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GREATER MANCHESTER PENSION FUND - MANAGEMENT/ADVISORY PANEL

Day: Friday
Date: 1 December 2023
Time: 10.00 am
Place: Guardsman Tony Downes House, Manchester Road, Droylsden, M43 6SF

Item No.	AGENDA	Page No

GENERAL BUSINESS

1. CHAIR'S INTRODUCTORY REMARKS 10.00AM

2. APOLOGIES FOR ABSENCE

3. DECLARATIONS OF INTEREST

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

4. MINUTES

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

To approve as a correct record the Minutes of the meeting of the Pension Fund Advisory Panel held on 15 September 2023.

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

To approve as a correct record the Minutes of the meeting of the Pension Fund Management Panel held on 15 September 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 Carolyn Eaton, Democratic Services Team Leader, 0161 342 3050 or Carolyn.eaton@tameside.gov.uk, to whom any apologies for absence should be notified.

Items	Paragraphs	Justification
9, 10, 11, 12, 13, 14, 21, 23, 24, 25	3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10	Disclosure would, or would prejudice the commercial int Fund and/or its agents which affect the interests of the and/or tax payers.

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

a) LOCAL PENSIONS BOARD — 19 - 26

To consider the Minutes of the proceedings of the Local Pensions Board held on 28 September 2023.

b) INVESTMENT MONITORING AND ESG WORKING GROUP — 27 - 30

To consider the Minutes of the proceedings of the Investment Monitoring and ESG Working Group held on 22 September 2023.

c) ADMINISTRATION AND EMPLOYER FUNDING VIABILITY WORKING GROUP — 31 - 40

To consider the Minutes of the proceedings of the Administration and Employer Funding Viability Working Group held on 22 September 2023.

d) POLICY AND DEVELOPMENT WORKING GROUP — 41 - 42

To consider the Minutes of the meeting held on 23 November 2023.

e) NORTHERN LGPS JOINT OVERSIGHT COMMITTEE — 43 - 48

To note the Minutes of the meetings held on 6 July 2023.

ITEMS FOR DISCUSSION/DECISION

7. GMPF STATEMENT OF ACCOUNTS AND ANNUAL REPORT 2022-2023 10.20AM — 49 - 52

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

8. RESPONSIBLE INVESTMENT UPDATE 10.30AM — 53 - 60

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

9. UPDATE ON GMPF'S APPROACH TO CLIMATE RISK - PART II 10.40AM — 61 - 62

To receive a presentation from representatives of UBS.

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

10. CEM COST BENCHMARKING 11.25AM 63 - 68

To receive a report of the Assistant Director, Pensions Investments/Assistant Director of Pensions Administration and a presentation from representatives of CEM Benchmarking.

11. PERFORMANCE DASHBOARD 12.10PM 69 - 104

Report of the Assistant Director of Pensions Investments, attached.

12. BUSINESS PLANNING, BUDGET AND RISK MANAGEMENT 12.15PM 105 - 110

To consider the attached report of the Director of Pensions.

13. GMPF EMPLOYER EXIT CREDIT DETERMINATIONS 12.20PM 111 - 118

To consider the attached report of the Director of Pensions.

14. ADVISOR COMMENTS AND QUESTIONS

ITEMS FOR INFORMATION

15. ADMINISTRATION UPDATE 119 - 124

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

16. LGPS UPDATE 125 - 128

To consider the attached report of the Director of Pensions.

17. FUTURE DEVELOPMENT OPPORTUNITIES

Trustee development opportunities are available as follows. Further information/details can be obtained by contacting Loretta Stowers on 0161 301 7151.

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

18. DATES OF FUTURE MEETINGS

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

Management/Advisory Panel	8 March 2024
Local Pensions Board	25 Jan 2024 11 April 2024
Policy and Development Working Group	22 Feb 2024
Investment Monitoring and ESG Working Group	19 Jan 2024 12 April 2024
Administration and Employer Funding Viability Working Group	19 Jan 2024 12 April 2024

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

WORKING PAPERS - APPENDICES

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

GREATER MANCHESTER PENSION FUND
ADVISORY PANEL

15 September 2023

Commenced:	**10.00am**	**Terminated: 12.30pm**
Present:	**Councillor Cooney (Chair)** **Councillors: Axford (Trafford), Grimshaw (Bury), Mistry (Oldham), O'Neill (Rochdale), Rehman (Wigan), Sheikh (Manchester), Smart (Stockport) and Walters (Salford)** **Employee Representatives:** **Ms Blackburn (UNISON), Mr Caplan (UNISON), Mr Flatley (GMB), Mr Llewellyn (UNITE) and Mr Thompson (UNITE)** **Fund Observer:** **Councillor Taylor (Stockport)** **Local Pensions Board Member (in attendance as observer):** **Councillor Fairfoull** **Advisors:** **Mr Moizer and Mr Powers**	
Apologies for absence:	**Councillor Jabbar (Oldham)** **Mr Drury (UNITE)** **John Pantall – Independent Observer**	

24. CHAIR'S OPENING REMARKS

The Chair, Councillor Cooney, began by explaining that DLUHC had confirmed that implementation of climate reporting obligations would be delayed until at least next year. Presuming regulations were forthcoming in time for 1 April 2024, reports covering the period 1 April 2024 – 31 March 2025 would need to be produced by December 2025.

He went on to inform Members that reporting regulations put climate change and sustainability issues on the trustee agenda and embedded them in governance structures, in many cases, for the first time, although that had not been the case for GMPF, as it had been one of the very first to do so, although a statutory footing and regulations to do so formally, was awaited.

The Task Force on Climate-related Financial Disclosures, known as TCFD reporting, provided a consistent framework to disclose against. It would not, in itself, address the systemic risk posed by climate change. A more forward-looking approach, including transition planning, would be needed. For trustees, the focus must be on informed decision making leading to accelerated action on risk management. Not forgetting the investment opportunities, which must be at the heart of effective transition planning. Decision-useful climate scenarios were a key part of this. It was well understood there were limitations with some elements of data, analytics and modelling. However, the decision usefulness of outputs would improve as industry knowledge and understanding developed.

The Chair further explained that the challenge now was to ensure the models used and the scenario analysis addressed a fuller range of real-world risks and uncertainties. Recent events had shown how climate risks could crystallise, compound with other risks and cascade. There was an urgency to protect savers.

Trustees did not need to be climate experts, but should:

- have an appropriate level of knowledge and understanding of climate issues;
- undertake regular training and ask for additional training if they did not feel comfortable making decisions based on the information provided;
- be able to understand the narratives underlying their climate scenarios, the limitations of those scenarios and the assumptions made in their construction; and
- consider with advisers the use of stress testing and tail risk analysis to complement their climate scenario input to investment strategy decision making.

The Chair was pleased to welcome, for the seventh year, Trucost's report on the Fund's Carbon Foot printing assessment of its equity and corporate bond holdings, later on the agenda. The report also provided a 'mapping' exercise of the Fund's holdings against analysis undertaken by the Transition Pathway Initiative, a global, asset-owner led initiative which assessed companies preparedness for the transition to a low carbon economy.

Greater Manchester Pension Fund was proud of its local investment into the economy to ensure investment where the majority of employers and members lived and worked. GMPF had been recognised as leaders in the field by successive governments and the Chair was pleased that it was be the first pension fund in the country to attempt to measure the impact of its local investments. The Good Economy, also leaders in their field, were invited to do this. The Good Economy's purpose was to promote the emergence of a Good Economy, one that worked for everyone, both in the United Kingdom and around the world.

The Good Economy helped organisations to define, measure, evaluate, report and verify impact investments that made a positive contribution to sustainable development. Their impact services were designed to meet the growing investor demand and market expectation for greater confidence and credibility in impact creation and were underpinned by three 'i's - intentionality, integration and integrity. The Good Economy would report further on the agenda, as to how the Fund was delivering against its sustainable development beliefs and what could be done better. A public report would also be produced for the website.

The Chair also made reference to GMPF's development of its consultation response in collaboration with its pooling partners, to the Governments recent consultation "Next steps on Investments". There were a number of aspects to the consultation. It appeared that the 2015 focus on infrastructure investments had been replaced by a new focus on levelling up and venture capital, although the government had stopped short of mandating investment in these areas and had provided a broad definition of what constituted a levelling up investment.

A key aspect of the consultation, which would be crucial to the ongoing viability of the Northern LGPS model, would be in relation to attempts to define what a 'pooled asset' was, although there was some recognition of different pooling models in the consultation, and no explicit mention of FCA authorisation (which was included in the 2019 informal consultation). Under the proposals, Northern LGPS would need to adapt its reporting of pooling going forwards.

The GMPF/Northern LGPS consultation response would repeat many of the messages from the response to the 2019 informal consultation. The messages included that the government should focus on:

- delivering successful outcomes;
- that LGPS funds were diverse and so a 'one size fits all' approach was not appropriate for pooling; funds';
- fiduciary duty was paramount, and
- the need to deliver value for money for taxpayers avoiding expensive and unnecessary structures, which, so far, had yet to demonstrate they were better than the simple straightforward approach that the Northern Pool adopted.

25. DECLARATIONS OF INTEREST

There were no new declarations of interest submitted by Members.

26. MINUTES

(a) The Minutes of the proceedings of the meeting of the Pension Fund Advisory Panel held on 14 July 2023 were signed as a correct record.

(b) The Minutes of the proceedings of the meeting of the Pension Fund Management Panel held on 14 July 2023 were noted.

27. 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, 22, 23, 24, 25	**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.**

28. LOCAL PENSIONS BOARD

The Minutes of the proceedings of the meeting of the Local Pensions Board held on 20 July 2023 were received.

Councillor Fairfoull, Chair of the Local Pensions Board, advised that Local Board Members discussed governance arrangements and reviewed the Terms of Reference. He advised that small updates had been made to the Terms of Reference as part of its ongoing review and consideration. He further informed the Panel that a new Pensioner Member Representative, Alan Kniveton, had been recently appointed to the Board and he would be attending his first Board meeting on 28 September 2023.

The Year in Review reports that were issued to the Fund's largest employers were discussed. The reports provided employers with the Fund's view of their performance. The information included within the report compared an employer's performance to its peers. The performance indicators used included the number of iConnect files and payments received on time, whether GMPF had received a copy of their current discretions policy and the number of stage two disputes that GMPF received that were upheld by the referee. The Year in Review document was first produced for the

2021/22 year and was well received. Issuing the reports had become an annual exercise and the number of employers reviewed expanded this year, with reports being issued to 30 employers.

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

The Board 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 20 July 2023 be noted.

29. INVESTMENT MONITORING AND ESG WORKING GROUP

The Minutes of the proceedings of the meeting of the Investment Monitoring and ESG Working Group held on 21 July 2023 were considered.

RECOMMENDED
That the Minutes be received as a correct record.

30. 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 21 July 2023 were considered.

RECOMMENDED
That the Minutes be received as a correct record.

31. POLICY AND DEVELOPMENT WORKING GROUP

The Minutes of the proceedings of the meeting of the Policy and Development Working Group held on 7 September 2023 were considered.

The Chair of the Working Group, Councillor Cooney, advised that UBS attended the Working Group to present their performance review for the period ending 30 June 2023, which the Dashboard item reported on in detail later in the agenda.

The focus of the remainder of the meeting was on the annual performance updates for the various internal portfolios, along with the external property portfolios. This included a presentation from MSCI on the performance of both externally and internally managed property.

RECOMMENDED
That the Minutes be received as a correct record.

32. NORTHERN LGPS JOINT OVERSIGHT COMMITTEE

The Minutes of the proceedings of the meeting of the Northern LGPS Joint Oversight Committee held on 13 April 2023 were received.

RECOMMENDED
That the Minutes of the proceedings of the Northern LGPS Joint Oversight Committee held

on 13 April 2023, be noted.

33. 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.

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

Discussion ensued in respect of the voting alerts issued as detailed in the quarterly engagement report. It was explained that over the quarter, LAPFF issued climate alerts covering over 50 resolutions with half receiving the backing of 20% or more shareholder votes. The scale of support highlighted the support for climate action among responsible investors and delivered a strong message to companies on the need for credible climate action policies and plans.

The Chair thanked the Assistant Director for an interesting presentation.

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

34. PENSIONS ADMINISTRATION AND BENEFITS REVIEW

Consideration was given to a report of the Assistant Director Pensions Administration which provided 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 provided an update on performance and engagement activities carried out in Quarter 1.

It was reported that the administration section had 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 was well placed to meet current and future expected demands. There had also been a significant focus in the last year on ensuring IT and system disaster recovery plans and cyber security plans were robust, to help mitigate against some of the most significant risks.

The report then gave a detailed overview in terms of the following:

- Membership and key statistics;

- Member Services;
- Employer Services;
- Communications and Engagement;
- Developments and Technologies;
- Funding; and
- Risks and Challenges.

In respect of administration, performance and engagement activities, a performance dashboard for Quarter 1 (April to June 2023) was appended to the report.

Members were advised that, overall, levels of casework and performance against turnaround targets remained relatively consistent. Performance levels remained high and work on key projects remained either on track or just with minor lags.

Improvements made to the workflow processes for deferred retirements during the quarter had affected the accuracy of the corresponding target analysis reports. Work to update and amend the reports was in progress and so updated statistics would follow. However, spot checks carried out on sample cases showed there were no concerns regarding performance to highlight.

The fact that members could now complete many processes themselves online through their own My Pension account continued 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 were planned to get underway in the coming months.

There was an increase in complaints during the quarter, which correlated to the increase in communications issued and the increased demand on the Helpline.

All member events continued to be popular and very well received.

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

35. LGPS INVESTMENTS CONSULTATION

The Director of Pensions submitted a report, which summarised developments relating to LGPS investments, including pooling assets across the LGPS, in England and Wales.

It was reported that On 11 July 2023, government launched a formal consultation, a link to the consultation document was provided in the report.

The formal consultation proposals covered five broad areas as follows:

1. Pooling
2. Investment in levelling up
3. Investment in private equity
4. Investment consultancy services
5. Definition of investment

Members were advised that GMPF's Actuary and Investment Consultant, Hymans Robertson, had produced a briefing note, which raised concerns with the proposal within the consultation for pools to expand the scope of services provided to funds.

The consultation drew a distinction between 'pooled assets' and 'assets' under pool management', with definitions to be clarified. There was a target for all liquid assets to 'transition to the pool' by March 2025.

Government would like to see fewer, larger pools and inter-pool collaboration was encouraged.

Government proposed that pools should operate ‘as a single entity’ and the scope of pools was to be expanded such that pools ‘actively advise’ funds.

A number of ideas were proposed with a view to increasing or clarifying reporting to strengthen transparency, with immediate progress to be monitored via fund annual reports.

There was also a proposal to introduce a requirement for a training policy for pensions committees.

