer in consultation with GMPF's Actuary and investment advisors.

It was reported that Investment Strategy was crucial for ensuing GMPF's long term investment success. Panel delved deep into the current investment strategy and areas for improvement. It was recommended that the Management Panel:

(a) Adjust the Public Equity to take account of the changes in 'realistic benchmark' allocations to Infrastructure, Private Debt, Special Opportunities Portfolio, Direct UK Infrastructure and Local Investment. More specifically, reduce the Public Equity allocation by 4.0% (from 45.3% to 41.3%) to take account of these changes.
(b) Set the Public Equity benchmark allocation as 41.25%
(c) Set the overall splits within the Public Equity allocation as:
   a. 59% Regional and 41% Global
   b. Within the Global allocation: 36% Global Public Equity (managed by Ninety One), 52% Global Developed Equity (managed by SciBeta) and 12% Global Developed Value Equity (managed by UBS)
   c. Within the Regional allocation: 91% by UBS (Active) and 9% by L&G (Index Tracking)
(d) To implement the third tranche in terms of moving gradually over a number of years from the recouched current mix of the Regional Equity allocation towards a Market Cap weighted shape as adopted at the July 2021 Panel. No further change necessary at this time.
(e) Maintain the strategic target allocation to private equity at 5%.
(f) Change the realistic allocation to Infrastructure from 4.0% to 5.0%.
(g) Change the realistic allocation to Private Debt from 3.5% to 5.0%.
(h) Change the realistic allocation to Special Opportunities Portfolio from 2.0% to 2.5%.
(i) All increases in realistic allocation to Infrastructure, Private Debt and Special Opportunities Portfolio to come entirely from Public Equities.
(j) Change the realistic allocation to GLIL from 3% to 3.5%.
(k) Maintain the overall limit on those assets which are locally invested at 5% of Main Fund as agreed at the July 2011 Panel. Change the 'realistic benchmark' allocation for Local Investments from 3.0% to 3.5%.
(l) The nature, timing and detailed implementation of any benchmark changes necessary to reflect the decisions of the Panel be settled by the Director of Pensions following consultation with the Advisors and/or managers where appropriate.
(m) All the other recommendations made to Policy and Development Working Group at their April 2023 meeting be adopted.

RESOLVED
That the report be noted.

9 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.

The report set out the progress being made on the six key strategic projects set out in the 2022/23 business plan. All projects were reported to be either on track or complete with key project 4, McCloud, being reported as having a minor lag due to the amended regulations and guidance still being awaited. However, internally, work had been progressed on the system amendments and data capture. Data validation work with employers was underway, although software issues had been identified and fault fixes from the software supplier were awaited. This project will feature in the business plan for 2023/24.

All business plan tasks continued to be monitored and reviewed each month by the Director of Pensions. The business plan for 2023/24 would be presented at the next Local Board meeting.

The risk register was reviewed and updated at least once each quarter and the latest version was included within this report for review at Appendix 2. The key risks being monitored at present were listed on the 'Current Issues' tab. Specific issues that had been monitored closely by officers this quarter were explained, including the increased levels of cyber fraud / cyber-attacks. Officers explained that the risks related to cyber security were greater than ever and work continued to ensure that existing controls were still working and putting new controls in place wherever possible.

RESOLVED
That the developments set out in the report be noted.

10 LOCAL BOARD GOVERNANCE FOR 2023/24

Consideration was given to a report of the Director of Pensions / Assistant Director for Pensions Administration. The report provided information about GMPF's Local Pension Board terms of references and set out details of the membership of Local Board for the next municipal year.

It was explained that all local board members, trustee members and advisors must adhere to GMPF's rules around confidentiality. Many of the items considered and discussed were confidential and there was often some commercial sensitivity linked to them. Members were also reminded that they must adhere to GMPF's IT and cyber security policy and rules.

A copy of the Conflicts of Interest policy was attached at Appendix 2. The Director of Pensions explained that it was vital that all board members understood the importance of adhering to the GMPF Conflicts of Interest policy. Members of the Board were advised that they must complete a Declaration of Interest form on appointment. They must also declare any interests at the start of a meeting, or at the earliest opportunity during the meeting. They must also notify the Director of Pensions as soon as possible if a conflict is identified outside of a meeting.

The Director of Pensions advised that the process of appointing a new trade union representative had started following the passing of David Scofield

RESOLVED
That the report be noted.

11 THE INTERNAL DISPUTE RESOLUTION PROCEDURE AND RESOLVING COMPLAINTS

Consideration was given to a report of the Director of Pensions / Assistant Director for Pensions Administration which provided Local Board with information about the internal dispute resolution procedure for the LGPS. The report also explained how GMPF implements the arrangements for resolving disputes and how it manages non-dispute complaints.

It was explained that information about the dispute process was included in all GMPF letters and correspondence where the member could potentially need to access the dispute procedure. Members were encouraged to contact GMPF initially to see if the dispute can be resolved without the need to move to stage one. GMPF normally has three designated pensions referees. There was a referee that hears stage one appeals (so stage one appeals against the administering authority), and two stage two referees. The GMPF Compliance and Legal teams provided administrative support to the pension referees.

GMPF continued to provide technical support to its employers when dealing with stage one appeals and would provide bespoke training when requested. Every dispute case that was dealt with by one of the three pension referees was reviewed by the GMPF Complaints and Issues Board. This internal group, chaired by the Director of Pensions, continued to review all cases each month and considered them in detail. The Board aimed to ensure any actions for GMPF, or the relevant scheme employer, are acted upon and all learning points have been identified. It was reported that the total number of appeals received and dealt with by GMPF in 2022/23 was 22. The number of appeals received increased in 2017 but had reduced each year since.

GMPF also received complaints that were not disputes but that needed to be responded to and resolved. It is important these were captured so that officers can understand the issues and identify the learning points to try to prevent future issues. Complaints received were mainly around issues with accessing My Pension and dissatisfaction with the processes used, but they can also be about delays, communications, call wait times and policies.

It was highlighted that all complaints were allocated to the relevant team or section manager to respond to and resolve. Managers must capture any learning points they had identified and log them within the system. A complaints dashboard was produced each month and was reviewed by the Complaints and Issues Board. The focus was on understanding if each complaint had been resolved to the satisfaction of the member or not, and whether all learning points had been captured. A copy of the latest dashboard for May 2023 was attached at appendix 1.

The Pensions Administration Working Group received copies of the dashboard for each month at its quarterly meetings, together with information about all work carried out that relate to improving service and reducing complaints. It was reported that officers were constantly looking at how the work of the Complaints and Issues Board could be developed to improve member satisfaction and reduce complaints. Officers also looked to improve the training given to managers to better support them to respond to complaints, alongside a review of the support package for employers.

RESOLVED
That the report is noted.

12 INTERNAL AUDIT ANNUAL OPINION 2022/23

Consideration was given to a report of the Interim Head of Audit. The report detailed Internal Audit's annual opinion 2022/23 for GMPF.

It was reported that on the basis of audit work completed, the opinion on the GMPF's framework of governance, risk management and internal controls was reasonable in its overall design and effectiveness. Certain weaknesses and expectations were highlighted by audit work. These matters have been discussed with management and recommendations have been made. These recommendations have been implemented or were in the process of being addressed.

Members of the Local Board were reassured that GMPF was committed to providing effective counter fraud arrangements and ensured that there are adequate measures in place to prevent, detect and investigate fraud and corruption. It was explained that Internal Audit have two counter fraud specialists who facilitated the co-ordination of counter fraud activities. A summary of the work undertaken on unplanned / irregularity / fraud referrals during the period was provided at appendix 3.

It was further highlighted that there were no specific issues that had been highlighted through the work undertaken by Internal Audit during the year. Internal Audit conducted Post Audit Reviews (PAR's) following each audit. A summary of the PAR's undertaken for 2022/23 was detailed at appendix 1. The process for follow up as well as reporting was being reviewed as part of the root and branch review. Members of the Board highlighted the importance of communicating and sharing the learning from Internal Audit's with other employers to aid further learning.

RESOLVED
That the report is noted.

13 INTERNAL AUDIT PLAN 2023/24

Consideration was given to a report of the Interim Head of Audit which detailed the Internal Audit plan for GMPF for 2023/24/ which identified the audit work required to achieve a reasonable level of assurance to be provided by Internal Audit in compliance with the Public Sector Internal Audit Standards (PSIAS).

The Risk & Internal Audit Service had been exposed to capacity issues in its management. The former Interim Head of Risk Management and Audit Services and the Principal Auditor had retired and been replaced by an Interim Head of Audit. This provided an opportunity to review the audit plan as well as the arrangements within Internal Audit to bring them in line with current / best practice, as well as putting in place measures to mitigate any future risk of lack of capacity within the service.

It was explained that in order to deliver a plan in line with the preferred delivery, a refreshed plan linked directly to risk was required to target audit resources to the areas of most materiality and significant by focussing on:-

- Key risks and priorities
- IT audit programme
- Other audit work
- Counter fraud

It was reported that work had already commenced against the plan. This did not affect the ability to make changes to the plan, as the audit planning process was an iterative one. The detailed audit coverage which listed the top strategic risks was detailed at appendix 1. Members of the Local Board were advised that moving forward, the approach to the refreshed plan should be an agile one, where Internal Audit would respond to the changing assurance need, by constantly scanning the environment, which enabled a change to the focus of the audits should GMPF's organisational priorities or significant risks change. Any change to the plan during the year would be notified for approval by the Board in subsequent Internal Audit progress reports. The plan had been approved by GMPF's management team and would be delivered, in accordance with the Council's Internal Audit Charter.

RESOLVED
That the report is noted

14 URGENT ITEMS

There were no urgent items

CHAIR

GREATER MANCHESTER PENSION FUND - INVESTMENT MONITORING AND ESG WORKING GROUP

21 July 2023

Commenced: 09:00am **Terminated:** 10:40am

Present:	Councillors North (Chair), Jones, Quinn, Fitzpatrick, Jabbar and Smart	
	Mr Drury and Caplan	
	Fund Observer John Pantall	
In Attendance:	Sandra Stewart	Director of Pensions
	Tom Harrington	Assistant Director of Pensions (Investments)
	Steven Taylor	Assistant Executive Director (Investment Special Projects)
	Michael Ashworth	Senior Investments Manager
	Tom Powdrill	PIRC
	Conor Constable	PIRC
Apologies for Absence:	Councillors Boyle, Taylor and Walters	
	Mr Flatley	
	Fund Observer John Taylor	

1 DECLARATIONS OF INTEREST

There were no declarations of interest.

2 MINUTES

The minutes of the Investment Monitoring & ESG Working Group meeting on the 14 April 2023 were approved as a correct record.

3 UBS ESG UPDATE

Consideration was given to a presentation of representatives of UBS on Environmental, Social and Governance activity in the last 12 months.

Members of the Working Group were advised that climate change had begun to dominate Sustainable Investing and focus had therefore extended into climate change opportunities rather than risk mitigation which demonstrated that progress on Net Zero commitments were expected.

It was explained that engagement was a core part of UBS's investment process and fiduciary duty for active and passive strategies. The prioritization of engagement cases was presented to the Working Group:
- High financial exposure
- Presence of high ESG risks and opportunities
- History of votes against management
- Performance on topics selected for thematic programs
- Presence of significant controversies

It was highlighted that UBS engaged with issuers to manage and integrate climate risk in business planning, seek out transition-related opportunities to support risk adjusted returns, and report their strategy to investors in line with TCFD recommendations. UBS summarized their climate engagement programme and their engagement objectives for issuers. It was reported that UBS had 5 years of dialogue with 45 high emitting issuers (including Oil & Gas and utilities) to increase ambition and climate change performances and reported that more than 58% of companies made good or excellent progress against set objectives over first 3 years.

In regards to engagement at the portfolio-level in the 12 month period to the end of March 2023. Between 31 March 2022, and 31 March 2023, UBS held 105 engagement meetings with issuers from the Fund's portfolio. It was further reported that between 31 March 2022 and 31 March 2023, UBS engaged with 62 issuers in the portfolio. Members of the Working Group were presented with a breakdown of company engagement by sector and region.

Members of the Working Group were presented with engagement examples, which highlighted the ESG issues with the companies, actions taken and the outcomes and next steps of UBS.

Discussion ensued on how outcomes were used in the UBS statistics on engagement and what steps were taken when engagement does not reach the desired outcomes.

RECOMMENDED
That the presentation be noted.

4 UBS: REPORT ON TRADING COSTS

Consideration was given to a presentation of representatives from UBS. The presentation detailed GMPF's trading costs for the year to 31 December 2022. The volume of equities traded was reported, along with the total commission paid and the average commission rate. Members of the Working Group were also presented with a breakdown of counterparties that were traded with.

RECOMMENDED
That the presentation be noted.

5 RESPONSIBLE INVESTMENT UPDATE

Consideration was given to a presentation of representatives of PIRC, which gave an analysis of climate metrics in remuneration.

Members of the Working Group were advised that there had been a significant increase in use of ESG-linked remuneration metrics over recent years and that this had been driven in part by the push towards embedding a more stakeholder-oriented model within established corporate frameworks. It was explained that PIRC did not consider the growth in use of climate metrics in executive remuneration to be an unequivocally positive development.

It was highlighted that despite some of the structural concerns linking climate metrics to remuneration plans, namely transparency and sensitivity to performance, advocates had argued the practice could contribute to driving better corporate performance in managing climate risk if applied correctly. Members of the Working Group were advised that PIRC questioned this view as there remained a real risk that the arena within which shareholders engaged and held to account issuers on climate change progressed shifted from that of strategy to that of pay.

It was further explained when considering the appropriateness of rewarding directors for operating a business responsibly, it was important to consider investor expectations and legal duties of directors In a UK context, directors had a legal duty under Section 172 of the Companies Act 2006 not only to promote the success of the company but when doing so to have regard to the impact of the company's operations on the community and the environment. Meanwhile, investors across the globe increased placing expectations on executives to consider a wide range of social and environmental factors.

RECOMMENDED
That the presentation be noted.

6 UNDERWRITING, STOCKLENDING AND COMMISSION RECAPTURE

Consideration was given to a report of the Director of Pensions / Assistant Director of Pensions for Investments. The report advised Members of the activity and income generated on Underwriting, Stocklending and Commission Recapture during the year ended March 2023.

RRECOMMENDED
That the report be noted.

7 URGENT ITEMS

There were no urgent items.

CHAIR

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

21 July 2023

Commenced: 11:00 **Terminated:** 11:50

Present:	Councillors Fitzpatrick (Chair), Ricci, Ward, North and Mistry Mr Llewellyn	
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
	Jane Wood	Member Services Strategic Lead
	Matthew Simensky	Communications & Engagement Strategic Lead
Apologies for Absence:	Councillors Axford, Billington, Drennan, Grimshaw, Lane, Martin and Rehman. Mr Flatley and Ms Blackburn	

1 DECLARATIONS OF INTEREST

There were no declarations of interest.

2 MINUTES

The minutes of the Administration, Employer Funding and Viability Working Group on 14 April 2023 were approved as a correct record.

3 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. Officers were focussed 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.

It was explained that work on all IT projects continued to go well. Changes to the disaster recovery and back up arrangements were now implemented and work on the project to improve cyber security resilience and controls continued to progress well.

The regulations and guidance on McCloud were still awaited. The Government issued its response to the LGPS McCloud consultation in April 20213 and issued a further consultation in May 2023 which sought views on several areas that were not included in the original consultation. It was explained that the LGA believed regulations would be made in the autumn with an effective date of

1 October 2023. However, statutory, and non-statutory guidance was not expected to be available until sometime after this date. This project would continue to be a priority project for officers for the next twelve months and beyond once the implications of final regulations were fully known and understood.

In regard to the Administration Work and Performance, a performance dashboard for quarter 4 (January to March 2023) could be found attached at Appendix 2. 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 there were two areas that experienced a substantial increase in workload. The first affected member benefits, where significant numbers of revised pay figures were received because of the backdated pay award agreed in the autumn. The second affected customer services, where there was higher than expected demands from members for support, leading to long call and email response wait times. Steps had been taken to address these issues, and officers continued to make changes aimed at achieving improvements.

As covered at the July 2023 Management Panel meeting, there remained several challenges with 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.

It was reported that the main area of ongoing work which ensured GMPF meets the expectations of the current codes of practice was centred on ensuring GMPF employers meet their responsibilities. Senior Officers continued to meet monthly to review employer performance in line with the Pension Regulator's expectations. The timeliness of employer contribution payments and the submission of accurate monthly data returns remained the main areas of focus. Work had been undertaken to support employers to improve and this continued to have a positive effective.

Members of the Working Group were advised that the Pensions Dashboards Regulations came into force on 12 December 2022. They required Public Service Pension Schemes to connect to the initial Dashboard by 30 September 2024. However, 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. 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 are 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. 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 spring 2024. Further updates on the progress made would be provided to the Working Group each quarter.

Over the last quarter, work had taken place to deliver the new trustee training plan for 2023/24. Updates had been made to the Governance area of the GMPF website and work on creating new trustee training events to reflect the changes agreed had taken place.

RECOMMENDED
That the report be noted.

4 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 explained that the factors that are used daily to administer the LGPS were based on the SCAPE rate. In March 2023, the Government confirmed that a reduction to the SCAPE rate to 1.7% above inflation, compared with 2.4% previously. Officers summarized the impact of the change to the SCAPE rate and explained that these changes affect the service delivery to GMPF members. Members were informed and were given regular progress updates throughout the period.

It was reported that work had been undertaken to produce the Annual Benefit Statements for 2022/23 for both contributing members and members with benefits on hold. Statements for members with benefits on hold were all uploaded to their My Pension accounts by 31 May 2023. All remaining contributing members would have their statements uploaded to their My Pension accounts by 31 August 2023. Those who have requested paper communications would also receive their statements by this date.

The project to move processes online so that members can access documents and make decisions through their GMPF My Pension account continued to progress. New workflow was being built and robust testing would then be completed by the team to ensure the new process is fit for purpose. A further progress update on this work would be provided at the next meeting.

It was reported that in July 2023, internal procedure changes were being made to the processes for calculating deferred benefits for members who leave the scheme early. A bulk processing calculator would be used that would bring significant efficiencies. Information showing the benefits of this work would be provided at the next meeting.

The 2023 National Fraud Initiative had begun. The exercise was run by the Cabinet Office, and was led, and coordinated internally by the Tameside MBC Internal Audit team. Reports were received by GMPF, and checks were undertaken to establish if payments were being made in error. The results of this work in full would be presented at a future meeting. In regard to pension overpayment recovery, Appendix 1a provided details of all pension overpayment cases reviewed in quarter 4.

In addition to measuring the performance using key performance indicators, GMPF issued surveys to members to obtain a view of member experience for several key processes. Results of surveys would be subsequently carried out by the Complaints and Issues Board. Appendices 2a 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 2b.

In regard to member existence checks, it was explained that members have multiple options to use to complete checks such as their My Pension account or could fill in a paper form. It was reported that 2257 existence check emails or letters had been sent to overseas member and 453 members completed their checks online through their My Pension account within the first week.

The work undertaken to move processes online continued to be a success. Future surveys would provide more detailed member feedback on the new processes deployed, but positive feedback has already being received from those members been in contact.

It was reported that the significant increase in the level of revised pay information continued to be a challenge. Teams continued to work hard to process these in a reasonable timeframe and the progress of this work would be closely monitored.

RECOMMENDED
That the report be noted.

5 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 steady number of employers applying to join GMPF, with 39 admission cases currently being progressed. Within these, there were twelve employers who may need to apply for admitted body status but where 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 52 schools considering conversion. There were also ten 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 22 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 underway which ensured that 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 78.57 per cent of employers meeting the deadline in April 2023. Further work was required with those employers who are not submitting their data on time to provide them with the necessary help and support to achieve the required deadline. The table in Section 1 of the attached Appendix 2 showed local authority monthly data submission performance from May 2022 to April 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. It was pleasing to note that all employers had submitted their March 2023 submission by 20 April 2023 enabling the year end work to commence promptly. Various tasks were undertaken to check data quality as part of the year end work. The aim of this work was to ensure that the data held for all members was completed and accurate and could be used to calculate the information provided in Annual Benefits Statements and the Pension Savings Statements.

It was reported that in regard to data collection for McCloud, although the regulations were still awaited, the data collection and verification process was underway and 140 data files had been issued to employers to data. At the time of the meeting, 19 employers has returned their data files.

The Working Group were advised that an indication of the performance of GMPF's larger employers were 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.

A review of monthly performance data was undertaken with a view to increasing the amount of performance information provided to employers each month. Work to review the provision of performance data to all other employers and the format this would take was underway. Due to the diverse nature of GMPF's employer's, a tailored approach would be needed which ensured the data provided was meaningful and relevant.

GMPF had recently issued Year in Review reports to all the Fund's largest employers. These reports provided employers with our view of 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 number of employers that these reports have been provided was expanded this year, with reports being issued to 30 employers. A list of the employers who had been included in this year's exercise and their performance rating was attached at section 6 of appendix 2.

It was explained that employer engagement and support were a key focus of the Employer Liaison team. Quarterly meetings were held with all local authorities, the Chief Constable of Greater Manchester, and the National Probation Service which discussed performance and any key issues that either the employer or the Fund has. A review of the format of these meetings was in progress to ensure they remain beneficial to both parties and to improve engagement further.

The Working Group were advised that GMPF continued to issue a survey to employers each quarter. A recent survey had been issued which gained employers views on the iConnect system. The results have been received and are currently being analysed and will be presented at the next meeting.

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. It was reported that 758 employer representatives had attended one or more of our training events since the training events programme began. Officers were planning to review all training sessions to look at ways in which they could be made more interactive and engaging and to gauge if those attending understood the content. The Employer Services teams had worked closely with the Systems Development team on the delivery of the McCloud remedy and had created and delivered some information sessions for employers. These sessions provide background information about the McCloud remedy and explain what is required from employers. These sessions would continue to be offered to employers as the project progresses.

The delivery of the year end project had been particularly successful this year with a considerable number of improvements which were made, including more efficient and streamlined processes, employer training and support and improved tolerance and quality checks on the data received. The successful delivery of this project would therefore result in the timely and accurate production of members Annual Benefit Statements and Pension Savings Statements.

RECOMMENDED
That the report be noted.

6 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 over the last quarter, officers had continued to work to enhance the IT infrastructure and systems relied upon by GMPF. Work to install solutions in meeting rooms and the conference rooms at Guardsman Tony Downes House to enable hybrid working meetings had continued. Several meeting rooms now had this functionality and the next step was now to extend this functionality to other meeting rooms across the office.

In terms of cyber security, GMPF continued to monitor all attempted cyber-attacks. Statistics for quarter 4 (January to March 2023) could be found in appendix 1.

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.

On compliance activities, it was explained that the Complaints and Issues Board continued to meet each month to review formal complaints received. Between January and March 2023, two formal Stage two disputes were received. The Compliance team continues to provide support and guidance to GMPF colleagues to resolve issues early and prevent them escalating to formal complaints.

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.

RECOMMENDED
That the report be noted.

7 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 4 (January to March 2023) on the remaining pages.

It was reported that high call volumes coupled with resource issues on the Customer Services team had resulted in much longer than normal wait times and high numbers of abandoned calls. 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 service levels would improve once these developments and changes are 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 January, February, and March 2023 were provided in Appendix 2. In this three-month period, there were 7 compliments and 21 complaints received. The compliments were largely about helpfulness and efficiency of pensions office colleagues. The complaints were varied and included problems registering for My Pension, delays, and call wait times.

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. This work was now completed and would enable improved statistics and management information to be collected in future.

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.

It was reported that two new videos had been added to the investment section of the GMPF website. The first video was about the Greater Manchester Property Venture Fund (GMPVT) and the second is about GMPF Impact Portfolio. Several articles were added to the news section of the GMPF website including confirmation of the 2023 pensions increase and the budget and how this affects members' pensions. The budget article specifically detailed the changes to the lifetime allowance and annual pension allowance.

It was explained that several improvements had been implemented to help the Customer Services team deal with high call and email volumes. Training of additional support has meant that extra capacity was available to help deal with the busy My Pension call queue. The Member Services section also assisted by taking calls from members querying the progress of their retirement. Further improvements were underway and details of these would be included in future working group reports.

RECOMMENDED
That the contents of the report be noted.

38 URGENT ITEMS

There were no urgent items.

CHAIR

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GREATER MANCHESTER PENSION FUND - POLICY AND DEVELOPMENT WORKING GROUP

7 September 2023

Commenced: 11:00am **Terminated: 13:00pm**

IN ATTENDANCE

Councillor Cooney (Chair)	
Councillor Fitzpatrick	
Councillor North	
Councillor O'Neill	
Councillor Sheikh	
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**
Sandra Stewart	**Director of Pensions**
Tom Harrington	**Assistant Director of Pensions (Investments)**
Steven Taylor	**Assistant Director of Pensions (Special Projects)**
Neil Cooper	**Head of Pension Investment (Private Markets)**
Kevin Etchells	**Senior 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)**
Shauna Moreland	**Investment Officer (Local Investments)**

Apologies for absence: **Petula Herbert**

18. DECLARATIONS OF INTEREST

There were no declarations of interest.

19. MINUTES

The minutes of the meeting of the Policy and Development Working Group held on the 22 June 2023, were approved as a correct record.

20. REPORT OF THE MANAGER

Willem van-Bruegel, Head of Global Sovereign Markets, Steve Magill, Head of European Value and Jonathan Davies, Senior Portfolio Manager, UBS, attended before Members and gave a presentation reviewing their performance up to 30 June 2023.

Mr Davies began by reporting on asset allocation and performance contributors over the past year. He explained that the two strongest contributors to performance over the past year were stock selection and Fixed Income asset allocation.

Mr Davies added that outlook for equities overall was fairly balanced and valuation dispersion within stock markets remained high. He further commented that valuation discrepancies between cheap sector and dearer sectors remained high, which implied that there was on going good return prospects from active stock selection.

Mr Magill gave a detailed market review and he further commented that a combination of slowing economic growth and excitement around Artificial Intelligence led to strong recovery in the Technology sector. The contribution of individual stocks to fund performance was also explored.

Wide ranging discussion ensued with regard to the content of the presentation, in particular as to whether the emergence of Artificial Intelligence in the Technology sector could be sustained in the long term.

RECOMMENDED
That the performance report be noted.

21. MANAGER MONITORING REGIME INCLUDING MONITORING ESCALTION

Consideration was given to a report of the Assistant Director of Pensions Investments, which summarised the results from the Monitoring Escalation Protocol as at 30 June 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.

22. PRESENTATION BY MSCI ON UK AND OVERSEAS PROPERTY PERFORMANCE

Ed White of MSCI attended before Members and gave a presentation, providing an update on UK and overseas property markets and relative performance of the various GMPF portfolios over periods up to 31 December 2022.

Members were advised that UK Direct Portfolio had outperformed in 2022 but fell marginally behind the index over 3 years. Industrial allocations had hindered performance in the balanced funds in 2022, as well as in the core portfolio, however it was explained that over the long term industrial allocations had significantly benefited performance. Mr White explained that it was the market expectation that industrials would rebound and form a core part of portfolios in the future.

The overseas portfolio had performed extremely well. Members were advised that it should however be noted that some parts of the global real estate market had not responded to the global headwinds the same as the UK and it was yet to be seen if they would.

Mr White reported that the Total Real Estate Portfolio significantly outperformed the requisite benchmark over 1 year and achieved -1.9% compared to -6.4%. Over three years the portfolio achieved 2.6% compared to 2.4% in the benchmark.

Detailed discussion ensued in respect to the presentation, in particular regarding high vacancy rates within the occupier market. Members also recognised the changing structure within the balanced funds portfolio due to the change in people's habits and the way they worked and interacted with the built environment. Members and Advisors thanked Mr White for his detailed presentation.

RECOMMENDED
That the performance report be noted

23. PRIVATE EQUITY PORTFOLIO - REVIEW OF PERFORMANCE

Consideration was given to a report of the Assistant Director of Pensions Investments, which updated the Working Group on the returns achieved by GMPF's Private Equity Portfolio at the end of 2022.

Members of the Working Group were presented with GMPF's Private Equity Portfolio returns.

It was explained that 2022 marked the end of a period of elevated returns from private equity investments. A number of factors combined in 2022 suggested this, such as the market in growth equity investments into software businesses crashed. Many such companies saw their valuations fall by as much as 75% as funding conditions tightened, which raised concerns around how losses could be financed. Members were advised that before this sell off, this part of the market had delivered amongst the highest private equity returns throughout the 2010's. It was also noted that despite being largely absent from investment discussions for many years, inflation had made a comeback in 2022. Central banks had responded to re-emergence of inflation with a series of interest increases which had dramatically changed the funding costs for the leveraged finance sector.

It was reported that there were falls in valuations, albeit rather modest in comparison to listed company share prices. PME measures had shown increased outperformance against listed indices, although the widened gap could be explained as much by behavioural factors as by more objective real-world factors. It was recognised that as the cost of borrowing increased, private equity managers were unlikely to be able to pay the kinds of lofty valuations that have been a feature of the market for some time. This was expected to be reflected in the valuations of existing portfolio companies too. Members were advised that as market participants reflected on what the significant changes in the financing environment meant for their investment strategies and the price of target assets, market volumes had dropped substantially.

It was explained that the factors and consequences related to the end of elevated returns from private equity funds continued to be present through 2023, with no obvious reason why they should change the materiality in the near term if inflation remained an issue and interest rates remained at or around current levels.

Members were advised that GMPF's private equity programme continued to compare well against any reasonable set of objectives. It had delivered returns that were good in absolute terms and that were also good when compared to appropriate public and private market comparators.

The investment team continued to sought to achieve such returns going forward and this formed the basis for pursuing the strategy presented to the June 2023 meeting of the Policy & Development Working Group and approved by the July 2023 Management Panel.

RECOMMENDED
That the content of the report be noted.

24. PRIVATE DEBT PORTFOLIO - REVIEW OF PERFORMANCE

The Assistant Director of Pensions Investments submitted a report, which updated the Working

Group on the returns achieved by GMPF's Private Debt portfolio to the end of 2022.

Members were presented with the GMPF Private Debt portfolio returns.

It was reported that macroeconomic factors developed negatively throughout 2022 and suggested that defaults were likely to increase in the next few years after a decade which was kind for lenders with defaults low and refinancing options widely available for almost all businesses. Inflation had pressured operating margins in some cases, whilst an increase in interest rates had increased financing costs or would crimp cash flow when hedges roll off. Members were advised that interest cover worsened as a result and would bring some borrowers back to the negotiating table with lenders to see how best to work through issues, which would lead to covenant waivers, amendments and extensions and, ultimately, debt for equity restructurings.