In terms of next steps, it was explained that GMPF was developing its consultation response in collaboration with its pooling partners. It appeared that the 2015 focus on infrastructure investments had been replaced by a new focus on levelling up and venture capital, although the government had stopped short of mandating investment in these areas and had provided a broad definition of what constituted a levelling up investment.

A key aspect of the consultation which would be crucial to the ongoing viability of the Northern LGPS model would be in relation to attempts to define what a ‘pooled asset’ was, although there was some recognition of different pooling models in the consultation, and no explicit mention of FCA authorisation (which was included in the 2019 informal consultation). Under the proposals, Northern LGPS would need to adapt its reporting of pooling going forwards.

The GMPF/Northern LGPS consultation response would repeat many of the messages from the response to the 2019 informal consultation. These messages included that the government should focus on delivering successful outcomes; that LGPS funds were diverse and so a ‘one size fits all’ approach was not appropriate for pooling; funds’ fiduciary duty was paramount; and consistent reporting was very difficult to achieve in practice.

RECOMMENDED
That the Director of Pensions be authorised to submit representations to the DLUHC consultation on LGPS investments issued on 11 July 2023, to ensure that GMPF’s stakeholders’ interests and, in turn, that of Northern LGPS, are properly represented.

36. THE GOOD ECONOMY

Consideration was given to a report of the Assistant Director, Local Investments and Property, which presented to Members the external local/impact investment report produced by The Good Economy.

It was explained that the Good Economy (TGE) were a respected Impact Advisor, they were well known to officers, producing Impact Reports for some of the Fund’s Local Investment Fund Managers and also for other LGPS Funds. They participated in producing the 2021 Government White Paper on “Place Based Investment”, which mentioned GMPF as a leading example of a LGPS Fund having an allocation to local investment.

The Good Economy, were directly appointed from the National LGPS Framework for Stewardship Services, to prepare an independent report on the outputs achieved from the Funds Local Investment Portfolios. A copy of their final report was appended to the report.

Sarah Forster of The Good Economy then delivered a presentation of an independent assessment of the place based impact of GMPF’s local investment portfolios. It was reported that as of December 2022 GMPF had committed £1.26bn to Local Investments, amounting to 4.5% of GMPF’s total investing value of £30bn. 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%).

Two-thirds of these investments (67%) were located in Greater Manchester and the North West. GMPVF property investments were all local and regional investments. The Impact Portfolio had a broader geography, 35% of investment is located in Greater Manchester and the North West and 65% invested across the rest of the UK.

GMPF expected its Local Investments to deliver on financial returns commensurate with the main fund. It had set a benchmark of the Retail Price Index (RPI) +4% for the Local Investment portfolio. Many of GMPFs local investments were relatively immature so it was 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 presentation detailed case studies with investment managers and underlying investees. The Good Economy 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.

It was explained that GMPF's investments had helped Greater Manchester deliver on its economic growth objective, but there could be a greater focus on social inclusion. 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.

The Good Economy recommended that GMPF intensify its endeavours to find avenues to augment its investment in Renewable Energy, Social Infrastructure and Social Investment which have had relatively lower allocations. 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. GMPF could also 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.

RECOMMENDED
That the content of the report and presentation be noted, and a public version of the report be produced for the website.

37. UPDATE ON GMPF'S APPROACH TO CLIMATE RISK

The Assistant Director of Investments, submitted a report and Charles Percie du Sert and Christine Weimann of Trucost presented before Members and gave an analysis of the Fund's Carbon Footprinting Assessment of its equity and corporate bond holdings.

The report and presentation further provided details of a 'mapping' exercise of the Fund's holdings against analysis undertaken by the Transition Pathway Initiative, a global, asset-owner led initiative, which assessed companies' preparedness for the transition to a low carbon economy.

It was explained that UBS, whose portfolios contributed the most carbon to the Fund's footprint, would present to a future meeting of the Panel with their investment rationale for their carbon intensive holdings.

Discussion ensued and Members sought further information on Carbon Performance – Total Fund Aggregation.

The Chair thanked Mr Percie du Sert and Ms Weimann for a thought provoking presentation.

RECOMMENDED

(i) That the Fund Managers and UBS be invited to the next meeting of Management/Advisory Panel

(ii) That the content of the report and presentation be noted and it be further noted that the results will form the Fund's annual voluntary carbon reporting.

38. 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 2 2023 Performance Dashboard was summarised. Consensus forecasts for 2023 global GDP growth saw further upwards revisions in Q2, given unexpected resilience in labour markets and consumer spending. Nonetheless, with higher interest rates likely to weigh on consumer and business activity in the second half of 2023 and into 2024, growth forecasts remained relatively weak. Stresses in the banking sector caused financial market sentiment to decline amid concerns around financial stability.

Elevated inventories and weak global goods demand continued to bear down on the manufacturing sector. Meanwhile, consumer spending on services had been strong, supported by both the strength of labour markets and further drawdown from excess pandemic savings, which was now more focussed on services than goods. However, services growth had also started to slow, and June's composite PMI data suggested the recent upturn was easing, particularly in the eurozone.

Headline CPI inflation had continued to fall in the major advanced economies but remained well above central bank targets and core inflation, which excluded volatile energy and food prices, was proving more persistent.

Global equities rose over the quarter; buoyed by better-than-expected earnings and AI-inspired optimism around the technology sector. Meanwhile, bond markets recorded losses as sovereign bonds yields rose (and so prices fell) on the back of expectations of higher-for-longer interest rates being needed to quell persistent inflationary pressures.

Over the quarter total Main Fund assets increased by £3 million to £28.5 billion. On a cumulative basis, over the period since September 1987, GMPF had outperformed the average LGPS, equating to over £4.4 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. Further changes, having been agreed at the July 2023 Panel meeting, would be implemented post Q2 2023.

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 1.7%) versus its benchmark.

The Main Fund underperformed its benchmark over Q1 2023. Relative performance over 1 year was also negative. The Main Fund was ahead of its benchmark over 3, 5 and 10 years and performance since inception remained strong.

Over Q2 2023, 1 year active risk fell back to around the level observed at the end of 2022 having increased in Q1 2023. 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) decreased in Q2 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 2; 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 managers 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 4 years), so at this early stage, no conclusions could be drawn with regard to performance.

RECOMMENDED
That the content of the report be noted.

39. 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 2023/24 business plan was detailed in the report.

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 investment pooling uncertainty; employer flexibilities; McCloud; cyber fraud/attacks; recruitment challenges and website software.

In conjunction with Business Planning, GMPF Officers had also undertaken a review of proposed standing agenda items for the Panel, Working Groups, Local Board and Northern LGPS Joint Committee, which would help deliver the Strategic Objectives via the successful completion of tasks set out in the Business Plan. The draft schedules were provided as an appendix to the report.

RECOMMENDED
(i) That the progress on the current key business plan tasks be noted;
(ii) That the risk register and the controls in place to mitigate each risk, be noted; and
(iii) That the proposed standing agenda items for the Panel, Working Groups, Local Board and Northern LGPS Joint Oversight Committee be noted and agreed.

40. 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:

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

RECOMMENDED

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

41. 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**

42. DATES OF FUTURE MEETINGS

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

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

CHAIR

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GREATER MANCHESTER PENSION FUND
MANAGEMENT PANEL

15 September 2023

Commenced:	**10.00am**	**Terminated:12.30pm**
Present:	**Councillor Cooney (Chair)** **Councillors: Axford (Trafford), Drennan, Fitzpatrick, Grimshaw (Bury), Lane, Martin, Mistry (Bolton), North, O'Neill (Rochdale), Quinn, Rehman (Wigan), Ricci, Sheikh (Manchester), Smart (Stockport), Walters (Salford) and Ward.** **Ms Herbert (MoJ) joined the meeting virtually** **Fund Observers:** **Councillor Taylor (Stockport)**	
Apologies for Absence:	**Councillors Billington, Boyle, Jabbar (Oldham), Jones, Taylor** **John Pantall – Independent Advisor**	

24. CHAIR'S OPENING REMARKS

The Chair, Councillor Cooney, began by explaining that DLUHC had confirmed that implementation of climate reporting obligations would be delayed until at least next year. Presuming regulations were forthcoming in time for 1 April 2024, reports covering the period 1 April 2024 – 31 March 2025 would need to be produced by December 2025.

He went on to inform Members that reporting regulations put climate change and sustainability issues on the trustee agenda and embedded them in governance structures, in many cases, for the first time, although that had not been the case for GMPF, as it had been one of the very first to do so, although a statutory footing and regulations to do so formally, was awaited.

The Task Force on Climate-related Financial Disclosures, known as TCFD reporting, provided a consistent framework to disclose against. It would not, in itself, address the systemic risk posed by climate change. A more forward-looking approach, including transition planning, would be needed. For trustees, the focus must be on informed decision making leading to accelerated action on risk management. Not forgetting the investment opportunities, which must be at the heart of effective transition planning. Decision-useful climate scenarios were a key part of this. It was well understood there were limitations with some elements of data, analytics and modelling. However, the decision usefulness of outputs would improve as industry knowledge and understanding developed.

The Chair further explained that the challenge now was to ensure the models used and the scenario analysis addressed a fuller range of real-world risks and uncertainties. Recent events had shown how climate risks could crystallise, compound with other risks and cascade. There was an urgency to protect savers.

Trustees did not need to be climate experts, but should:

- have an appropriate level of knowledge and understanding of climate issues;
- undertake regular training and ask for additional training if they did not feel comfortable making decisions based on the information provided;
- be able to understand the narratives underlying their climate scenarios, the limitations of those scenarios and the assumptions made in their construction; and
- consider with advisers the use of stress testing and tail risk analysis to complement their climate scenario input to investment strategy decision making.

The Chair was pleased to welcome, for the seventh year, Trucost's report on the Fund's Carbon

Foot printing assessment of its equity and corporate bond holdings, later on the agenda. The report also provided a 'mapping' exercise of the Fund's holdings against analysis undertaken by the Transition Pathway Initiative, a global, asset-owner led initiative which assessed companies preparedness for the transition to a low carbon economy.

Greater Manchester Pension Fund was proud of its local investment into the economy to ensure investment where the majority of employers and members lived and worked. GMPF had been recognised as leaders in the field by successive governments and the Chair was pleased that it was be the first pension fund in the country to attempt to measure the impact of its local investments. The Good Economy, also leaders in their field, were invited to do this. The Good Economy's purpose was to promote the emergence of a Good Economy, one that worked for everyone, both in the United Kingdom and around the world.

The Good Economy helped organisations to define, measure, evaluate, report and verify impact investments that made a positive contribution to sustainable development. Their impact services were designed to meet the growing investor demand and market expectation for greater confidence and credibility in impact creation and were underpinned by three 'i's - intentionality, integration and integrity. The Good Economy would report further on the agenda, as to how the Fund was delivering against its sustainable development beliefs and what could be done better. A public report would also be produced for the website.

The Chair also made reference to GMPF's development of its consultation response in collaboration with its pooling partners, to the Governments recent consultation "Next steps on Investments". There were a number of aspects to the consultation. It appeared that the 2015 focus on infrastructure investments had been replaced by a new focus on levelling up and venture capital, although the government had stopped short of mandating investment in these areas and had provided a broad definition of what constituted a levelling up investment.

A key aspect of the consultation, which would be crucial to the ongoing viability of the Northern LGPS model, would be in relation to attempts to define what a 'pooled asset' was, although there was some recognition of different pooling models in the consultation, and no explicit mention of FCA authorisation (which was included in the 2019 informal consultation). Under the proposals, Northern LGPS would need to adapt its reporting of pooling going forwards.

The GMPF/Northern LGPS consultation response would repeat many of the messages from the response to the 2019 informal consultation. The messages included that the government should focus on:

- delivering successful outcomes;
- that LGPS funds were diverse and so a 'one size fits all' approach was not appropriate for pooling; funds';
- fiduciary duty was paramount, and
- the need to deliver value for money for taxpayers avoiding expensive and unnecessary structures, which, so far, had yet to demonstrate they were better than the simple straightforward approach that the Northern Pool adopted.

25. DECLARATIONS OF INTEREST

There were no new declarations of interest submitted by Members.

26. MINUTES

The Minutes of the proceedings of the meeting of the Pension Fund Advisory Panel held on 14 July 2023 were noted.

The Minutes of the proceedings of the meeting of the Pension Fund Management Panel held on 14

July 2023 were signed as a correct record.

27. 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, 22, 23, 24, 25	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.

28. LOCAL PENSIONS BOARD

The Minutes of the proceedings of the meeting of the Local Pensions Board held on 20 July 2023 were considered.

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

29. INVESTMENT MONITORING AND ESG WORKING GROUP

The Minutes of the proceedings of the meeting of the Investment Monitoring and ESG Working Group held on 21 July 2023 were considered

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

30. 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 21 July 2023 were considered

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

31. POLICY AND DEVELOPMENT WORKING GROUP

The Minutes of the proceedings of the meeting of the Policy and Development Working Group held on 7 September 2023 were considered

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

32. NORTHERN LGPS JOINT OVERSIGHT COMMITTEE

The Minutes of the proceedings of the meeting of the Northern LGPS Joint Oversight Committee held on 13 April 2023 were received.

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

33. 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.

34. PENSIONS ADMINISTRATION AND BENEFITS REVIEW

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.

35. LGPS INVESTMENTS CONSULTATION

A report was submitted by the Director of Pensions.

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

36. THE GOOD ECONOMY

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

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

37. UPDATE ON GMPF'S APPROACH TO CLIMATE RISK

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

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

38. 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.

39. 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.

40. 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.

41. 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**

42. DATES OF FUTURE MEETINGS

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Administration & Employer Funding Viability Wrk Grp	22 Sept 2023 26 Jan 2024 12 April 2024

CHAIR

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GREATER MANCHESTER PENSION FUND - LOCAL PENSIONS BOARD

28 September 2023

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

Present:	**Councillor Fairfoull**	**(Chair) Employer Representative**
	Jack Naylor	**Employer Representative**
	Catherine Lloyd	**Employee Representative**
	Paul Taylor	**Employer Representative**
	Paul Entwistle	**Employer Representative**
	Michael Cullen	**Employer Representative**
	Alan Kniveton	**Employee Representative**

Apologies for Absence **Chris Goodwin and Mark Rayner**

15 DECLARATIONS OF INTEREST

There were no declarations of interest.

16 MINUTES

The minutes of the Local Pensions Board meeting on the 20 July 2023 were approved as a correct record.

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

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

Items	Paragraphs	Justification
5, 6, 7, 9, 10, 11, 12	**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.**

18 PENSIONS ADMINISTRATION AND BENEFITS REVIEW

Consideration was given to a report of the Director of Pensions / Assistant Director for Pensions Administration. The report provided a review of the work that was carried out by the Administrations teams during 2022/23 together with information about the membership of the Fund as of 31 March 2023. The report also provided the Local Board with an update on performance and engagement activities carried out in quarter 1.

Members were provided with a summary of key statistics and information which related to Fund membership and administration work which was appended to the report at appendix 1. It was explained that the administration section had adapted to change over the last twelve months. A review of the structure of the section was undertaken during the year which ensured that the service was well placed to meet current and future expected demands. There was also a significant focus in the last year to ensure that IT and system disaster recovery plans and cyber security plans were robust which helped to mitigate against significant risks.

Members of the Local Board were advised that the total number of pension accounts administered by GMPF had continued to increase and it was reported that 2022/23 had 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 was 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. The next largest group was those who were in receipt of a pension, so members who had claimed their pension and those who were receiving a dependant's pension. It was further reported that most workload statistics had reverted to expected or slightly lower than expected levels after the disruption in 2020/21 and 2021/22 caused by the pandemic and related factors. However, in 2022/23 there was a significant increase in new joiners, probably as several large employers had undertaken automatic re-enrolment. It was explained that this had resulted in the number of contributing members of the Fund increasing overall.

It was further highlighted that 50% of the total contributing members in the Fund were employed by one of the ten Greater Manchester local authorities. 44 per cent belonged to other scheme employers, the majority of these were the National Probation Service and academy schools. Most GMPF employers had less than 99 members in the Scheme. GMPF had taken part in CEM administration benchmarking for four years and it was reported that cost and service scores had remained consistent each year, and GMPF had been shown to be a high service, low-cost administrator when compared with its peer group.

With regard to Member Services, Members of the Board were pleased to hear that the numbers of processes that members could access through their My Pension account had expanded and new functionality had been adopted that improved the experience for those members Structural team changes had been implemented in two sections within Members Services which improved the customer's experience and ensured that teams would be in the best position to deal with expected future workloads that would be generated from McCloud and Pensions Dashboard projects. Discussion ensued with regard to existing pensioner customers use of My Pension and the Members were pleased to hear that there was uptake within this cohort.

It was explained that the support programme for employers had been expanded over the last twelve months and employers were able to access more training and support on a wide range of topics. The Employer Services team worked with the Fund's largest employers and developed their 'Year in Review' report, which provided feedback on how well GMPF believed they were meeting their employing authority responsibilities.

With regard to Communications and Engagement, 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 meant that emails as well as calls would be managed through the system which brought efficiencies and improved oversight. It was reported that the member newsletters issued were very successful and created a lot of engagement. Member events continued to be well attended, and the events programme had been expanded which included new topics.

Members were further advised in relation to Developments & Technologies and it was reported that some of the largest projects that were undertaken during the year were linked to the development of the Fund's IT infrastructure. This work was undertaken alongside several other projects which were aimed to optimise the benefits of using Microsoft 365.

RESOLVED
That the report be noted.

19 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. Members of the Board were advised that the TPR had started a risk review of the Fund and Members were reminded of the importance of considering the breaches log that was attached at appendix 1.

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 was issued, and requirements were 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.

20 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 July 2023 to September 2023, which were approved at the Management Panel on 15 September 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 21 July 2023 and the recommendations made by the Policy and Development Working Group on the 7

September 2023.

At its 15 September 2023 meeting, the GMPF Management Panel approved the recommendations from the various Working Group meetings. The Panel were informed about the latest LGPS pooling consultation. Given the potential to impact GMPF and the Northern LGPS it was deemed that GMPF should submit a consultation response. It was recommended that the Management Panel:

(a) Note the report;
(b) That the Director be authorised to submit representations to the DLUHC consultation on LGPS investments issued 11 July 2023 to ensure that GMPF's stakeholders' interests and in turn that of Northern LGPS are properly represented.

The Panel received a report produced by The Good Economy which analysed the external local and impact investments that GMPF had made. The deployment and performance to date has been satisfactory. Concerns were raised that GMPF did not publicise its activities to stakeholders and potential investment partners. Therefore, stakeholders would be unaware of the positive impact that the Fund provided and restricted the Fund's future opportunities. Further work was deemed necessary which promoted GMPF's beneficial impact on society. It was recommended that the Management Panel:

(a) Note the report;
(b) Agree to a public version of the impact assessment of GMPF's local investments being produced for the website.

Members were advised that the Panel also considered the following reports for noting:
- Business Planning and Risk Management
- Quarterly Update on Responsible Investment Activity
- Update on GMPF's Approach to Climate Risk
- Performance Dashboard
- Pensions Administration Update
- LGPS Update

RESOLVED
That the report be noted.

21 GMPF CYBER SECURITY AND BUSINESS CONTINUITY

Consideration was given to a report of the Director of Pensions / Assistant Director for Pensions Administration. The report provided the Local Board with information about GMPF's management of cyber risk, and the work that has been done to increase cyber resilience. Members were also provided with information about GMPF's arrangements and plans for business continuity.

The Strategic Lead, Developments & Technologies delivered a presentation which detailed the work undertaken by GMPF during 2022/23 financial year and confirmed the key priorities that were set out in the 2023/24 strategy related to cyber security. It was explained that the Pensions Regulator (TPR) expectations had remained the same and the three-stage framework for cyber risk management was detailed:
- Seek – understand and quantify the risk
- Shield – protect the fund and its critical assets
- Solve – be able to react and recover quickly

The Cyber Security Strategy and Cyber Security Policy was provided to Members of the Board at appendix 1 and appendix 2 respectively. It was explained that both documents had been updated and aligned with the new Cyber Security Framework created by the National Cyber Security Centre (NCSC). It was reported that in order to achieve the final stage of the Pension Regulator's framework, a Cyber Security Incident Response Plan was developed and a contract was in place for

Incident Response support. A copy of the plan was attached at appendix 3. To supplement the plan, a First Response procedure was in place which dealt with early detection and reaction to cyber incidents. It was further advised that the GMPF team had worked with an external partner and developed an Incident Response Plan. Alongside this plan, it was explained that a set of cyber playbooks were created for use in the event of an incident. All documentation and plans that related to cyber security were designed to work in conjunction with GMPF's Disaster Recover and Business Continuity Plans and all Tameside MBC's corporate policies.

Throughout the last year the GMPF team had implemented several system controls which increased cyber security resilience. These activities were driven by the recommendations of the audit work and were based on risk levels and several protection mechanisms had been put in place. It was explained that although it was important to implement system controls that blocked cyber attackers from accessing the network, it would not always prevail as people were one of the biggest risk factors when it came to cyber security.

It was reported that officers had completed various tasks over the last two years that had increased the awareness of those who used the GMPF systems and therefore reduced the likelihood of cyber-attacks that succeeded. Members were advised that phishing emails had become more sophisticated and could be very convincing along with the use of Artificial Intelligence (AI). Regular communications which encouraged vigilance, updates on current threat patterns and workforce phishing tests had mitigated these risks. Whilst officers were pleased with the progress made in this area, they were aware that cyber security was an ever-evolving area, and the Fund continues to sought development and improvement to protect GMPF systems and the data held.

Plans for the remainder of the year were discussed and officers planned to work with a specialist partner throughout the remainder of 2023 on this project. Detailed discussion ensued in relation to the presentation, in particular with regards to accreditation and collaboration with other Funds to share knowledge and tools.

The Strategic Lead, Developments and Technologies then delivered a presentation with regard to business continuity and disaster recovery. It was explained that business continuity planning was the responsibility of the Fund Management team and ensured coverage of all the key elements of service delivery and business operations. The GMPF business continuity team reviewed, tested and developed the Business Continuity Plan which was a key priority. The team continued to meet quarterly and discussed plans related to business continuity. The Business Continuity Plan documents were updated following each meeting. A copy of the current plan was appended to the report at appendix 1.

The Business Continuity Plan also defined GMPF's business continuity testing strategy. Testing helped to ensure that plans were kept up to date and new scenarios would be considered. Members of the Board were informed that scenario testing was conducted by the Business Continuity Team quarterly. The scenarios tested usually involved events that would impact the whole Fund rather than specific departments. Localised testing by each department was also recommended and encouraged.

Wide ranging discussion ensued with regards to the presentation and Members were pleased to recognise the business continuity plans which were in place and the training available to staff to access.

The Chair thanked officers for the informative presentation.

22 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 seven key strategic projects set out in the 2022/23 business plan. The seven key strategic projects were explained and summarised to Members of the Board.

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 issues that were being monitored were listed on the 'Current Issues' tab.

Discussion ensued with regard to the resource required in relation to the data validation aspect of McCloud. Members of the Board sought further clarity on the data validation aspect of McCloud as this would be resource intensive. Members of the Board were assured officers continued to work on this and ensure that any missing data would be captured and uploaded effectively.

At the last meeting of the Local Board, risk 35 which concerned data protection was highlighted. It was reported that since then, officers had reviewed the actions that could be taken to reduce the risk rating. An update on the progress made would be provided at the next meeting.

RESOLVED
That the report be noted.

23 LOCAL BOARD GOVERNANCE REPORT FOR EMPLOYERS

Consideration was given to a report of the Director of Pensions / Assistant Director for Pensions Administration. The report provided the Local Board with information about a proposed new Governance report for Employers.

Members were advised that the purpose of the Governance report for Employers is to provide GMPF's employers with the necessary assurance that GMPF's governance arrangements were robust and effective with proper oversight and accountability in place. It would further demonstrate how well GMPF serves its members by including key information about performance, system improvements and available support. The report was intended to be brief but informative, with further detailed information which supported the report be added to the GMPF website.

It was explained that officers from the various administration teams had discussed potential items for inclusion within the Governance report for Employers. The proposed list with brief details in respect of what could be included was outlined to Members of the Board. It was also proposed that the report would be created for the 2023/24 financial year and a timeline for implementation was provided to Members of the Board. Discussion ensued with regards to the report and Members were pleased with the proposal and understood the benefits that the report provided.

RESOLVED
That the report is noted.

24 INTERNAL AUDIT PROGRESS REPORT – SEPTEMBER 2023

Consideration was given to a report of the Interim Head of Audit which provided an update on Internal Audit's work against the Greater Manchester Pension Fund (GMPF) Audit Plan as of September 2023.

It was explained that work had been slower than expected during this period as much of quarter one consisted of finalising 2022/23 reports. Resource issues were experienced within the Assurance team but plans were in place to procure services from a co-sourced partner. It was confirmed that the new permanent Head of Assurance would join in October 2023.

A summary of progress against the plan during this period was appended to the report at appendix 1. There were no specific issues that were highlighted through the work undertaken by Internal

Audit during the period. It was explained that a new system for reporting was being introduced and a system for audit follow up which targeted audit resources to areas of most significant / material risk. A review of previous audits had been undertaken which identified those audit recommendations which remained open. Managers would be asked to confirm the implementation status of their medium priority recommendations and audit would sample test evidence of implementation of highs to establish a baseline position. An update would be given at the next reporting period.

It was further explained that the following progress had been undertaken during the period:

- Implementation of a new terms of reference and reporting format (dashboard system) based on best practice.
- New priority and assurance ratings.
- New approach to follow up.
- Implementation of co-sourced arrangement with STAR procurement planned to be in place for October 2023.
- Start date agreed for new permanent Head of Assurance (23 October 2023).
- Commenced view of Audit Manual and Charter in preparation for external PSIAS assessment.
- Delivered training session to auditors (12 September 2023).

RESOLVED
That the report is noted.

25 URGENT ITEMS

There were no urgent items

CHAIR

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GREATER MANCHESTER PENSION FUND - INVESTMENT MONITORING AND ESG WORKING GROUP

22 September 2023

Commenced: 09:00am **Terminated:** 10:35am

Present:	Councillors North (Chair), Fitzpatrick, Jabbar, Smart, Taylor, Walters and Quinn Mr Caplan Fund Observers: John Pantall and Councillor John Taylor (Stockport)	
In Attendance:	Sandra Stewart	Director of Pensions
	Tom Harrington	Assistant Director of Pensions (Investments)
	Michael Ashworth	Principal Investments Manager
	Kevin Etchells	Senior Investment Manager
	Mushfiqur Rahman	Investments Manager
	Richard Thomas	Investments Manager
	Lorraine Peart	Investments Officer
	Alan MacDougall	PIRC
	Janice Hayward	PIRC
	Tom Powdrill	PIRC
	Conor Constable	PIRC
Apologies for Absence:	Councillors Boyle and Jones Mr Drury and Flatley	

8 DECLARATIONS OF INTEREST

There were no declarations of interest.

9 MINUTES

The minutes of the Investment Monitoring & ESG Working Group meeting on the 22 September 2023 were approved as a correct record.

10 MAIN PROPERTY MANDATE : REPORT AND PRESENTATION BY SCHRODERS

Consideration was given to a presentation of representatives of Schroders which provided an overview on the macro economic and real estate market. The presentation detailed Schroders commitment to ESG, ongoing work into Net Zero Carbon transition and external reporting / validation for ESG performance. Members of the Working Group were also provided with a summary of current portfolio managed by Schroders alongside 12 month performance up to June 2023.

The Head of UK Real Estate Investment for Schroders reported that there had been positive asset management progress and a disciplined investment approach taken since handover, with active management that had resulted in benchmark outperformance. Members were updated with regard to the UK real estate performance and it was expected that capital values would stabilise in early 2024 with retail parks, industrial and alternatives anticipated to lead recovery.

Members were presented with an overview of the GMPF portfolio as at 30 June 2023 and it was reported that the portfolio generally consisted of good-quality assets, with minimal capex requirements. Representatives from Schroders assured Members of the Working Group with regard to a continued pursuit of active management opportunities within the Fund which would drive income growth. Members were further provided with a summary of key events since onboarding.

The Head of Sustainability & Impact, Real Estate at Schroders provided Members with an update on ESG strategy and explained to Members of the Working Group that sustainability was at the heart of investments. It was explained that a full NZC analysis for the Fund would be undertaken and maintaining full EPC coverage was important. Members were advised that Schroders continued to work alongside GMPF which ensured compliance with LGPS requirements. Opportunities to implement processes to enhance portfolio management efficiently would also be explored.

Wide ranging discussion ensued with regards to UK real estate performance and industrial rental growth in relation to office space and retail consumer behaviour. Members were advised that there had been a shift in preferences that had been accelerated by the Covid-19 pandemic which had deepened the disparities in demand between and within related sectors.

The Chair thanked representatives from Schroders for an informative presentation.

RECOMMENDED
That the presentation be noted.

11 RESPONSIBLE INVESTMENT UPDATE

Consideration was given to a presentation of representatives of PIRC with regard to PIRC's recent engagement work which focussed on Tax Transparency, UK Retailers exposure to supply chain risk, High Shareholder Opposition and Freedom of Association/Collective Bargaining.

Members of the Working Group were advised that tax avoidance by companies continued to have a significant impact which was detrimental to public finances and put companies and their investors at risk if policy changed. Representatives of PIRC explained that they continued to request that companies provided public country-by-country reporting (PCbCR) and believed that companies should adopt the GRI Tax Standard, which included (PCbCR). It was reported that during the year, PIRC had held a series of meetings with companies to ask for adoption of the GRI tax standard.