Lending volumes (and hence deployment by managers) had dropped significantly from Summer 2022 when the full extent of the inflation shock and the extent of future interest rate increases became apparent. Direct lenders continued to take share from banks and, depending on market dynamics, the high yield bond market, although market volumes, overall, were very low as equity sponsors reflected on what the new financing environment meant for their investment strategies.

It was further explained that the Private Debt portfolio was created through the "promotion" of the senior, secured element of the Private Debt Type Approval from the Special Opportunities Portfolio to a Main Fund strategic allocation in 2018. As at December 2021, investment commitments amounting to £1,800m had been made in recent years. Whilst Private Debt funds matured faster than Private Equity funds, officers believed that three years was an appropriate cut off for the definition of "maturity". As a result, the majority of recent investments fell into the "immature" category.

To date, GMPF's debt portfolio, as at 31 December 2022, had not faced any material or noteworthy performance issues. Deployment had been roughly in line with officers' expectations until Summer 2022 when interest rate increases brought much of the market to a standstill.

In summary, Members were advised that it was too early to make any meaningful conclusions regarding the performance of the investment commitments that have been made in recent years leading up to and following the creation of the Private Debt strategic allocation within the Main Fund. Deployment had been consistent with expectations in terms of target returns. However, it remained to be seen the extent to which the deteriorating macroeconomic and financing environment detracted from contractual returns over the coming quarters and years.

RECOMMENDED
That the report be noted

25. INFRASTRUCTURE FUNDS PORTFOLIO - REVIEW OF PERFORMANCE

Consideration was given to a report of the Assistant Director of Pensions Investments updating the Working Group on the returns achieved by the GMPF's Infrastructure Funds portfolio to the end of 2022.

It was explained that 2022 saw further recovery in transport assets from the lasting effects of COVID restrictions on movement whilst oil and gas related assets (mainly pipelines) continued to benefit from stronger energy markets.

It was reported that the surge in inflation seen across many economies in 2022 had put the infrastructure sector's inflation hedging characteristic to the test. Whilst it was still relatively early days, the evidence to date was that the portfolio had managed to withstand rising input costs and, through contractual means, or otherwise, portfolio companies had been able to pass through price increases to maintain asset values. With inflation came a dramatic change in the interest rate environment with consequent changes in financing markets. This had slowed activity and may have further impacts on asset valuations as discount rates adjusted to the new financing environment.

There remained strong appetite for renewable energy investments and other assets would likely play a part in the transition away from fossil fuel sources of energy, though the capacity of markets to absorb capital profitably was the subject of debate.

Members were advised that the investments within the mature portfolio had delivered returns consistent with the middle of the range of the programme's target and ahead of the benchmark return of RPI+4% per annum.

RECOMMENDED
That the content of the report be noted.

26. SPECIAL OPPORTUNITIES PORTFOLIO - REVIEW OF PERFORMANCE

A report was submitted by the Assistant Director of Pensions Investments, updating the Working Group on the returns achieved by GMPF's Special Opportunities Portfolio to the end of 2022.

Members were provided with return data for all vintage years since 2000 which was appended to the report. Offiicers summarized the data provided and terms of performance of mature fund and explained that returns to date had been good and had, in some cases, exceeded expectations.

RECOMMENDED
That the content of the report be noted.

27. IMPACT AND INVEST FOR GROWTH PORTFOLIOS - REVIEW OF PERFORMANCE

Consideration was given to a report of the Assistant Director of Pensions, Local Investments and Property, which provided an update on the financial returns by the growth portfolios to the end of 2022.

It was explained that the number of impact focused fund managers and investment opportunities available to investors had grown significantly in recent years.

It was reported that overall performance had been affected by a handful of the earliest commitments. As a result of these experiences, officers had adapted the investment approach to focus on more experienced, national managers supplemented with NW focussed co-investments. Members were advised that the best performing funds within the portfolio continued to be private equity funds. Whilst 2022 saw a different market overall for private equity and a drop from the peak of 2021, the funds within the Impact Portfolio continued to have strong exits from portfolio companies returning many multiples of the original investments and distributing these returns back to investors.

The report summarised that the Impact Portfolio remained immature and therefore performance measures should be treated with caution. Members were provided with return data for all investments made within in Impact portfolio which was appended to the report.

RECOMMENDED
That the content of the report be noted.

28. GREATER MANCHESTER PROPERTY VENTURE FUND - REVIEW OF PERFORMANCE

A report of the Assistant Director of Pensions, Local Investments and Property was submitted, providing an update on the returns achieved by the GMPFVF portfolio to the end of 2022.

Members received a detailed breakdown of the performance of the portfolio and sub-portfolios to 31 December 2022. The portfolio consisted of 46 investments, 25 were current and on-going with the 21 exited investments (property/sites now sold or loans fully repaid) which generated a cash return in excess of cost of £75m. The 25 current investments represented cash drawn of £462m, being 55% of the allocation to GMPVF

It was reported that the annualised return of the total portfolio at 5.2%, was slightly lower than the strategic benchmark of 7.2%, however it was believed that the portfolio was on track to achieve the strategic return objective over the medium to long-term.

The report summarised that the current GMPVF portfolio was relatively immature, with £263m of capital being deployed in the last three years. In that context, the current IRR of 5.2%, together with the positioning of the portfolio, progress on current developments and the returns achieved for the exited investments was strong evidence that the portfolio was on track to achieve the strategic return objective over the medium to long-term.

RECOMMENDED
That the content of the report be noted.

29. GLIL PERFORMANCE UPDATE

Consideration was given to a report of the Assistant Director, Local Investments and Property, providing details of GLIL's performance at the end of 2022.

It was explained that whilst in many ways GLIL might be considered another line item in GMPF's private markets portfolio, it was also a vehicle that was managed directly by GMPF officers, together with officers from GMPF's Northern LGPS partners and employees of LPPI. Accordingly, it was appropriate to provide a more detailed level of reporting than would normally be the case for an individual, externally managed private market fund.

GLIL's performance highlights were detailed in an appendix to the report.

RECOMMENDED
That the content of the report be noted.

30. DATE OF NEXT MEETING

It was noted that the next meeting of the Policy & Development Working Group was scheduled to take place on Thursday 23 November 2023.

CHAIR

NORTHERN LGPS JOINT OVERSIGHT COMMITTEE

13 April 2023

Commenced: 11:00 **Terminated: 12.20pm**

Present:	**Cllr Gerald P Cooney (Chair)**	**Chair, Greater Manchester Pension Fund**
	Councillor Andrew Thornton	**Chair, West Yorkshire Pension Fund**
	Councillor Pat Cleary	**Chair, Merseyside Pension Fund**
	Elizabeth Bailey	**UNISON**
	Ken Drury	**UNITE**
	Alan Flatley	**GMB**
In attendance	**Sandra Stewart**	**Director of Pensions, GMPF**
	Peter Wallach	**Director of Pensions, MPF**
	Euan Miller	**Managing Director, WYPF**
	Tom Harrington	**Assistant Director of Pensions, Investments, GMPF**
	Paddy Dowdall	**Assistant Director, Local Investment & Property**
	Steven Taylor	**Assistant Director of Pensions, Special Projects, GMPF**
	Mushfiqur Rahman	**Investments Manager for Public Markets, GMPF**
	Alex Jones	**Investment Officer, GMPF**
	Owen Thorne	**Merseyside Pension Fund**
	Adil Manzoor	**Merseyside Pension Fund**
	Greg Campbell	**Merseyside Pension Fund**
	Leandros Kalisperas	**Chief Investment Officer, WYPF**
	Robert Hulme	**West Yorkshire Pension Fund**
	Alan McDougal	**PIRC**
	Tom Powdrill	**PIRC**
	Conor Constable	**PIRC**

Apologies for Absence:	**Councillor Cherry Povall - Deputy Chair, Merseyside Pension Fund** **Councillor Oliver Ryan – Vice-Chair, Greater Manchester Pension Fund**

33. DECLARATIONS OF INTEREST

There were no declarations of interest.

34. MINUTES

The Minutes of the meeting of the Northern LGPS Joint Committee held on 2 February 2023 were agreed as a correct record.

35. COMMON CUSTODIAN UPDATE

The Assistant Director of Pensions Investments, GMPF submitted a report, which provided details of key performance indicators and key milestones and deliverables for the quarter to 31 December 2022 in relation to Northern Trust (NT) in their capacity as the common custodian to the Northern LGPS pool, as attached in an appendix to the report.

RESOLVED
That the report and presentation be noted.

36. UPDATE ON INVESTMENT MANAGEMENT COST BENCHMARKING

Consideration was given to a report of the Assistant Director of Pensions Investments, which provided Members with an update on investment management cost benchmarking for 2021/22. John Simmonds and David Jennings of CEM Benchmarking also delivered a presentation.

Analysis of the interim 2020/21 data indicated that the Northern LGPS remained low cost and was below the median (average) cost of its peer group (which consisted of 19 global pension funds (inclusive of Northern LGPS) ranging from £18.6 billion to £106.3 billion.

In 2014/15, CEM calculated Northern LGPS' benchmarked costs to be 0.35% (£112 million relative to an average Pool value of £29 billion). The Northern LGPS' costs increased to 0.37% (£203 million relative to an average Pool value of £55 billion) in 2021/22.

When adjusting for the increase in assets and changes in strategic asset allocation over the last eight years, CEM calculated that Northern LGPS' like for like costs would be 0.55% (£299m) in 2021/22. On this basis, Northern LGPS had generated underlying savings of 0.18% (£96m) in 2021/22.

CEM had also benchmarked Northern LGPS' costs against a peer group of 19 relatively similar sized global funds (including 1 other large UK LGPS fund and 2 other LGPS pools (based on the data submitted by the pools and available to CEM)). The peer group actual cost was 0.52%. To calculate the benchmark cost, CEM apply peer median costs at an asset class level to the Northern LGPS' asset mix. The benchmark cost in 2021/22 was 0.40% (£221m). On that basis, the Northern LGPS was 0.03% (£18m) lower cost than the benchmark.

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

37. POOLING UPDATE

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

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

As per discussion at previous meetings, the draft statutory guidance appeared to blur the original four criteria in the 2015 guidance. In its place the guidance had 6 sections covering; structure and scale, governance, transition of assets to the pool, making new investments outside the pool, infrastructure investment and reporting. Government was yet to publish a response to the consultation (it appeared that it would be superseded) and therefore the 2015 guidance remained in force.

DLUHC civil servants had been indicating for some time that a consultation on several key policy areas for the LGPS was expected to be issued in the near future. The consultation was expected to cover LGPS pooling as well as other related matters such as the implementation of TCFD ('Task-force on Climate-Related Financial Disclosure') requirements for LGPS funds and investing LGPS assets to support the levelling-up agenda. However, a consultation on implementation of TCFD requirements was released separately on 1 September 2022.

At a speech on 9 December 2022, 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 would be releasing new pooling guidance for consultation.

Members were advised that the Chancellor of Exchequer delivered his Budget on 15 March. It was stated that the Government was challenging the Local Government Pension Scheme in England and Wales to move further and faster on consolidating assets. A forthcoming consultation would propose LGPS funds transfer all listed assets into their pools by March 2025, and set direction for the future. This may include moving towards a smaller number of pools in excess of £50 billion to optimise benefits of scale. While pooling had delivered substantial benefits so far, progress needed to accelerate to deliver and the Government was ready to take further action if needed. The Government would also consult on requiring LGPS funds to consider investment opportunities in illiquid assets such as venture and growth capital, thereby seeking to unlock some of the £364 billion of LGPS assets into long-term productive assets. At the time of the report, the consultation had still not been issued.

In respect of London CIV developments, it was explained that, in early January 2023 it was reported that the Royal Borough of Kensington and Chelsea (‘RBKC’) was seeking to exit the London CIV pool. This would be the first time that a LGPS fund had withdrawn from one of the eight LGPS pools. Shortly after this, it was also reported the London Borough of Bromley may also be seeking to exit the London CIV pool.

However, following a meeting of RBKC’s Investment Committee on 15 March, it was announced that the pension fund had decided against leaving LCIV. In addition, following a meeting of Bromley’s Pension Committee on 13 March, it was announced that Bromley Pension Fund had decided against leaving LCIV.

RESOLVED
That the report be noted.

38. 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. Actions and Agreements from the meeting on 28 November 2022 were appended to the report.

The principal items on the agenda for the 6 February 2023 meeting were:

- **Code of Transparency Update -** the standing item on compliance was reported.
- **The Byhiras reporting system was discussed.** To encourage greater use of the system by users and non-users, it was proposed that the system’s capabilities be explained and free training be provided.
- **Climate Risk awareness survey** - Limited responses from London funds. A number of responses indicated limited preparation for requirements of TCFD reporting. Options for raising awareness were mooted.
- **Sharia Compliance Report -** The implications of the legal opinion were discussed along with options to move matters on.
- **DLUHC Regulatory Update -** No update was available.

RESOLVED
That the report be noted.

39. UPDATE ON RESPONSIBLE INVESTMENT

Consideration was given to a report and presentation of representatives of PIRC, which outlined their proposed approach for reviewing the NLGPS approach to voting and set out the Q4 2022 Northern LGPS Stewardship Report (attached at Appendix 1 to the report).

Mr Powdrill and Mr Constable, PIRC Ltd, Responsible Investment Advisor to the Northern LGPS began by explaining that voting and engagement were a cornerstone of the Northern LGPS responsible investment activities. Whist formed bottom up from and by administering authorities, Northern LGPS had its own responsible investment principles and a shared approach to stewardship activities. The single approach was designed to increase the voice of the funds and maximise the impact they had in reducing ESG investment risks.

To understand how the single approach was playing out in practice, a short research report will be produced examining voting alignment across the three funds. This would aim to provide information on the level of alignment and highlight where there may be any differences. The objective was to provide Northern LGPS and the three funds with insights on voting alignment to inform discussions about how they could best meet their stewardship responsibilities both individually and collectively.

Members were advised that a report outlining the analysis would be submitted to the next meeting of the Joint Committee.

Mr Powdrill and Mr Constable then presented the Q4 2022 Northern LGPS Stewardship report, which focused on Shareholder Resolutions and explored further the following issues:

- the cost of living crises and executive pay;
- banks and the bonus cap;
- Ongoing discussions with a number of companies regarding Just Transition;
- Retail supply chains and Modern Slavery; and
- Focused on two shareholder resolutions in respect of healthy markets and workforce issues.

RESOLVED
That PIRC's proposed approach for reviewing the NLGPS approach to voting, and the Q4 2022 Northern LGPS Stewardship report, be noted.

40. 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.

It was explained that, at the Shadow Joint Committee meeting of 10 January 2019, Members endorsed the appointment of Portfolio Evaluation Ltd as the common performance measurement provider for the Pool.

An extract from the Northern LGPS reporting for periods to 31 December 2022 was attached as an appendix to the report. The reporting assisted in fulfilling both reporting requirements to Government, and any oversight obligations of the Joint Committee.

Portfolio Evaluation Ltd recently notified clients of their intention to cease trading on 14 September 2023. Portfolio Evaluation Ltd would produce Northern LGPS reports up to and including the period ending 30 June 2023. Officers had begun the process of reviewing potential alternative common providers.

RESOLVED
That the report be noted.

41. GLIL UPDATE

Consideration was given to a report of the Assistant Director for Local Investment and Property

(GMPF) updating members on progress with the Northern Pool's direct infrastructure investment platform (GLIL).

It was reported that GLIL had progressed well and had one external investor, NEST. There had been some engagement with other pools but this had not progressed as well as hoped. Officers had reflected on this and sought to analyse why; and to review the operation of GLIL to ensure that it served the objectives of current owners. An external consultant had been engaged to review the consult with stakeholders and a timetable was agreed with the Joint Committee to review options.

The feedback from stakeholders had been substantive and constructive and required a significant revision of proposals. Pending asset allocation reviews, the outcome of which may also have had a significant impact on what a future GLIL should look like to best serve Northern LGPS Funds. For these reasons further delays were envisaged before the conclusion of the project. Progress would be reported to the Joint Committee as and when available.

The GLIL report to investors for the period ending December 2022 was appended to the report. The last quarter of 2022 was a busy one for GLIL, it concluded the previously highlighted transactions to acquire a stake in, Hornsea 1, which was at the time, the world's largest fully operational offshore wind farm, as well as the sale of assets managed by Iona Capital. GLIL also entered into an agreement to purchase a significant minority stake in the M6 toll road. The transaction completed post the period end.

The core priorities for GLIL over next quarter and 12 months were reported as follows:
- Management of investors' current allocations in accordance with the mandate;
- Continue to implement ESG strategies in line with investee Fund's objectives;
- Completion of consultation exercise and implement of resulting recommendations; and
- Continued Engagement with other LGPS Fund's and Pools and potential aligned non LGPS investors.

RESOLVED
That the report be noted.

42. PROPERTY FRAMEWORK

Consideration was given to a report of the Assistant Director, Local Investment and Property, which informed Members on the use of the Northern LGPS property Framework by GMPF and WYPF.

It was explained that the Northern LGPS Property framework covered the following lots:
1. For the management of a discretionary UK direct property portfolio investing predominantly in core property, mostly on an unleveraged basis.
2. For the management of an advisory UK direct property portfolio investing predominantly in core property, mostly on an unleveraged basis.
3. To provide property management services on a UK property portfolio (predominantly invested in core property on an unleveraged basis).
4. To appoint an adviser of management and consultancy services in relation to a regional investment portfolio focused on the North West of England and West Yorkshire. The appointed adviser would be expected to make recommendations to the member funds within the pool.
5. To provide property valuation services, potentially on a range of UK property portfolios, ranging in size from £300m to over £1bn.
6. For the management of a portfolio of UK properties deemed to require intensive asset management, for example, longstanding vacancy, refurbishment/capital expenditure risk, short WAULTs with renewal risk.

Members were advised that WYPF were currently using the framework for lot 1 and GMPF were currently using the framework for lot 4, the timetables for both were detailed in the report.

RESOLVED
That the content of the report be noted.

43. 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 6 July 2023.

CHAIR

Report to :	**PENSION FUND MANAGEMENT/ADVISORY PANEL**
Date :	15 September 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 :	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.

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

3.1 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).

3.2 UBS presented their annual ESG update at the July Investment Monitoring and ESG Working Group meeting. Their presentation included their observations on sustainable investing which included:

- Climate change – which has extended to finding opportunities
- ESG identity crisis – the politicisation and polarisation of ESG
- Regulation – more regulation but less clarity
- Engagement – being acknowledged and adopted as a critical tool for investors
- Future impact – transparent and robust reporting on both positive and negative impacts

3.3 UBS demonstrated how active ownership can enhance investment returns and ways in which engagement can enhance or protect investments and contribute to real-world change. They provided details of the UBS engagement programme which leverages the experience and skills of both their sustainability team and portfolio managers and how they prioritise their engagement activity. They provided examples of engagements for companies held within the GMPF portfolio on issues such as climate change and corporate governance.

3.4 UBS wrote an article titled "The Future of Stewardship" which asserts that more activity does not necessarily lead to greater effectiveness in achieving objectives. The article argues that to turn activity into outcomes that matter to owners and beneficiaries more clarity and alignment of objectives is required across the investment chain, better measurement of engagement outcomes, enhanced assessment of investor contribution as well as estimation of its impact. The full article can be found using the link below.
https://www.ubs.com/global/en/assetmanagement/insights/investment-outlook/panorama/panorama-mid-year-2023/articles/stewardship.html?caasID=CAAS-ActivityStream

3.5 UBS produced a Sustainable Investment edition of their regular "Panorama" reports which focused on a number of broad topics within sustainable investing. These include a discussion on potential resource misallocation due to large money flows towards sustainable investing and why there needs to be more focus on ensuring portfolio-level impact or real-world impact or ideally both, clean energy investment and securing a more productive and sustainable food supply. The full report can be accessed using the link below.
https://www.ubs.com/global/en/assetmanagement/insights/investment-outlook/panorama/panorama-mid-year-2023.html?caasID=CAAS-ActivityStream

3.6 The GMPF Investments Committee approved a £25m commitment from the Impact Portfolio allocation into a fund focussed on SME lending in sectors across the North of England with a focus on Greater Manchester. In line with the twin aims of the portfolio of generating a commercial return and supporting the area, it is anticipated that the investment will create or safeguard jobs.

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

4.1 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

4.2 LAPFF held their Mid-year conference in July where topics such as linking climate metrics to executive pay and modern slavery were presented. The UK's Modern Slavery Act was hailed as one of the first pieces of legislation in the world to specifically address slavery and trafficking in the 21st Century. Yet despite placing specific requirements on companies there remain significant risks for investors. The session explored what investors can do to ensure companies are meeting their requirements and how legislation can be strengthened to help put a stop to modern day slavery.

4.3 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 July, the WDI held a webinar in relation to Amazon, where there are concerns over workforce management, wages, health and safety and surveillance. Representatives from UNI Global Union from Germany and the United Food and Commercial Workers union discussed their concerns from both an American and European perspective. The discussion focussed on the issues at Amazon, how it is responding to those risks and also how investors are engaging with amazon to improve workforce management. The WDI also organised a webinar dedicated to Walmart where workers are facing similar workforce management issues.

4.4 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-q2-2023_final.pdf

4.5 In 2016, LGIM launched the Climate Impact Pledge with targeted voting and investment sanctions for companies, creating an annual ranking of corporate leaders and laggards on climate change. The pledge now includes 5,000 companies across 20 climate-critical sectors that LGIM assess and report on. LGIM have renewed their climate impact pledge which can be found using the link below.
https://www.lgim.com/uk/en/responsible-investing/climate-impact-pledge/?cid=emlClimate_Impact_Pledge_DB_2023

4.6 UBS recently published their Stewardship report reviewing their responsible activity in 2022 and their outlook for 2023. UBS met with 330 different companies and had 461 meetings with these companies on issues such as climate change, inequality, human and labour rights and remuneration. UBS deemed 62% of their engagement activity to be progressive against pre-defined objectives. The full and shorter version of the report can be accessed using the link below.
https://www.ubs.com/global/en/assetmanagement/capabilities/sustainable-investing/stewardship-engagement.html

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

5.1 The Northern LGPS co-signed a letter to the International Sustainability Standards Board (ISSB) co-ordinated by ShareAction calling for human capital and human rights standards to be developed as a priority. There were 25 signatories with over 1 trillion US dollars in assets under management. This is a strong public statement to the ISSB that investors are looking to it to help deliver comprehensive and comparable social data. The letter and some of the media coverage the letter generated can be accessed using the links below.

https://shareaction.org/news/issb-urged-to-prioritise-international-standards-for-reporting-on-human-and-worker-rights

https://cdn2.assets-servd.host/shareaction-api/production/resources/stock-photography/2023_WDI_Investor-RFI-open-letter_For-publication-4.pdf

https://www.ipe.com/news/investors-urge-issb-to-focus-on-human-and-labour-rights/10068524.article https://esgclarity.com/investor-coalition-urges-issb-to-prioritise-reporting-on-human-and-worker-rights/

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

6.1 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.

6.2 LAPFF responded to the UN Working Group on Business and Human Rights Consultation on extractive industries, just transition, and human rights. LAPFF's engagement on human rights with both mining companies and affected communities has increased significantly over the past five years, and LAPFF has noted how companies consistently see climate and human rights considerations as competing objectives, mining more to meet 'sustainability targets' whilst only moving as quickly on climate as existing regulation allows. The response can be viewed using the link below.
https://lapfforum.org/wp-content/uploads/2023/05/LAPFF-Response-to-UN-Working-Group-on-Business-1.pdf

6.3 LAPFF published a report titled "Understanding Investment Risk in the Mining Sector". The report follows on from the Chair of LAPFF's visit to Brazil to understand how those affected by the three tailings dam failures have been affected and the lack of progress for affected communities. LAPFF's concerns include:

- a lack of engagement by the companies with affected communities
- the slow pace and inadequate nature of reparations
- environmental impacts and particularly compromised water resources
- safety of tailings dams

6.4 The full report is available on the LAPFF website and a link to this is below.
https://lapfforum.org/wp-content/uploads/2023/05/LAPFF_MINING_INVESTMENT-RISK-REPORT_FINAL.5thjune-1.pdf

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

7.1 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**.

7.2 Whilst certain tax arrangements can potentially be beneficial in the short-term, GMPF considers these as a potential source of regulatory, financial and reputational risk to companies and investors. Aggressive corporate tax avoidance may have a negative effect on public finances and by extension on public service provision. GMPF monitors the behaviour of investee companies in respect of tax planning and challenge companies where necessary. GMPF co-filed shareholder resolutions at Cisco Systems and Microsoft relating to tax practices and requesting the companies to adopt the Global Reporting Initiatives tax standard and publish tax transparency reports for shareholders.

7.3 The Transition Pathway Initiative published a research paper in relation to the Steel sector. The paper proposes an update to the methodology used to assess the carbon performance of steelmakers. The change is to separate the assessment of primary and secondary steelmakers as they use different technologies to produce steel and so they face different decarbonisation challenges. Primary steelmaking using mined iron ore can be up to 10 times more energy-intensive than secondary steelmaking using scrap metal. This paper builds on our steel Carbon Performance methodology to provide investors with more accurate net zero aligned assessments.
https://www.transitionpathwayinitiative.org/publications/117.pdf?type=Publication

7.4 IIGCC released an Asset Owner Stewardship Questionnaire which is a resource that can be used internally by asset owners in meeting their own individual net zero goals by incorporating climate stewardship into selection, appointment and monitoring of external asset managers. The questionnaire provides asset owners with qualitative questions for due diligence when selecting an asset manager and quantitative reporting when monitoring asset managers. The questionnaire will support a more consistent approach to the relationship between asset owners and asset managers in terms of climate-related stewardship responsibilities and reporting on climate engagement.
https://www.iigcc.org/media-centre/iigcc-publishes-asset-owner-stewardship-questionnaire-a-new-tool-to-assist-asset-owners-and-asset-managers-with-climate-stewardship

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

8.1 The Northern LGPS Stewardship Report for the latest quarter can be found using the link below.

https://northernlgps.org/taxonomy/term/15

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

8.3 Officers reported in the previous Quarterly Responsible Investment Activity Report that the application for the UK Stewardship Code had been submitted. The 12 principles of the Code are as follows:

Purpose and governance
1. Purpose, strategy and culture
2. Governance, resources and incentives
3. Conflicts of interest
4. Promoting well-functioning markets
5. Review and assurance

Investment Approach
6. Client and beneficiary needs
7. Stewardship, investment and ESG integration
8. Monitoring managers and service providers

Engagement
9. Engagement
10. Collaboration

11. Escalation

Exercising rights and responsibilities

12. Exercising rights and responsibilities

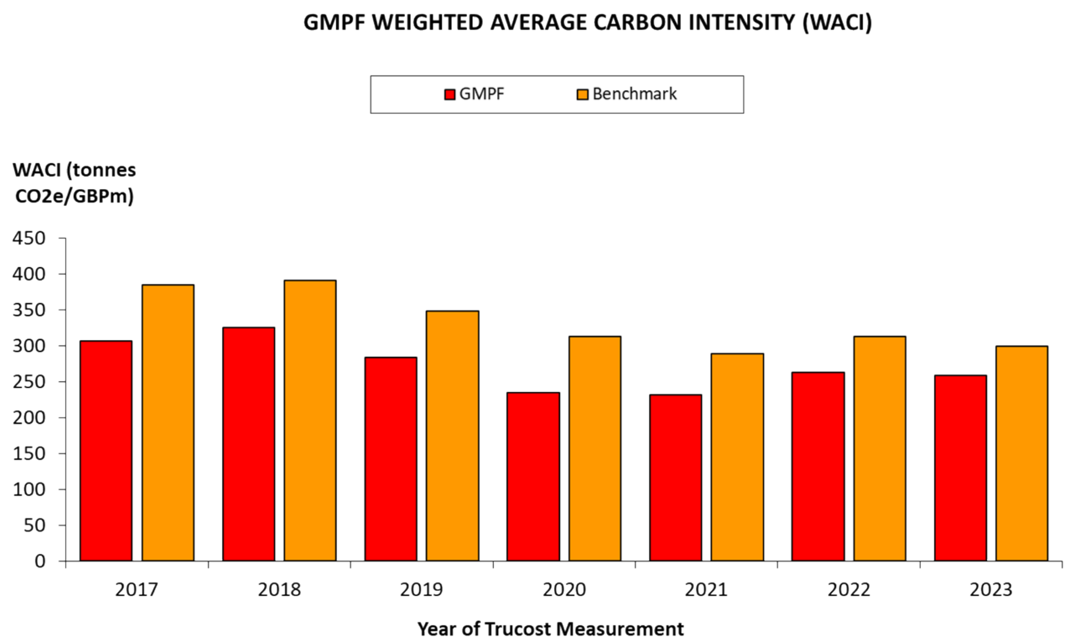
8.4 The Fund's application to renew its signatory status has now been assessed by the Financial Reporting Council and has been accepted. This is an important external and independent validation of the Fund's approach to its responsible activities. GMPF will be required to update and submit a new application each year to maintain its status as a signatory to the UK Stewardship Code. The signatory list as well as GMPF's Stewardship Code statement is available at the following link: https://www.frc.org.uk/investors/uk-stewardship-code/uk-stewardship-code-signatories

8.5 In September, Officers will complete and submit the annual PRI reporting. The reporting covers all aspects of RI activity undertaken by the Fund in the reporting year from 1 January 2022 to 31 December 2022 and associated outcomes. The Fund is assessed relative to its peers and progress can be tracked via the grading system. The results are considered annually by the Investment Monitoring and ESG Working Group. The scoring methodology for the 2022 reporting framework has been recalibrated to make the assessment more challenging. The focus has expanded from providing examples of RI activity to include reporting on the outcomes of the activity.

8.6 Officers of the Fund completed the annual carbon footprinting exercise of its listed equity and corporate bonds during the quarter. This comprises both backward looking analysis and forward looking / scenario analysis. The backward looking analysis takes a snapshot of the holdings as at 31 March each year and the carbon footprint is measured using an external provider. The forward looking / scenario analysis projects these same holdings and uses publicly available company data to estimate future emissions and potential risks that a company may face.

8.7 The Taskforce for Climate-Related Financial Disclosures (TCFD), of which the Fund is a supporter, recommends the measurement and disclosure of a metric known as the weighted average carbon intensity (WACI). The WACI provides an indication of a portfolio's exposure to carbon intensive companies.

8.8 The graph below shows the WACI of the Fund's Active Equities over time. Over the seven years the Fund has measured this metric, the Fund's WACI has been below the benchmark WACI. The Fund has a target for the portfolio WACI to be 50% lower than the 2019 benchmark WACI by 2030.



9. Recommendation

9.1 As per the front of the Report.

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Report To:	**PENSION FUND MANAGEMENT/ADVISORY PANEL**
Date:	15 September 2023
Reporting Officer:	Sandra Stewart – Director of Pensions Emma Mayall – Assistant Director for Administration
Subject:	**PENSIONS ADMINISTRATION AND BENEFITS REVIEW**
Report Summary:	This report provides a review of the work carried out by the Administration teams during 2022/23 together with information about the membership of the Fund as of 31 March 2023. It also provides an update on performance and engagement activities carried out in quarter 1.
Recommendation(s):	It is recommended that the Panel notes the report.
Financial Implications: **(Authorised by the Section 151 Officer)**	One of the key objectives of the administration section is to provide value for money, delivering a service that is both meeting its member's needs and its legal obligations whilst doing so in an efficient and cost-effective way.
Legal Implications: **(Authorised by the Solicitor to the Fund)**	Whilst striving to deliver a value for money service, GMPF must ensure compliance with the LGPS regulations and other relevant statutory guidance. It must also have regard to The Pension Regulator's Code of Practice and guidance.
Risk Management:	There are no key risks to highlight.
ACCESS TO INFORMATION:	**NON-CONFIDENTIAL**

Background Papers:

APPENDIX 7A	**Administration Key Statistics**
APPENDIX 7B	**Administration Performance**

Further information can be obtained by contacting Emma Mayall, Greater Manchester Pension Fund, Guardsman Tony Downes House, 5 Manchester Road, Droylsden

Telephone: 0161 301 7242

e-mail: emma.mayall@gmpf.org.uk

1. REVIEW OF THE WORK CARRIED OUT BY THE ADMINISTRATION TEAMS IN 2022/23

1.1 A summary of key statistics and information relating to Fund membership and administration work can be found at **Appendix A**.

1.2 The administration section has continued to adapt to change over the last twelve months. One of the main tasks undertaken during the year was to review the structure of the section and make amendments to it, so that the service is well placed to meet current and future expected demands. There has also been a significant focus in the last year on ensuring IT and system disaster recovery plans and cyber security plans are robust, to help mitigate against some of our most significant risks.

Membership and key statistics

1.3 The total number of pension accounts administered by GMPF has continued to increase, with 2022/23 seeing the largest annual increase when compared to the last five years. The total number of pension accounts administered as of 31 March 2023 was 417,961. The largest group of members is those with benefits on hold, so with a deferred pension, deferred refund, or those who had a choice between the two and who left their decision as undecided. This group makes up 37% of the total number of accounts. The next largest group is those who are in receipt of a pension, so members who have claimed their pension and those who are receiving a dependant's pension. This group is 34% of the total. The remainder are the contributors, making up 29%. 70% of members are female (across all membership types).

1.4 Most workload statistics have reverted to expected or slightly lower than expected levels after the disruption seen in 2020/21 and 2021/22 caused by the pandemic and related factors. However, 2022/23 saw a significant increase in new joiners, probably due to several large employers undertaking automatic re-enrolment. This has resulted in the number of contributing members of the Fund increasing overall. There has also been a significant increase in the number of members choosing to opt out and those choosing to participate in the 50/50 section of the Scheme, also likely to have been driven by auto re-enrolment.

1.5 Another area that saw a substantial increase compared to previous years was the number of calls being made to the Customer Services Helpline. It is not clear what the drivers for this were, although wider economic issues that caused pensions to be highlighted in the news was one of these, along with the success of our own newsletters and communications that appeared to increase engagement.

1.6 Voluntary retirement remains the most common reason for retirement, with 61 being the average age that a member begins to receive their pension. The retirement dates of 31 March, 31 August and 31 December continue to be the most popular for contributing members.

1.7 50% of the total contributing members in the Fund are employed by one of the ten Greater Manchester local authorities. 44% belong to other scheme employers, the majority of these being the National Probation Service and academy schools. Most GMPF employers have less than 99 members in the Scheme.

1.8 GMPF has now taken part in CEM administration benchmarking for three years, with both costs and service scores remaining generally consistent each year, and GMPF has been shown to be a high service, low-cost administrator when compared with its peer group.

Member Services

1.9 One of the key projects undertaken over the last few years has been to maximise the use and functionality of the online member portal, My Pension. Over the last year, the number of processes that members can access through their My Pension account has been expanded and new functionality has been adopted that greatly improves the experience for those members who are looking to bring their benefits on hold into payment.

1.10 Structural team changes have also been made in two of the sections within Member Services to improve the customer's experience and to ensure the teams are in the best position to deal with expected future workloads that will be generated from the McCloud and Pensions Dashboard projects.

Employer Services

1.11 The support programme for employers has been expanded over the last twelve months, with employers now being able to access more training and support on a wide range of topics. The team also worked closely with the Fund's largest employers to develop and issue their 'Year in Review' report, which provided feedback on how well the GMPF believed they were meeting their employing authority responsibilities.

1.12 There has also been a significant amount of work undertaken to encourage all employers to submit their monthly data returns accurately and on time, with new training events held for employers and additional data checking processes introduced on teams.

Communications & Engagement

1.13 Changes were made during the year that enabled all email and website contact to be redirected through the Fund's contact centre system. This improvement now means that emails as well as calls can be managed through the system, bringing efficiencies, and improving oversight.

1.14 The member newsletters issued were also very successful and created a lot of engagement. Member events continue to be well attended, and the events programme has been expanded to include new topics.

Developments & Technologies

1.15 Some of the largest projects undertaken during the year were linked to the development of the Fund's IT infrastructure and on enhancing its cyber resilience. This work was undertaken alongside several other projects aimed at optimising the benefits of using Microsoft 365.

Funding

1.16 The main funding related project undertaken and completed was that of the 2022 actuarial triennial valuation. All aspects of this project were completed on time, and all employers received their contribution rates for the next three years by 31 March 2023.

Risks and challenges

1.17 Some of the biggest challenges experienced during the year were caused by unpredictable workloads. Much higher than anticipated call volumes led to a reduction in service levels, and the team is continuing to work on solutions to build greater resilience in this area for the future. There have also been challenges caused by delays in the issue of regulations or guidance, including that for McCloud, the Pensions Dashboard, and the Pensions Regulator's General Code. All these delays have had an impact on plans and resources.

1.18 However, overall, the service is in a much stronger position than ever before. Many of the changes implemented have strengthened the team's resilience and standards of services, plus have created opportunities for further improvements and developments to be made. There are several significant projects on the horizon, and all the changes made over the last twelve months will put all teams in a good position to meet those challenges.

2. ADMINISTRATION PERFORMANCE AND ENGAGEMENT ACTIVITIES IN QUARTER 1

2.1 A performance dashboard for quarter 1 (April to June 2023) can be found at **Appendix B**.

2.2 Overall, levels of casework and performance against turnaround targets remain relatively consistent. Performance levels remain high and work on key projects remains either on track or just with minor lags.

2.3 Improvements made to the workflow processes for deferred retirements during the quarter have affected the accuracy of the corresponding target analysis reports. Work to update and amend these reports is in progress and so updated statistics will follow. However, spot checks carried out on sample cases show there are no concerns regarding performance to highlight.

2.4 P60s and newsletters for pensioner members were issued in March and April. Annual benefit statements to those with benefits on hold were then issued in May. The first annual benefit statements for contributors were issued in June, with the remaining statements issued in July and August. All these communications have generated increased levels of member engagement, which is reflected in the call, email, and website statistics, and in the number of members attending an event.

2.5 The fact that members can now complete many processes themselves online through their own My Pension account continues to be reflected in the trend of increased registrations and usage statistics, with over 177,000 members now registered in total. Further My Pension promotion exercises are planned to get underway in the coming months.

2.6 There was an increase in complaints during the quarter, which correlates to the increase in communications issued and the increased demand on the Helpline. Six complaints related to issues members were having with accessing or using My Pension, and more than four complaints were about call wait times or where members mentioned that they had been unable to contact us by telephone for assistance. Four related to problems members had with completing their overseas member existence check and the others were all for various reasons, including some where members expressed that they were unhappy with delays or response times. The 10 compliments were received from nine members and one employer wanting to acknowledge either good customer service provided by GMPF colleagues or good response times. The suggestions received were generally in relation to improvements to correspondence, plus there was one linked to investments. All complaints, compliments and suggestions are reviewed monthly by the Director of Pensions and other members of the Complaints and Issues Board.

2.7 All member events continue to be popular and very well received. 13 online member events were held in quarter 1 with 629 members attending. The most popular events attended were the pre-retirement presentations and sessions for members wanting to find out how they could top up their benefits. 14 employer events were also held on the topics of McCloud, ill health, and pensionable pay, with 137 employer representatives attending one or more session.

3. RECOMMENDATION

3.1 It is recommended that the Panel notes 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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Report To:	**PENSION FUND MANAGEMENT/ADVISORY PANEL**
Date:	15 September 2023
Reporting Officer:	Sandra Stewart – Director of Pensions
Subject:	**LGPS UPDATE**
Report Summary:	This report provides an update on the latest developments affecting the Local Government Pension Scheme (LGPS).
Recommendation(s):	It is recommended that the Panel notes the report and considers the potential impact and implications for the LGPS and GMPF.
Financial Implications: **(Authorised by the Section 151 Officer)**	Some of the matters set out in this report could lead to administrative costs and additional liabilities for GMPF and its employers.
Legal Implications: **(Authorised by the Solicitor to the Fund)**	The Local Government Pension Scheme Advisory Board is a body set up under Section 7 of the Public Service Pensions Act 2013 and The Local Government Pension Scheme Regulations 110-113. The purpose of the Board is to be both reactive and proactive. It will seek to encourage best practice, increase transparency, and coordinate technical and standards issues. It will consider items passed to it from the Department for Levelling Up, Housing and Communities (DLUHC), the Board's sub-committees and other stakeholders, as well as items formulated within the Board. Recommendations may be passed to DLUHC or other bodies. It is also likely that it will have a liaison role with the Pensions Regulator. Guidance and standards may be formulated for local scheme managers and pension boards. The Local Government Association represent employers' interests to central government and other bodies on local government pensions policy. Its remit for local government pension policy includes pensions for local authority staff, teachers, and firefighters.
Risk Management:	There are no material risks to consider at this stage. Any risks that may arise will be controlled and mitigated.
ACCESS TO INFORMATION:	**NON CONFIDENTIAL**
Background Papers:	Further information can be obtained by contacting Emma Mayall, Greater Manchester Pension Fund, Guardsman Tony Downes House, 5 Manchester Road, Droylsden Telephone: 0161 301 7242 e-mail: emma.mayall@gmpf.org.uk

1. INTRODUCTION

1.1 The purpose of this report is to provide the Management Panel with an update on the latest developments regarding the Local Government Pension Scheme (LGPS). Developments summarised are as follows:

- LGPS Investments Consultation
- College and Academy Accounting
- PLSA Guide for Employers Participating in the LGPS

2. LGPS INVESTMENTS CONSULTATION

2.1 On 11 July 2023, the Department for Levelling Up, Housing and Communities (DLUHC) launched its consultation seeking views on proposals relating to the investments of the LGPS. The consultation examines asset pooling, levelling up, opportunities in private equity, investment consultancy services and the definition of investments.

2.2 The consultation focuses on the following five key areas:

- Proposals to accelerate and expand investment pooling, with administering authorities confirming how they are investing their funds and why. DLUHC believes that the pace of transition should accelerate to deliver further benefits. They have proposed a deadline for asset transition by March 2025. Going forward, DLUHC wants to see a transition towards fewer pools to maximise benefits of scale.
- A requirement for funds to have a plan to invest up to 5% of assets to support levelling up in the UK, as announced in the Levelling Up White Paper.
- Proposals to increase investment into high growth companies through unlisted equity, including venture capital and growth equity.
- Proposed amendments to the LGPS regulations to implement requirements on pension funds that use investment consultants. These amendments are needed to implement the requirements of an order made by the Competition and Markets Authority (CMA) in respect of the LGPS.
- Proposals to make a technical change to the definition of investments within LGPS regulations.

2.3 Our Actuary, Hymans Robertson, has issued their response to the consultation. The main points of this are:

- Hymans agrees that pooling should be completed as quickly as possible, where it achieves clear benefits for funds. But urges the government consider the timescales, as well as reasons for funds to maintain assets outside of the pool.
- They would like to see evidence and a reason for targeting £50–75 billion of Assets Under Management (AUM), to justify the further costs, especially where it will only be achieved by merger.
- Further thought is needed on the optimal scale for different asset classes and potential diseconomies of scale.
- Hymans believes it is not appropriate for government to prescribe allocations to specific asset classes, such as a 10 per cent allocation to private equity, given the fiduciary responsibilities of individual authorities in respect of managing their fund's assets and their responsibilities in ensuring pension payments are made.
- Hymans are concerned about pools providing investment strategy advice to their member funds. Some are not currently equipped to provide this, and it could concentrate risk.

2.4 The consultation closes on 2 October 2023.

3. COLLEGE AND ACADEMY ACCOUNTING

3.1 Colleges have their accounting year end on 31 July while academies have their accounting year end on 31 August.

3.2 The year end brings about an annual accounting exercise where the Fund's Actuary, Hymans Robertson, calculates the value of an employer's position on their accounting basis.

3.3 With the current high yield on UK corporate bonds, which informs the accounting basis discount rate, it is expected many employers will have a net asset in their accounting disclosure and will need to discuss its treatment with their auditor.

3.4 The accounting standards (i.e., IFRIC 14) set out a broad approach that could be followed but are open to interpretation, leaving individual employers and auditors to reach their own and often different conclusions. It is expected that employers will opt for asset ceiling calculations to disclose their accounting 'surplus'.

3.5 The accounting basis differs from the actuarial basis that is used to value employer liabilities. Some employers might be required to disclose an accounting 'surplus' when in fact they might be in deficit on one of GMPF's actuarial bases.

4. PLSA GUIDE FOR EMPLOYERS PARTICIPATING IN THE LGPS

4.1 The Pensions and Lifetime Savings Association (PLSA) has been working on implementing the recommendations made in the report, *The Local Government Pension Scheme: Today's Challenges, Tomorrow's Opportunities*, which identified areas where existing good practice can be fortified and where action can be taken to address the ever-increasing regulatory and environmental challenges facing the scheme.

4.2 PLSA has produced a guide for employers participating in the LGPS, which will help employers develop:

- A sound HR strategy for employees in the scheme
- A good governance process for managing participation in the LGPS
- Robust financial and risk management with respect to contributions and liabilities within the scheme
- Good contract management if they have come to participate in the scheme as an admission body
- The ability to evidence this best practice to stakeholders.

5. RECOMMENDATION

5.1 It is recommended that the Panel notes the report.

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GMPF's Responsible Investment Partners and Collaborations

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ADMINISTRATION KEY STATISTICS REPORT FOR 2022/23

Our mission is to provide pensions, giving our members a secure income and peace of mind when they retire.

Our quality standards

1. Lawful - meeting our statutory duties and obligations
2. Cost effective - ensuring we deliver value for money
3. Customer service - meeting our members expectations
4. Efficient - minimising waste, effort and expense

Administration statistics - summary

Overall, membership levels have continued to increase steadily over the last five years.

Changes made by the Ministry of Justice in 2021 to the structure of the National Probation Service saw the number of contributors for this employer increase from 11,730 in March 2021 to 18,673 in March 2022. This is the main reason for the higher than normal increase in the number of total contributors during 2021/22.

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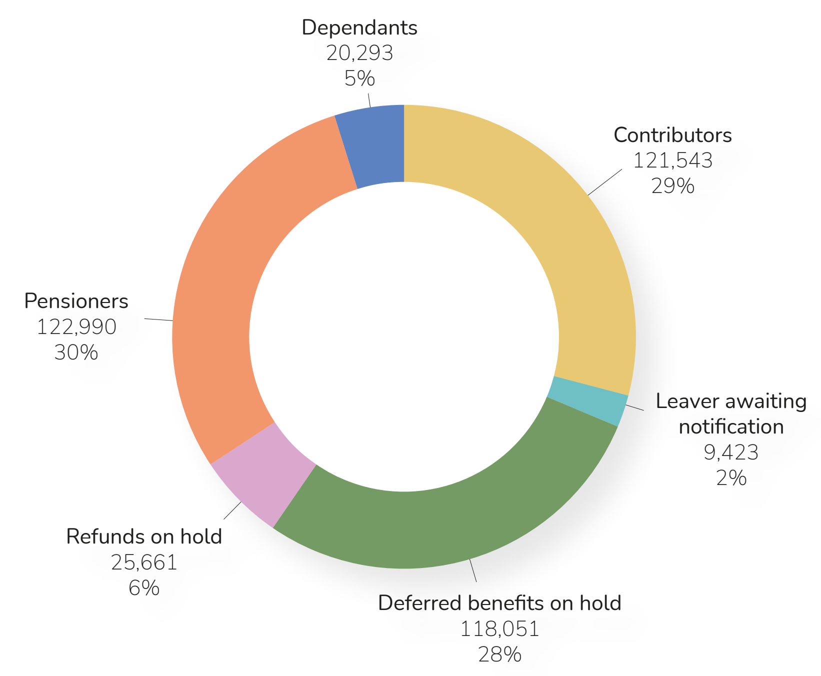
2022/23 saw many employers re-enrol members into the scheme due to their obligations under pensions automatic enrolment. GMPF suspects that automatic re-enrolment is the main reason for increase of new members joining the Scheme. There was an additional 3,720 contributors at the end of March 2023 compared to the year before.

The number of employers also continues to increase, with a large outsourcing of school catering services leading to a higher than average number of admissions being processed during the year.

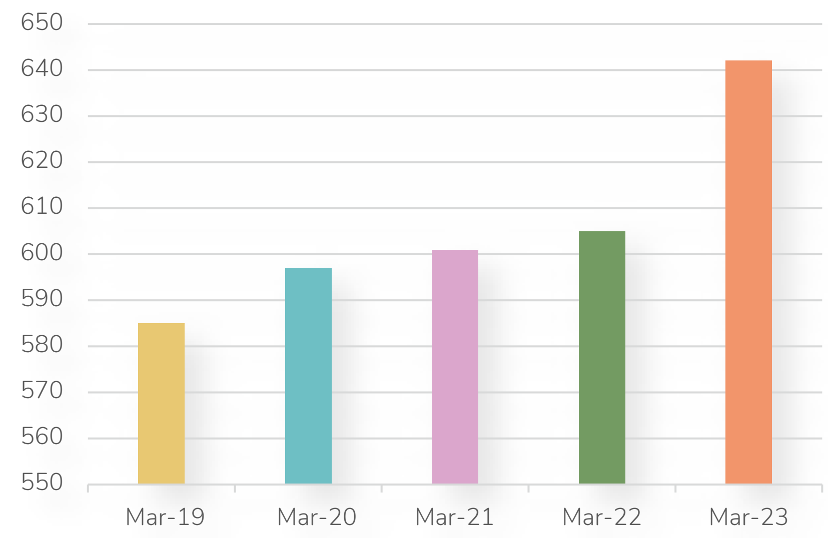
The number of colleagues working across the section has remained stable. The total number of posts in the establishment has increased following a service redesign, however several of these posts are yet to be recruited to. In addition, members are increasingly able to self serve, which means increases in membership does not necessarily correlate with increases in staff resource.

GMPF has participated in CEM benchmarking for four years, with the outcomes overall being consistent.

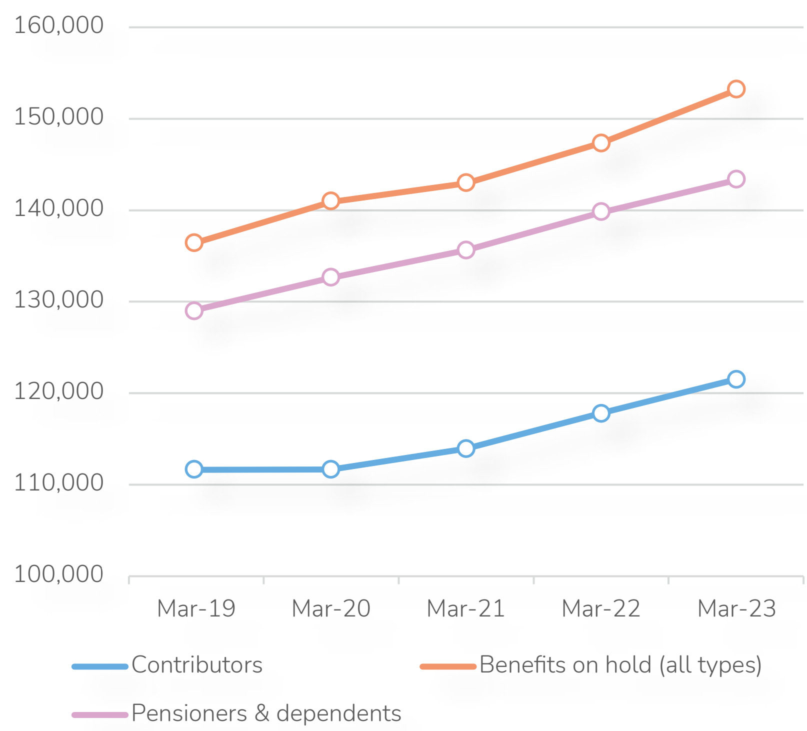
Number of pension accounts at 31 March 2023



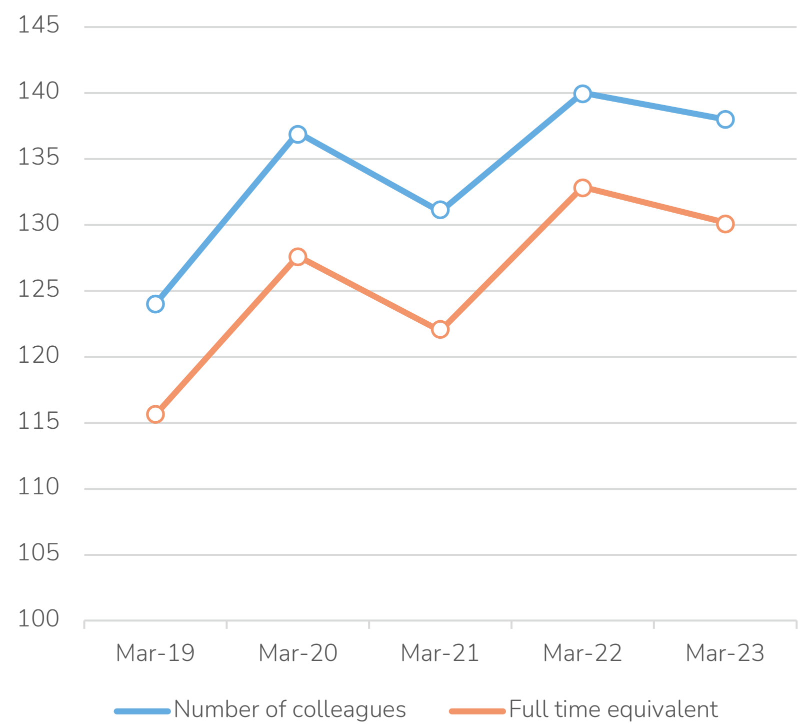
Number of employers with contributing members



Total pension accounts over the last five years



Number of colleagues working in the Administration service



CEM Benchmarking

Cost per member and service scores

2021/22

£16.91

71

2020/21

£17.01

65

2019/20

£16.92

67

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Member Services

The Member Services section deals with all tasks and casework linked to the calculation and payment of benefits. This includes processing new retirements, benefits on hold, refunds, transfers, new dependant benefits, and running payroll.

Member services statistics - summary

The total number of pension accounts increased by 13,174 (3.25%) in the year 2022/23.

The number of members joining the 50/50 section of Scheme also increased during the year.

Across all membership types, the majority of members are female (70%).

The amount of annual pension we pay to the majority of pensioners (67%) is less than £7,000 a year. Less than 11% receive a pension greater than £15,000 a year.

Retiring early on voluntary grounds is the most common reason for retirement benefits to be claimed. On average, contributing members are retiring at age 62. Those with benefits on hold are electing to bring them into payment at age 60 on average.

The retirement dates of 31 March, 31 August and 31 December continue to be the most popular for contributing members.

Enquiries and elections from those with benefits on hold are frequently prompted by the issue of deferred benefit statements in May, and when other newsletters or communications are issued.

Pension accounts at 31 March 2023

Number of accounts	Number of members
417,961	357,194

Contributing member accounts at 31 March 2023

Main scheme accounts	50/50 section accounts	Accounts with an AVC
120,342	1,201	5,810

Pensioners (not dependants)

Female/Male	Average age now	Age of oldest pensioner
61%/39%	71	103

Average annual pension in payment:	£6,428 pa
Number living overseas:	2,182

Contributors

Female/Male	Average age now/on joining
75%/25%	45/36

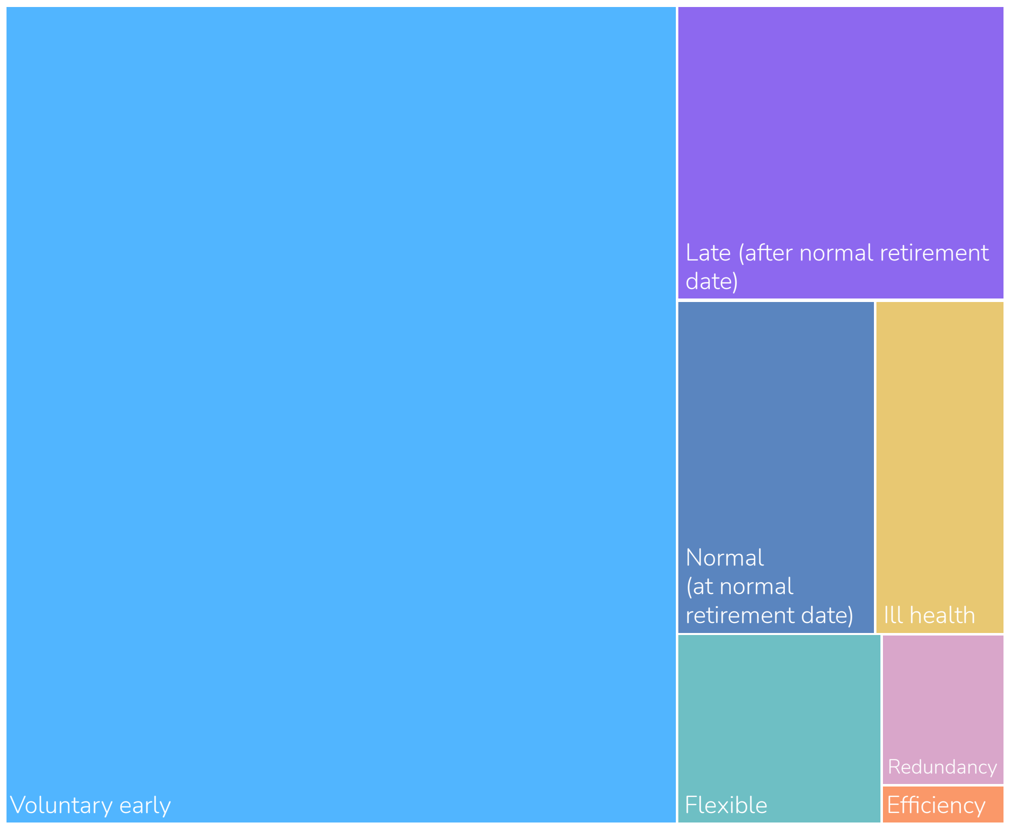
Retirements in 2022/23

Average age a contributor began retirement:	62
Average pension for a contributor:	£7,909 pa
Average age of a member with benefits on hold electing for payment:	60
Average size of benefit on hold pension:	£4,288 pa

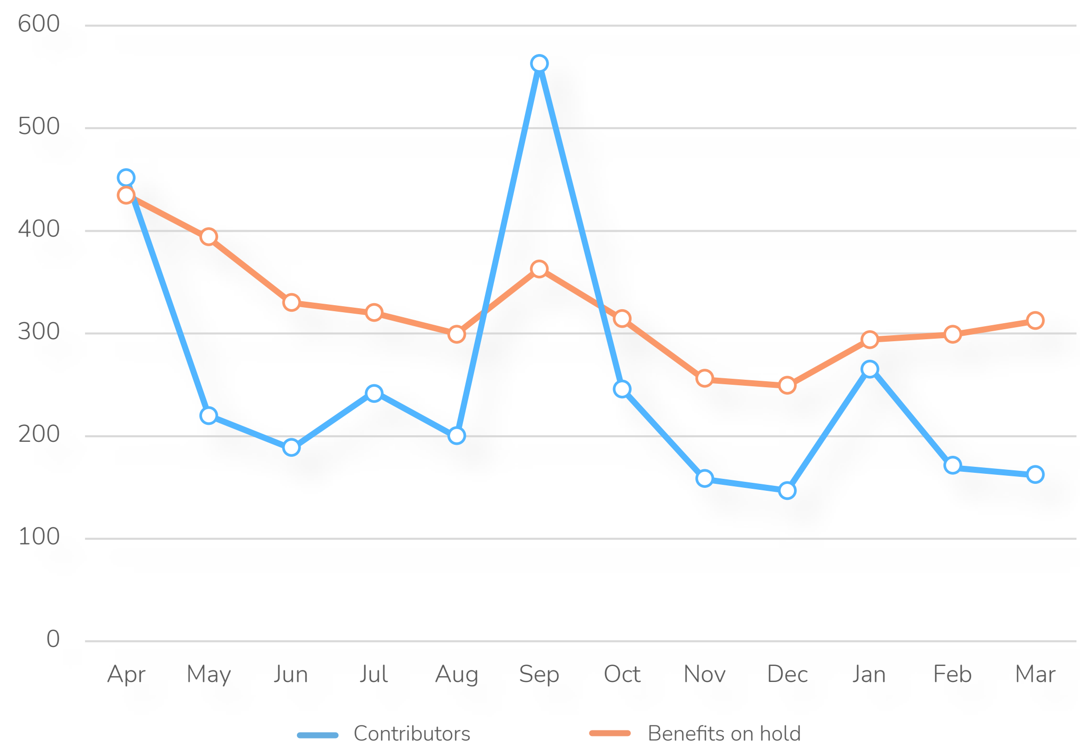
Deferred benefits on hold

Female/Male	Average age now
72%/28%	48

Grounds for retirement in 2022/23



Months of retirement



Member Services Casework

The effects of the pandemic can be seen clearly across all key workload statistics.

There was a decrease in casework for new joiners and leavers, as many people stayed in the same employment during that time rather than changed jobs. Also of course, there was sadly a higher than normal increase in the number of death cases to be processed.