With regard to high shareholder opposition, it was explained that PIRC's engagement with companies that received high opposition continued through the summer and high votes against remuneration was a consistent topic. PIRC further explained that they had concern about the misuse of ESG metrics in pay. It was reported that climate metrics continued to be challenged as PIRC were concerned about the suitability of targets in principle and in practice.

Freedom of Association / Collective Bargaining was also explored as labour issues loomed large in the US. Members were informed that PIRC continued to have engagement with Apple, Starbucks and over US companies over labour rights. It was reported that PIRC had supported all resolutions on Freedom of Association and Collective Bargaining rights during the season and informed Members that an ongoing issue of concern was the use of firms advising on 'union avoidance'. PIRC considered that this was fundamentally incompatible with a commitment to decent work. Detailed discussion ensued with regard to the presentation and in particular the use of climate metrics in remuneration. Members thanked representatives from PIRC for the thought provoking presentation.

RECOMMENDED
That the presentation be noted.

12 URGENT ITEMS

There were no urgent items.

13 DATE OF NEXT MEETING

It was noted that the next meeting of the Investment Monitoring and ESG Working Group was scheduled to take place on Friday 26 January 2023

CHAIR

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

22 September 2023

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

Present: Councillor Fitzpatrick (Chair), Axford, Drennan, Grimshaw, North, Rehman and Ricci

Mr Llewellyn

Fund Observer Cllr John Taylor (Stockport)

In Attendance:

Sandra Stewart	Director of Pensions
Emma Mayall	Assistant Director of Pensions (Pensions Administration)
Paddy Dowdall	Assistant Director, Local Investment and Property
Victoria Plackett	Head of Pensions Administration
Joanne Littlejohn	Employer Services Strategic Lead
Georgia Ryan	Developments & Technologies Strategic Lead
Jane Wood	Member Services Strategic Lead

Apologies for Absence: Councillors Billington, Martin, Ward and Lane

Mr Flatley and Ms Blackburn

9 DECLARATIONS OF INTEREST

There were no declarations of interest.

10 MINUTES

The minutes of the Administration, Employer Funding and Viability Working Group on 21 July 2023 were approved as a correct record.

11 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 worked on by the Administration, Funding and Accountancy teams.

The Assistant Director for Administration detailed the progress on key strategic business plan items. The regulations and guidance on McCloud were still awaited. However, internally, work had progressed on the system amendments and data capture aspects of this project. Data validation work with employers was underway. It was explained that recruitment for a Communications Team Manager with specific responsibility for customer experience was underway. In the meantime, regular weekly and monthly meetings had taken place which focussed on the feedback and statistics from surveys, telephone calls and website usage, and looked at what improvements could be made to the website and online processes.

The new Code of Practice (now to be called the General Code) had not yet been issued by the Pension's Regulator, but it was expected in the autumn. Officers had carried out a gap analysis against the draft code to identify any actions that might be needed to be undertaken in anticipation of the new code being published in the coming months. It was explained that a report on the work undertaken was presented to the GMPF Local Pension Board.

It was reported that the release of the Annual Report and Accounts had been significantly delayed in recent years largely down to issues over the audit of GMPF and its administering authority, Tameside MBC. Officers continued to work hard with the external auditors to resolve problems that had delayed the issue of audit opinions and the publication of GMPF's annual report.

In regard to the Administration Work and Performance, a performance dashboard for quarter 1 (April to June 2023) was provided to Members in Appendix 2. Overall, it was reported that levels of casework and performance against turnaround targets remained relatively consistent. Performance levels remained high and work on key projects remained either on track or just with minor lags.

It was explained that the improvements that had been made to the workflow process for deferred retirements during the quarter had affected the accuracy of the corresponding analysis reports. Work to update and amend these reports was in progress and updated statistics would be provided to Members of the Working Group. Spot checks that were carried out on sample cases had shown that there were no concerns regarding performance.

Members were advised that 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 generated increased levels of member engagement. This was reflected in the call, email, and website statistics, and in the number of members at an event. It was explained that members could complete many processes themselves online through their own My Pension account. This was reflected in the trend of increased registrations and usage statistics, with over 177,000 members registered in total.

It was highlighted that complaints increased during this quarter, which correlated to the increased communications and the increased demand on the Helpline. Members were advised that six complaints were received which ranged from issues accessing or using My Pension and call wait times. However, it was explained that compliments received were from members wanting to acknowledge the good response times and customer service provided by GMPF colleagues.

All member events continued to be popular and very well received. 13 online member events were held in quarter 1 with 629 members in attendance. The most popular events attended were the pre-retirement presentations and sessions for members who wanted to find out how they could top up their benefits.

With regard to employer funding matters, it was explained that a small number of GMPF employers had reviewed their pension provisions. Officers continued to work with these employers and an update would be provided at future meetings.

RECOMMENDED
That the report be noted.

12 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 were used daily to administer the LGPS were based on the SCAPE rate. Officers highlighted that the change to the SCAPE rate had meant that all public sector schemes had suspended nearly all cash equivalent transfer values until factors could be updated to account for the revised SCAPE rate. DLUHC published new factors on 1 June 2023. Officers summarised the impact of the change to the SCAPE rate and explained how that these changes temporarily affected the service delivery to GMPF members.

It was reported that Annual Benefit Statements for contributing members had been produced, with all statements uploaded onto My Pension by the statutory deadline of 31 August 2023. Those who requested either paper communications or an alternative format also received their statement by this date. The annual exercise to issue Pensions Savings Statements for 2022/2023 was underway and was progressing well.

The project to move processes online so that members were able access documents and make decisions using their GMPF My Pension account continued to progress. New workflow was built and tested which ensured the process was fit for purpose. It was reported that this work was behind schedule due to issues found during testing but Members were assured that this was expected to be completed shortly.

Members were advised that the new bulk calculation process for members who leave the Scheme early was implemented in July 2023. Since 1 July 2023, 2,007 leaver notifications had been received through the monthly data submissions that employers send using the iConnect system. Of these, 393 were processed using the bulk calculator. Officers were pleased to report that this was a great efficiency for the Leaving Contributors Team with approximately 20% of leavers that had been processed using this new method. Work to increase this number would continue over the coming months.

In regard to member existence checks, Officers explained the methods used by pensioner members to complete their existence checks to date. It was reported that the process had been improved and members could now complete this check through their My Pension account and Members were pleased to hear that this option had proved to be the most popular option. There were 660 members who had not yet completed their existence check. Each received a reminder on 1 August 2023 and was asked to complete the exercise by 10 September 2023. GMPF would then start to suspend the pensions of those members who had not responded by this date. A further progress update on this work would be provided at the next meeting.

Members of the Working Group were advised that possible deceased members were identified through the National Fraud Initiative (NFI). 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. Officers summarised the notifications on the NFI reports for notifications of death.

In regard to pension overpayment recovery, Appendix 1a provided details of all pension overpayment cases reviewed in quarter 1 where the amounts were deemed as unrecoverable for the Working Group to review and approve. Confirmation of the total pension overpayment amounts attempting to be recovered as of 30 June 2023 were appended to the report at Appendix 1b.

In regard to member feedback, it was reported that four surveys were carried out in quarter 4 and the results were subsequently reviewed by the Complaints and Issues Board. Details of the surveys and responses received from these members were provided to Members in appendices 2a to 2d. All subsequent actions identified were added to a surveys action plan, a copy of which was appended to the report at appendix 2e.

In summary, Members were advised that feedback from members who attempted to download and upload forms to and from their My Pension account showed that many members found this difficult or challenging. Members were assured that the team would continue to look for alternative ways to make processes easier for members wherever possible.

RECOMMENDED
That the report be noted and review the recommendations for the pension overpayment cases detailed in appendix 1 of the report.

13 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.

Members were advised that the Pensions Administration Strategy was a key document that provided clarity on the roles and responsibilities of GMPF and its employers. It was explained that the Pensions Administration Strategy was reviewed and updated annually or more often if required. It was reviewed and updated this quarter and was attached to the report at appendix 1. A small number of revisions had been made to the strategy, which provided further clarity in respect of performance targets as well as enhancements to some of the escalation timescales in place. A list of the amendments that were made to the strategy was provided at appendix 2. No material changes were made to any policies or matters contained in the strategy, so in line with Regulation 59 of the LGPS 2013, a consultation process with employers was not required.

It was reported that there continued to be a steady number of employers who had applied to join GMPF, with 43 admission cases that were progressed over the quarter. Within these, there were seventeen employers who needed 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 looked to convert to academy status. There were currently 51 schools that are 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 3. GMPF had admitted 15 employers since the last Working Group meeting, three of which had backdated effective dates prior to 1 April 2022. A review of the admissions procedure was undertaken and new processes were introduced. As part of the review, expected timescales for each stage of the admission process had been determined and strict escalation procedures were imposed where necessary.

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 remained consistent with 80% of employers meeting the deadline in June 2023. Officers had undertaken an exercise that identified employers that regularly submit their iConnect returns late and a notice of non-compliance was issued to these employers. The notice outlined the employer's responsibilities as stated in the Pension Administration Strategy and GMPF's ability to issue financial penalties to employers who failed to achieve the required standards. This exercise was a collaborative piece of work with the Pension Fund Accountancy team and included the late payment of pension contributions. Further details in respect of this work would be provided at the next meeting. The table in section 1 of the attached appendix 4 showed local authority monthly data submission performance from July 2022 to June 2023.

As reported at the last meeting, various tasks were undertaken to check data quality as part of year end work and approximately 6000 member data queries were raised with employers, where the information provided on their March 2023 submission did not look correct or was significantly higher or lower than previous years. Responses were received from all employers and the Employer Data team had amended the member data where necessary. This work had resulted in Annual Benefit Statements being issued to all members significantly in advance of the required statutory deadline of the 31 August 2023.

Officers from the Employer Data team continued to work to improve the processes for collecting and reconciling monthly payments. A payment and data reconciliation exercise was undertaken which determined the percentage of employers where the information provided on their iConnect file reconciled to the contribution payment made. Initial findings indicated this percentage to be approximately 81%. Further work was therefore required to understand why figures did not reconcile for the remaining 19% of employers. Further information in respect of this project would be brought to future meetings.

In regard to data collection for McCloud, it was reported that the Government was expected to issue amendments in the autumn which removed discrimination that was introduced into the regulations in 2014, known as the McCloud remedy. To facilitate this, all LGPS funds were required to verify that they held correct data for the members affected. It was reported at the last meeting that the data collection and verification process had been paused due to an issue with the data extract and that a resolution was being worked on in collaboration with the software provider. Officers were pleased to report that this issue had been rectified, and the project team had begun to create new data files. As part of the process, the Employer Services team in conjunction with the Systems Development team looked to deliver some McCloud information sessions for employers. These sessions provided background information about the McCloud remedy and explained what is required from employers. These sessions were offered to employers when their data extract was sent to them.

Members were advised 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 had. An update in respect of the McCloud project was also provided at these employer meetings. GMPF continued to issue a survey to employers each quarter, which covered a variety of topics to enable satisfaction to be measured. The latest survey gained employers views on the iConnect system. The results of the survey had been analysed and a summary of the online survey results was attached at appendix 5a, and the CSV results were attached at appendix 5b. It was reported that an action plan was in the process of being drawn up which addressed any areas for improvement raised within the survey.

It was reported that the Employer Liaison team held a focus group in August 2023 for employers to discuss the Year in Review exercise. The focus group was facilitated by officers from the Employer Liaison team and representatives from the Employer Data team were also in attendance. The focus group was attended by ten employer representatives. The focus group was well received, and employers actively engaged in discussion. It resulted in good practice and standard documentation shared between employers. The next focus group was scheduled for 4 September 2023.

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 804 employer representatives had attended one or more of our training events since the training events programme began. Pensions tax training for employers had been made available from July 2023 and was attended by 44 employer representatives. The review of the current training provision was underway and Members were assured that GMPF offered bespoke sessions to employers who had experienced difficulties or required further information in a specific area.

Members were advised that the Year in Review focus group has been particularly successful and well received by employers. This facilitated interesting discussion between employers and the sharing of good practice. This idea would be further developed to include other focus group topics, such as on iConnect. Officers were pleased to report that all employers were able to use the iConnect system for submitting their contribution data monthly. Achieving this had been hugely successful, however the challenge now for the Employer Data team was to improve and streamline the processes to make the submission process more efficient and to enhance the employer experience. Several system improvements had recently been made to the iConnect System that needed to be tested and implemented.

RECOMMENDED
That the report be noted.

14 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 June 2023 on page 1, with other statistics for quarter 1 (April to June 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 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 were embedded.

The GMPF Complaints and Issues Board met each month and reviewed all complaints, suggestions, compliments, and disputes received. Dashboards that contained feedback and further actions for April, May and June 2023 were provided in Appendix 2. In this three-month period, there were ten compliments and 29 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, call wait times and the overseas pensioner verification process.

Members of the Working Group were advised that member registrations for My Pension increased steadily each month. Current statistics on the number of members signed up to My Pension and the number of members who have opted for paper communications was included in the dashboard in appendix 3.

In regard to website updates, information about the 2023 Annual Benefit Statements were added to the GMPF website with several frequently asked questions covered. The overseas pensioner verification section of the website had been updated and ensured that the process was explained clearly. The layout of the webpage had also been revised and additional information had been added, which provided more detail to members about how to complete the verification process.

Members were advised that pensioner member newsletters were issued throughout April 2023. The newsletter included a notification that P60s were available to view online. Benefit on hold members received their Annual Benefit Statement throughout May 2023. Members were notified about their statement in a newsletter, which included articles on how to avoid pension scams. The newsletter had been sent to 53,107 members by email and to 2,166 members by post.

It was explained that several improvements had been implemented to help the Customer Services team deal with high call and email volumes. Improvements to the telephony software and team training was going well and a new Customer Services Officer had been recruited. Changes were made to several processes which ensured that members received additional progress update emails at certain steps, which improved the customer experience and reducing calls. Details of further improvements would be included in future Working Group reports.

RECOMMENDED
That the report be noted.

15 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 worked on two projects to develop IT hardware and software. Following completion of an appropriate design for the audio-visual solution for the conference room, an invitation to tender had been published to seek bids from suppliers interested in the supply, installation and maintenance of the required equipment. Interested suppliers needed to submit their bids by mid-September. It was expected that the installation work would be completed before the end of the calendar year.

The Working Group were asked to refer to the Cyber Security Policy document and Cyber Security Strategy document included in appendix 2 and 3 of the report. The Strategic Lead for Developments and Technologies then presented before Members of the Working Group with regards to cyber security and data loss prevention. It was reported that GMPF continued to monitor all attempted cyber-attacks. Statistics for quarter 1 (April to June 2023) and other cyber related updates were appended to the report at appendix 1. It was explained that a significant amount of work had been done to increase the cyber resilience of the Fund and to satisfy the requirements of the Pension Regulator.