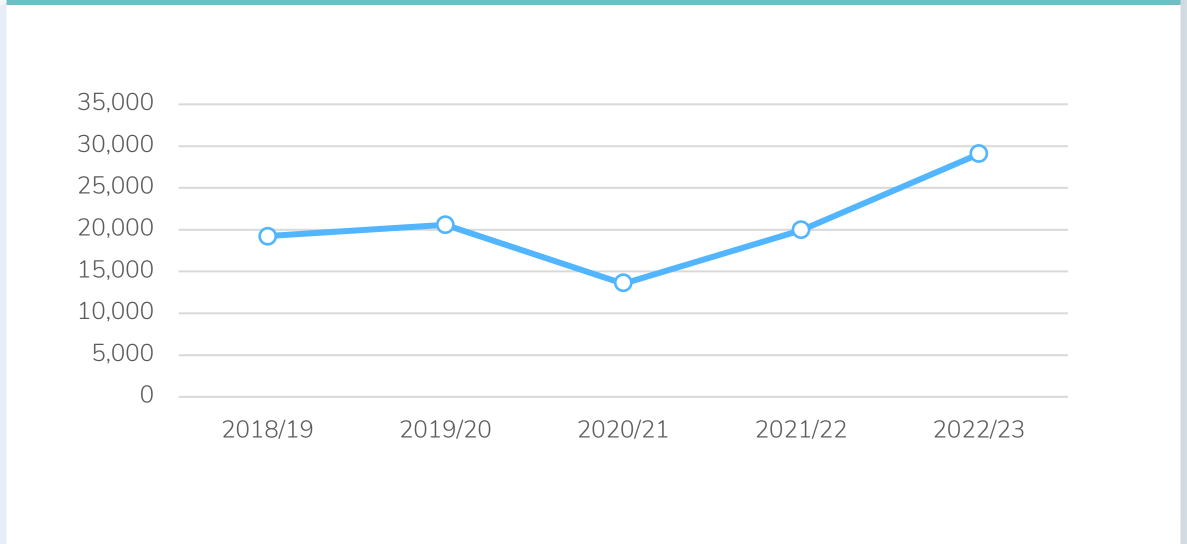
The effects on retirements is slightly different. There was a significant increase during 21/22, which in 22/23 has reduced to normal or lower than normal levels. For contributing members, this may be because members chose to retire earlier than planned for reasons linked to the pandemic. The significant rise in requests for benefits on hold to be paid is likely to be due to the same reason, but could possibly be due to other reasons, such as being on furlough, or the cost of living crisis.

2022/23 saw a significant increase in new joiners, probably due to automatic re-enrolment. This resulted in the number of contributors increasing overall. There was also a significant increase in optants out, as would be expected with auto re-enrolment, with 1,626 members opting out compared to 822 the year before.

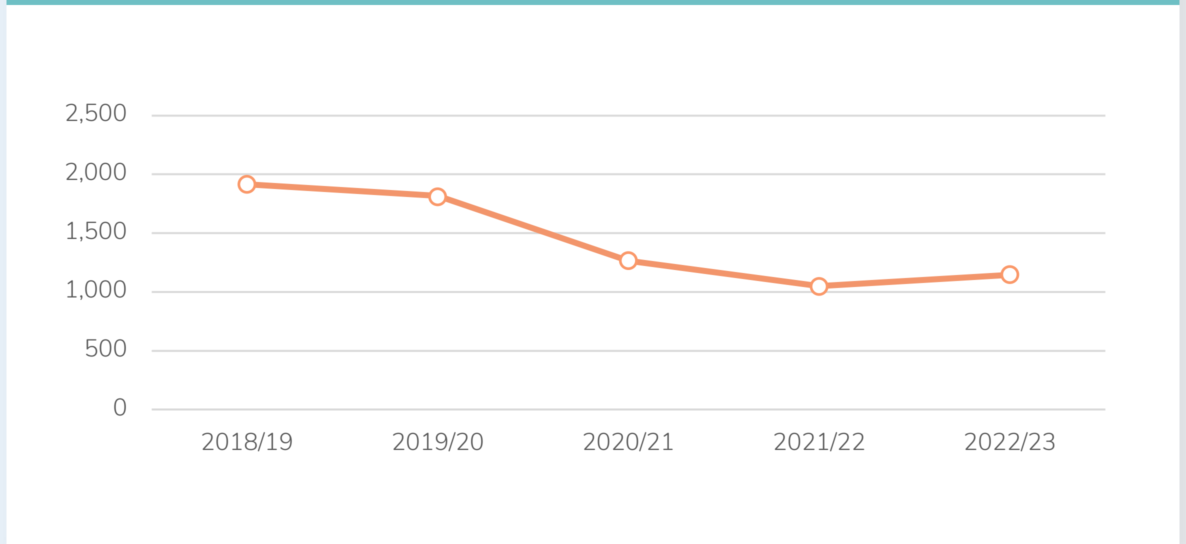
There was also a large increase in members choosing the 50/50 option, which could be linked to this, but also that could be due to cost of living pressures.

The volatility in workloads brings significant challenges, which is often reflected in the performance statistics.

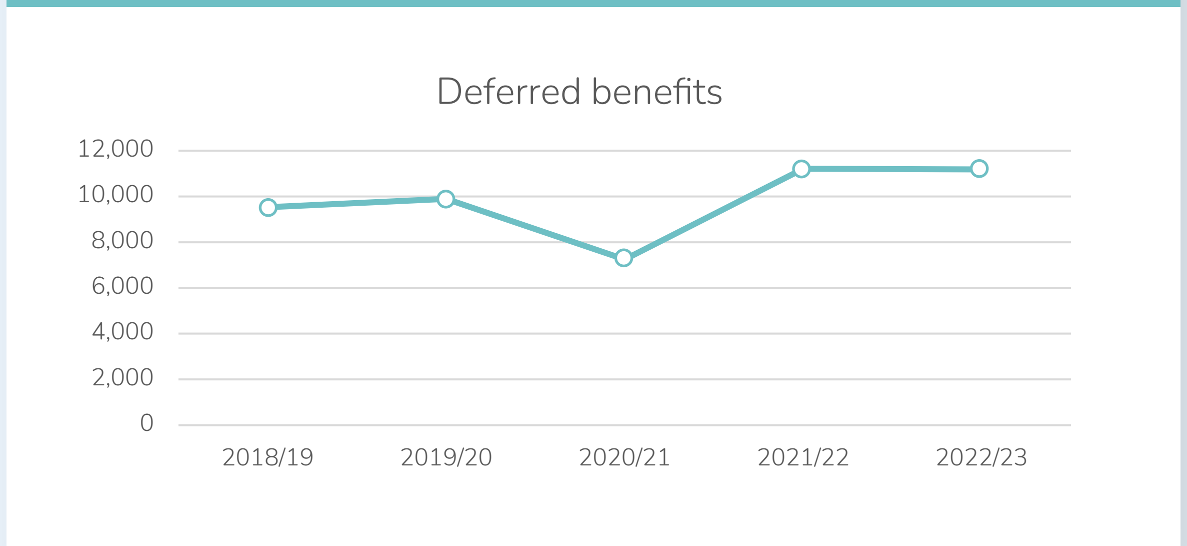
Joiners



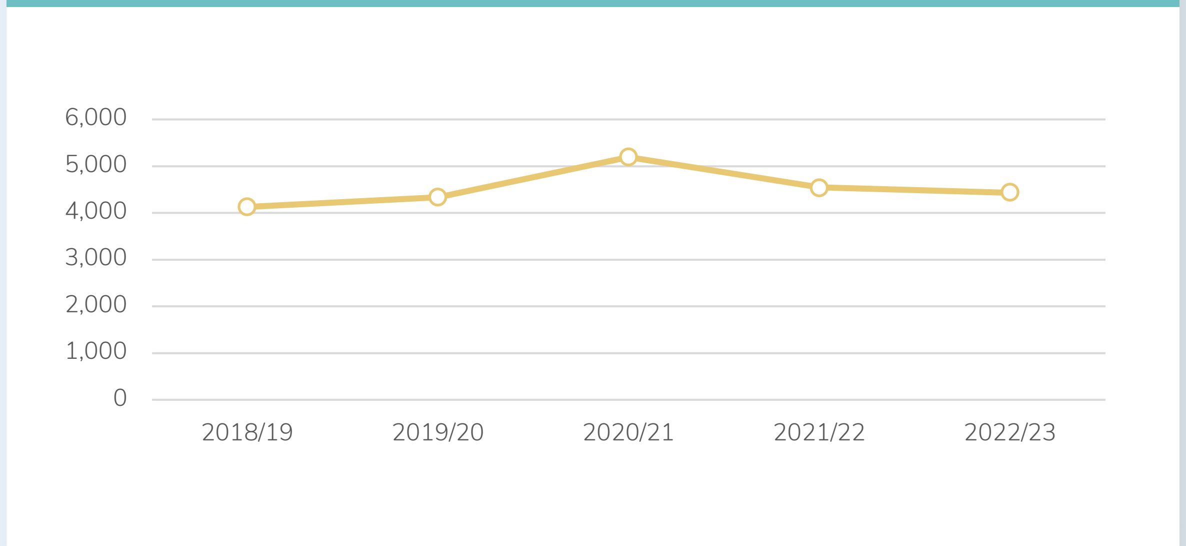
Refunds



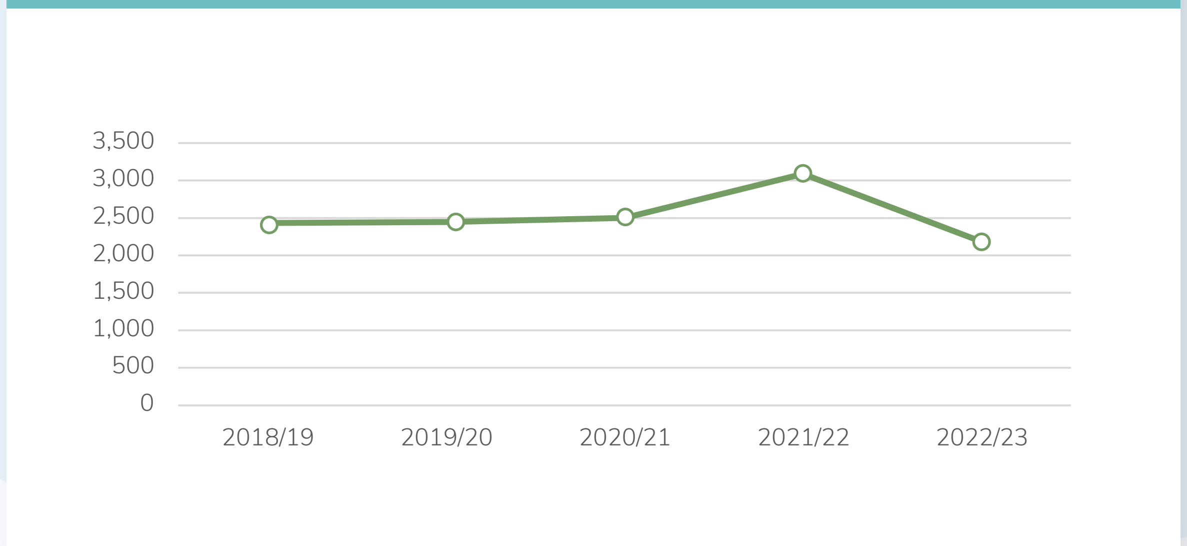
Deferred benefits



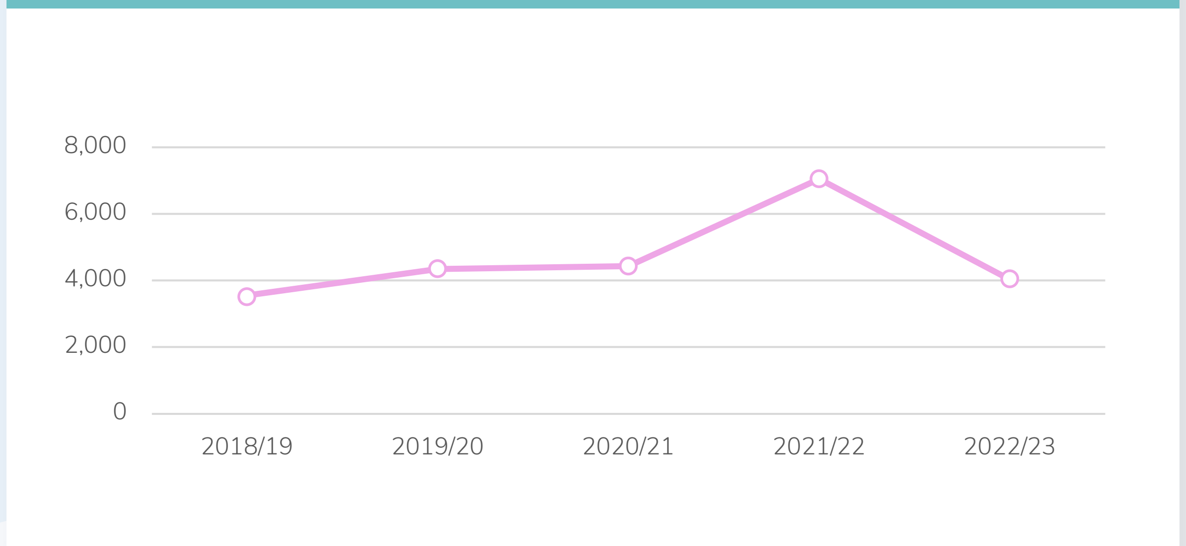
Deaths



Retirements (contributors)



Retirements (benefits on hold)



Employer Services

The Employer Services section deals with all tasks linked to supporting and managing GMPF's employers. This includes processing monhtly data returns received from employers, admitting new employers to the Fund, and providing employers with training and guidance.

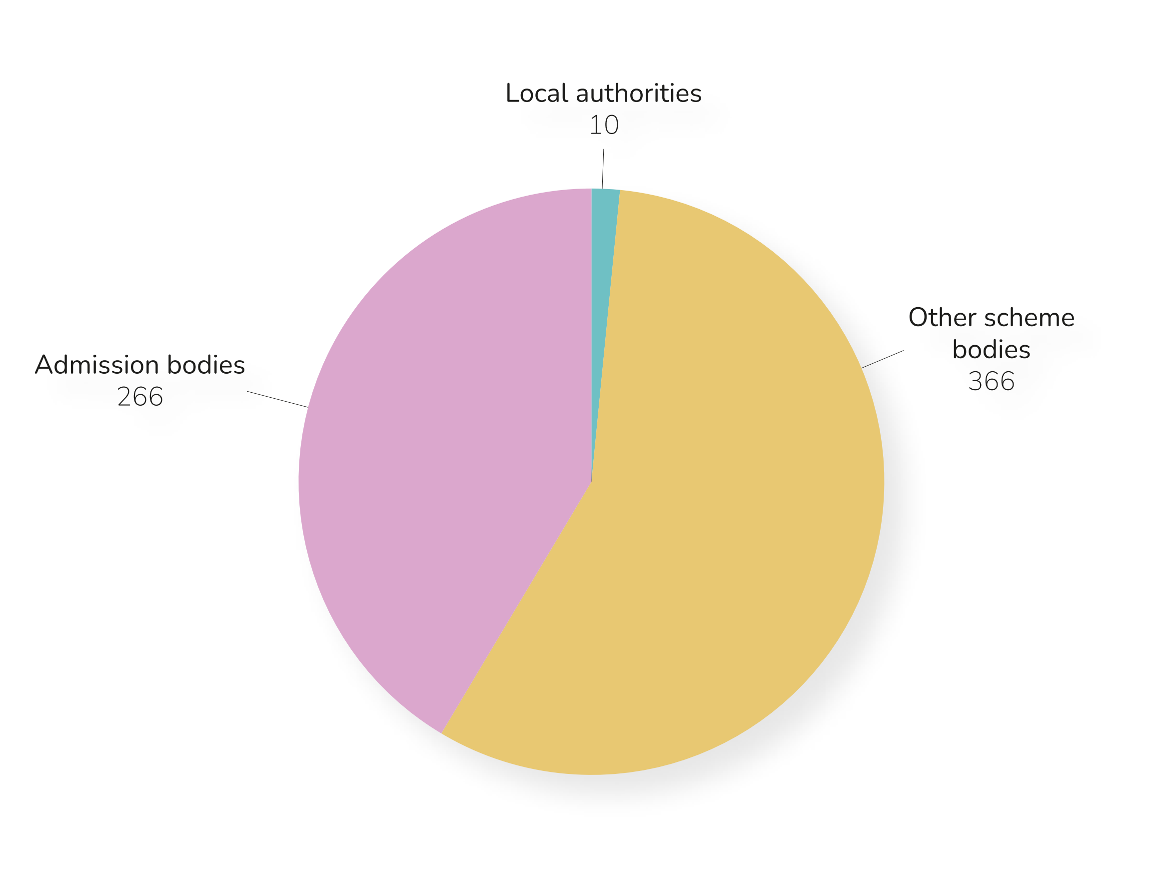
Employer services statistics - summary

Although the ten Local Authorities are the smallest employer category shown here, they have the majority of contributing members, with 50% of the total.

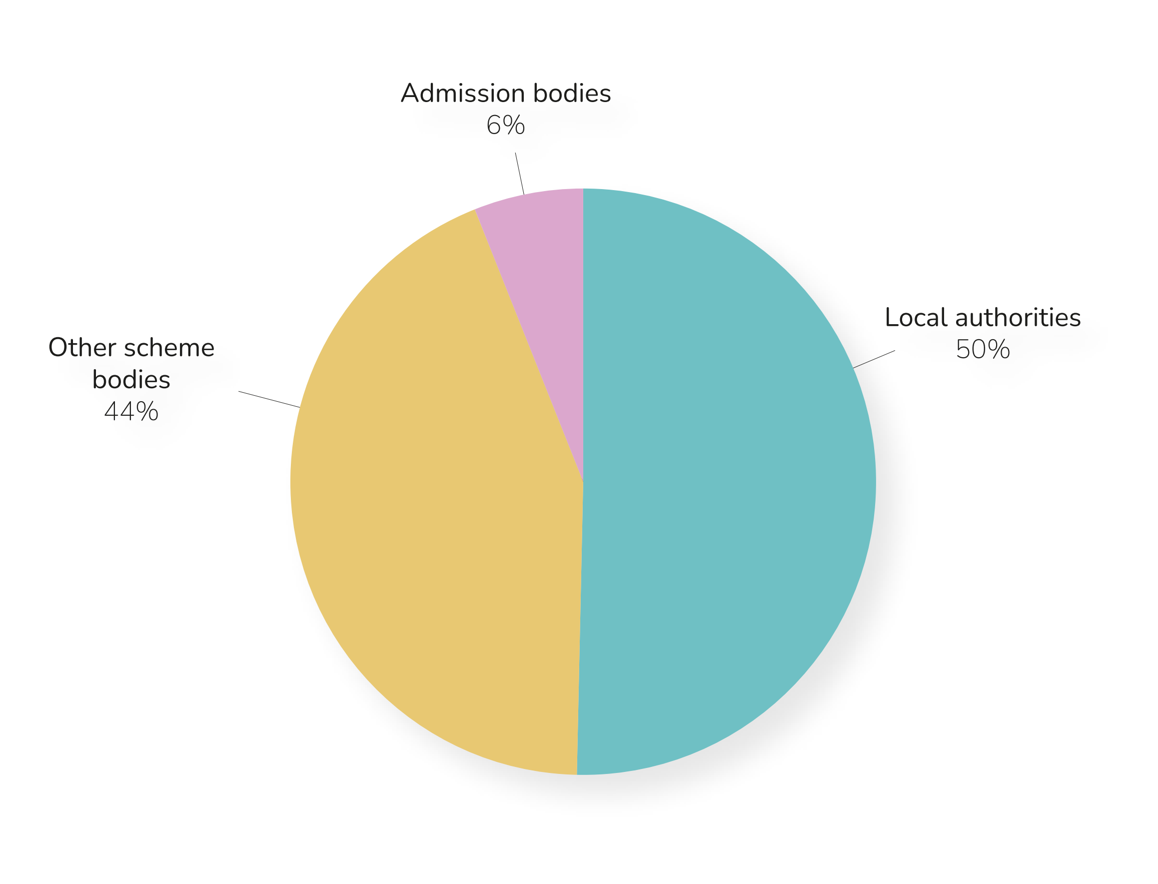
Although there are 266 admission body employers, they only have 6% of the members, with the remaining belonging to other scheme employers, being mostly the probation service and academies.

Only 14 employers have over 1000 members, with the vast majority having less than 100 members.

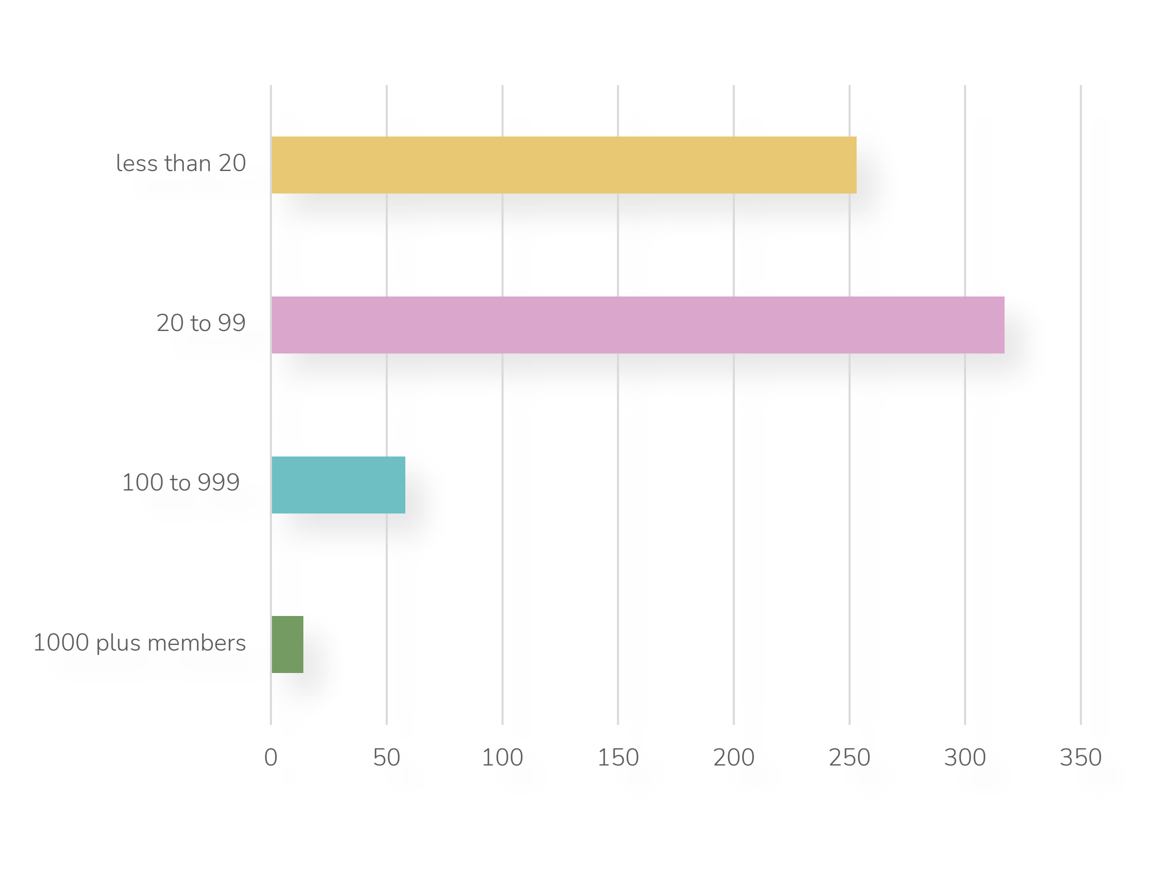
Employers with contributors



Percentage of total contributions



Employer membership levels



The number of employer teams that we received data from	**401**
Number of new employers during the year	**94**
Number of employers that exited during the year	**40**
Number of employers sending data monthly	**100%**
Number of employers meeting the required submission date	**79%**
Number of employer training events hosted	**44**
Year in review reports issued (to Local Authorities)	**30**

Communications and Engagement

The Communications and Engagement section deals with all tasks linked to customer service and communications. This includes managing and updating the GMPF website and social media accounts, designing communication documents and dealing with all general enquiries made to the Customer Services team.

Communications and Engagement statistics summary

My Pension registrations continue to increase steadily each month.

In 2020, new functionality became available in My Pension enabling some activities to move online, rather than documents be sent by post. Since then, processes have moved online and new functionality continues to be deployed to further enhance the member experience.

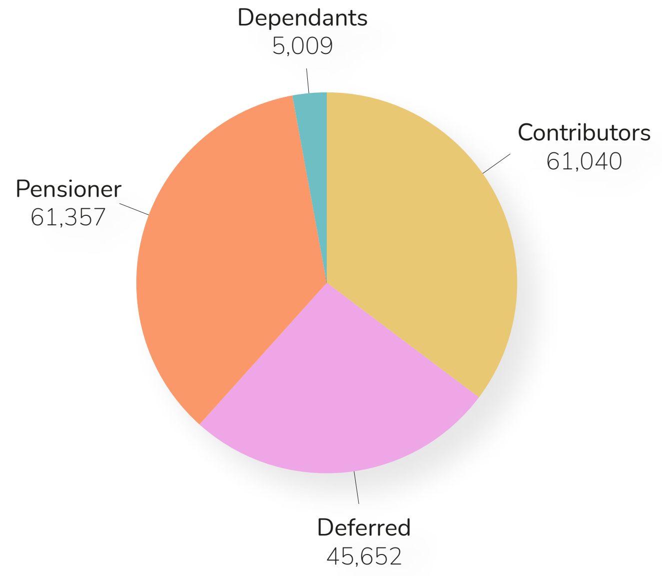
The number of calls to the Helpline increased significantly in 2022/23 and this substantial increase led to longer call wait times and higher call abandon rates.

The number of visits to the website also increased, with a significant increase in March 2023. This was due to a newsletter campaign that was sent to contributing and benefit on hold members, plus the issue of P60s to pensioner members.

Member engagements include annual benefit statements, which were sent to contributing and benefits on hold members and annual P60's which were sent to pensioner and dependants.

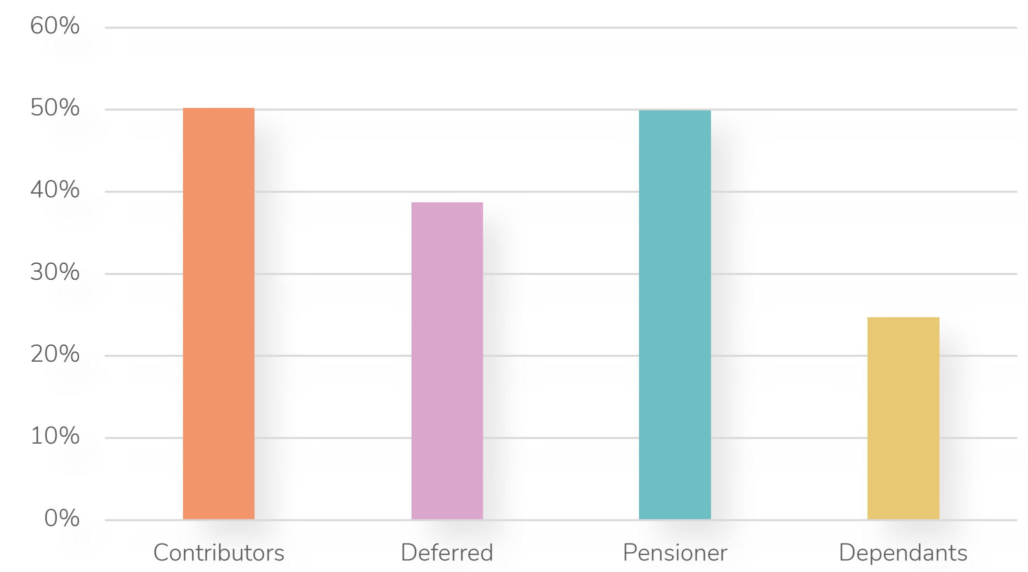
Member events continue to be popular, with nearly 2000 members attending one or more events.

Total accounts registered



Total number of members who accessed their account in the year	**91,024**
Total number of visits to the My Pension area	**487,622**

Percentage of member accounts registered



Member events

Number of events	**43**
Total attendance	**1,991**
Top attended event type	**Pre retirement**

Website

Number of individual visits to the website over the year	**907,106**
Top page visit	**40,344** www.gmpf.org.uk/about/contact-us

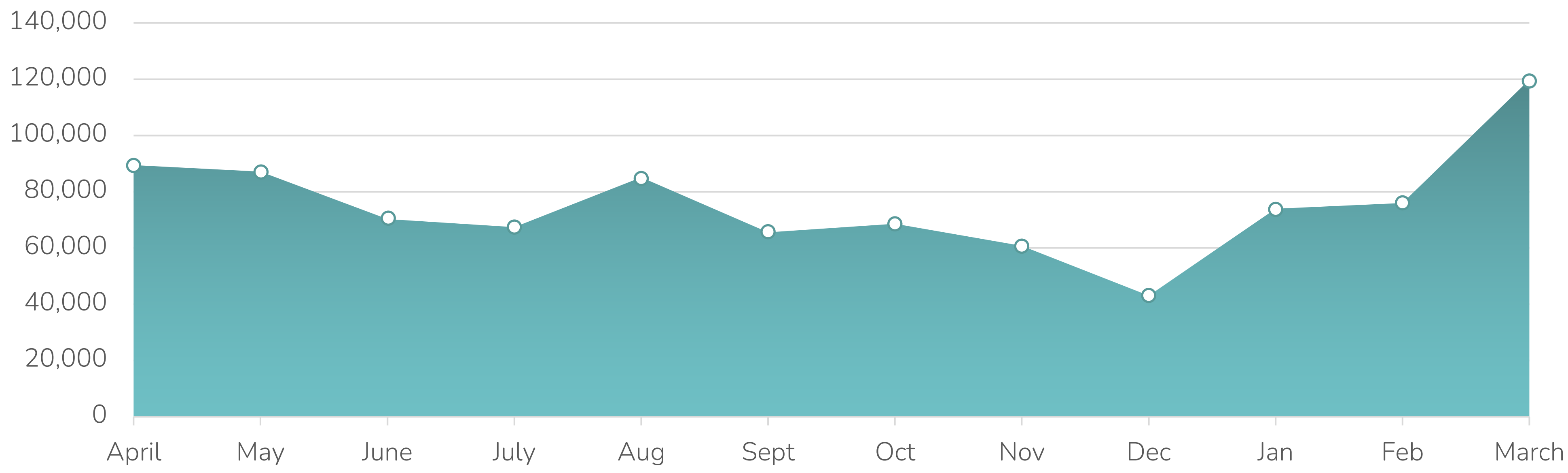
Engagement

The number of email member engagement campaigns sent	
Contributors	**2**
Benefits on hold	**2**
Pensioners/ dependants	**2**

Calls

Year	Number of calls answered
2020/21	**70,633**
2021/22	**68,750**
2022/23	**75,041**
Percentage of calls answered on first contact	**69%**
Top call topic	Retirement query My Pension registration

Website views



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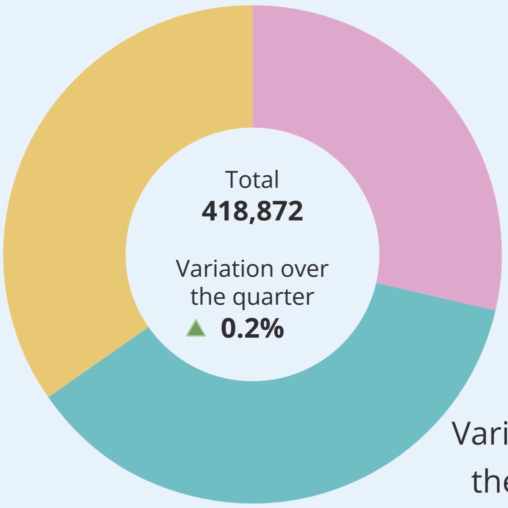
GMPF ADMINISTRATION PERFORMANCE
Q1 – APRIL TO JUNE 2023

gmpf

my pension by GMPF

MEMBERSHIP



Variation over the quarter

Contributors	120,960	▲ 0.2%
Benefits on hold	153,624	▲ 0.1%
Pensioners	144,288	▲ 0.3%

Those with benefits on hold include members entitled to deferred benefits and refunds. The total for Pensioners includes accounts for dependants who are receiving a pension.