Members were advised that a cyber-security audit was conducted in August 2021 by Salford Internal Audit Services on behalf of the Tameside MBC's Internal Audit team. This exercise and the continued work of officers since it was undertaken, had assisted GMPF with understanding and quantifying the risks. Several protection mechanisms had been put in place and a programme of work which increased cyber risk awareness among colleagues was undertaken. Regular communications which encouraged vigilance, updates on current threat patterns and workforce phishing tests were all been put in place. While officers were pleased with the progress made in this area, they were aware that cyber security was an ever-changing and ever-evolving risk, and the Fund continually sought development and improvement to protect GMPF systems and the data it held. Members were pleased to hear the stringent measures put in place with regards to monitoring cyber security risks.

It was explained that business continuity planning was the responsibility of the Fund Management team and ensured coverage of all the key elements of service delivery and business operations. The GMPF business continuity team reviewed, tested and developed the Business Continuity Plan which was a key priority. The team continued to meet quarterly and discussed plans and carried out work related to business continuity.

In regard to system upgrades and developments, the CLASS Testing Working Party began in July 2023 and GMPF participated in this work. The release was expected to be delivered into the live service in September 2023. The System Developments team had worked with colleagues from Member Services and developed the online process for contributing members who were retiring. This work had taken longer than anticipated due to some functionality issues experienced during testing which delayed the project. However, these issues had now been resolved and the new functionality should be available for members to use in late August/early September 2023.

Members were advised that the Systems Development team was responsible for leading GMPF's McCloud project, and for coordinating all tasks that needed to be undertaken. It was reported in July 2023 that an issue with the data extract had been discovered, and a resolution was being worked on in collaboration with the software provider. This issue was rectified and the data files would be sent to employers in batches during August and September 2023. It was explained that once the data files with amendments were received back from employers, the project team would carry out validation and reasonableness checks, before updating the Pensions Administration system. Once a member's pension record had been updated, it was ready for the bulk calculation process to identify if that member met the conditions required under the McCloud ruling.

On compliance activities, it was explained that the Complaints and Issues Board continued to meet each month and reviewed formal complaints received. Between April and June 2023, one formal Stage 1 dispute and three formal Stage two disputes were received. Officers provided Members with a summary of these disputes. Officers reported that a new team had been created within the System Compliance section of Developments and Technologies. This team focussed on data protection and GDPR compliance.

The strategy for the Development and Technologies service was updated annually and it contained details of the key projects and work items that were to be undertaken throughout the year. Information about the objectives that had been set for 2023/24 were provided in appendix 4.

RECOMMENDED
That the contents of the report be noted and the Working Group approve the revised policy

and strategy documents included within the appendices.

16 EMPLOYER YEAR IN REVIEW REPORTS – UPDATE

Consideration was given to a report of the Director of Pensions/Assistant Director for Administration. The report provided the Working Group with an update on the annual Employer Year In Review report exercise, carried out by the Employer Services section of Pension Administration.

It was explained that GMPF first produced Year in Review reports for its ten local authority employers in 2021/22. Feedback was obtained, and the reports were well received by the employers. This year, reports were produced for a further twenty employers for the first time. Therefore, all thirty of the Fund's largest employers received a Year in Review report for the year 2022/23. An example of a Year in Report for 2022/23 was appended to the report at appendix 1.

The format of the Year in Review reports was summarised to Members and included details of the information within the report, such as the employer's overall rating, membership statistics and number of retirement estimates completed. A summary section was included in the Year in Review, which highlighted to employers the areas that GMPF believed the employer could improve and gave details of the advice and support that was available to assist them. The section also focussed on the positive elements of the employer's performance.

Members were advised that several performance indicators were selected for inclusion within the Year in Review report. These indicators were chosen as they were deemed to be key indicators that gave an accurate picture of whether an employer had met or exceeded their responsibilities. It was also reported that two 'ways to improve' focus groups were arranged for employers for discussion on performance and good practice. Members were pleased to hear that the focus groups were well received and that employers actively engaged in discussion and shared good practice.

It was explained that the results of the survey and any learning from the focus groups and employer meetings would be analysed and would be included into the process for making improvements to the 2023/24 year in review exercise. GMPF and the employers included within the Year in Review exercise had found the whole process beneficial, as it had improved engagement, formalised the performance reporting and facilitated the sharing of good practice and procedures by opening communication channels between employers. Officers looked to evaluate the feasibility of producing reports for more employers next year.

RECOMMENDED
That the report be noted.

17 GMPF EMPLOYER AGED DEBT AS AT 31 JULY 2023

Consideration was given to a report of the Director of Pensions / Assistant Director of Pensions (Local Investments and Property) which detailed the employer aged debt as at 31 July 2023 and provided a summary of late payment of contributions for the 12 month period to 31 July 2023.

Members were advised that employers were issued invoices in one of four categories, recharge of actuarial work, admission/cessation fees, early retirement strain costs and rechargeable pensions. A breakdown of the outstanding invoiced employer debt by category was appended to the report at appendix 1. It was further reported that the largest component of the outstanding debt at 31 July was in respect of the strain costs associated with member transfer or early retirement of members.

In regard to late payment of employer contributions, it was explained that employer contributions were due monthly, and the requirement was that they needed to be paid to GMPF on or before the first working day of each month. Members were provided with details of the contributions received in that 12 month period analysed by amount due and number of employers in appendix 2 of the report.

It was further reported that the GMPF Accountancy section had worked on a project which ensured that all employers were reminded of their duties in relation to paying their contributions. This involved a monthly internal review meeting where these late paying employers were assessed and given a rating that indicated what follow up action needed to take place.

RECOMMENDED
That the report be noted.

18 PENSIONS DASHBOARD UPDATE

Consideration was given to a report of the Director of Pensions/Assistant Director for Administration. The report provided the Working Group with an update on the Government's Pensions Dashboard project.

Members were advised that the pension dashboard would be online platforms which provided one place for individuals to access pensions information from multiple sources, including access to data about their State Pension. The intention was that an individual would use the dashboard to submit a request to find their pensions information. A 'pension finder service' then would send this 'find request' to all pension schemes. If a pension scheme found a match with this individual, it would confirm this with the dashboard service and, if the individual then requested to view their information, the dashboard would pull the individual's data directly from the pension scheme for them to view.

It was explained that GMPF represented the LGPS in the initial stage of the PDP's project in 2018 and 2019, with colleagues attending workshops that focused on establishing the data that pension schemes held and exploring issues linked to matching criteria. Work undertaken over the last six months had focused on the procurement aspect of the project. GMPF, and all other LGPS funds, would need to procure an ISP provider to connect to the Dashboard ecosystem. Several LGPS funds had agreed to work together to create a new national LGPS procurement framework containing a procurement lot for ISP providers. It was explained that the framework aimed to be live and would available for funds to use early next year.

Members were advised that GMPF officers would therefore be focussed on the procurement element of this project for the next six months. By this time, it was expected that more information would become available from the PDP about the wider project timescales that funds would need to work to.

RECOMMENDED
That the report be noted.

19 URGENT ITEMS

There were no urgent items.

20 DATE OF NEXT MEETING

That the next meeting of the Administration, Employer Funding and Viability Working Group is scheduled to take place on 26 January 2023, be noted.

CHAIR

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GREATER MANCHESTER PENSION FUND - POLICY AND DEVELOPMENT WORKING GROUP

23 November 2023

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

IN ATTENDANCE

Councillor Cooney (Chair)	
Councillor North	
Councillor O'Neill	
Councillor Sheikh	
John Thompson	**UNITE**
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**
Paddy Dowdall	**Assistant Director, Local Investment and Property**
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**
Abdul Bashir	**Investment Manager (Public Markets)**
Mushfiqur Rahman	**Investments Manager (Public Markets)**
Alex Jones	**Investment Officer (Local Investments)**

Apologies for absence: **Councillor Fitzpatrick and Petula Herbert (MoJ)**

31. DECLARATIONS OF INTEREST

There were no declarations of interest.

32. MINUTES

The minutes of the meeting of the Policy and Development Working Group held on the 7 September 2023, were approved as a correct record.

33. REPORT OF THE MANAGER – NINETY ONE

Jonathan Parker and Stephen Lee of Ninety One attended before Members and gave a presentation detailing their performance for the 12 months to 30 September 2023.

Mr Parker began by explaining that, in a challenging period for markets, the portfolio had outperformed the index.

Mr Parker gave details of underperforming and outperforming sectors for the period and outlined notable individual contributors. The key characteristics of the current portfolio against the index were also outlined.

Wide ranging discussion ensued with regard to the content of the presentation and the Advisors made particular reference to the overweighting in Technology stocks including the growth of AI and sought further information in respect of determining how long confidence would remain in those stocks.

The Chair thanked the representatives of Ninety One for their presentation.

RECOMMENDED
That the performance report be noted.

34. REPORT OF THE MANAGER – STONE HARBOR

David Scott, Paul Timlin and Simon Lau of Stone Harbor then attended before Members and gave a presentation detailing their performance up to 30 September 2023.

Mr Scott began by discussing the broad market environment and gave details of portfolio returns over the past 12 months.

Performance analysis to 30 September 2023 was given, including duration, credit beta weighted contributions and security selection. Mr Scott also gave details of portfolio positioning.

Advisors sought information in terms of the macroeconomic view and also discussed the drivers of returns in emerging markets. They further sought clarity on how the portfolio manager would meet the mandate's objective going forward.

The Chair thanked the representatives of Stone Harbor for their presentation.

RECOMMENDED
That the content of the presentation be noted.

35. 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 September 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.

36. DATE OF NEXT MEETING

It was noted that the next meeting of the Policy & Development Working Group was scheduled to take place on Thursday 22 February 2024.

CHAIR

NORTHERN LGPS JOINT OVERSIGHT COMMITTEE

6 July 2023

Commenced: 11:00 **Terminated: 12.00pm**

Present:	**Cllr Gerald P Cooney (Chair)**	**Chair, Greater Manchester Pension Fund**
	Councillor Jacqueline North	**Vice Chair (1st Deputy), GMPF**
	Councillor Andrew Thornton	**Chair, West Yorkshire 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 and Property, GMPF**
	Steven Taylor	**Assistant Director of Pensions, Special Projects, GMPF**
	Neil Cooper	**Head of Pension Investment, GMPF**
	Michael Ashworth	**Principal Investments Manager, GMPF**
	Alex Jones	**Investment Officer, GMPF**
	Owen Thorne	**Merseyside Pension Fund**
	Adil Manzoor	**Merseyside Pension Fund**
	Greg Campbell	**Merseyside Pension Fund**
	Joanne Wilkinson	**Merseyside Pension Fund**
	Leandros Kalisperas	**Chief Investment Officer, WYPF**
	Simon Edwards	**Assistant Director, Alternative Investments, WYPF**
	Colin Standish	**West Yorkshire Pension Fund**
	Robert Hulme	**West Yorkshire Pension Fund**
	Alan McDougal	**PIRC**
	Janice Hayward	**PIRC**
	Tom Powdrill	**PIRC**
	Conor Constable	**PIRC**

Apologies for Absence: **Councillor Julie McManus – Chair, Merseyside Pension Fund**
Councillor Cherry Povall - Deputy Chair, Merseyside Pension Fund

1. DECLARATIONS OF INTEREST

There were no declarations of interest.

2. MINUTES

The Minutes of the meeting of the Northern LGPS Joint Committee held on 13 April 2023 were agreed as a correct record.

3. 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 March 2023 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.

4. 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.

RESOLVED
That the report be noted.

5. 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 & Agreements from the meeting on 6 February 2023 were appended to the report.

The Director of Pensions, GMPF, attended the meeting on 15 May 2023 and provided a verbal update on the principal items on the agenda as follows:

- Code of Transparency Update;
- Sharia Compliance Report;
- RIAG Report; and
- DLUHC Regulatory Update.

RESOLVED
That the report be noted.

6. UPDATE ON RESPONSIBLE INVESTMENT

Consideration was given to a report and presentation of representatives of PIRC, which set out the Q1 2023 Northern LGPS Stewardship Report (attached at Appendix 1 to the report).

Mr Powdrill and Mr Constable presented the Q1 2023 Northern LGPS Stewardship report, which focused on and explored the following issues:

- NLGPS Support for Decent Work;
- Just Transition;
- Decarbonising the Auto Supply Chain; and
- Company Engagements.

They further advised in respect of the PIRC Workforce Data and Voting Project. It was explained that the project aimed to pull together numerous workforce data points and sources of information into one place. The portal provided a summary for each company alongside access to data compared to both universe and sector and data would inform engagement and NLGPS voting recommendations across All-Share constituents. It was also explained how the data was used to engage and vote.

RESOLVED
That the content of the presentation and the Q1 2023 Northern LGPS Stewardship report, be noted.

7. NORTHERN PRIVATE EQUITY POOL – ANNUAL REVIEW OF STRAEGY AND IMPLEMENTATION

A report was submitted and a presentation delivered, by the Assistant Director of Pensions Investments, GMPF, which gave a review of activity, strategy and implementation approach regarding Northern Private Equity Pool.

It was explained that the NPEP portfolio consisted of commitments to private funds targeting investments, made nationally or internationally, in the private equity or related private securities of companies. Commencing from 1 January 2020, the portfolio also included direct co-investment in such securities.

The report and presentation outlined:

- Current approach to investing in Private Equity;

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

A problem-free year from an administrative perspective was reported. Execution had not been flawless, but the quantum and frequency of errors was not a significant concern currently. Officers continued to monitor the performance of the administrator through monthly assessments of KPIs.

Mazars was re-appointed as external auditor, on a three-year contract following a market tender. Tax, legal and investment advice was procured on an ad hoc basis, as required.

The year end audit of both the GP company and the Limited Partnership entities was completed in a timely fashion, with both entities receiving a clean audit opinion. The requisite Partnership and Corporate tax filings were made, in time, by KPMG.

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

8. 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 March 2023 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 with a view to a provider being in place to produce performance numbers for Northern LGPS for the quarter to 30 September 2023.

RESOLVED
That the Directors finalise arrangements for a common performance measurement provider for Northern LGPS before the next meeting of the Joint Committee, such that a provider is in place for reporting periods commencing 30 September 2023.

9. 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. A report from GLIL Executive Committee was with independent advisors of Member Funds for review, before presentation to the Joint Committee.

The GLIL report to investors for the period ending March 2023 was appended to the report. Members were advised that GLIL had entered into an agreement to purchase a significant minority stake in the M6 toll road. Transaction activity in the UK had slowed, however, as both asset owners and potential purchasers digested the meaningful change in the macro-environment and the implications for asset pricing. Officers remained mindful of this change in the macroeconomic environment when evaluating potential investments. Despite this, GLIL maintained a pipeline of exciting investment opportunities at varying stages of due diligence.

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 content of the report be noted.

10. 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 5 October 2023.

CHAIR

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Report To:	**GMPF MANAGEMENT/ADVISORY PANEL**
Date:	1 December 2023
Reporting Officer:	Sandra Stewart, Director of Pensions Paddy Dowdall Assistant Director (Local Investments and Property)
Subject:	**GMPF STATEMENT OF ACCOUNTS AND ANNUAL REPORT 2022-2023**
Report Summary	This report covers the draft annual report and accounts for GMPF including a summary financial report and updates Members with respect to the external audit.
Recommendations:	Members are asked to: (i) Note the update on progress of external audit. (ii) Note the progress on Annual Report
Policy Implications:	None.
Financial Implications: **(Authorised by the Section 151 Officer)**	As the administering authority, Tameside MBC has important responsibilities in relation to the Greater Manchester Pension Fund. As the largest fund in the Local Government Pension Scheme, the Fund also has significant resources it deploys to meet those responsibilities. This paper sets out where the responsibilities lie. The assumptions used for valuing assets will have an impact on the value of assets reported in the accounts. In most circumstances the impact is unlikely to be material.
Legal Implications: **(Authorised by the Solicitor to the Fund)**	The administering authority must produce an annual report and accounts in line with statutory provisions.
Risk Management:	GMPF's accounts are used to provide information to a variety of users and for a variety of purposes. The accuracy of the statements is critical in the determination of employer costs and there are clearly reputational issues relating to the validity of the accounts. The audit process provides reassurance on the integrity of the statements and mitigates against the possibility of material misstatement
ACCESS TO INFORMATION:	**NON-CONFIDENTIAL** **This report does not contain information which warrants its consideration in the absence of the Press or members of the public.**
Background papers:	**APPENDIX 7A** — **GMPF Draft Audit Completion Report** Any enquiries should be directed to Paddy Dowdall, Assistant Director, Local Investment and Property paddy.dowdall@gmpf.org.uk Tel (0161 301 7140)

1. INTRODUCTION

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

2. GMPF DRAFT ACCOUNTS 2022/23

2.1 A draft simplified statement of accounts has been reported previously to Panel. Whilst the audit is not as yet completed the majority of fieldwork is complete and we are not anticipating any changes to the headline number shown underneath and therefore this is highly likely to be the final out-turn.

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

3. UPDATE ON PROGRESS OF EXTERNAL AUDIT

3.1 The tables below show the progress so far with the Audits for 2021 and 2022. The highlights are that 2021 accounts are now fully signed off and the 2022 Audits Finding Report has been signed off by Tameside Audit Panel. This is attached as an appendix to this report.

2021 Accounts

Date	Who	Action
June 2021	GMPF team	Complete Draft Accounts
July 2021	Director of Resources	Approve Draft Accounts
July-August 2021	Mazars	Audit Work
September 2021	Mazars	Issue of AFR
	Mazars, Audit Panel	Finalisation of Audit Opinion and acceptance of Audit Findings
1 August 2023	Mazars, Audit Panel	Final Sign Off within Tameside's Accounts issue of audit opinion

2022 Accounts

Date	Who	Action
June 2022	GMPF team	Complete Draft Accounts
July 2022	Director of Resources	Approve Draft Accounts
July-December 2022	Mazars	Audit Work
November 2023	Mazars	Issue of AFR
21 November 2023	Mazars Audit Panel	Finalisation of Audit Opinion and acceptance of Audit Findings
1 Feb 2024	Mazars, Audit Panel	Final Sign Off within Tameside's Accounts issue of audit opinion

3.2 For the 2023 accounts the progress is shown below:

Date	Who	Action
June 2023	GMPF team	Complete Draft Accounts
July 2023	Director of Resources	Approve Draft Accounts
July -November 2023	Mazars	Audit Work
November 2023	Mazars	Issue of AFR
1 Feb 2024	Mazars, Audit Panel	Finalisation of Audit Opinion and acceptance of Audit Findings
TBC	Mazars, Audit Panel	Final Sign Off within Tameside's Accounts issue of audit opinion

4. ANNUAL REPORT 2023

4.1 The annual report is at the time of writing still being finalised due to late completion of audit. The report will be available for review at

https://www.gmpf.org.uk/getmedia/12bb41f6-4798-43d7-a35a-7fb27e822eee/Annual-Report-2023-draft.pdf

5. RECOMMENDATIONS

5.1 Members are asked to:

(i) Note the update on progress of external audit.
(ii) Note the progress on Annual Report

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

Risk Management :	Increasing net investment returns needs to be delivered without materially increasing Fund's exposure to investment risks. We want everyone to have a pension they can be proud of – one which builds a better world, without compromising on returns.
ACCESS TO INFORMATION :	**NON CONFIDENTIAL** This report does not contain information which warrants its consideration in the absence of the Press or members of the public.
Background Papers :	

APPENDIX 8A	**GMPF's Responsible Investment Partners and Collaborations**

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

1. BACKGROUND

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

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

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

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

2. RESPONSIBLE INVESTMENT ACTIVITY DURING THE QUARTER

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

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

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

2.3 In September, PIRC provided an update to the IMESG Working Group on the work they have carried out on issues such as tax transparency, collective bargaining and workers' rights. Tax avoidance by companies continues to be significant which can have an impact on public finances and put investors at risk. PIRC are continuing to request companies such and Cisco Systems and Microsoft adopt the Global Reporting Initiative which includes public country by country reporting, providing more transparency on tax practices.

2.4 PIRC also continue to engage with Apple and other US companies over labour rights and recommended support of shareholder resolutions on Freedom of Association and Collective Bargaining which GMPF co-filed at Apple. There is ongoing concern around firms advising employees to avoid unions, which is considered incompatible with their commitment to decent work. PIRC have been raising awareness and understanding of International Labour Organisation (ILO) conventions amongst investors to ensure they can hold to account investee companies that are not adhering to their responsibilities.

2.5 In October, UBS organised their annual Trustee training day in Manchester. The day had a strong focus on Stewardship and ESG-related sessions. The training was developed to be useful to all members and included an introduction to Stewardship, and what it means. This included linking Stewardship to GMPF's fiduciary duty, how UBS identify key ESG issues facing companies, their approach to Stewardship and the tools they use to implement their Stewardship activities. They explained how they prioritise engagement activities, the steps they take to escalate engagement, and provided engagement case studies on holdings held to show how engagement works in practice.

2.6 GMPF's specialist equity manager, Ninety One, held a sustainability event at their offices in September. They invited the Director of Investor Strategies, Mahesh Roy, from the IIGCC to talk about how portfolio alignment metrics are evolving and how they can drive net zero ambitions in the real economy. Mahesh outlined the four types of Paris-aligned targets the IIGCC framework uses:

- Portfolio coverage target
- Engagement threshold target
- Portfolio decarbonisation target
- Climate solutions target

2.7 Mahesh also reiterated that the extensive focus the industry places on carbon footprints and emissions reductions leads to many decarbonised portfolios, but not necessarily to positive climate impact. There were also sessions on sovereign exposure, net-zero alignment and ways in which asset owners can support investing in emerging markets.

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

2.8 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 here: https://votingdisclosure.pirc.co.uk/?cl=Uyc0NScKLg==&pg=1

2.9 GMPF considers voting rights as one of the levers at its disposal to carry out its stewardship activities. The Fund votes in line with its voting policy for its actively managed equities via PIRC. For GMPF's passively managed equities, the assets are pooled with other asset owners which leaves LGIM with control over voting. Voting in a pooled way provides GMPF the benefit of scale when voting. Additionally, GMPF can ask LGIM to vote in certain way if and when it feels the need to. For a number of years GMPF and other asset owners have pushed passive managers to develop the technology to allow for asset owners to vote on their share of the pooled assets.

2.10 Currently, the "Big Three" fund managers (BlackRock, Vanguard and State Street) cast about 23.5% of the votes at companies listed on the S&P 500. Experts also predict that the Big Three's influence will rise to 40.8% by the mid-2030s if current trends continue, making them the most powerful actors in the corporate governance world. Even today, ShareAction's 2022 Voting Matters Survey found that 49 additional resolutions would have received majority support if BlackRock, Vanguard, and State Street Global Advisors had voted in favour of them.

2.11 In November, PIRC organised a webinar on "Pass Through Voting", which enables pooled fund investors to vote their shares in proportion to the value of their investment within a fund and give them flexibility to engage in voting. LGIM, BlackRock and other major asset managers have introduced various options for clients that are seeing more asset owners enfranchised. Asset owners gave their perspective on why they want to apply their voting policies and Tumelo, a provider of technology which facilitates pass through voting, demonstrated their technological capabilities. PIRC also provided an overview of market demand, regulatory developments and governance issues that are driving the uptake of Pass Through Voting.

2.12 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-q3-2023.pdf

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

2.13 Financial institutions play a key role in society, allowing businesses and individuals to access essential economic opportunities through a range of financial products and services, including credit and loan services, savings accounts, and investment management. Financial institutions have the responsibility to ensure that their business operations do not have adverse impacts on communities of colour and Indigenous people.

2.14 An estimated 2% of Canadians are unbanked, while 15-25% are underbanked. Unbanking and underbanking have a disproportionate effect on Indigenous peoples. The Financial Consumer Agency of Canada found that racialized or Indigenous bank customers are subjected to discriminatory practices, were more likely than other customers to be recommended inappropriate products, were not presented information in a clear and simple manner and were offered optional products such as overdraft protection and balance protection insurance.

2.15 In recent years, Royal Bank of Canada (RBC) has been subject to negative media coverage regarding discrimination against customers and employees. In January 2023, the U.S. Justice Department announced a US$31 million settlement with RBC subsidiary City National Bank over allegations of lending discrimination in Los Angeles. In November, GMPF co-filed a shareholder resolution at RBC requesting the bank conducts and publishes a third-party audit analysing RBC's adverse impacts on communities of colour and indigenous people. As part of ongoing engagement, the group of investors, led by British Columbia General Employees Union, has met with RBC in order to resolve this issue without the need for a vote at RBC's 2024 AGM.

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

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

2.17 LAPFF, as a representative of 87 LGPS funds, supported a letter to companies in high emitting sectors setting out their expectations for shareholder votes on climate transition plans ahead of next year's AGM season. Investors have for several years called on companies to provide such votes to enhance transparency and accountability given the substantial climate-related financial risks. While encouraging companies to provide a climate transition plan vote, the letter, signed by 18 investors representing £1.8 trillion AUM, urges those who are not mandated do so by stating: "Having such a vote will enable shareholders in the first instance to express their view on transition plans through a specific resolution rather than immediately voting against the chair or another board member." The letter focuses on companies within sectors considered to face heightened climate risks, whose actions are essential to the accelerated action required to meet the Paris goals and where the risks we face as investors are substantial. The letter can be accessed via the link here.
https://lapfforum.org/wp-content/uploads/2023/10/Climate-transition-plan-vote-letter.pdf

2.18 LAPFF supported a letter from the CEOs of IIGCC, PRI and UKSIF to UK Prime Minister Rishi Sunak focused on the importance of an enabling policy environment to create the conditions for investors to be able to make long-term investment and asset allocation decisions. The letter, supported by 32 investors and financial institutions, argues that delaying key targets and lowering the ambition of existing government policies would be 'misguided'. The letter acknowledges that while the government announcement included some positive policies, like the commitments to provide greater levels of financial support under the Boiler Upgrade Scheme and plans to speed up and enhance grid connectivity. Overall, the delay to key targets and lowering of ambition on existing government policies risks the UK missing out on investment to other regions and nations that are taking a more consistent, long-term approach. The letter can be accessed using the link here: https://139838633.fs1.hubspotusercontent-eu1.net/hubfs/139838633/2023%20resource%20uploads/Letter%20to%20UK%20PM.pdf

2.19 LAPFF responded to the UN Working Group on Business and Human Rights Consultation on Investors, ESG, and Human Rights. LAPFF called for ESG approaches to be used to re-think business cultures and strategies as opportunities to further efficiency and sustainability. LAPFF also discussed the inadequacy of existing regulations in ensuring that investors receive substantial ESG disclosures from companies, outlined the need for states to align corporate law and human rights to better advance human rights-compatible incentives and policies for investors, and reiterated its experience that investors can gain leverage through collaborative initiatives. The response can be viewed using the link below. https://lapfforum.org/wp-content/uploads/2023/10/2010-Consultation-Response-final-1.pdf

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

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

2.21 Climate Action 100+ has released its latest round of company assessments against its newly updated Net Zero Company Benchmark. This enhanced benchmark has assessed focus companies on their net zero transition plans, drawing on distinct analytical methodologies and datasets from public and self-disclosed data from companies. Overall results show a growing number of companies are progressing ambition on long-term targets, yet the majority of companies lack detailed plans of action. Driven by engagement from Climate Action 100+ investor signatories, key results show that:

- More focus companies are disclosing details on their net zero transition plans (up from 52% to 59% since October 2022). Yet a quantification of individual decarbonisation levers is lacking – specifically on actions to achieve their GHG reduction goals and disclosures on the use of offsets and abatement technologies
- Companies are making steady progress on long-term and medium-term target setting. However, most of these targets are not sufficiently comprehensive or Paris Agreement aligned, with only 37% of long-term and 33% of medium-targets covering material Scope 3 emissions
- New climate solutions disclosures show positive potential. Approximately a third of focus companies disclose how much they invested in climate solutions in the past year, with 32% specifying the value of CapEx they plan to allocate to these in the future

2.22 A summary of results can be found using the link below. https://www.climateaction100.org/net-zero-company-benchmark/findings/

2.23 GMPF has a long history of investing locally and currently has a 5% allocation to local investments. The Greater Manchester Property Venture Fund was established over 30 years ago with the twin aims of achieving a commercial return and a beneficial economic, social or environmental impact in the local area. The Impact portfolio was set up 10 years ago to meet the same twin aims with the impact aims based around people and place. These include:

- Targeting underserved markets
- Promoting health and wellbeing
- Supporting improvement in education and skills
- Supporting sustainable living
- Renewable energy generation
- Job creation/safeguarding

2.24 While financial returns can be measured relatively easily, the positive impact that has been achieved can be a little more difficult to measure. The Good Economy are a respected Impact Advisor, producing Impact Reports for some of GMPF's Local Investment Fund Managers and other LGPS Funds. GMPF commissioned The Good Economy to prepare an independent report to assist in measuring the impact that has been achieved from the Local Investment Portfolios. The report concludes 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 was presented to the Management Panel in September and a link to the full report is here on GMPF's website: https://www.gmpf.org.uk/about/News/The-Good-Economy

2.25 GMPF is a member of Pensions for Purpose via the Northern LGPS which held a place-based impact investing webinar in November. GMPF was invited to share its experience and knowledge on impact investing with a local dimension and review the assessment of the Good Economy's Impact report. The webinar was recorded and is publicly available and can be accessed with the link here: https://www.youtube.com/watch?v=0XbtqJICrQw

2.26 In October, the IIGCC wrote to the COP28 President to present the investor perspective on climate negotiations and to urge ambitious climate action at COP28 in Dubai. IIGCC has over 400 members across 27 countries, representing more than €65 trillion in assets. The organisation brings the investment community together to work towards a net zero and climate resilient future. The letter highlights that investors are uniquely placed to support the climate transition, although their ability to do so is in part predicated on there being a supportive and conducive political and regulatory environment. The open letter highlights three key areas of focus:

- Phasing out fossil fuels and speeding up global decarbonisation efforts
- Building resilience and reducing vulnerability
- Scaling up, accelerating and aligning finance for climate action

2.28 The letter can be accessed using the link below.
https://139838633.fs1.hubspotusercontent-eu1.net/hubfs/139838633/2023%20resource%20uploads/IIGCC%20letter%20to%20COP28%20President%20Designate%20(corrected).pdf

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

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

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

3. RECOMMENDATION

3.1 As per the front of the report.

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Report To:	**PENSION FUND MANAGEMENT/ADVISORY PANEL**
Date:	1 December 2023
Reporting Officer:	Sandra Stewart – Director of Pensions Emma Mayall – Assistant Director for Administration
Subject:	**PENSIONS ADMINISTRATION UPDATE**
Report Summary:	This report provides an update on the following key items: - Performance and engagement activities - Compliance activities - Employer funding activities - Key projects updates
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 15A** – **Q2 Performance Dashboard**

APPENDIX 15A	**Q2 Performance Dashboard**

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 Each LGPS administering authority has a legal responsibility to manage and maintain their LGPS fund. This role is referred to as the scheme manager in the Public Sector Pensions Act 2013. Although these legal responsibilities lie with the organisation as a whole, they are usually delegated to committees, subcommittees and/or senior officers. The local pension board has a legal responsibility to assist the scheme manager in securing compliance with its obligations, many of which focus on efficient and effective administration.