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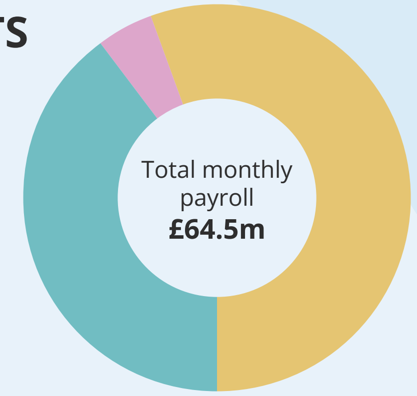
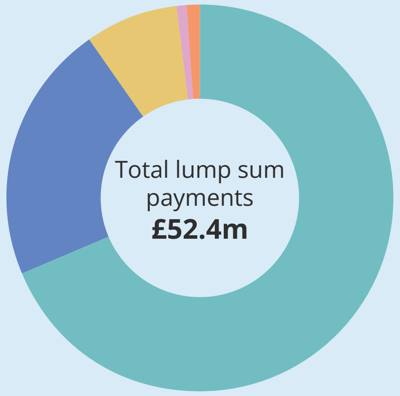
PAYMENTS



Advance	£25.7m
Mid	£3.1m
Arrears	£35.7m

Amounts are those paid in the last month of the quarter.



Retirement lump sum	£36.1m
Transfers out	£11.3m
Death grants	£4.1m
Refunds	£0.4m
Trivial commutations	£0.5m

FEEDBACK

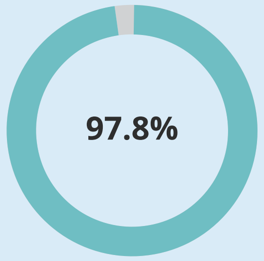
Compliments	10
Complaints	29
Suggestions	5

Figures are those received over the quarter.

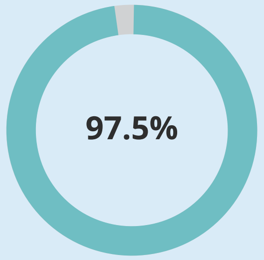
Our vision

To administer GMPF successfully, in a cost effective way, whilst meeting member expectations and ensuring our statutory duties are met.

DATA QUALITY AND KEY TARGETS



Common data score



Scheme specific data score

	Common data score	Scheme specific data score
Variation since last measured	0.0%	0.0%

ASSURANCE

2
Audit reports issued

AWARDS

Pension Fund Communication Award

European Pension Awards

WINNER LAPF INVESTMENTS AWARDS 2019 SCHEME ADMINISTRATION AWARD

LAPF INVESTMENTS AWARDS 2020 WINNER *Scheme Administration Award*

COMPLIANCE

- ✓ Monthly data breach meetings held
- ✓ Monthly mortality screenings done
- ✓ Anti-fraud checks carried out
- ✓ HMRC reports submitted (for AA & LTA)

Breaches of the law reported to TPR	0
Data breaches reported to ICO	0
Fraud cases identified	0
Cyber security sucessful breaches	0
Fines issued to employers	0

Agenda Item 20

GMPF ADMINISTRATION PERFORMANCE
Q1 – APRIL TO JUNE 2023

1 CASEWORK INDICATORS - STATUTORY TARGETS

	Processed	% in time
High - within targets		
Benefit estimate	365	**95.3%**
Deferred retirement quote	*to follow*	
Dependants benefits	1935	**91.8%**
Divorce quote	58	**100.0%**
Divorce - PSO pre implementation	0	-
Immediate retirement quote	905	**91.5%**
Refund quote	107	**98.1%**
Transfer in quote	28	**100.0%**
Transfer in payment	25	**100.0%**
Transfer out payment	49	**100.0%**
Transfer out quote	164	**100.0%**
Medium - mostly within targets		
Benefits on hold	2960	**82.9%**
Divorce - PSO post implementation	21	**9.5%**
New joiners	6400	**88.0%**
Revised pay (Imm and DIP)	494	**56.3%**
Revised pay (Deaths)	19	**15.8%**

2 KEY CASEWORK INDICATORS - INTERNAL TARGETS

	Processed	% in time
High - within targets		
Deferred retirement payment	*to follow*	
Dependants benefits	423	**96.9%**
Divorce quote	58	**100.0%**
Immediate retirement payment	526	**99.0%**
Immediate retirement quote	794	**95.0%**
Letters	660	**96.2%**
New joiners	6400	**99.5%**
Refund payment	325	**96.3%**
Transfer in quote	28	**100.0%**
Transfer in payment	25	**100.0%**
Transfer out quote	164	**97.6%**
Transfer out payment	49	**98.0%**
Medium - mostly within targets		
Benefits on hold	2960	**61.6%**
Death notifications	1512	**75.9%**
Deferred retirement quote*	*to follow*	
Divorce - PSO post implementation	21	**0.0%**
Emails	2369	**89.2%**
Refund quote	107	**82.2%**

**Members can obtain their own quote immediately by using My Pension, but there is a delay for quotes issued by GMPF due to current demand*

3 KEY PROJECT WORK

On track

Contact centre developments
Issuing Annual Benefit Statements
Issuing Pension Saving Statements
M365 Sharepoint migrations
Pensions Dashboard preparations
Production of the annual report
Staff Circle system implementation

Slight lag

Cyber security - next phase
Improving meeting room technology
McCloud
My Pension online enhancements
PASA accreditation
Payroll automation (EA2P)

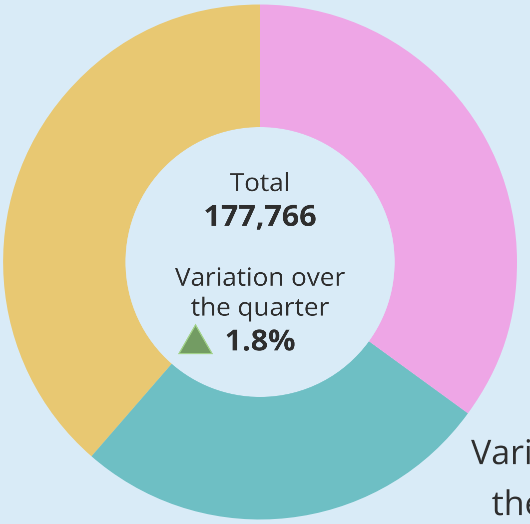
GMPF ADMINISTRATION PERFORMANCE
Q1 – APRIL TO JUNE 2023

gmpf

my pension by GMPF

MY PENSION

REGISTRATION FIGURES



		Variation over the quarter
Contributors	62,489	▲ 1.4%
Benefits on hold	46,766	▲ 1.8%
Pensioners	68,511	▲ 2.0%

228,949
Total log ins to My Pension
▲ 21.9%

133,381
43,117 unique users
Calculator usage
▼ 5.2%

29,080
Nomination updates
▲ 4.2%

24,803
Visit to the ABS page
▲ 32.4%

21,688
Personal data updates
▲ 4.8%

14,560
Total calls received

00:13:22
Average call wait time

Medium - mostly within targets

My Pension email queue

718
Total emails received

28:31:36
Average wait response time

High - within target

Other emails

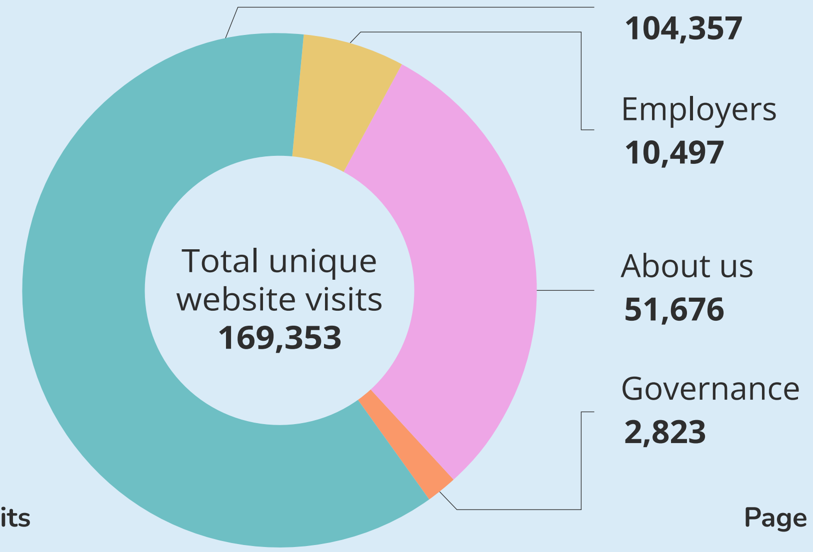
865
Total emails received

Medium - mostly within targets

Top five contact reasons

1. My Pension - registration issues
2. Retirement query - Chasing/Checking status
3. Reporting an event/change - Address change
4. Reporting an event/change - Death notification
5. Pensioner payroll query - P60

gmpf website



Top five page visits	Page visits
1. /about/news/index/Pension-increases-2023	9,750
2. /about/contact-us	9,394
3. /about/news/index	7,980
4. /members/retiring/when-and-how-can-you-retire	6,007
5. /members/Receiving-benefits/when-and-how-we-pay-your-pension	5,970

EVENTS

Members

13
Events held

629
Attendees

Events type held and popularity

1. Pre retirement
2. Topping up
3. Overview presentation
4. Benefits on hold

Employers

14
Events held

137
Attendees

Events type held and popularity

1. McCloud
2. Ill health
3. Pensionable pay

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THE
GOOD
ECONOMY

AN INDEPENDENT ASSESSMENT OF THE PLACE-BASED IMPACT OF GREATER MANCHESTER PENSION FUND'S LOCAL INVESTMENT PORTFOLIOS

SEPTEMBER 2023

CONTENTS

GMPF – DEMONSTRATING THAT INVESTING LOCALLY MAKES A MEANINGFUL DIFFERENCE

GMPF's Local Investment portfolios have grown significantly over the past ten years and now have commitments of £828 million (Impact Fund) and £535 million (Greater Manchester Property Venture Fund). There is a growing interest from all stakeholders to understand the impacts being achieved from these portfolios.

At GMPF, we place importance on assessing the risk, financial return and social, economic and environmental impacts of every local investment we make. We believe this represents a responsible way to invest.

We invited The Good Economy to review our local investment portfolios. They have carried out an independent review of our approach to local investing, to see if we are achieving our impact ambitions. This report presents what they found.

The assessment combines an analysis of our investment portfolio data, deeper dive case studies and verification work that assessed the place-based impact investing practices of a sample of our fund managers.

By understanding what impacts are being achieved from our local investments, our aim in publishing this report is to hold ourselves accountable for the continual improvements we seek to make. We hope to encourage other investors to scale-up their local and regional investments by sharing our experience and working with others looking to contribute to sustainable economic development across the United Kingdom.

Councillor Gerald Cooney, Chair – GMPF

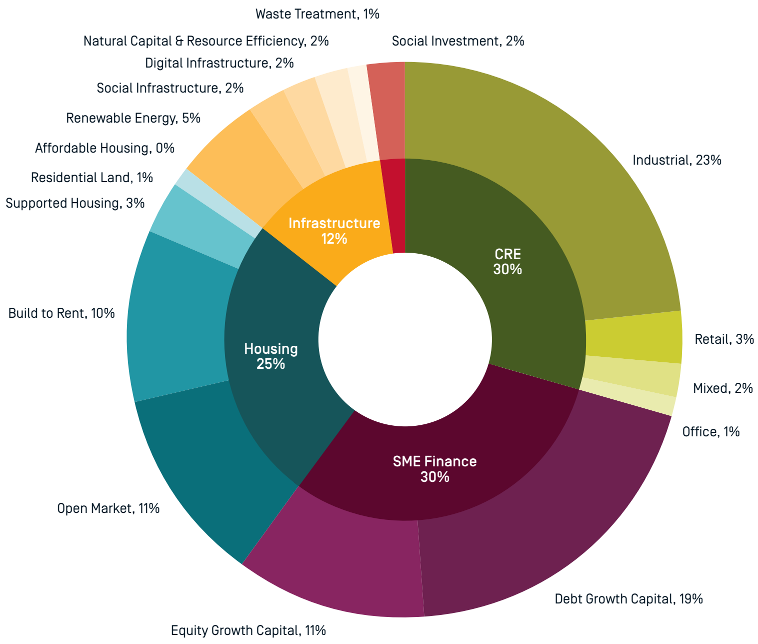
HEADLINE FINDINGS

As of 31 December 2022

Greater Manchester Pension Fund (GMPF) makes a 5% allocation to local investments that positively benefit Greater Manchester and the North West.

- £1.36 billion committed to local investments (4.5% of GMPF value)
- £858.7 million invested
- The fund aims to support the development of the region by generating employment and supporting SMEs as well as providing housing, renewable energy, infrastructure and social investment.

What we invest in (% of value invested)



How our investment is supporting the Region

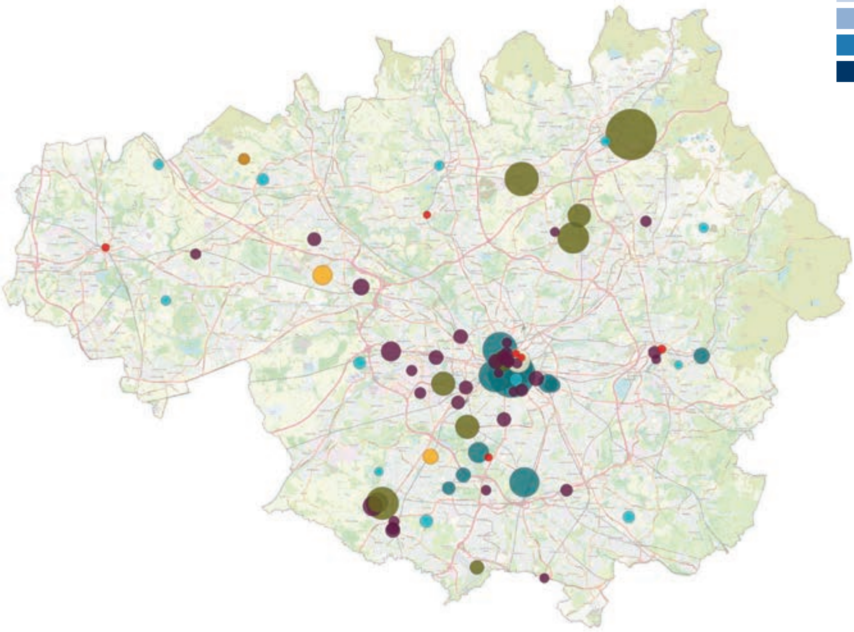
18,300 jobs supported (31% locally – Greater Manchester and North West)
60 businesses demonstrated job growth (46% locally)
7,574 jobs created (37% locally)
47 apprenticeships offered (94% locally)
91% of jobs are paid above the Real Living Wage

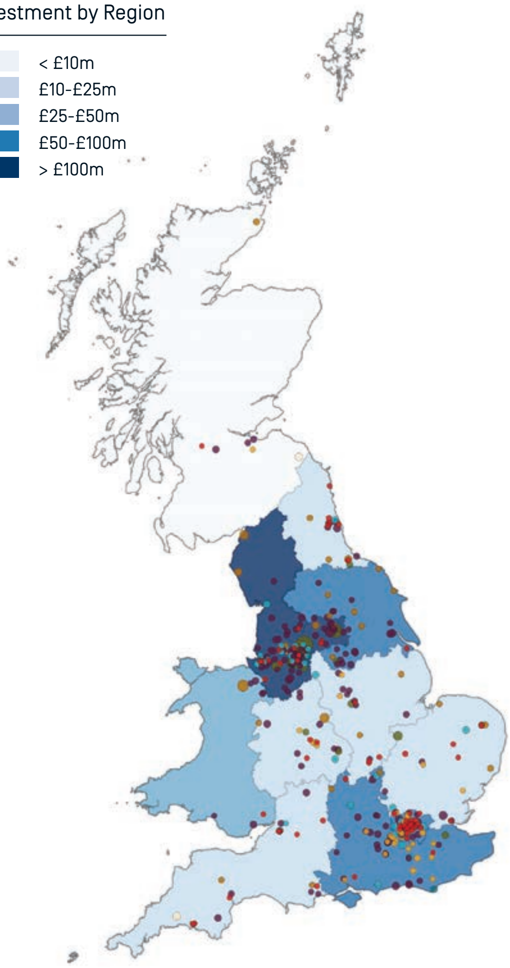
9,975 jobs to be supported through new employment space created (68% locally)

4,395 new homes – completed, in development or planned (60% locally)

13 renewable energy and other sustainable infrastructure assets

Where we invest [% of value invested]



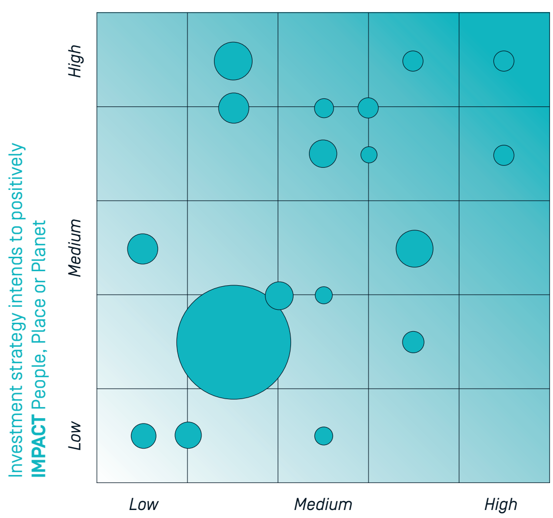


GMPF Local Investment Portfolio [by Asset Type]

- Commercial Real Estate
- Housing – Open Market
- Housing – Other
- Social Investment
- Social Investment – Digital Infrastructure
- Social Investment – Social Infrastructure
- Social Investment – Sustainable Infrastructure
- SME Finance

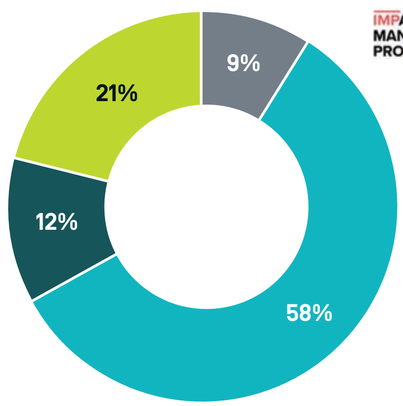
Contains OS data © Crown copyright and database right [2023]. Map data from OpenStreetMap.

How our investments align with the traits of Place Based Impact Investing



Investment strategy considers the needs of **PLACE** and engages with local stakeholders

Alignment with IMP considerations
[% of value invested]



IMPACT MANAGEMENT PROJECT

- No Data [May Cause Harm]
- Avoid Harm
- Benefit Stakeholders
- Contribute to Solutions

EXECUTIVE SUMMARY

Purpose

The purpose of this report is to assess the impact performance of Greater Manchester Pension Fund's (GMPF) two Local Investment portfolios on behalf of GMPF directly, and more indirectly on behalf of GMPF's members and Greater Manchester's communities and businesses. The report's findings also have a wider national audience, given the Government's Levelling Up White Paper's recommendation that Local Government Pension Scheme (LGPS) funds should increase their allocations to local and regional projects within the United Kingdom (UK). Therefore, sharing GMPF's experience is both timely and valuable.

GMPF's Local Investment portfolio comprises two distinct investment mandates with an allocation of 5% of the main fund:

- **The Impact Portfolio**, designed to make impact-driven investments spanning various asset classes, with core impact themes of job creation and place-making.
- **The Greater Manchester Property Venture Fund** (GMPVF) which makes property investments that facilitate job creation, sustainable employment and the advancement of local and regional development.

"Local" is defined by GMPF as Cheshire, Cumbria, Greater Manchester, Lancashire and Merseyside with the addition of West Yorkshire which is in the Northern Pool.

GMPF engaged The Good Economy (TGE), a leading social impact advisory firm, to conduct this independent impact assessment. This report presents the findings of their review.

Approach

TGE implemented an industry-endorsed reporting methodology known as the Place-Based Impact Investing (PBII) Reporting Framework as the foundation for this assessment. This framework was developed by TGE in collaboration with a group of local government pension funds and institutional asset managers to provide a common, consistent and transparent approach to reporting on the impact of private market investments across asset classes.

A comprehensive data collection process was undertaken with GMPF's investment managers in order to provide a portfolio-level analysis of GMPF's investments by asset class, geographical distribution, impact theme and standardised output data. Additionally, TGE evaluated the degree to which the investment funds adopt a PBII approach and their alignment with industry-standard impact management norms (see Section 2).

This portfolio-level analysis has been enriched by a series of 'deep dive' case studies that capture fund and investee-level data and narratives based on both quantitative and qualitative evidence. These case studies showcase the direct connections between GMPF's investment decisions, the investments made by the investment managers and the subsequent real-world benefits and outcomes for the businesses, people and sustainable development of Greater Manchester and the North West (Section 3).

To increase confidence in the quality of data on which the portfolio-level analysis is based, TGE conducted an independent assurance of the credibility and reliability of selected disclosures reported by investment managers. This was carried out in accordance with the internationally recognised AccountAbility AA1000 Assurance Standard.

Key Findings

- As of December 2022, GMPF has committed £1.36 billion to Local Investments, amounting to 4.5% of GMPF's total investment value of £30 billion. A total of £858.7 million had been drawn down and invested with an almost equal amount invested across the Impact Portfolio (51%) and GMPVF (49%).
- These investments have been deployed to achieve a balanced, multi-asset portfolio comprising investments in Small and Medium Enterprise (SME) Finance (30%), Commercial Real Estate (30%), Residential Housing (25%), Infrastructure, including Renewable Energy and Natural Capital (12%) and Social Investment (2%) (see Figure 2.2).
- Two-thirds of these investments (67%) are located in Greater Manchester and the North West. The GMPVF property investments are all local and regional investments. The Impact Portfolio has a broader geography. About 35% of these investments are located in Greater Manchester and the North West, with 65% invested across the rest of the UK.
- GMPF is an active and engaged investor. In some cases, they have acted as a cornerstone or sole investor helping to scale-up impact investment funds and mobilise greater levels of investment in the North West.
- GMPF expects its Local Investments to deliver on financial returns commensurate with the main fund. It has set a benchmark of the Retail Price Index (RPI) +4% for the Local Investment portfolio. Many of GMPFs local investments are relatively immature so it is too early to assess their financial performance. However, the Internal Rate of Return (IRR) performance of Impact Portfolio funds exited to date is 8.5% and 6.5% for GMPVF investments. This past performance combined with the current performance of existing investments provides GMPF with confidence that the Impact Portfolio will achieve the financial return target over the long term.
- The investment portfolio is aligned with and making a tangible contribution to GMPF's impact themes which focus on job creation, place-making and local and regional economic development. Notably, the Impact Portfolio's £258 million total investment in regional SME debt and equity funds has been invested in 191 business supporting 16,000 existing jobs and creating 7,184 new jobs over the investment period.
- Through GMPVF, GMPF has played a key role in the rapid property-led regeneration and economic growth of the city of Manchester. Investments have been made in housing and commercial real estate including new apartments, office developments, retail space, hotels and employment space for businesses employing almost 5,000 people.
- In more recent years, GMPF has invested in social and affordable housing recognising the housing challenges faced by many people locally. In total, across both GMPVF and the Impact Portfolio, £218 million has been invested in nearly 4,400 homes ranging from new build apartments to family homes to accommodation for people who are at risk of experiencing homelessness.
- GMPF has been one of the first pension funds to invest in innovative social investment funds, including social outcomes contracts focused on providing services for vulnerable people.
- Investment is well aligned with and contributing to the priorities of Greater Manchester. Capital is being deployed across designated growth locations and into priority sectors, both high growth sectors driving local economic growth and foundational sectors, such as healthcare.
- The investment strategies range in terms of their alignment to a Place-Based Impact Investing approach. In general, fund strategies were more likely to account for Impact in their investment strategies than Place.
- The case studies provided evidence of how GMPF's investments are contributing to tangible benefits for local businesses, people and places in the region (see Section 4).

Recommendations

- GMPF's investments have helped Greater Manchester deliver on its economic growth objective, but there could be a greater focus on social inclusion. For example, we would encourage GMPF to invest more in social and affordable housing that benefits vulnerable people and those on low incomes. GMPF could also seek to invest more across all parts and populations of Greater Manchester and the North West supporting the region's inclusive growth and fair for all agendas.
- Similarly, GMPF could deepen its Jobs impact theme to focus not only on job growth but also investing in skills development and job opportunities for young people and job quality. GMPF could also consider targeting Greater Manchester's priority growth sectors, which include advanced manufacturing, the creative industries and the foundational economy sectors, such as healthcare.
- We recommend that GMPF intensifies its endeavours to find avenues to augment its investment in Renewable Energy, Social Infrastructure and Social Investment which have had relatively lower allocations. Building upon its established track record of investing in early stage funds and backing financial innovation, GMPF could seek to actively collaborate with like-minded investment partners aiming to directly address the region's social and environmental challenges.
- We would encourage GMPF to integrate Place-Based Impact Investing considerations into its due diligence and fund selection process so as to back funds that are genuinely engaging with local stakeholders and investing in ways that help achieve local sustainable development priorities.
- GMPF should encourage investment managers to develop a Place-Based Impact Management approach and monitor and report consistent data relevant to their impact themes, both at the output and outcome level. It is worth acknowledging that whilst the PBII Reporting Framework that TGE used in this report was new to many of the investment managers, nonetheless, we received an enthusiastic and high level of engagement.

TGE believes that this report is the first of its kind. As far as TGE is aware, it is the first time a pension fund has reported on its local investments in such an open and transparent way. We believe it is also the first time a pension fund investor has asked for independent assurance of sustainability information being reported by underlying funds.

This report serves as a testament to GMPF's long-standing commitment to Place-Based Impact Investing. By publishing this report, GMPF aims to enhance transparency and accountability to its pension fund members and other stakeholders, showcasing how and where its funds are invested, and the results achieved.

1. INTRODUCTION

1.1 Purpose

In January 2023, Greater Manchester Pension Fund commissioned The Good Economy to carry out an independent impact assessment of GMPF's investment mandates that have intentional local impact objectives, namely its **Local Investments** which includes the **Impact Portfolio** and the **Greater Manchester Property Venture Fund** (GMPVF). These investment strategies both have local impact intentionality but different objectives and themes:

- **Impact Portfolio** has a target allocation of 2% of the main fund and a mandate to gain cost effective, diversified exposure to impact investments located predominantly in the North West, with a focus on Greater Manchester. The core impact themes are *Jobs and Place*.
- **GMPVF** has a target allocation of 3%, and a mandate to gain cost effective, diversified exposure to property development assets located predominantly in the North West, with an emphasis on Greater Manchester. The core impact themes are *job creation, sustainable employment and local and regional economic development.*

"Local" is defined by GMPF as Cheshire, Cumbria, Greater Manchester, Lancashire and Merseyside with the addition of West Yorkshire which is in the Northern Pool.

The purpose of this report is to assess the impact performance of these two local investment portfolios on behalf of GMPF directly, and more indirectly on behalf of GMPF's members and Greater Manchester's communities and businesses. The report's findings also have a wider national audience, given the Government's Levelling Up White Paper's recommendation that LGPS funds should increase their allocations to local and regional projects within the UK. GMPF has been investing locally for more than 25 years. Therefore, sharing its experience is both timely and valuable.

1.2 The Local-Regional Context

Over the last two decades, Greater Manchester has experienced some of the highest growth rates outside of London and the southeast of England. Despite this economic resurgence, the city region still faces some of the highest rates of poverty and deprivation in the country: 25% of Greater Manchester's population live in the most deprived 10% of neighbourhood areas nationally.

The Greater Manchester Combined Authority (GMCA) has a 'Good Lives for All' strategy which aims to deliver inclusive and sustainable development and tackle the interconnected challenges of climate change and inequality. This strategy has three core themes:

- **A Greener Greater Manchester**: Responding to the climate emergency.
- **A Fairer Greater Manchester**: Addressing inequalities and improving wellbeing for all.
- **A Prosperous Greater Manchester**: Driving local and UK growth.

This is underpinned by a set of investment priorities and a performance monitoring and reporting framework including specification of shared outcomes and performance indicators.[2]

The strategy encourages collaboration between the public and private sectors, focusing on the investment priorities shown in the box below. Through its local investment portfolios, GMPF aligns with these priorities while remaining faithful to its fiduciary responsibility of delivering financial returns that secure the pension needs of its members.

GMPF has been investing locally for more than 25 years. Therefore, sharing its experience is both timely and valuable.

1. The North West region is defined by GMPF as Cheshire, Cumbria, Greater Manchester, Lancashire and Merseyside with the addition of West Yorkshire which is in the Northern Pool.
2. Greater Manchester Strategy 2021 – 2031: Good Lives for All.

Investment Priorities of the Greater Manchester Good Lives for All Strategy

Investment in designated growth locations
Leveraging existing assets such as established or emerging clusters and universities. Economic growth will be centred around health innovation, advanced materials and manufacturing, digital, creative and media sectors, and clean growth. Strengthening opportunities in foundational sectors is also a key focus.

Building resilient, safe, and vibrant communities
With access to essential services, thriving local centres, high streets, and high-quality cultural and leisure spaces.

Delivering new homes
In alignment with net-zero carbon commitments, with the goal of achieving a carbon-neutral Greater Manchester by 2038.