1.2 Consequently, senior officers, committee and board members have a collective responsibility for the proper governance of a fund, including administration and communication matters. Key responsibilities include ensuring that:

- Legal and statutory duties are being met
- Breaches of the law and errors are recorded, monitored, and remedied, with the correct actions being taken
- Workloads are being monitored and adequate resources are in place to manage them
- Internal performance targets are being met and are being regularly monitored
- Data is being managed effectively and in line with data protection requirements
- Employers are being supported and their performance is being monitored and managed effectively
- Business plan items are being delivered and risks are being managed effectively

1.3 For GMPF, the Administration and Employer Funding Viability Working Group is the subcommittee that focuses on ensuring the Fund is meeting its responsibilities regarding administration and communication matters.

1.4 This report provides the Management Panel with a summary of some of the key items of work relating to the above responsibilities, covering:

- Performance and engagement activities
- Compliance activities
- Key project updates

2. ADMINISTRATION PERFORMANCE AND ENGAGEMENT ACTIVITIES

2.1 A performance dashboard for quarter 2 (July to September 2023) can be found at **Appendix A**.

2.2 Overall, levels of casework and performance against turnaround targets remain relatively consistent. Performance levels in almost all areas remain high and work on projects that support improving the service provided to members has continued. The number of recalculations required due to backdated pay awards had impacted on some internal target achievement rates, however performance measured against statutory targets remains consistency high.

2.3 The main area that experienced a change to expected workloads during this quarter was pension transfers, due to transfer calculations having to be put on hold while new factors were produced by GAD, causing a disruption to normal workloads. In addition, this quarter saw the production and issue of annual benefit statements, pension saving statements and overseas pensioner member existence checks, plus the expected increase in retirements at 31 August.

2.4 The team continued to focus on making improvements to the workflows and processes to improve the customer experience, with the online retirement processes being the main one of these. Work on several other projects progressed well during the quarter, particularly the work on the issue of annual benefit statements and pension saving statements, which were all issued before the statutory deadlines.

2.5 My Pension registration figures continue to increase, with over 182,000 members now registered to access their online account. As expected, visits to the My Pension pages on Annual Benefit Statements and the calculator increased during the quarter due to correspondence being issued letting members know that their statement was available to view on their My Pension account.

2.6 There was a slight increase in the number of complaints received compared to the previous quarter, with 28 complaints having been received. Six related to the overseas existence check process, but almost all were for different reasons and there were no trends or key issues identified. All complaints, compliments and suggestions are reviewed monthly by the Director of Pensions and other members of the Complaints and Issues Board.

2.7 Member events continue to be popular and very well received. Eight member events were held in quarter 2 with 729 members attending. The events programme included LGPS overview presentations, pre-retirement presentations and sessions for members about annual benefits statement and ways to top up your benefits. Twenty-one employer events were also held with 179 attendees. The most popular events were those held to cover McCloud, employer focus groups, plus ones on pensionable pay and retirements and leavers.

3. COMPLIANCE ACTIVITIES

3.1 Employer performance issues continue to be monitored closely each month. The monthly data statistics for the quarter showed that most employers are continuing to submit their monthly data returns on time. Work to encourage further improvements continues.

3.2 Regular support meetings are also continuing with those employers who have unresolved issues highlighted in a recent audit report, with the aim of ensuring these are rectified as soon as possible. Quarterly meetings are also held with all larger employers to ensure regular communication is maintained and that GMPF are made aware of any employer issues at an early stage.

3.3 All customer feedback received is logged in the TMBC iCasework monitoring system, which enables detailed management information to be obtained about all complaints, compliments and suggestions being received. The Complaints and Issues Board continues to meet monthly to consider all items logged, and all learning points are passed back to the relevant team. Regarding formal disputes received over the quarter, there were no stage one formal disputes but two stage two formal disputes were received. Both appeals related to employer decisions linked to ill health benefits.

4. EMPLOYER FUNDING ACTIVITIES

4.1 As mentioned at previous meetings and in the separate Employer Exit Credit Determinations report on the agenda, a small number of GMPF employers have recently been reviewing their pension provisions. Following these reviews, a small number of employers have terminated their admission agreements and exited GMPF.

4.2 Officers worked closely with the exiting employers and their advisors to assist them in determining whether an exit was financially viable. GMPF officers also provided support with employee consultation processes, in terms of providing accurate and relevant information to the affected members so that they were better informed when making decisions regarding their pension.

4.3 There is one employer that has terminated their admission agreement with GMPF and where a surplus was reflected in the employer's sub-fund at the termination date. Officers are continuing to work with the Fund's actuary and legal advisors on this case to determine whether an exit credit payment is due to the employer.

4.4 At the last Management Panel meeting, it was reported that First Group were reviewing their pension provision. The report to the Management Panel confirmed that First Group were looking to terminate their admission agreement with GMPF and exploring ways in which they could mitigate the risk of an exit payment arising, which would prevent them proceeding with the termination.

4.5 Following a consultation with staff, First Group terminated their admission agreement with GMPF with effect from 31 October 2023. All GMPF members became deferred members and were offered membership of an alternative pension scheme.

4.6 Prior to the termination, officers had obtained an estimate of the assets and liabilities associated with First Group which indicated that First Groups sub-fund reflected a surplus. As this was only an estimate of the position prior to termination, which was subject to change, First Group approached GMPF to discuss ways in which they could mitigate the risk of an exit payment being due to GMPF.

4.7 After discussing this with the Fund's actuary and assessing the risk of First Groups sub-fund moving to a deficit position, GMPF entered into an agreement with First Group which stipulated that irrespective of the funding position at the termination date, a zero-exit position would be the final outcome. This meant that in the event of a surplus being calculated upon exit, GMPF would not be required to pay an exit credit to First Group. Similarly, should First Groups sub-fund be in a deficit position, First Group would not be required to pay a deficit payment to GMPF.

4.8 At the termination date, First Groups sub-fund was in a surplus position, but GMPF were not required to make an assessment of the case or pay an exit credit due to the agreement in place.

4.9 While First Group have now exited GMPF, further work is to be done to ensure that the assets associated with First Group are invested in a way which will match the liability profile and ensure there are sufficient funds to pay all of the pension benefits that are or will become due to GMPF members.

4.10 As detailed in the LGPS Update report, Scottish LGPS funds were required to undertake their triennial actuarial valuations as of 31 March 2023, a year later than LGPS funds in England and Wales.

4.11 Hymans Robertson have produced a high-level summary of trends they are seeing from the currently ongoing Scottish LGPS actuarial valuations. Early indications are that funds are seeing around a 50% increase in their overall funding levels with some funds substantially decreasing employer contribution rates. It is possible that these positive valuation outcomes in Scotland could lead some employers to request interim valuations in England and Wales.

4.12 GMPF is working with the Fund's actuary to understand the options for and implications of considering interim valuations, should any GMPF employers approach us regarding this matter.

5. OTHER KEY PROJECTS AND WORK AREAS

5.1 Work relating to the McCloud project has been one of the main work areas being focussed on, and this work will continue over the coming months.

5.2 Work on the roll out of the new staff development software began in in quarter 2 and work to deploy all the basic functionality will continue over the coming months.

5.3 Progress continues to be made on several IT projects related projects. These include the migration programme for files to be transferred to Microsoft, work linked to cyber security and the installation of new audio-visual equipment in office meeting rooms. One of the main projects has been to transfer the GMPF website to a new platform and to make some functionality improvements, all of which is on track.

6. RECOMMENDATION

6.1 It is recommended that the Panel notes the report.

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Report To:	**PENSION FUND MANAGEMENT/ADVISORY PANEL**
Date:	1 December 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 note the report and consider 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:

- Scheme Advisory Board Guidance on Academy Conversion
- Inflation figures for September 2023
- The Pensions Regulator Review
- Scottish LGPS Valuations
- Expansion of Automatic Enrolment
- MAPS Pensions Dashboard update

2. SCHEME ADVISORY BOARD GUIDANCE ON ACADEMY CONVERSION

2.1 On 19 October, the Scheme Advisory Board (SAB) published guidance on actuarial approaches adopted by LGPS funds when allocating assets to a local authority school on conversion to academy status.

2.2 When a school is part of a local authority, its members and assets are not normally tracked separately by funds. That means it is not possible to identify the specific deferred and pensioner liabilities that are associated with the school. Therefore, the fund's actuary must make an apportionment of assets and liabilities between the academy and the LA.

2.3 Funds have often differed in their approaches to this issue. The guidance analyses common approaches adopted and the implications arising from each one.

3. INFLATION FIGURES FOR SEPTEMBER 2023

3.1 Inflation figures for the period covering September 2022 to September 2023 were published by the Office for National Statistics (ONS) in October 2023. In the year to September 2023, the rate of inflation, as per the Consumer Prices Index (CPI), was found to be 6.7%.

3.2 September CPI is usually the basis for the annual revaluation, earnings threshold and pensions increase due to apply the following April within the LGPS. Therefore, pensions are expected to increase by 6.7% in April 2024, unless Government deviates from the usual approach. The Pensions Increase Order, which sets out the increase applicable to public service pensions, is usually announced by HM Treasury in February with the increase applying from the first Monday in the new tax year.

3.3 As a reminder, LGPS pensions increased by 10.1% this past April, in line with the September 2022 CPI figure.

4. THE PENSIONS REGULATOR REVIEW

4.1 The Department for Work and Pensions (DWP) conducted a review into the Pensions Regulator (TPR). The review assessed whether TPR remains fit for purpose, and whether it is still required as a public body. It found that TPR is broadly well-run and well-regarded within its industry.

4.2 TPR was last reviewed in 2019. In the 2023 review it was found that all the previous recommendations made in 2019 have since been implemented or made business as usual. This latest review focused on four key areas:

- Governance
- Accountability

- Efficacy
- Efficiency

4.3 The report made 17 recommendations for the improvement of TPR. The most significant recommendations have been listed below:
- TPR's statutory objective to minimise calls on the Pension Protection Fund (PPF) may drive it to be overly risk averse, particularly given the PPF’s strong funding position. With the advent of the Defined Benefit funding code, TPR should be better informed to understand which schemes are taking too much risk and which could take more if they wanted.
- There is a case for considering regulation of pension administrators, who are currently outside TPR’s remit, and the authorisation of professional trustees.
- DWP should consider delegating day-to-day regulatory powers to TPR. DWP and TPR should jointly produce an options paper to include analysis of what areas of rulemaking could be delegated to TPR.
- TPR’s governance panels have no formal way to draw on pensions industry expertise and could benefit from having access to a group of senior staff recruited for this purpose.

5. SCOTTISH LGPS VALUATIONS

5.1 Administering Authorities in England and Wales undertook their actuarial valuation last year as of 31 March 2022. In Scotland, actuarial valuations are undertaken the following year. Currently Scottish LGPS Funds are undertaking their valuations as of 31 March 2023.

5.2 Hymans Robertson have produced a high-level summary of trends they are seeing from the currently ongoing Scottish LGPS actuarial valuations.

5.3 The early valuation results point to an impressive increase in funding for Scottish funds due to changing market conditions. Some funds have reported a 50% increase to their overall funding level. The aggregate funding level across Scotland’s 11 LGPS funds is expected to be circa 147% at the 2023 valuation, compared with 106% in 2020.

5.4 Interest rates have risen and as interest rates rise, so do expectations of returns across most asset classes. For a typical fund and their investment strategy, expectations for future investment returns have increased, by around 2% per annum on average. Since future investment returns are expected to be higher, liabilities are lower which leads to improved funding positions.

5.5 On the other hand, Scottish valuations are having to contend with high inflation and higher inflation assumptions. As LGPS benefits are CPI linked, higher inflation results in higher liabilities and a higher cost of providing the benefits that are earned each year.

5.6 Overall, it is expected that employer contributions rates will be decreasing across most employers given the substantial improvements to funding levels. Strathclyde Pension Fund’s main employers, which includes the councils, are expected to see employer contribution rates fall from the current 19.3% to 6.5% in 2024-25 and 2025-26, before rising to 17.5% in 2026-27. It is possible that positive valuation outcomes in Scotland could lead some employers to request interim valuations in England and Wales.

6. EXPANSION OF AUTOMATIC ENROLMENT

6.1 Automatic enrolment was introduced in 2012 and requires all UK employers to automatically enrol eligible workers in a qualifying workplace pension scheme, with a specified minimum contribution. The eligibility criteria varies but it is broadly that eligible workers include individuals between age 22 and State Pension age with earnings over a specified amount in a relevant period from a single job. This is known as the 'earnings trigger' and is currently set at £10,000 for the 2023/2024 tax year.

6.2 The Department for Work and Pensions (DWP) noted in a public statement that in the ten years since the introduction of automatic enrolment, 10.7 million people have started saving for their pensions. However, a further 10 million eligible workers remain outside workplace pension schemes because their earnings are below the earnings threshold, or they are below the age of 22. The earnings threshold has been noted as being particularly unfair on part time workers with multiple jobs who might not meet the earnings trigger in one individual job but would meet the earnings trigger across the various jobs that they hold.