Addressing system-wide priorities
Including investing in digital infrastructure, enhancing public transport, supporting business growth, creating better job opportunities, ensuring access to skills (including for young people to succeed), providing safe, decent and affordable housing, and reducing health inequality.

1.3 GMPF's Approach to Local Investment

GMPF is the largest fund in the Local Government Pension Scheme with around £30 billion AUM. Local investment has been a consistent part of GMPF's strategy for over 25 years. During this time, it has built up an investment team with the skills and competence to assess local opportunities across a wide range of asset classes and investment strategies.

GMPF has developed its approach to local investing over the years and has become progressively more intentional about its PBII approach. Specifically, it employs the following strategies:

- Approximately 40% of its local investment portfolio is outsourced to investment managers through the Impact Portfolio and 60% is invested directly in property and joint ventures through an Investment Management Agreement with Avison Young.
- The investment team recognise that they are in a high growth region so investment opportunities are relatively plentiful compared to some other regions. However, in order to promote diversification and a larger pool of investible opportunities they have extended the geography of their local investment allocation to include West Yorkshire (as part of the Northern Pool), as well as Greater Manchester and the North West.
- Devolution and allocation of capital was critical to the establishment of their investment capacity.
- The selection and experience of fund managers is important. GMPF invests in fund managers with a strong track record who can demonstrate their ability to achieve target commercial returns while recognising that the portfolio will have a range in terms of risk, return and impact profiles.
- GMPF has also been a cornerstone investor in new funds which has crowded in more investment from other LGPS funds and other public bodies as well as private investors.
- GMPF look to agree side vehicles with fund managers with an allocation to Greater Manchester and the North West. They agree that the fund manager can receive carried interest for this allocation but with no extra fees. This incentivises fund managers to find deals in the local area. A number of fund managers have opened offices in Manchester on the back of securing GMPF investment for their funds, further contributing to the local economy. GMPF is a large investor and therefore are able to negotiate favourable terms with fund managers who want to work with them, and are willing to do things differently (e.g., via the side-car).
- The Impact Portfolio has a pacing strategy to deploy £80 million per year into four or five funds with an average investment size of £20 million and a minimum investment of £10 million.
- Over the years, GMPF has improved the Local Investment approach and gained more experience and knowledge to avoid previous investment pitfalls.
- GMPF has a clear governance and investment process. It has developed strong relations with the GMCA and local authorities' economic development and investment teams and has co-invested in multiple public-private partnership deals.
- GMPF is continually seeking to increase its allocations across its impact themes including scaling-up investments in affordable housing and investing more in clean energy.

Overall, TGE's assessment found that GMPF uses a combination of levers to ensure its investments are aligned with its impact themes. These levers are aligned with the Impact Frontiers' *Investor Contribution Strategies* and include:

- Signal that impact matters
- Engage actively
- Grow new / undersupplied capital markets
- Provide flexibility on risk-adjusted returns.

1.4 This Report

This report provides the findings of TGE's independent assessment. We applied a robust industry-driven reporting methodology, the PBII Reporting Framework, to underpin the assessment.

The PBII Reporting Framework was developed following the May 2021 publication of the White Paper "Scaling Up Institutional Investment for Place-based Impact" by The Good Economy, in partnership with the Impact Investing Institute and Pensions for Purpose. The framework was developed by TGE with the input of a working group of local government pension funds and institutional investment managers.[3]

The reporting framework aims to create a common, consistent and transparent approach for asset owners and asset managers to report on the impact performance of their private market portfolios from a UK sustainable development and place-based impact perspective.

This assessment is based on:

- **Portfolio-level analysis**
  This involved analysing data provided by GMPF's external investment managers regarding underlying investment portfolios. The analysis provides a granular view of the Local Investment portfolio by asset class, geographical distribution and impact theme – reported in Section 2.
- **Case studies**
  Three in-depth case studies were conducted, featuring investment managers namely Foresight, Gresham House and Avison Young, to illustrate the nature of GMPF's investments and their impacts, combining quantitative and qualitative data – reported in Section 4.
- **Data assurance**
  A critical step in the assessment process was assessing a sample of information provided by investment managers using a leading sustainability assurance standard (AA1000 AS). This assessed the quality and reliability of place-based measurement, management and reporting as well as jobs data.

3. The members of this working group were: Clwyd Pension Fund, Greater Manchester Pension Fund, Merseyside Pension Fund, South Yorkshire Pensions Authority, Strathclyde Pension Fund, Surrey Pension Fund and West Yorkshire Pension Fund; and Bridges Fund Management, Cheyne Capital, Foresight, Impax Asset Management, M&G, Matter Real Estate, St Bride's White Rose Partnership, Schroders and Triple Point.

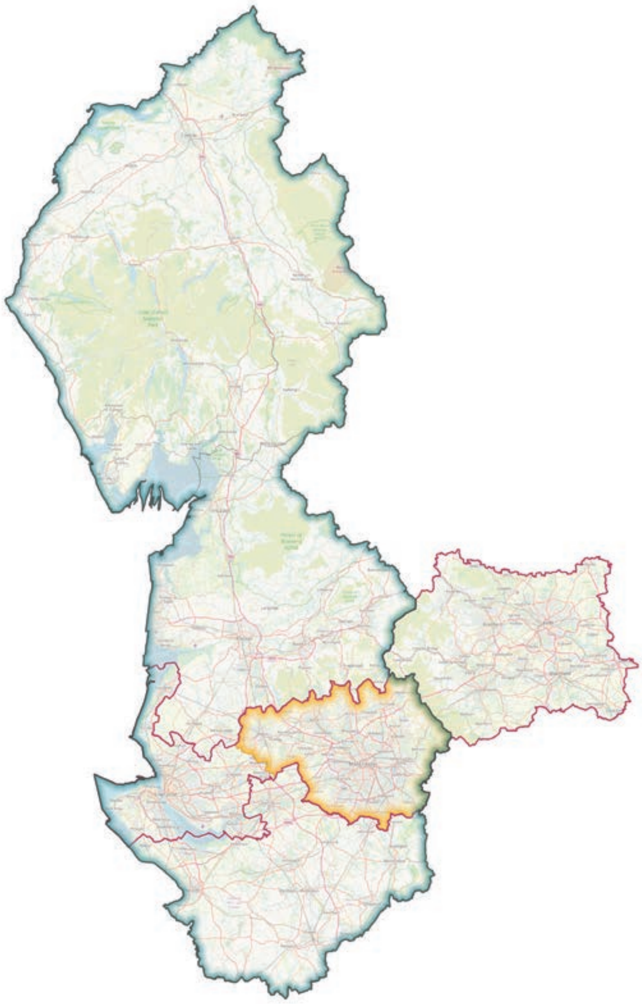
Figure 1.1 The Geography of Greater Manchester Pension Fund

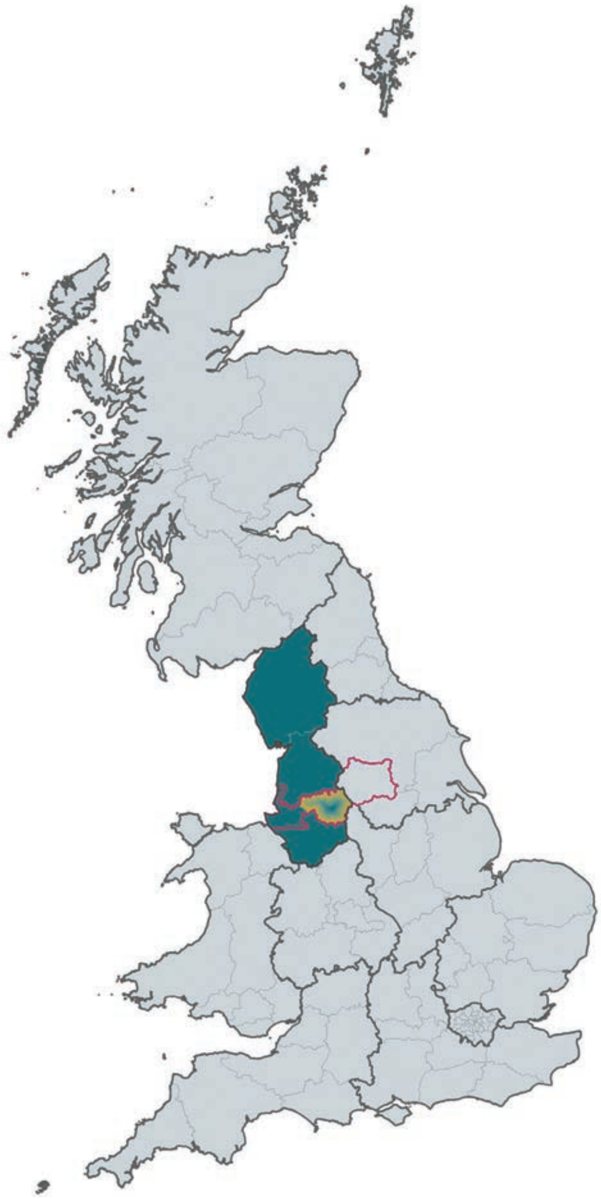
Greater Manchester

The Geography of Greater Manchester Pension Fund

- Greater Manchester Pension Fund
- Northern LGPS (Northern Pool)
- North West

North West and Northern LGPS (Pool)





2. PORTFOLIO ANALYSIS

2.1 Introduction

This section provides an in-depth analysis of the assessment findings. It analyses Local Investments made through both the Impact Portfolio and GMPVF by asset type, their geographical distribution and their contribution to GMPF's impact themes. Additionally, we evaluated the degree to which the investment funds adopt a PBII approach and their alignment with the Impact Management Project's *Avoid Harm, Benefit Stakeholders, Contribute to Solutions* classification.

The Impact Portfolio and GMPVF have a target allocation of 2% and 3% of the main fund value respectively. Both funds seek to deliver a commercial return of RPI +4% whilst delivering positive local impact. The impact themes are listed in figure 2.1 and reported against throughout the analysis.

Figure 2.1 GMPF's Local Investment Portfolio Impact Themes

Local Investment Portfolio	Impact Themes	Impact Sub-Themes
Impact Portfolio (Target allocation: 2% of GMPF)	Jobs	Loans to SMEs
		Equity Investment in Under-served Markets
		Investment in technology jobs
	Place	Renewable energy infrastructure
		Social investment
		Social infrastructure
		Housing/Property Development in Underserved Markets
Greater Manchester Property Venture Fund (Target allocation: 3% of GMPF)	Economic Development	Generate employment
		Improve long-term employment prospects
		Contribute to the overall development of the local economy

Portfolio Overview

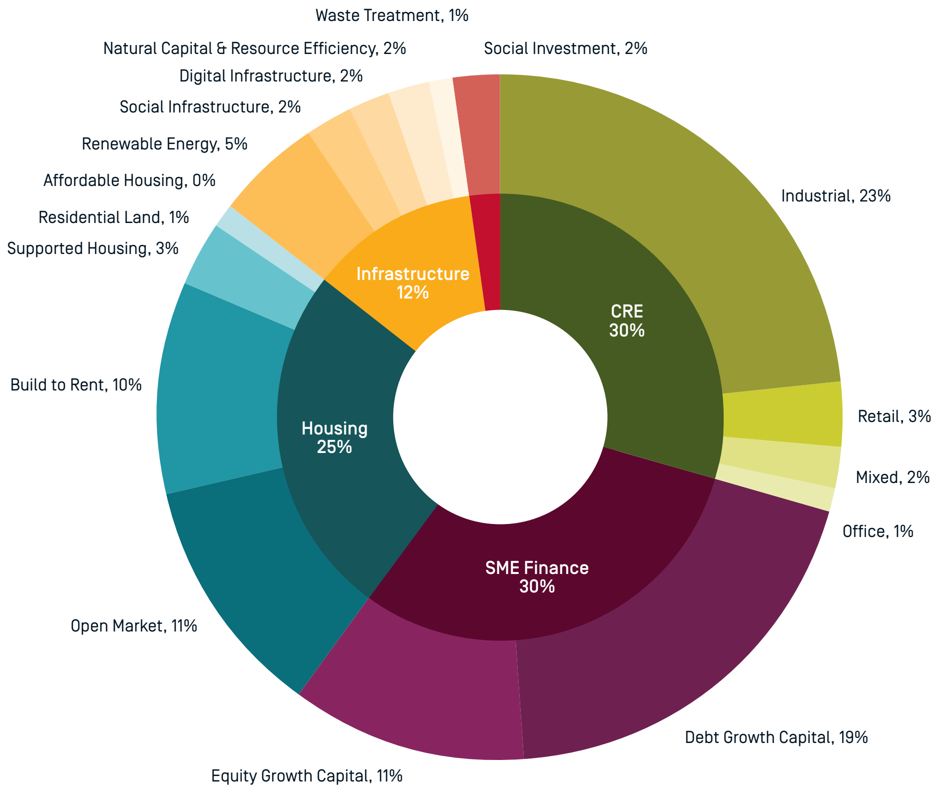
As of December 2022, GMPF had made significant commitments to its Local Investment portfolio, totalling £1.36 billion. Of this amount, 61% was allocated to the Impact Portfolio and 39% to the GMPVF.

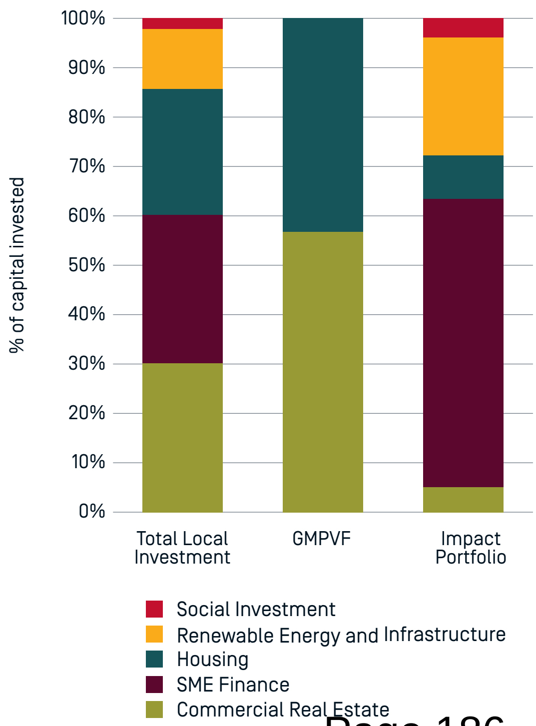
The Impact Portfolio is invested in 39 funds managed by 16 investment managers whereas the GMPVF investments are all managed by Avison Young. The following analysis accounts for 34 funds managed by 14 investment managers, and GMPVF, which comprises 90% of the commitment to the local investment portfolio. Five funds have been excluded as they have few, if any, assets remaining and are being managed out by their respective investment managers. For funds in scope in the Impact Portfolio commitment by GMPF and its subsequent investment began in 2014. GMPVF originated in the 1990s, however, the analysis includes the 25 assets in the portfolio which the current investment team is responsible for.

2.2 Investment by Asset Class, Geography and Impact Theme

In total, £858.7 million had been drawn down and invested as of end December 2022 with an almost equal amount split across each portfolio (Impact Portfolio 51%, GMPVF 49%). These investments have been deployed to achieve a balanced, multi-asset portfolio in a wide range of investment areas including Commercial Real Estate (CRE) (30%), SME Finance (30%), Housing (25%), Infrastructure including Renewable Energy and Natural Capital (12%) and Social Investment (2%) (see Figure 2.2).

Figure 2.2 Level of GMPF Local Impact investment by asset class (% of amount invested)





The Impact Portfolio has a broader geography. About 35% of the investment is located in Greater Manchester and the North West, with 65% being invested outside of the region.[4]

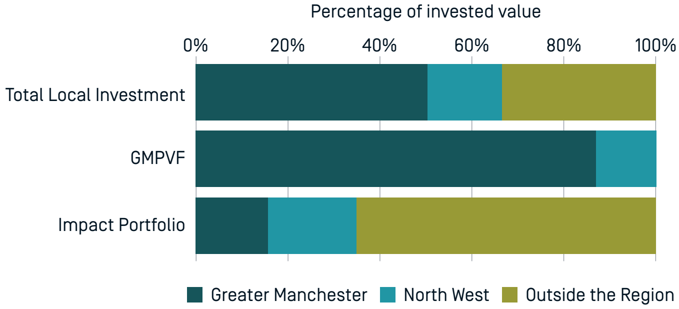
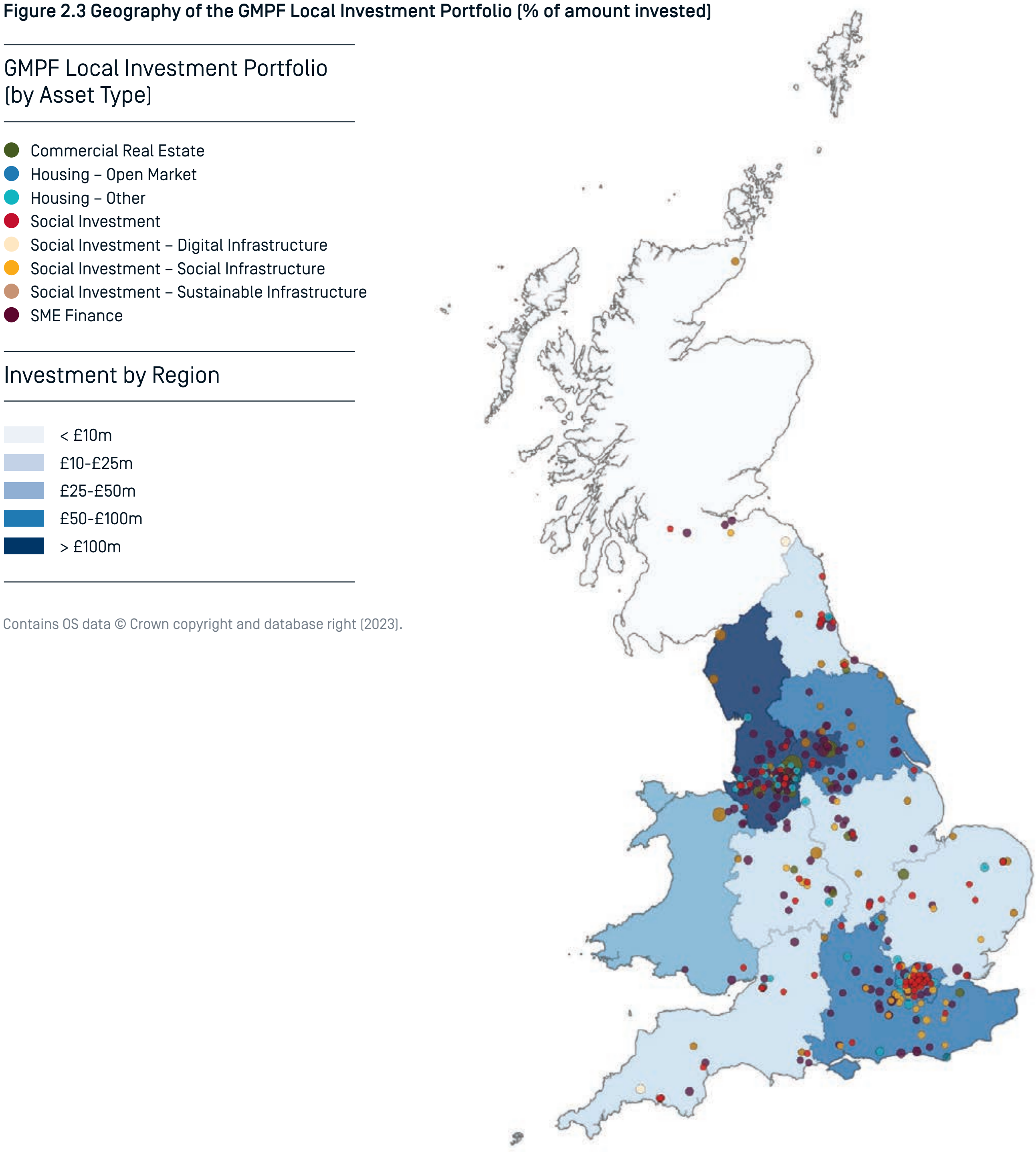
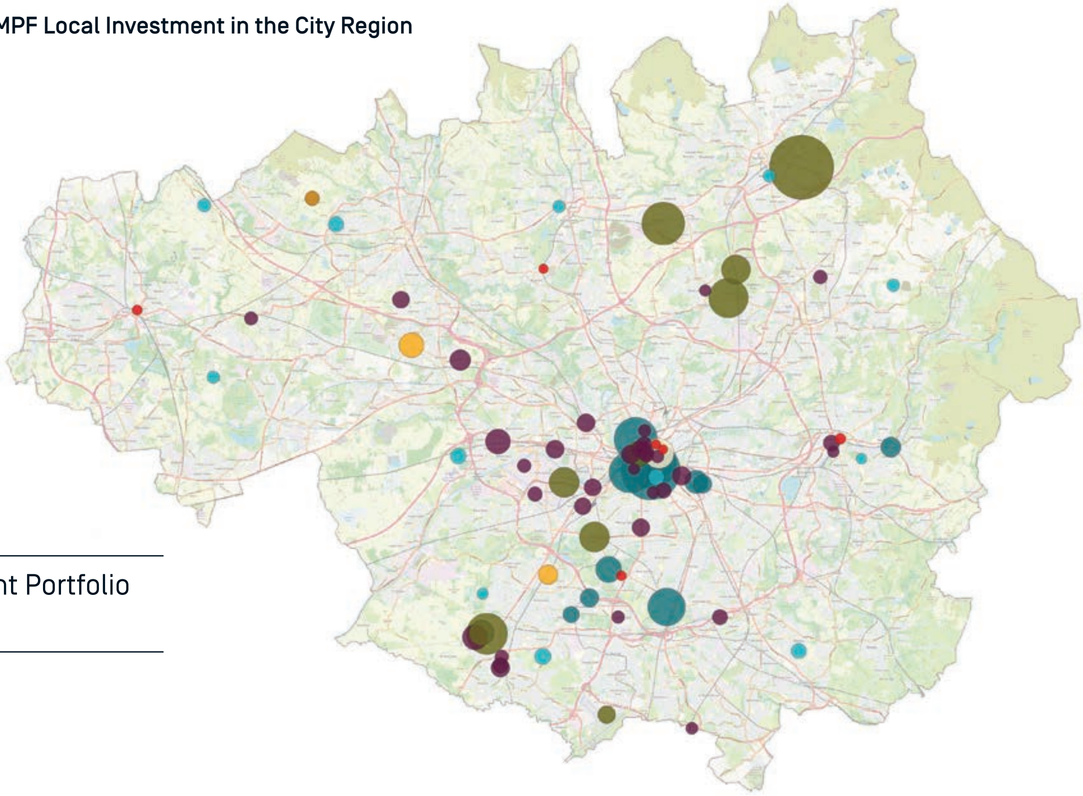


Figure 2.3 Geography of the GMPF Local Investment Portfolio (% of amount invested)



4. 62% has been deployed across the rest of the UK and 3% is invested in two businesses that are based outside of the UK. This includes a business that was originally UK-based but relocated to the US during the investment period and a clean energy business in Germany. GMPF now specifies in its investment agreements that it wishes to opt out of all investments outside the UK.

Figure 2.4 Geography of GMPF Local Investment in the City Region



GMPF Local Investment Portfolio [by Asset Type]

- Commercial Real Estate
- Housing – Open Market
- Housing – Other
- Social Investment
- Social Investment – Digital Infrastructure
- Social Investment – Social Infrastructure
- Social Investment – Sustainable Infrastructure
- SME Finance

The **Impact Portfolio** is a diverse portfolio, comprising investments in both regional and national funds across different asset classes with different investment strategies aligned to GMPF's impact themes [see Annex 1 for a complete list of funds and investment managers]. A total of 59% of the Impact Portfolio is invested in SME debt and equity funds providing growth capital for the scale-up and development of businesses seeking to deliver on GMPF's Jobs impact theme.

Investment in infrastructure makes up 24% of the amount invested by the Impact Portfolio. Investments in Renewable Energy, Digital Infrastructure and Social Infrastructure [childcare nurseries and healthcare facilities] account for most of the infrastructure investments, but GMPF has also invested in waste treatment facilities and a network of Habitat Banks [see case study on page 43]. These investments align to GMPF's Renewable Energy, Infrastructure and Social Infrastructure impact themes.

Housing and Commercial Real Estate account for 14% of the amount invested in the Impact Portfolio. This includes investments in social and affordable housing, including supported living, either for people with health needs or transitioning from homelessness. Commercial real estate includes community retail shops, low carbon industrial units and the regeneration of vacant sites to provide high quality industrial and workspaces for SMEs.

The Impact Portfolio also has an allocation to social outcomes contracts, an innovative impact investment model designed to help social enterprises and charities scale-up the delivery of vital social services aimed at more vulnerable people in society [see box on page 25]. The service providers are compensated based on the achievement of measurable positive outcomes. These investments account for less than 4% of the amount invested in the Impact Portfolio.

GMPVF is a property portfolio comprising investments in commercial real estate and residential housing, 57% and 43% of the amount invested by GMPVF respectively. Through this portfolio, GMPVF has been an active investor in the development of the city centre working in partnership with local developers and other investors. Commercial real estate investments include new office developments, retail and hotel developments in the city centre, as well as industrial business units and logistics centres in the northeast and southwest of Greater Manchester [the priority growth locations of the North East, Airport City and Southern Corridors]. All housing in the GMPVF portfolio is Open Market, from city centre Build to Rent [BTR] developments to family housing developed jointly with Manchester City Council intended to both provide homes and help regenerate more challenged areas.

2.3 Impact Analysis

The following section provides an understanding of the impact of the local investment portfolio. Due to the wide-ranging nature of asset classes and fund strategies, availability of standardised data is restricted to output data which only begins to tell the impact story. Hence, we have used case studies to provide a deeper understanding of the types of businesses and projects GMPF has invested in and their local benefits and outcomes (see Section 3).

Impact data related to jobs has been subject to independent assurance for a sample of funds in the portfolio.[5] The verification statement can be found on page 31.

Contributing to Jobs through SME Finance

Businesses in the North West are less likely to receive debt, venture capital or equity finance than their national counterparts, particularly compared to businesses in London and surrounding regions (South East and East of England).[6] GMPF provides capital to this underserved market through its investments in SME debt and equity funds. From 2013 to December 2022, GMPF invested £258 million into 20 SME funds which have provided debt or equity to 191 businesses, of which 77 businesses were based in Greater Manchester and the North West.

133 businesses provided **loans** totaling **£581m**

GMPF contribution £160m, 28%

51% of amount lent to **businesses in the North West**

Compared to **9.8%** of loan volume nationally

58 businesses received **equity investment** of **£385m**

GMPF contribution £98m, 26%

56% of businesses are in the **North West**

Compared to **6%** of deals in North West businesses nationally

5. Two fund strategies and their jobs-related information was subject to assurance. The remainder of the information reported by mangers have been sense-checked by the TGE team but was not assessed to the same level of scrutiny against an internationally recognised assurance standard.
6. British Business Bank Nations and Regions Tracker 2022, Venture Capital, Nineteenth Report of Session 2022–23, House of Commons Treasury Committee, How Big is the North South Divide, Beauhurst June 2023.

These investments are helping to safeguard and generate new jobs. The 191 businesses that GMPF invested in support at least 16,000 direct jobs and have created over 7,000 jobs during the investment period. These figures are likely to be higher as data on the number of employees was only available for 78 businesses and job growth figures only available for 64 businesses. 88% of the 64 businesses with data demonstrated job growth during the time GMPF had been invested, over half of which are businesses in Greater Manchester and the North West. The median annual job growth rate for portfolio businesses during the investment period is 11% which compares favourably to overall trends, annual job growth in the private sector was less than 1% over the same period, both nationally (0.3% per annum) and in Greater Manchester (0.7%).[7]

GMPF's investment is capable of potentially supporting a further 80 businesses and 6,000 jobs given 30% of the committed value is yet to be invested. Other impact themes, including Renewable Energy, Infrastructure and Social Investment, also support and generate employment through their operations.

In total over 18,300 jobs have been supported and over 7,500 jobs created by businesses and operations of assets in the Local Investment portfolio.

15,925
jobs supported
in businesses receiving debt or equity finance

7,184
jobs created
in businesses receiving finance

2,376 jobs supported and **390 jobs created**
in operations of other asset classes

31%
of all jobs supported
(5,757)

37%
of jobs created
(2,782)

in Greater Manchester / North West

7. Private sector employment, Business Register and Employment Survey (2015 – 2021), ONS (data for years 2013 and 2014 not included as they are not directly comparable due to a change in methodology).

Jobs supported and created in the SME Finance funds are distributed across all sectors of the economy, from strategic growth sectors such as health innovation, advanced materials and manufacturing found in funds such as Northern Gritstone through to foundational sectors such as healthcare and retail where strengthening employment opportunities and working conditions are vital to inclusive and sustainable local development. Of the 34 businesses where data was available [18% of all businesses in the portfolio], 20 paid all employees above the Real Living Wage. Half of these businesses were in foundational sectors such as Accommodation and Food Services and Retail where wages are lower.

91% of jobs are paid above the **Real Living Wage**

16% businesses supported

In the 20% most **employment deprived** areas

13 companies have provided **47 apprenticeships**

94% of which in Greater Manchester / North West

Jobs supported

55% in Business Services
12% in priority sectors such as Manufacturing and ICT
26% in foundational sectors including Health Care

55%	12%	26%

Spotlight on Northern Gritstone

Northern Gritstone is a venture capital firm which supports the commercialisation of science and IP-rich businesses based in the north of England, many originating from the fund's partner Universities of Leeds, Manchester and Sheffield. GMPF had committed £25 million in ordinary share capital, 22% of the total ordinary share capital of £115.6 million as of December 2022. As of this date, Northern Gritstone invested in six businesses, three in the North West and three in Yorkshire. In total, 134 jobs are supported by the fund in emerging growth sectors such as advanced materials, health technology, cognitive computation and artificial intelligence. Despite the fund being only a year old, three companies have already created 30 jobs since Northern Gritstone's investment, a combined annual job growth rate of 40%.

Property-Led Economic Development

GMPF has been an active investor in property-led development within the city centre and wider region. Through both GMPVF and the Impact Portfolio, employment space for an estimated 9,975 people has been developed, two thirds of the employment space is in the region. GMPVF has invested £237.5 million in 14 CRE assets. A further 11 CRE assets in two funds (Bridges Property Alternatives Fund III (BPAF III) and the Bridges GMPF co-investment vehicle) have received £22.8 million investment from the Impact Portfolio.

All GMPVF developments in Greater Manchester are in strategic growth locations. For example, the Airport City development in the Southern Growth Corridor where a four-hotel complex is being built which will create 500 jobs once operational, and the industrial developments in Kingsway Business Park in the North East Growth Corridor which will create space for 840 jobs. See the GMPVF case study on page 46 for further examples.

	Capacity (job spaces)	GMPF investment by CRE asset type			
		Industrial	Office	Retail	Mixed
Greater Manchester	4,408	60.1%	20.4%	19.4%	0.0%
North West	2,337	82.9%	17.1%	0.0%	0.0%
Rest of UK	3,230	13.9%	44.3%	20.1%	21.7%
Total	9,975	50.5%	27.4%	15.1%	7.0%

Contributing to Place through Housing, Renewable Energy, Infrastructure and Social Investment

GMPF's Local Investment portfolio is helping to deliver on the region's priorities which include delivering new homes, supporting the development of resilient, safe and vibrant communities, access to services, investing in digital infrastructure, and responding to the climate emergency.

Housing

Key to sustainable local development is access to quality, affordable housing for everyone. The UK is in the midst of a housing crisis, with Manchester ranked as one of the cities with the worst housing situation ranging from lack of housing supply to meet the needs of a growing population to tackling the shortage of social and affordable housing for those on low incomes.

Through its Local Investment portfolio, GMPF has invested £218.3 million in Housing via seven funds (listed below). These investments include new build apartments to attract professionals into city centre locations to ensure the necessary skills are available for business growth to providing accommodation for people who are or are at risk of being homeless.

	Number of houses	Open market sales	Affordable	Supported
Greater Manchester	2,575	93.0%	2.0%	4.9%
North West	69	0.0%	0.0%	100.0%
Rest of UK	1,751	66.0%	29.2%	4.8%
Total	4,395	68.3%	12.1%	6.4%

Investments in Housing were made via seven funds including:

- GMPVF's direct investments include city centre developments and high-quality family housing (GMPF is the sole investor).
- Two Alpha Real Capital Social Long Income Funds which invest in homes for older people and supported housing for people with complex health needs. One of the funds is a North West focused fund where GMPF is the sole investor.
- Bridges Property Alternatives Fund (BPAF III) which includes affordable housing focused in priority regeneration areas.
- Fiera Real Estate's Residential Land Development fund which secures residential planning permission on plots that have faltered.
- Newstead Capital Real Estate Lending.
- Resonance's National Homelessness Fund 2 (see box below).

Spotlight on Resonance National Homelessness Property Fund 2

Resonance, founded in 2002, is a specialist social impact investment intermediary, managing a range of funds including social enterprise investment funds and property funds. This includes two National Homeless Property Funds, aimed at tackling homelessness in the UK through strategic investments in affordable housing.

The National Homelessness Property Fund 2 (NHPF2) was established in response to the escalating demand for affordable housing, offering secure homes to those facing housing crises. Launched in December 2020, the Fund initially prioritised providing homes in the Greater Manchester region but has since expanded its reach to encompass other regions across the UK including Bristol, Oxford and Merseyside. The Fund currently manages £76 million in assets nationwide, with GMPF contributing £20 million.

As of December 2022, the Fund had a Net Asset Value of £32.5 million with 152 properties, 89% of which are in Greater Manchester and the North West. Of these properties, 49 were operational, providing housing for 45 people (29 adults and 16 children). The remaining properties were undergoing refurbishment.

Julie's Story

Julie and her daughters were among the first beneficiaries of the National Homelessness Property Fund 2, finding housing through its partnership with Let Us in September 2021. Upon moving in, Julie described the experience as "a new start... with all the tools to begin again." She expressed her relief for her children and the newfound stability that the home brought to her family.

> "This house is security, providing a home for my family. Temporary accommodation serves a purpose; it helped me when I was homeless, but this is a new start where I can make a home."
>
> – Julie, Greater Manchester

Renewable Energy Infrastructure

GMPF's long-term goal is for 100% of assets to be compatible with the net zero-emissions ambition by c.2050 in line with the Paris Agreement.[8] The Impact Portfolio has committed £182 million to five funds focused on renewable energy including:

- Gresham House's British Sustainable Infrastructure funds (BSIF)
  - GMPF is invested in four BSIF funds, two of which are sub-funds focused on the North West where GMPF is the sole investor.
  - These funds also invest in digital and social infrastructure.
- Iona North West Investments where GMPF is again the sole investor
  - Iona invests in low-carbon infrastructure projects, such as bioenergy and waste to energy.

So far £67.8 million of GMPF's commitment has been invested in 13 assets.

1 windfarm
18.45MW
Capacity to supply
13,500 homes

4 biomass energy facilities
(2 operational)
1 biofuel processing plant

1 vertical farming operation
c.99% less greenhouse gases compared with importing

1 regenerative habitat bank
Creating Biodiversity
Net Gain credits

3 waste facility operations
Treating **19,500** tonnes per year

8. GMPF Climate Risk Paper.

Social Infrastructure

GMPF has invested £19 million into social infrastructure assets via four funds targeting various impact themes. They include Alpha Real Capital's Social Long Income Funds (social infrastructure impact theme), Gresham House BSIF (renewable energy) and Bridges BPAF III (housing and property).

Via BSIF, GMPF has also invested £18.8 million in digital infrastructure, including Telcom in Greater Manchester (see case study on page 45).

3 fibre broadband providers

1 in North West, currently **2,450** customers and 390k network, **124,000** by 2036

5 nurseries with
482 childcare spaces

23% in Greater Manchester

2 health care facilities
13,580 beds

99% in Greater Manchester

Chain acquired with **30** nurseries

Looking to expand to **80** by 2025 creating 2,700 places and 2,000 jobs

Chain acquired with
10 care homes and 650 jobs

Looking to expand to **50** homes and **3,000** employees in next 5 years

Social Investment

The Social Investment theme is an allocation which targets funds providing capital to mission-driven organisations targeting poverty reduction and health, educational and housing outcomes for the most vulnerable people in society. GMPF is one of the few pension funds to back financial innovation in this area. GMPF has committed £20 million, of which £16.1 million has been invested.

The 35 underlying investee organisations and multiple service delivery partners span the UK. Investments either fund social outcome contracts and bonds (15% of the amount invested in Bridges Social Impact Bond I and Bridges Social Outcomes Fund II) or equity in mission-driven organisations focused on health, education, skills and housing (85% of the amount invested in Bridges Evergreen Capital).

Spotlight on Bridges Social Impact Bond Fund

The Fund was launched in March 2013 to help deliver positive outcomes for some of the most vulnerable people in the country. Intended outcomes include helping people out of and preventing people from entering homelessness, social prescribing to help long-term health conditions, and youth engagement and mentoring to help improve education and life chances. Investment closed in 2018. The Fund has made a total of 17 investments, supporting 34 contracts, many of which have completed, and is on track to achieve 20% more outcomes than originally targeted.

A local example is the Greater Manchester Rough Sleeping outcomes contract which provides funding to help find long-term stable accommodation for people sleeping rough in Greater Manchester. 356 people (of 406) have been helped into accommodation, 315 of which have sustained this for at least six months and 243 for 18 months. The contract has also helped 129 people enter into mental health support and 27 people into education.

2.4 Alignment with Place-Based Impact Investing

The White Paper on *Scaling-Up Institutional Investment for Place-Based Impact* defined PBII as an approach to investing with a number of traits that characterise this investment style. The original White Paper identified five traits which were simplified to four in the PBII Reporting Framework – two related to Place and two to Impact (see Figure 2.5). At its core, PBII is about investing in a way that responds to locally-identified needs and priorities, involves collaboration with local stakeholders and listening to community voice and is intentional about maximising benefits for local people and place.

As part of the portfolio analysis, TGE asked investment managers to self-assess their alignment with these traits. Investment managers were asked to select a statement that best described how Place and Impact were incorporated into the fund's investment strategy, investment management, decision-making, policies and processes. This was carried out to be transparent about the funds being analysed with the acknowledgement that whilst they may not be intentionally place-based or have an impact strategy, their investment activity will have a positive local contribution, hence the reason for their selection by GMPF.

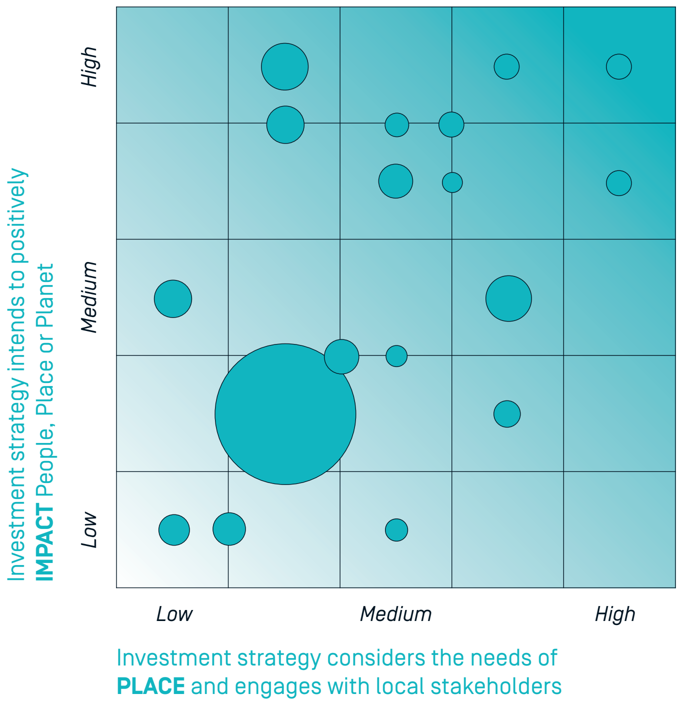
In general, investment managers' strategies were more likely to align to the Impact traits than the Place traits. Debt funds providing loans to SMEs were least likely to display PBII characteristics whilst more specialised, impact-driven funds such as the Resonance's National Homelessness Property Fund 2 and Bridges' Social Outcomes Fund II and Social Impact Bond Fund displayed the highest number of PBII characteristics. Property funds investing in commercial real estate and open market housing generally assessed themselves as having lower alignment to the traits suggesting they are making investments *in* a place rather than *for* a place.

We believe there is potential for commercial real estate investments to generate further local impact through taking a more intentional approach to local impact creation including having a greater understanding of place-based needs and local stakeholder collaboration, including with local authorities.

Figure 2.5 PBII Traits

Place	Defining Place and Understanding Local Priorities	Collaboration and Stakeholder Engagement
Impact	Intentionality to Create Positive Impact	Impact Management

Figure 2.6 Portfolio Alignment with PBII (by fund commitment value)



Overall, a total of 23% of GMPF's Local Investments commitment can be classified as Medium or above alignment on both Place and Impact. This is largely influenced by GMPVF which has low alignment. 40% of the Impact Portfolio's commitment is assessed as Medium or above and 20% committed to funds with lower alignment to both Place and Impact traits.

The methodology relies on a self-assessment against the PBII traits. For a small sample of funds, the assessment is verified through an independent assurance process to provide confidence in the results (see page 31).

2.5 Alignment with IMP's Avoid Harm, Benefit Stakeholders, Contribute to Solutions Classification

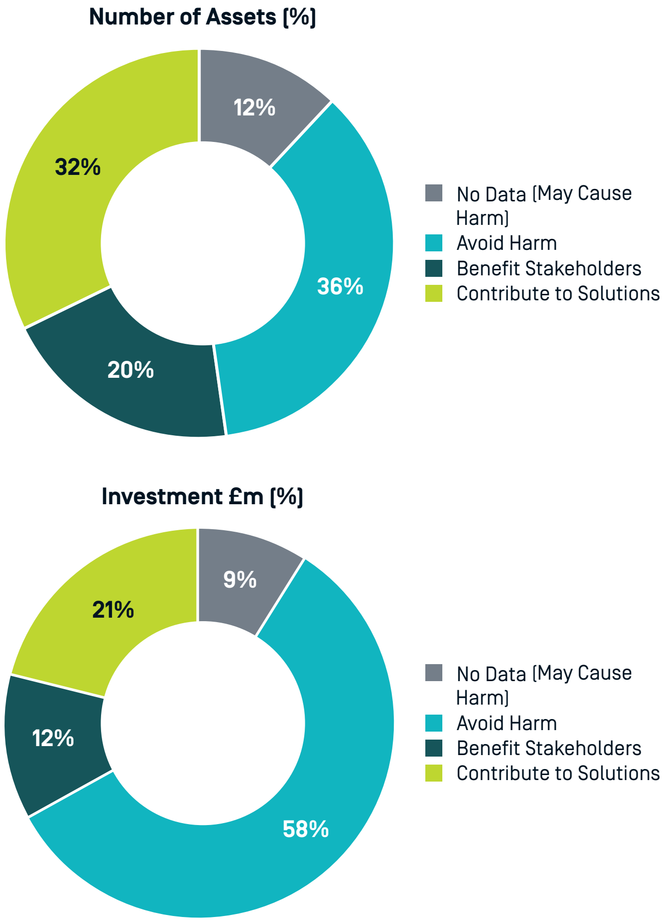
At the asset level we assessed the GMPF's potential impact using the 'ABC' framework developed under the auspices of the Impact Management Project.[9] The approach categorises assets as A, B, C or D according to the intended impact that the underlying assets are expected to have on people, places and the planet (see figure 2.7).

Figure 2.7 The IMP Impact Classification

Does (or may) cause harm	The asset causes (or may cause) harm to people and planet
Avoid Harm	The asset prevents or reduces negative outcomes for people and planet
Benefit Stakeholders	The asset not only avoids harm, but also generates positive outcomes for people and planet
Contribute to Solutions	The asset avoids harm, but also generates one or more positive outcomes for otherwise underserved people and the planet

A third of Local Investment is categorised as 'Benefitting Stakeholders' or 'Contributing to Solutions', accounting for over half (52%) of all assets. These assets can be said to generate positive outcomes for people and planet. In general, they are found in the Social Investment, Social and Sustainable Infrastructure Funds as well as some equity investments. 58% of the invested capital is categorised as 'Avoiding Harm'. These assets have appropriate Environmental, Social and Governance (ESG) policies in place to prevent or reduce negative outcomes for people and planet. Assets where no known policies or appropriate data are available to make an assessment are classed as 'May Cause Harm' and account for 9% of capital deployed. These assets which did not have relevant data were found in SME debt funds where ongoing engagement with investees is not as common as in other asset classes.

Figure 2.8 GMPF Local Impact Investment by IMP Impact Classification



9. The IMP brought together over 2000 organisations to establish a global consensus for analysing impact. The approach has since become widely recognised as a norm for assessing the impact of enterprises or investment assets.

2.6 Financial Performance

GMPF has set a benchmark of RPI + 4.00% for its Local Investment portfolio. Investments made in the portfolio are expected to achieve this target while recognising there will be a range of risk, return and impact performance across the different funds and direct property investments. Ultimately, GMPF is seeking to optimize its investments to both deliver local and regional impact and achieve its' financial return targets. The overall target for GMPF is CPI + 2.00-2.50%.

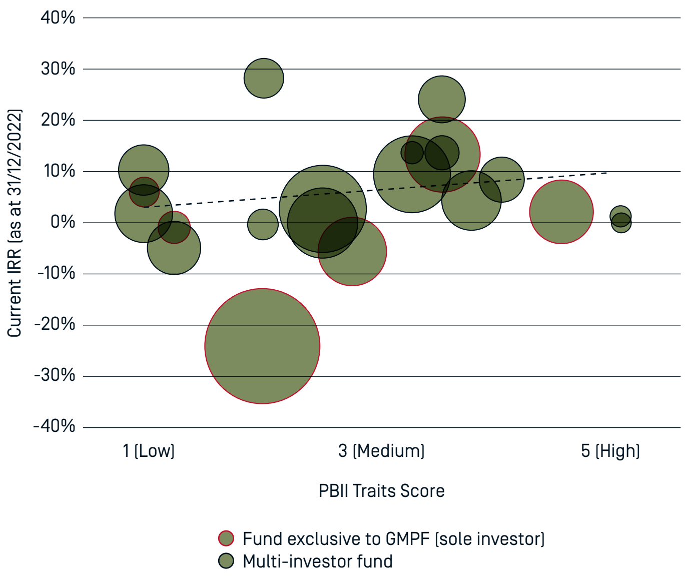
The financial performance of GMPVF and the funds within the Impact Portfolio are reviewed on a quarterly and annual basis. GMPF believes that long-term measures such as the IRR are the most appropriate means of evaluating the performance of its GMPVF property portfolio and investment in private partnership funds.

GMPVF's investments include a range of property assets with different risk and return characteristics. Properties that are fully built and generating income from tenants are clearly lower risk than sites in development and have different return profiles. The GMPVF portfolio is still relatively immature, however, GMPF's latest performance review provides strong evidence that the portfolio is on track to achieve the return objective over the medium to long-term. The overall IRR position for the GMPVF is 5.2% as of the end of December 2022, with an IRR of 6.5% for those investments exited to date.

Similarly, within the Impact Portfolio, GMPF has investments in funds that are at different stages of maturity. GMPF believes that financial performance calculations for funds less than four years old are a very poor indicator of performance, but it does include them in its overall performance analysis for completeness. The IRR position for the current Impact Portfolio is 6.0% as of the end December 2022, with an IRR of 8.5% for those investments exited to date.

The chart above [Figure 2.9] provides a summary of the current IRR for all unrealised investments in relation to their alignment to the PBII traits [see page 28]. This should be read with caution given it includes immature investments in which it is too early to judge the final returns. However, the performance of funds exited to date provides GMPF with confidence that the Local Investment portfolio will achieve the target financial returns over the long-term.

Figure 2.9 GMPF Impact Portfolio Returns at 31 December 2022



3. INDEPENDENT ASSURANCE

Providing GMPF With Greater Confidence in Place-Based Impact Reporting

The Good Economy was commissioned by GMPF to carry out independent assurance on the quality of place-based measurement, management and reporting. The aim was to increase levels of confidence in impact practices and performance by assessing funds against a recognised third-party standard – the AA1000 Assurance Standard (see Box 1). This provided a 'fourth line' of defence to ensure the credibility and reliability of information in this report, as well as the underlying processes and systems being used by investment managers.[10]

The Good Economy's *Impact Assured* team – operationally separate from those writing the impact report – carried out the engagement. As far as TGE is aware, this is the first time a pension fund investor has asked for external assurance of non-financial metrics being reported by underlying funds. As such, it provides an important signal that as much as shareholders expect a financial statement to be audited, they should expect the same rigour and external scrutiny to be applied to impact performance.

The AA1000 Assurance Standard provided a 'fourth line' of defence to ensure the credibility and reliability of information in this report, as well as the underlying processes and systems being used by investment managers.[10]

Box 1: The AA1000 Assurance Standard

The AA1000 Assurance Standard (AA1000AS v3), developed through a consultative process by the standards firm AccountAbility,[11] is a leading sustainability standard used to assess an organisation's disclosures about its performance. It is based on four key AccountAbility Principles of inclusivity, materiality, responsiveness and impact. These Principles closely align with the 'traits' of place-based impact investing – as set out in the PBII Reporting Framework – so were used as the criteria through which to assess the quality of the place-based approach.

As a registered AA1000AS assurance provider, TGE is bound by a set of preconditions to ensure the independence and impartiality of the engagement, which took place in accordance with established AA1000AS processes and the Code of Practice. The assurance was also carried out in line with TGE's internal Code of Practice.

Scope

The scope of assurance related to data being disclosed with regards to the number of jobs supported and created by funds, which in turn was aggregated into portfolio-wide figures. Two managers and their underlying funds were sampled for assurance. Sampling was stratified to ensure coverage across themes (SME and CRE) and then to focus on the significance of impact (those reporting the largest figures).

TGE carried out the engagement to a moderate level of assurance, assessing adherence to the AccountAbility Principles at risk of fulfilment and areas of the subject matter most likely to be materially misstated, based on collecting and assessing evidence and its validity.

10. The Institute of Chartered Accountants in England and Wales (ICAEW)'s four lines of defence model sets out four categories of responsibility: Those involved in the day-to-day ('first line' – funds preparing information); internal controls ('second line' – fund managing their control environment through checks and systems); objective and independent scrutiny ('third line' – TGE's sense check in collecting data and interacting); external assurance to a third-party standard and methodology ('fourth line' – assurance to high standards of evidence and professional scepticism).
11. The AccountAbility Standards Board oversees the ongoing development of the Standards used by institutions worldwide. The composition of the Board is designed to provide broad representation from the public and private sectors, civil society, and the standards community.

Findings

Alignment With AA1000 Principles and the Traits of Place-Based Impact Investing

AccountAbility Principle	PBII Trait	Summary Findings for the Sampled Managers
Inclusivity – People should have a say in the decisions that impact them	Collaboration and stakeholder engagement	Investment decisions are informed by an understanding of local priorities, objectives and funding needs for sustainable economic and social development. For private equity, engagement is focused on underlying companies and their stakeholders which are based in, but not necessarily delivering products and services to, the GMPF local investment's target geography. Other important stakeholder groups include employees of the manager, as well as investors in the fund. Real estate investments are anchored in GMPF local investment's target geography, where important stakeholders include affected communities, as well as the environment. Managers have robust governance mechanisms in place, from Responsible Investment policies to specific processes establishing accountability to stakeholders. Funds are at different stages in their sustainability journey. Some have a dedicated team or person to help embed their sustainability ambitions and commitments into the investment process. Others have introduced Board-level oversight of the management of sustainability-related risks and opportunities.
Materiality – Decision makers should identify and be clear about the sustainability topics that matter	Local priorities	Investment decisions are made in collaboration with appropriate key local partners. For real estate funds, this is based on a defined consultation process that includes engagement from the local community, local authorities, service providers, transport teams and sustainability consultants. Tools such as a materiality matrix are used to prioritise relevant themes and topics. Issues are plotted on an axis to plot the importance to stakeholders and importance to the fund. Managers are increasingly using standard approaches and tools to identify sustainability topics, such as the ESG_VC framework and the Impact Management Project dimensions.
Responsiveness – Organisations should act transparently on material sustainability topics and their related impacts	Intentionality	Not all fund strategies include an impact or sustainability objective to contribute to positive social and / or environmental change. However, all sampled managers have an established process for responding to stakeholder concerns. In real estate, for example, where a community concern arises and the manager feels unable to mitigate, they will determine potential solutions and re-engage with the affected community to understand the potential harm. If the potential harm cannot be mitigated, the manager may take the decision not to invest. For private equity, ESG is a standing agenda item for Board meetings with all portfolio companies. Examples of funds acting in a responsive manner include: - Lowering the building height when a consultation document highlighted community concerns. - Including rooftop gardens, public realm and parks in the development when consultation with local residents and stakeholders revealed an interest in biodiversity and the environment.
Impact – Organisations should monitor, measure, and be accountable for how their actions affect their broader ecosystems	Impact management	Funds make use of social and environmental performance data to contribute to high-level planetary and societal goals, as articulated in the SDGs. Portfolio companies of the private equity fund provide an annual update on ESG-related activity, and the use of industry-standard templates (such as ESG_VC) allow for benchmarking and comparison both over time, and between companies. The real estate fund has a comprehensive approach to impact scoring, with performance formally reviewed and reported on an annual basis. This includes a check on whether the most material impacts are still being considered. Risks of harm and areas of positive impact are defined according to whether performance is outside / within the threshold for what is considered 'sustainable' by best-available science, widely accepted research, or the affected parties themselves.

Jobs Supported and Created

While we found no material errors in reported jobs figures, the assurance highlighted a diversity of practices in defining and measuring the number of jobs created and supported.[12]

Specifically, recommendations to funds included:

- Clarifying the time period of reporting, and whether employment figures are based on point in time (e.g., year-end) or an average over the period. Business finance funds should also ensure baselines are documented at the time of investment (not just based on figures calculated during due diligence or in pre-investment analysis, as the time lag between these milestones could lead to over- or under-estimates).
- Housing and CRE funds tend to use modelled data, based on certain economic assumptions, to estimate future potential employment associated with a scheme. To ensure these figures reflect real-world effects, they should as far as possible be updated based on scheme status (e.g., adjusted for occupancy rates and / or status of development).
- For all strategies, a clear unit of measurement should be decided on, documented and used consistently to strengthen the comparability of data. The primary choice is between headcount or full time equivalent (FTE). Ensuring that the same unit is used, both within and between investments will support data consistency. Metrics should be aligned to existing third party standards, such as the HIPSO Indicators, that provide a clear definition, reporting period and methodology for employment-related metrics.[13]

At the GMPF portfolio level, a framework could be introduced to distinguish between different types of job effects (e.g., direct or indirect employment, temporary or permanent) as these are associated with different outcomes for stakeholders at different spatial levels (e.g., outside of a defined place). A further distinction could be made between jobs numbers that are modelled or directly measured, as this helps to explain the extent to which data 'corresponds' to realised real world outcomes – or future outcomes that are anticipated based on a set of assumptions.

Finally, while it was not in scope of assurance for this report, there is emerging consensus that in order to have a positive impact on places it is not just the number of jobs, but their nature that matters. It was therefore encouraging to hear plans by investment managers to collect more data on the quality and inclusivity of supported employment opportunities – and we would expect these disclosures to be a focus of assurance in future years.

12. Minor errors in reported figures were noted due to transposing and inconsistent units of measurement (e.g., between FTE and headcount). However, these are within the Generally Accepted Accounting Principles (GAAP) materiality threshold of 5%.
13. See PE-16 Guidance for measuring jobs supported: Harmonized Indicators for Private Sector Operations (HIPSO) | PE & Investment Funds (ifipartnership.org).

4. CASE STUDIES

In order to gain a deeper understanding of the impact of GMPF's investments, we conducted three in-depth case studies, representative of the investment managers in the local portfolio. These are Foresight, Gresham House and Avison Young. For three funds managed by these investment managers, we carried out a detailed assessment of two investees.

By zooming in on the underlying investments, we were able to establish direct connections between GMPF's investment decisions, the strategies employed by the fund managers and the subsequent real-world outcomes and benefits to the people, communities, and economy of Greater Manchester and the North West.

Here we present our findings from each case study, shedding light on the different approaches taken by the fund managers and the tangible impacts they have achieved. Through these in-depth analyses, we aim to provide transparency and accountability while highlighting the crucial role GMPF's investments play in fostering positive change within Manchester, the region and beyond.

GMPF	Fund managers	Underlying investments	Greater Manchester communities, economy, and environment

Approach

Our case study approach comprised the following key components:

- **In-depth Interviews with Investment Managers**
  We conducted comprehensive interviews with representatives from each of the three fund managers, namely Foresight, Gresham House and Avison Young. These interviews provided valuable insights into their impact strategies, investment processes, and overall approaches to sustainable and Place-Based Impact Investing.
- **Investee interviews and site visits**
  We conducted six interviews with investees associated with the aforementioned funds. Each fund was represented by two investees, carefully selected to be representative of the wider portfolio. These interviews helped us understand the direct impact of the investments on the ground and the experiences of the beneficiaries.
- **Desktop review of key documents**
  To ensure a comprehensive analysis, we conducted a review of essential fund documents, including investment strategies, annual reports, and evidence of impact performance. These documents provided valuable contextual information and data to support our findings.


FieldwayGroup

By zooming in on the underlying investments, we were able to establish direct connections between GMPF's investment decisions, the strategies employed by the fund managers and the subsequent real-world outcomes and benefits to the people, communities, and economy of Greater Manchester and the North West.

4.1 Foresight

Fund Description

Investment Manager	Foresight Group is a specialist investment manager that makes investments in SME Finance, Clean Energy and Infrastructure. It makes equity investments in the range of £1 million to £10 million.
Fund investments	Foresight Regional Investment Fund LP (FRIF) and Foresight Regional Investment Fund III LP (FRIF III), two of Foresight's regional series focused on investing in SMEs in the North West, South Yorkshire, parts of North and West Yorkshire, and North Wales.
Fund structure	10 year Limited Partnership with two one year extensions launched in 2015 (FRIF) and 2021 (FRIF III).
Target financial return	15% IRR net of fees.
Impact objective	Deliver sustainable economic and social benefits to the North West by consistently apply ESG principles and helping build sustainable businesses that seek to have a positive impact on the region's economy.
GMPF Impact Theme Alignment	Jobs – safeguard and create local jobs. Place – contribute to local and regional development by investing in businesses and sectors with growth potential.

Results as of December 2022:

£142m Assets Under Management

GMPF contribution: **£70m**
49% of total

49%

20 investee businesses

Ticket size ranges from **£1m** to **£5m**

Returns:
FRIF IRR: **32.7%**
FRIF III: Too early

1,653 new jobs created

To date, GMPF has invested £70 million in these two regional funds, accounting for around 9% of GMPF's Impact Portfolio. GMPF's investment led to Foresight establishing a local office in Manchester in 2016. To date, the Funds have jointly invested £142 million in 20 businesses across five key sectors. Consumer and leisure businesses have received nearly half of the total investment, including businesses such as Clubhouse Golf and Mowgli Street Food based in Manchester.

Figure 4.1: Breakdown of Investments by Sector

Sector	# of Companies	% of Capital Invested
Consumer / Leisure	8	42%
Industrial and Manufacturing	5	29%
Business Services	3	12%
Technology	2	9%
Healthcare	2	9%

These 20 investee businesses have facilitated the creation of 1,653 new jobs in local communities across the North West. The Foresight investment team have put ESG considerations as a standing item on the agenda of regular meetings with the SMEs they have invested in to ensure regular review of ESG progress and risks. Foresight, through the deployment of its capital, has not only provided capital investment and expertise, but also fostered the growth of sustainable and socially responsible small businesses in the region.

Spotlight on Foresight Investees

- **Argyle North West Construction**

  Asset class: Private Equity
  Sector: Industrial and manufacturing
  Foresight investment: £6,500,000
  GMPF investment: £3,082,300

Alignment With GMPF Impact Themes	Alignment With Regional Needs
Jobs (Equity Investment in Underserved Markets)	Construction Skills
Place (Social Infrastructure)	Employment

Argyle is a construction company based in Atherton, Manchester that operates throughout the North West, providing services related to road surfacing, sewer and infrastructure works, groundworks, and building maintenance and refurbishment. Its clients include both public and private sector organisations.

Argyle started as a small, family-run business in 1993 but today has grown to a team of over 68 people based in the North West. Foresight Regional Investment III LP has invested a total of £6,500,000 in Argyle so far. The company management team highlighted how much they like Foresight because of their relevant and proactive advice, and the feeling that Foresight is part of the team.

Argyle is committed to creating local jobs and skills development. Foresight's investment has supported Argyle's growth with ten new people employed since the point of Foresight's investment. It is an accredited Real Living Wage employer, and strives to employ locally through job centres, as well as getting involved in the 'Back on Track' scheme to provide employment to those who have suffered from mental health, homelessness, or drug and alcohol issues.[14] It also has a formal apprenticeship programme in partnership with Salford College and employs four apprentices.

Greater Manchester's city centres are attracting a significant level of investment. As a region, the North West is second only to London and the South East for construction output. As a result, the construction sector is crucial to both the region and to Greater Manchester in terms of supporting property and infrastructure development, employment for communities, and growth of the economy.[15]

14. Back on Track is an initiative in Manchester that works with adults who are going through a process of recovery or rehabilitation. https://www.backontrackmanchester.org.uk/.
15. Greater Manchester Combined Authority, 'Industry Labour Market and Skills Intelligence Report,' 2021, https://greatermanchester-ca.gov.uk/media/4875/industry-skills-intelligence-pack-construction.pdf.

ABL Health NW

Asset class: Private Equity
Sector: Healthcare
Foresight investment: £3,100,000
GMPF investment: £1,470,020

ABL Health is a healthcare provider and a socially driven business that strives to reduce health inequalities across the UK, with its headquarters located in Bolton, Greater Manchester. Founded in 2009, the organisation actively collaborates with individuals and communities to identify obstacles to health, assist them in overcoming and managing these barriers, and connect them to broader community services.

ABL Health facilitates various health and wellbeing services with a focus on preventative, community-based interventions, including specialist weight management, smoking cessation, alcohol reduction, prison healthcare, cancer prehabilitation, and mental health/behaviour change services for children and young people. The company takes a person-centred and evidence-based approach, tailoring its services to meet the specific needs and goals of the individuals and communities it works with. Through its expertise and professional healthcare staff, ABL Health contributes to the advancement of inclusive healthcare throughout the UK, helping individuals lead healthier lives and fostering the overall wellbeing of communities.

Over the past five years, the company has experienced notable growth, with Foresight playing a significant role in this expansion. Foresight contributed through investment and by providing professional advice and expertise, including assistance in appointing a Chair for ABL Health's Board of Directors, enhancing board reporting practices, and cultivating a higher level of professionalism.

Key results (across the UK):[16]

- 32,000 people supported in making positive lifestyle changes
- 61% of users come from the most deprived communities
- 85% of children in weight management services increased vegetable intake

Alignment With GMPF Impact Themes	Alignment With Regional Needs
Jobs (Equity Investment in Underserved Markets)	Improved Health Outcomes
Place (Social Infrastructure)	Health Inequality

Greater Manchester faces significant health challenges, with various indicators highlighting the health inequalities experienced by people in the north of England (the North), including Greater Manchester, in comparison to the national average. According to a recent report by Health Equity North, infants born in the North have a life expectancy at least one year lower than the national average.[17]

ABL Health actively works towards addressing this disparity through its community-driven health services. Ultimately, ABL Health's tailored approach leads to improved health outcomes for the individuals and families it serves throughout Greater Manchester and the North.

16. ABL Health, 'A year of Change & Growth: Impact Report Oct 2020 – Sept 2021'.
17. Munford, L., Bambra, C., Davies, H., Pickett, K., Taylor-Robinson, D. (2023), Health Equity North: 2023, Health Equity North, Newcastle. https://www.healthequitynorth.co.uk/app/uploads/2023/04/HEN-REPORT.pdf.

Mahdlo Youth Zone

With FRIF's investment, ABL Health also supports the Mahdlo Youth Zone in Oldham, Greater Manchester.

GMPF's investment in FRIF, and its subsequent funding of ABL Health, allows Mahdlo Youth Zone to provide more services for young people, and signpost more people to ABL Health Services, which ultimately contributes to helping people lead healthier lives with positive wellbeing outcomes.

Established in 2012, the Mahdlo Youth Zone works with young people aged 8-19 (and up to 25 for those with a disability) to improve their confidence and wellbeing. The organisation's trained social workers enable young people to participate in various activities tailored to their interests and needs, with over 20 activities taking place every day.

In 2022, the organisation:

- Held 44,277 session visits
- Employed 85 Oldham residents
- Was regularly supported by 96 volunteers

Spotlight on on ABL Health and Mahdlo Youth Zone's (MYZ) Healthy Families Programme

In 2022, nine-year-old James*, who has autism, and his family joined MYZ's Healthy Families Programme, one of ABL Health's programmes delivered in partnership with MYZ. Initially hesitant to participate in one-on-one support, James began to actively engage in activities after joining in a group setting through the Healthy Families Programme. During this time, he formed a strong bond with an ABL staff member.

Through consistent attendance and active participation, James displayed notable improvements in his fitness level, strength, and overall confidence. These positive changes enabled him to work towards achieving a healthier BMI. Additionally, James's passion for creative arts, specifically singing and acting, became evident during his multiple sessions with MYZ. As a result, he successfully showcased his talent by performing in front of his school.

*Name changed for confidentiality.

4.2 Gresham House

Fund Description

Investment Manager	Gresham House is a specialist, alternative asset manager with investment strategies across all PBII pillars.
Fund investments	GMPF has invested in four Gresham House funds with underlying assets based in the North West, ranging from £1 million to £164 million. British Sustainable Infrastructure Fund (BSIF) LP (Sub Fund I) and BSIF Fund II LP were established to invest in sustainable infrastructure - profitable, real asset based solutions to the key environmental and societal challenges. The two North West Funds were established to enable GMPF to increase exposure to specific infrastructure investments and themes in the North West via co-investment with BSIF Sub Fund I.
Fund structure	The funds are 12 year Limited Partnerships based in Guernsey, and the General Partner, Gresham House Investment Management (Guernsey) Limited, is managed by Gresham House PLC.
Target financial return	The BSIF funds target an 8-10% IRR (net of fees) including an income yield of 5% per annum.
Impact objective	Alongside strong, risk-adjusted financial returns for its investors, BSIF funds are required to deliver a positive social and/or environmental impact and align with the United Nations Sustainable Development Goals (SDGs).
GMPF Impact Theme Alignment	Jobs – safeguard and create local jobs. Place – contribute to local and regional development by investing in businesses and sectors with growth potential.

Results as of December 2022:

£539m Assets Under Management

GMPF contribution: **£140m**

12 assets in portfolio

Typical initial ticket size ranges from **£1m to £50m**

Returns:
BSIF I: **13.3%**
BSIF II: Too early
NW: **13.8%**
NW II: Too early

2,120 employees across **12** companies

Figure 4.2: Summary of Gresham House British Sustainable Infrastructure Investments

Fund name	Size of Fund (AUM)	Level of GMPF Contribution
Gresham House BSI Infrastructure LP (Sub Fund I)	£234.6	£20m
Gresham House British Sustainable Infrastructure Fund II LP	£214m	£30m
North West BSI LP	£20m	£20m
North West BSI II LP	£70m	£70m

GMPF has contributed a total of £140 million across the four BSIF funds thus far. Because GMPF have co-investment vehicles specifically dedicated to the North West, this additional capital source influences Gresham House to 'catalyse more investment into the North West region'. Its BSIF investments span six key sectors (see Figure 4.3), with investments in resource efficiency and digital inclusion projects together receiving almost half of all investment (see figure 4.3).

Figure 4.3: Breakdown of Investments by Sector*

Sector	# of Companies	% of Capital Invested
Resource Efficiency	1	24%
Digital Inclusion	3	34%
Decarbonisation	3	17%
Health and Education	2	14%
Waste Solutions	2	10%
Regeneration	1	1%

*Sector classification determined by Gresham House.

Gresham House utilises an impact framework for BSIF funds which ensures impact considerations are integrated into the investment management process. This process involves three key steps.

1. **Identifying intended impact type and affected stakeholders:**
   - BSIF aims to intentionally scale infrastructure assets that are good for investors because they are good for people and planet.
   - Their investment approach and associated anticipated outcomes are aligned with specific SDGs.
   - Using Impact Frontiers' ABC of Impact, BSIF not only aims to mitigate harm and benefit stakeholders by delivering positive outcomes, but also contribute to environmental and social solutions.
2. **Sourcing aligned opportunities:**
   - BSIF will only invest in opportunities that contribute positively to society or the environment. This is assessed in part using Impact Frontiers' Five Dimensions of Impact.
3. **Outlining expected investor contribution, set targets and measures:**
   - BSIF applies a combination of four levers to influence the outcomes of its investments and set measurable impact objectives and monitor them over time. These levers are aligned with the Impact Frontiers' Investor Contribution Strategies and include:
     - Signal that impact matters
     - Engage actively
     - Grow new or undersupplied capital markets
     - Provide flexibility on risk-adjusted returns.

Spotlight on Gresham House Investees

- **Environment Bank**

  Asset class: Sustainable Infrastructure
  Sector: Resource efficiency
  Total investment: £24.7 million
  GMPF contribution: £5.9 million

Established in 2006, Environment Bank (EBL) is an environmental consultancy and investment company that focuses on delivering biodiversity enhancements through a national network of Habitat Banks.

Habitat Banks are forward funded, landscape scale nature restoration projects that deliver an uplift in biodiversity that can then be unitised, 'banked' and sold as biodiversity credits. The idea behind Habitat Banks is to create a market-based mechanism for biodiversity conservation and restoration.

EBL works with landowners, developers and environmental organisations to identify and establish areas for habitat creation and restoration. These areas are assessed and the yield of potential Biodiversity Units is calculated which are quantifiable measures of biodiversity value. Landowners can generate units by creating or enhancing habitats on their land, and these units can be sold to developers or other entities that require compensatory measures for their impact on biodiversity. This is especially relevant due to the upcoming regulations requiring developers to demonstrate a positive Biodiversity Net Gain (BNG), which will be implemented in November 2023. According to these regulations, BNG will be assessed using the biodiversity metric of the Department for Environment Food and Rural Affairs (DEFRA), and habitats must be protected for a minimum of 30 years.

Through the Habitat Bank approach, EBL ensures that biodiversity enhancements are effectively integrated into land management practices while providing economic incentives for landowners throughout the UK, including Greater Manchester, to contribute to conservation efforts.

Converting marginal farmland into Habitat Banks also has the potential to benefit landowners through reducing their workload and ensuring a more reliable income for a span of at least 30 years. Habitat Banks offer landowners a diversification of income in a changing and uncertain sector.

Key results:

- 395.74 hectares of biodiverse ecosystem created to date
- 55 jobs created
- EBL plans to develop over 8,000 hectares of habitat banks that deliver BNG

Alignment With GMPF Impact Themes	Alignment With Regional Needs
Jobs (Equity Investment in Underserved Markets)	Biodiversity Loss
Place (Social Infrastructure)	Habitat Loss

As with the rest of the country, Greater Manchester has suffered from major biodiversity and habitat loss, with the GMCA declaring a 'biodiversity emergency' in 2022.[18] Several local strategies support increasing biodiversity in the region, including the Greater Manchester Strategy, 'Our People, Our Place', which sets out ambitions for Greater Manchester as a national leader in protecting and strengthening the natural environment, including an ambition to create a 'green city for all.' The Greater Manchester Five Year Environment Plan also supports biodiversity, listing BNG guidance as a key priority for action.[19]

18. Greater Manchester Combined Authority, 'Greater Manchester declares 'biodiversity emergency' and reiterated rapid drive to net zero,' 2022. https://tinyurl.com/yamwsd8w.
19. Greater Manchester Combined Authority, 'GMCA Biodiversity Net Gain: Guidance for Greater Manchester,' 2021.

Spotlight on Yate Fold Farm, Bolton

The proprietor of Yate Fold Farm in Bolton became involved with EBL in 2021, when it was agreed that 49 hectares of the farm would transition from traditional dairy farming to a habitat bank. The land had previously been employed for dairy farming, a practice that compacts the soil and inhibits biodiversity. Classified as grade 4 pasture land, it presented challenges for cultivation, demanding 70-hour work weeks. Upon learning about habitat banks, the landowner reached out to EBL through an online triage form. Subsequently, the EBL team conducted an on-site visit to assess the property. The EBL team then worked with the landowner to devise a comprehensive plan.

The EBL team adopts a localised and tailored approach to their nature sites. They cultivate strong working relationships with landowners, aiming to optimise biodiversity while ensuring landowner benefits. EBL assumes all capital expenditures involved in its habitat banks, and even funded the landowner's attendance at a conservation grazing course.

Image above: Visualisation of Yate Fold Farm with the Habitat Bank fully established.

Telcom

Asset class: Sustainable Infrastructure
Sector: Digital Inclusion
Gresham House investment: 33.2 million
GMPF investment: £10.3 million

Telcom is a telecommunications company established in 2014 that provides reliable and affordable connectivity solutions for households and businesses throughout the North West.

Telcom has driven significant results in their mission to promote digital inclusion for households and businesses throughout the UK. Gresham House's investment in Telcom aims to accelerate its delivery of ultrafast and reliable fibre broadband to commercial and residential properties that do not currently have access to gigabit speed internet. Its focus is on the 'Northern Powerhouse' cities in England – Manchester, Leeds, Liverpool, Birmingham, Sheffield and Newcastle. The company also works with rural communities to provide free connectivity for schools and village centres.

Through its 'engineer bootcamp' initiative, Recode, Telcom supports people in Manchester interested in a new career as a telecommunications engineer. The programme trains students with no knowledge of the industry to qualify as an entry level engineer through a free, 4-week, full time course.

Telcom has contributed towards increasing digital inclusion and fostering economic growth in the region. This is exemplified by its involvement in creating the HyperCity network throughout Greater Manchester, a widespread and affordable 10-gigabit-per-second fibre internet service to residents and businesses.

Key results as of December 2022:

- 440km fibre network created so far
- Five bootcamps delivered in total
  - With 28 people having successfully completed
  - And 25 people progressing to full time employment with Telcom

Alignment With GMPF Impact Themes	Alignment With Regional Needs
Jobs (Equity Investment in Underserved Markets)	Digital Inclusion
Jobs (Investment in Technology)	
Place (Social Infrastructure)	

Digital connectivity remains a challenge in Greater Manchester with around 1.2 million residents excluded in some way from the opportunity that digital connectivity brings.[20] Disparities in connectivity quality exist between rural and urban areas, hindering economic growth and exacerbating economic and social inequalities.

20. Greater Manchester Combined Authority, 'Social Impact Report: Fixing the digital divide,' 2022, https://www.greatermanchester-ca.gov.uk/media/7363/gm-digital-inclusion-social-value-report-2022.pdf.

4.3 Avison Young

Greater Manchester Property Venture Fund

Fund Description

Investment Manager	Avison Young is a global CRE services firm based in Canada, with offices throughout the UK. It has been responsible for managing GMPVF's mandate since 2007. The initial allocation was approximately £150 million, growing to £900 million currently.
Fund investments	Greater Manchester Property Venture Fund (GMPVF) investments span a wide range of real estate sectors, with the majority invested in residential and industrial developments.
Fund structure	Evergreen Fund established in the early 1990s.
Target financial return	6.5% IRR net of fees.
Impact objective	Deliver commercial returns and invest in the development of property in Greater Manchester and the North West of England that generates employment and contributes to the economic development of the region.
GMPF Impact Theme Alignment	Economic Development – Generate employment, improve long-term employment prospects, contribute to overall development of the local economy.

Results as of December 2022:

£531m Assets Under Management

GMPF contribution: **£531m**

24 property sites

Ticket size ranges from **£5m to £50m**

Returns:
GMPVF: **5.2%**

Creation of **employment** sites

Capacity est. **5,035** job spaces

The GMPVF was established in the early 1990s to provide GMPF with a vehicle to invest in property development in Greater Manchester and the North West region, with the twin aims of generating a commercial financial return, and supporting regeneration and job creation. The fund has invested in 24 properties that has led to the creation of employment sites providing 5,035 new job spaces.

Figure 4.4: Breakdown of Investments by Sector*

Sector	# of Sites	% of Capital Invested
Residential	11	50.5%
Industrial	9	40.7%
Retail / leisure**	2	5.3%
Retail / office	1	2.1%
Office	1	1.2%
Vacant land	1	0.2%

*Sector classification determined by Avison Young and TGE.
**Includes a supermarket and Airport City hotel complex development.

The GMPVF mandate was initially established over 20 years ago and has always had dual aims of generating commercial financial returns and stimulating the local economy. Examples of this approach include Island, a new 90,000 sq. ft office development in Manchester city centre, and Chorlton Shopping Centre, currently a 1960s suburban shopping precinct which is to be redeveloped into 200 new houses and apartments. In both projects Avison Young managed the selection process for the developer. It specifically requested proposals that included criteria related to GMPF's Impact Themes as part of the process, as well as proposals on sustainability measures for the construction and property in-use.

Spotlight on Avison Young Investees

Circle Square JV

Asset class: Property
Sector: Residential
GMPF investment: £56.8 million

Circle Square JV, a joint venture between Bruntwood (commercial developments) and VITA Group (residential developments), is a mixed-use development on the former BBC site on Oxford Road in Manchester city centre. It is a flagship development within Manchester City Council's strategic plan comprising a mix of two substantial commercial buildings and five substantial residential buildings, as well as shops, bars and restaurants, all centred around a new city park – Symphony Park. It was designed as a new neighbourhood that would attract fast growth tech businesses as part of an innovation district and support the growing visitor economy. GMPVF invested £56.8 million in the residential apartments, including two BTR apartments.

All residential apartments include a range of amenities, including large lounge areas, bookable private dining facilities, and balconies. VITA employs a third party to perform financial checks of potential residents, with resident salaries in the BTR apartments averaging £51,000 a year. This reflects pricing for the units, which are between £1200-£1300 per month for studio apartments, and £2000 for 2-beds.

Circle Square is a strategic regeneration project which has likely had wider regional benefits in terms of business growth, employment creation, and supporting a growing visitor economy. VITA, the developer of the residential buildings, also operates the buildings under their own brand. This involves 24/7 operation, with four on-site teams covering front of house services, housekeeping, security and technicians, etc. VITA informed us that it aims to foster community engagement through organising events in shared spaces and it has recently increased its focus on collecting and acting upon feedback from residents.

Key results:

- 683 new BTR units
- 165 jobs in Manchester[21]

Alignment With GMPF Impact Themes	Alignment With Regional Needs
Economic development – Generate employment and improve long term employment prospects	Housing supply
	Employment
	High-quality cultural and leisure spaces

21. These are operational jobs for the ground floor retail space within the development, i.e., they are jobs which will be permanent positions following completion of construction.

Leeds Valley Park

Asset class: Property
Sector: Industrial
GMPF investment: £41 million

Leeds Valley Park is a 'mid box' industrial and logistics park which was bought from a developer, Caddick Developments, as a 'ready' investment post planning and construction. The park will include six units of varying sizes and is due to be completed in 2023. Caddick is responsible for development and delivery, while GMPVF is responsible post completion asset management and ownership.

Prior to development, the site was agricultural land, which was made inaccessible by the development of the A1/M1 link motorway through the farmland. Five office buildings were developed on the land in the early 2000s, but the growing need for warehouses / storage sites in the area encouraged Caddick to develop the site further to meet demand, especially following the rise of the online marketplace.

The site is located very close to junction 44 of the M1 and junction 7 of the M621 for easy transportation. Caddick have made S106 contributions to enable local junction improvements, enhance footpath links to the site and provide real time bus stop facilities.

The site has a Building Research Establishment Environmental Assessment Methodology (BREEAM) rating of Very Good and all units have an EPC rating of 'A'. It has also achieved biodiversity net gain of 10% via on- and off-site provision.

Key results:

- Creation of an estimated 400 operational jobs upon completion
- 666 construction jobs supported on the project
- 6 apprentices deployed on the project
- 76% of the project spend through supply chain within a 40-mile radius of the site

Alignment With GMPF Impact Themes	Alignment With Regional Needs
Economic development – Generate employment	Warehousing and Storage Sites
	Employment

5. CONCLUSIONS AND RECOMMENDATIONS

This report provides a summary of the findings of TGE's independent assessment of GMPF's local investments and their contribution to local and regional development in Greater Manchester and the North West. This is the first time the PBII Reporting Framework, an industry-driven methodology, has been applied to support GMPF in reporting on their local investment portfolios, in doing so demonstrating what are they invested in, where the investments are being made and what impacts the investments are having.

Through a portfolio analysis, deep-dive case studies and data verification we have found that GMPF has a balanced local investment portfolio across asset classes that is meeting its impact objectives of contributing to job creation and place-based local and regional economic development. The report has highlighted specific strengths of the local investment portfolio as well as scope for increasing GMPF's local and regional impact.

Key Findings

- As of December 2022, GMPF has committed £1.36 billion to Local Investments, amounting to 4.5% of GMPF's total investment value of £30 billion. A total of £858.7 million had been drawn down and invested with an almost equal amount invested across the Impact Portfolio (51%) and GMPVF (49%).
- These investments have been deployed to achieve a balanced, multi-asset portfolio comprising investments in Small and Medium Enterprise (SME) Finance (30%), Commercial Real Estate (30%), Residential Housing (25%), Infrastructure, including Renewable Energy and Natural Capital (12%) and Social Investment (2%) (see Figure 2.2).
- Two-thirds of these investments (67%) are located in Greater Manchester and the North West. The GMPVF property investments are all local and regional investments. The Impact Portfolio has a broader geography. About 35% of these investments are located in Greater Manchester and the North West, with 65% invested across the rest of the UK.
- GMPF is an active and engaged investor. In some cases, they have acted as a cornerstone or sole investor helping to scale-up impact investment funds and mobilise greater levels of investment in the North West.
- GMPF expects its Local Investments to deliver on financial returns commensurate with the main fund. It has set a benchmark of the Retail Price Index (RPI) +4% for the Local Investment portfolio. Many of GMPFs local investments are relatively immature so it is too early to assess their financial performance. However, the Internal Rate of Return (IRR) performance of Impact Portfolio funds exited to date is 8.5% and 6.5% for GMPVF investments. This past performance combined with the current performance of existing investments provides GMPF with confidence that the Impact Portfolio will achieve the financial return target over the long term.
- The investment portfolio is aligned with and making a tangible contribution to GMPF's impact themes which focus on job creation, place-making and local and regional economic development. Notably, the Impact Portfolio's £258 million total investment in regional SME debt and equity funds has been invested in 191 business supporting 16,000 existing jobs and creating 7,184 new jobs over the investment period.
- Through GMPVF, GMPF has played a key role in the rapid property-led regeneration and economic growth of the city of Manchester. Investments have been made in housing and commercial real estate including new apartments, office developments, retail space, hotels and employment space for businesses employing almost 5,000 people.
- In more recent years, GMPF has invested in social and affordable housing recognising the housing challenges faced by many people locally. In total, across both GMPVF and the Impact Portfolio, £218 million has been invested in nearly 4,400 homes ranging from new build apartments to family homes to accommodation for people who are at risk of experiencing homelessness.
- GMPF has been one of the first pension funds to invest in innovative social investment funds, including social outcomes contracts focused on providing services for vulnerable people.
- Investment is well aligned with and contributing to the priorities of Greater Manchester. Capital is being deployed across designated growth locations and into priority sectors, both high growth sectors driving local economic growth and foundational sectors, such as healthcare.
- The investment strategies range in terms of their alignment to a Place-Based Impact Investing approach. In general, fund strategies were more likely to account for Impact in their investment strategies than Place.
- The case studies provided evidence of how GMPF's investments are contributing to tangible benefits for local businesses, people and places in the region (see Section 4).

Recommendations

- GMPF's investments have helped Greater Manchester deliver on its economic growth objective, but there could be a greater focus on social inclusion. For example, we would encourage GMPF to invest more in social and affordable housing that benefits vulnerable people and those on low incomes. GMPF could also seek to invest more across all parts and populations of Greater Manchester and the North West supporting the region's inclusive growth and fair for all agendas.
- Similarly, GMPF could deepen its Jobs impact theme to focus not only on job growth but also investing in skills development and job opportunities for young people and job quality. GMPF could also consider targeting Greater Manchester's priority growth sectors, which include advanced manufacturing, the creative industries and the foundational economy sectors, such as healthcare.
- We recommend that GMPF intensifies its endeavours to find avenues to augment its investment in Renewable Energy, Social Infrastructure and Social Investment which have had relatively lower allocations. Building upon its established track record of investing in early stage funds and backing financial innovation, GMPF could seek to actively collaborate with like-minded investment partners aiming to directly address the region's social and environmental challenges.
- We would encourage GMPF to integrate Place-Based Impact Investing considerations into its due diligence and fund selection process so as to back funds that are genuinely engaging with local stakeholders and investing in ways that help achieve local sustainable development priorities.
- GMPF should encourage investment managers to develop a Place-Based Impact Management approach and monitor and report consistent data relevant to their impact themes, both at the output and outcome level. It is worth acknowledging that whilst the PBII Reporting Framework that TGE used in this report was new to many of the investment managers, nonetheless, we received an enthusiastic and high level of engagement.

TGE believes that this report is the first of its kind. As far as TGE is aware, it is the first time a pension fund has reported on its local investments in such an open and transparent way. We believe it is also the first time a pension fund investor has asked for independent assurance of sustainability information being reported by underlying funds.

This report serves as a testament to GMPF's long-standing commitment to Place-Based Impact Investing. By publishing this report, GMPF aims to enhance transparency and accountability to its pension fund members and other stakeholders, showcasing how and where its funds are invested, and the results achieved.

APPENDIX

GMPF's Local Investments Portfolio

Portfolio	Name of Fund Manager	Name of Fund	GMPF Commitment (£)	GMPF Share (% of Total Commitment)	Geographic Scope	Impact Theme
Impact Portfolio	Alpha Real Capital	Social Long Income Fund	£15m	42.7%	UK	Social Infrastructure
Impact Portfolio	Alpha Real Capital	Social Long Income Fund	£25m	100.0%	Specific regions of the UK	Social Infrastructure
Impact Portfolio	Beechbrook Capital LLP	UK SME Credit III LP	£15m	11.0%	UK	Debt growth capital - SME's
Impact Portfolio	Beechbrook Capital LLP	UK SME GMPF Co-investment LP	£15m	100.0%	Specific regions of the UK	Debt growth capital - SME's
Impact Portfolio	Boost & Co Ltd	Industrial Lending 1	£24.6m	23.6%	UK	Debt growth capital - SME's
Impact Portfolio	Boost & Co Ltd	Industrial Lending 2	£15m	59.7%	UK	Debt growth capital - SME's
Impact Portfolio	Boost & Co Ltd	Industrial Lending RSF	£15m	100.0%	Specific regions of the UK	Debt growth capital - SME's
Impact Portfolio	Bridges Fund Management Limited	Bridges Evergreen Capital LP (BEH)	£15m	22.7%	Europe including UK	Social Investment
Impact Portfolio	Bridges Fund Management Limited	Bridges Sustainable Growth Fund IV(B) LP (SGF IV(B))	£20m	35.1%	Europe including UK	Equity growth capital - SME's
Impact Portfolio	Bridges Fund Management Limited	Bridges Sustainable Growth FundIV LP (SGF IV)	£20m	24.6%	UK	Equity growth capital - SME's
Impact Portfolio	Bridges Fund Management Limited	Bridges Property Alternatives Fund III LP (BPAF III)	£25m	11.3%	UK	Property development
Impact Portfolio	Bridges Fund Management Limited	Bridges Social Impact Bond I (SIB I)	£2.5m	11.1%	UK	Social Impact Bonds
Impact Portfolio	Bridges Fund Management Limited	Bridges Social Outcomes Fund II (SOF II)	£2.5m	7.1%	Europe including UK	Social Impact Bonds
Impact Portfolio	Bridges Fund Management Limited	Bridges/GMPF Co-Investment Vehicle LP	£20m	100.0%	Specific regions of the UK	Equity growth capital - SME's
Impact Portfolio	Fiera Real Estate UK	Residential Land Development Limited Partnership LP	£12.5m	22.5%	UK	Property development
Impact Portfolio	Gresham House	Gresham House BSI Infrastructure LP (Sub Fund I)	£20m	10.9%	UK	Renewable energy infrastructure
Impact Portfolio	Gresham House	Gresham House British Sustainable Infrastructure Fund II LP	£30m	10.2%	Europe including UK	Renewable energy infrastructure
Impact Portfolio	Gresham House	Gresham House BSI LP	£20m	100.0%	Specific regions of the UK	Renewable energy infrastructure
Impact Portfolio	Gresham House	Gresham House BSI II LP	£70m	100.0%	Specific regions of the UK	Renewable energy infrastructure
Impact Portfolio	Iona Capital Ltd	Iona Environmental Infrastructure LP	£42m	100.0%	Specific regions of the UK	Renewable energy
Impact Portfolio	Enterprise Ventures Limited	Enterprise Ventures Growth II LP	£15m	37.4%	UK	Equity growth capital - SME's
Impact Portfolio	Enterprise Ventures Limited	EVG II North West Limited Partnership	£5m	100.0%	Specific regions of the UK	Equity growth capital - SME's

Portfolio	Name of Fund Manager	Name of Fund	GMPF Commitment (£)	GMPF Share (% of Total Commitment)	Geographic Scope	Impact Theme
Impact Portfolio	Mercia Asset Management plc	EV SME Loans I	£20m	50.0%	Specific regions of the UK	Debt growth capital - SME's
Impact Portfolio	Mercia Asset Management plc	EV SME Loans II	£20m	100.0%	Specific regions of the UK	Debt growth capital - SME's
Impact Portfolio	Newstead Capital Limited	Newstead Capital Real Estate Lending Fund I, LP	£15m	36.9%	England	Property development
Impact Portfolio	Northern Gritstone Limited	Northern Gritstone Limited	£25m	21.6%	Specific regions of the UK	Investment in technology jobs
Impact Portfolio	Palatine Private Equity	Palatine Private Equity Impact Fund I	£15m	14.8%	UK	Equity growth capital - SME's
Impact Portfolio	Palatine Private Equity	Palatine Private Equity Impact Fund II	£10m	7.4%	UK	Equity growth capital - SME's
Impact Portfolio	Palatine Private Equity	Co-Invest Fund	£7.5m	75.0%	Specific regions of the UK	Equity growth capital - SME's
Impact Portfolio	Tosca Debt Capital LLP	TDC Impact Limited	£20m	49.5%	Specific regions of the UK	Debt growth capital - SME's
Impact Portfolio	Tosca Debt Capital Fund III LP	Tosca Debt Capital III S.a r.l.	£20m	10.9%	UK	Debt growth capital - SME's
Impact Portfolio	Foresight Group LLP	Foresight Regional Investment III LP	£40m	47.4%	Specific regions of the UK	Equity growth capital - SME's
Impact Portfolio	Foresight Group LLP	Foresight Regional Investment LP	£30m	51.7%	Specific regions of the UK	Equity growth capital - SME's
Impact Portfolio	Resonance Impact Investment Limited	National Homelessness Property fund 2	£20m	32.5%	UK	Social Infrastructure
GMPVF	Avison Young	Greater Manchester Property Venture Fund	£531.4m	100.0%	Specific regions of the UK	Property

Notes

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