6.3 It has been an ambition of Government to expand the scope of automatic enrolment to include more employees. Government recently passed legislation that would help achieve that objective.

6.4 The Pensions (Extension of Automatic Enrolment) Act 2023 received Royal Assent on 18 September 2023. It amends the Pensions Act 2008, to enable the Secretary of State to make new regulations to reduce the lower age limit for auto-enrolment and remove the lower earnings limit for qualifying earnings.

6.5 Government plans to consult on new auto enrolment regulations “at the earliest opportunity” according to Viscount Younger of Leckie the Parliamentary Under Secretary of State at the Department for Work and Pensions. A precise timescale has not been provided.

7. MAPS PENSION DASHBOARD UPDATE

7.1 On 10 October 2023, the Money and Pensions Service (MaPS) published their eighth Progress Update Report. The report provides details of MaPS work towards preparing industry for connection to the dashboards ecosystem. The report calls on pension providers and schemes to continue to prepare for dashboards. It is expected that the pensions industry will connect in line with the forthcoming connection guidance, therefore providers and schemes are expected to be working through connection issues, such as data readiness, now.

8. RECOMMENDATION

8.1 It is recommended that the Panel notes the report.

Draft Audit Completion Report

Greater Manchester Pension Fund – Year ended 31 March 2022

November 2023

mazars

Contents

Members of the Audit Panel
Greater Manchester Pension Fund,
Tameside MBC,
Tameside One,
Market Place,
Ashton under Lyne
OL6 6BH

Mazars LLP
One St. Peters Square,
Manchester,
M2 3DE

21 November 2023

Dear Committee Members

Audit Completion Report – Year ended 31 March 2022

We are pleased to present our Audit Completion Report for the year ended 31 March 2022. The purpose of this document is to summarise our audit conclusions.

The scope of our work, including identified significant audit risks and other areas of management judgement, was outlined in our Audit Strategy Memorandum which we issued on 29 September 2022 and formally presented to Audit Panel on 14 March 2023. We have reviewed our Audit Strategy Memorandum and concluded that the original significant audit risks and other areas of management judgement remain appropriate.

We would like to express our thanks for the assistance of your team during our audit.

If you would like to discuss any matters in more detail then please do not hesitate to contact me on 0161 238 9248.

Yours faithfully

Signed: {{_es_:signer1:signature }}

Karen Murray

Mazars LLP

Mazars LLP – One St. Peter's Square, Manchester, M2 3DE
Tel: 0161 238 9200 – www.mazars.co.uk

01

Section 01:

Executive summary

1. Executive summary

Principal conclusions and significant findings

The detailed scope of our work as your appointed auditor for 2021/22 is set out in the National Audit Office's (NAO) Code of Audit Practice. Our responsibilities and powers are derived from the Local Audit and Accountability Act 2014 and, as outlined in our Audit Strategy Memorandum, our audit has been conducted in accordance with International Standards on Auditing (UK) and means we focus on audit risks that we have assessed as resulting in a higher risk of material misstatement.

In section 4 of this report we have set out our conclusions and significant findings from our audit. This section includes our conclusions on the audit risks and areas of management judgement in our Audit Strategy Memorandum, which include:

- Management override of controls; and
- Valuation of investments within level 3 of the fair value hierarchy.

Misstatement and internal control recommendations

Section 5 sets out internal control recommendations and section 6 sets out audit misstatements; unadjusted misstatements total £218m.

Status and audit opinion

We have substantially completed our audit in respect of the financial statements for the year ended 31 March 2022.

At the time of preparing this report, some matters remain outstanding as outlined in section 2. We will provide an update to you in relation to these matters in a follow up letter.

Audit opinion
We anticipate issuing an unqualified opinion, without modification, on the financial statements. Our proposed audit opinion is included in the draft auditor's report in Appendix B.

Consistency report
We have not yet received the finalised Pension Fund Annual Report and we will complete our consistency review on receipt of the Annual Report. We will issue a report stating whether the Pension Fund financial statements within the Pension Fund's Annual Report are consistent with the Pension Fund financial statements within the Statement of Accounts of Tameside Metropolitan Borough Council. Our draft consistency report is provided in Appendix C.

Wider powers
The 2014 Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounting records of the Fund and to consider any objection made to the accounts. We can confirm that no such correspondence from electors has been received.

02

Section 02:

Status of the audit

Page 134

2. Status of the audit

Our work is substantially complete and there are currently no matters of which we are aware that would require modification of our audit opinion, subject to the outstanding matters detailed below.

Audit area	Status	Description of the outstanding matters
Annual report review	Green	We are awaiting receipt of the draft Annual Report in order to complete our consistency review with the financial statements.
Financial statements and letter of representation	Green	We will complete our final review of the financial statements upon receipt of the signed version of the accounts and letter of representation.

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Red	Likely to result in material adjustment or significant change to disclosures within the financial statements.
Amber	Potential to result in material adjustment or significant change to disclosures within the financial statements.
Green	Not considered likely to result in material adjustment or change to disclosures within the financial statements.

03

Section 03:

Audit approach

3. Audit approach

Changes to our audit approach

We provided details of our intended audit approach in our Audit Strategy Memorandum in March 2023.

We have not made any changes to our audit approach since we presented our Audit Strategy Memorandum.

Materiality

Our provisional materiality at the planning stage of the audit was set at £293m using a benchmark of 1% of net assets available to pay benefits. We set a provisional specific materiality for the fund account of £90m at the planning stage of the audit using a benchmark of 10% of benefits payable.

No changes to the materiality levels set at the planning stage have been made.

Use of experts

We planned to make use of experts to assist us in obtaining sufficient and appropriate audit evidence. There were no changes to the planned approach as outlined in the ASM.

Item of account	Management's expert	Our expert
Disclosures on funding arrangements and actuarial present value of promised retirement benefits	Hymans Robertson	NAO Consulting Actuary: PwC
Valuation of Investment Property	Savills	Mazars Property Valuation expert

Service organisations

Our planned approach to the Fund's use of service organisations involved carrying out substantive procedures on the transactions, account balances and disclosures relevant to these service organisations.

There were no changes to the planned approach as outlined in the ASM.

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

04

Section 04:

Significant findings

4. Significant findings

In this section we outline the significant findings from our audit. These findings include:

- our audit conclusions regarding other significant risks and key areas of management judgement outlined in the Audit Strategy Memorandum;
- our comments in respect of the accounting policies and disclosures that you have adopted in the financial statements. On page 14 we have concluded whether the financial statements have been prepared in accordance with the financial reporting framework and commented on any significant accounting policy changes that have been made during the year;
- any further significant matters discussed with management; and
- any significant difficulties we experienced during the audit.

Significant risks

Management override of controls	**Description of the risk** In all entities, management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur, we consider there to be a risk of material misstatement due to fraud and thus a significant risk on all audits.
	How we addressed this risk We addressed this risk through performing audit work over: • Accounting estimates impacting amounts included in the financial statements; • Consideration of identified significant transactions outside the normal course of business; and • Journals recorded in the general ledger and other adjustments made in preparation of the financial statements.
	Audit conclusion We have completed our work on the Pension Fund's journals and accounting estimates and there are no matters to bring to Members' attention. We have not to date identified any significant transactions outside the normal course of business during our audit.

4. Significant findings

Valuation of investments within level 3 of the fair value hierarchy	
	Description of the risk As at 31 March 2022, the fair value of investments within level 3 of the fair value hierarchy was £6.6bn, which accounted for approximately 25 per cent of net investment assets. Level 3 assets are those assets whose value is based on unobservable inputs, and consequently the estimation uncertainty for these assets is more significant than for assets valued at level 1 and 2.
	How we addressed this risk Our audit procedures included: • Obtaining an understanding of the skills, experience and qualifications of the external valuers used by the Pension Fund, and considering the appropriateness of the Pension Fund’s instructions to those valuers. • Obtaining an understanding of the basis of valuation applied in the year. • Agreeing the valuation of a sample of investments to supporting documentation including custodian records, investment fund manager valuation statements and cash flow adjustments. • Agreeing the valuation of a sample of investments to unqualified audited accounts or other independent supporting documentation, where relevant. • Obtaining and inspecting service organisation control reports from Fund Managers. • Obtaining assurance from our Mazars property valuation expert on the appropriateness of the methodology and assumptions adopted by the Pension Fund’s investment property valuer. • Sample testing the completeness and accuracy of underlying investment property data used by the valuer as part of their valuations. Although not directly related to the identified significant risk, we also reviewed the Fund’s classification of assets in the fair value hierarchy.
	Audit conclusion Our work identified misstatements caused by more up to date information being available after the Pension Fund produce their draft financial statements. As these errors were identified from a sample test, applying our audit approach, we have extrapolated the errors over the remaining untested population to establish the potential misstatement. This extrapolated misstatement is £215m, and the Fund have not adjusted for this misstatement on the basis of immateriality. This is reported in section 6.

4. Significant findings

Qualitative aspects of the Fund's accounting practices

We have reviewed the Fund's accounting policies and disclosures and concluded they comply with the 2021/22 Code of Practice on Local Authority Accounting, appropriately tailored to the Fund's circumstances.

Draft accounts were received from the Fund on 19 August 2022 and were of a good quality. Good quality supporting working papers have been made available in a timely manner and these have assisted our audit progress. Pension Fund officers have been helpful in promptly answering our detailed audit queries.

Significant matters discussed with management

There were no significant matters discussed with management other than those related to the significant risks and audit mis-statements reported elsewhere in this report.

Significant difficulties during the audit

During the course of the audit we have had the full co-operation of management.

The Greater Manchester Pension Fund statement of accounts form a part of the financial statements for Tameside Council, as the administering authority of the Fund. This means we are unable to provide our opinion on the Fund's accounts until we have also completed our audit for the administering authority. There have been some delays in completing the audit of the administering authority which have an impact on the completion of our work on the Fund.

The Pension Fund's financial statements should reflect the best available information. The delay in completion of our work on the Fund resulted in additional information becoming available in the period between preparation of the draft accounts and the date of signing the accounts. This additional information included the valuations of specific pooled investment vehicles categorised at level 3 in the fair value hierarchy. Where audit queries arose from the additional information, we had the full co-operation of management in dealing with these queries.

4. Significant findings

Wider responsibilities

Our powers and responsibilities under the 2014 Act are broad and include the ability to:

- issue a report in the public interest;
- make statutory recommendations that must be considered and responded to publicly;
- apply to the court for a declaration that an item of account is contrary to law; and
- issue an advisory notice under schedule 8 of the 2014 Act.

We have not exercised any of these powers as part of our 2021/22 audit.

The 2014 Act also gives rights to local electors and other parties, such as the right to ask questions of the auditor and the right to make an objection to an item of account. No such objections have been raised.

05

Section 05:

Internal control recommendations

5. Internal control recommendations

The purpose of our audit was to express an opinion on the financial statements. As part of our audit we have considered the internal controls in place relevant to the preparation of the financial statements in order to design audit procedures to allow us to express an opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of internal control or to identify any significant deficiencies in their design or operation.

The matters reported are limited to those deficiencies and other control recommendations that we have identified during our normal audit procedures and that we consider to be of sufficient importance to merit being reported. If we had performed more extensive procedures on internal control we might have identified more deficiencies to be reported or concluded that some of the reported deficiencies need not in fact have been reported. Our comments should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.

Our findings and recommendations are set out below. We have assigned priority rankings to each of them to reflect the importance that we consider each poses to your organisation and, hence, our recommendation in terms of the urgency of required action. In summary, the matters arising fall into the following categories:

Priority ranking	Description	Number of issues
1 (high)	In our view, there is potential for financial loss, damage to reputation or loss of information. This may have implications for the achievement of business strategic objectives. The recommendation should be taken into consideration by management immediately.	0
2 (medium)	In our view, there is a need to strengthen internal control or enhance business efficiency. The recommendations should be actioned in the near future.	3
3 (low)	In our view, internal control should be strengthened in these additional areas when practicable.	0

5. Internal control recommendations

Other deficiencies in internal control – Level 2

Description of deficiency

The Code requires investments properties to be valued at fair value at the year end. At GMPF, investment properties are accounted for with a valuation date of 31 December, updated for any known transactions. The Fund did not undertake an assessment at the year end, to consider whether there was a movement in the fair value between the valuation date of 31 December and the year end.

Potential effects

The balance on investment properties may be materially misstated by not reporting the fair value at the year end.

Recommendation

Carry out an assessment of the movement in the fair value of investment properties between 31 December and the year end and update the carrying value if the movement is material.

Management response

Whilst no formal valuation of investment properties is undertaken at 31 March, the Assistant Executive Director and Investment Property team do perform an informal review that considers any known changes relating to specific properties and in the property rental markets and wider macro environment at 31 March.

If these changes are considered to be potentially material than a new formal valuation is requested, the last time this occurred was 31 March 2020.

In order to assist future audits we will document the outcome of any informal reviews undertaken.

Description of deficiency

Our audit procedures identified one bank account of value £3.6m was not reconciled to the trial balance at the year end.

Potential effects

Financial information produced by the Pension Fund does not include all cash balances attributed to the Pension Fund and could result in missing transactions being recorded in the ledger, or transactions being recorded in the incorrect accounting period.

Recommendation

Ensure that the Fund reconcile all bank accounts to the trial balance every month.

Management response

This instance occurred where cash had been transferred from one GMPF bank account to another GMPF bank account to cover expected payments due on 1st April. The unaccounted cash of £3.6 million was sat in this bank account for just 24 hours.

All bank accounts are now reconciled with full year end working papers available for audit to review.

5. Internal control recommendations

Other deficiencies in internal control – Level 2

Description of deficiency

Our audit procedures on the General Ledger system, Agresso, identified that the Fund has no formalised policy/procedure supporting the change management process.

Potential effects

Unauthorised changes could be deployed, compromising the confidentiality, integrity and availability of information. Information relating to software development, authorisations for deployment, and test plans and results may not be documented sufficiently.

Recommendation

We recommend the Pension Fund formally document the change management process. The procedure/policy should clearly describe how change requests are registered, classified, analysed, solved and monitored. The document should be formally approved by the relevant senior officers, acknowledged by all relevant staff and periodically reviewed.

Management response

The Agresso system is managed and administered by Tameside MBC on behalf of GMPF. Tameside MBC are in the process of developing a full IT change management policy that will incorporate the Agresso system. GMPF will discuss the recommendations above with Tameside MBC and once the policy is finalised we will share with Mazars.

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06

Section 06:

Summary of misstatements

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6. Summary of misstatements

This section outlines the misstatements identified during the course of the audit, above the trivial threshold for adjustment of £8.79m. This table outlines the misstatements that were identified during the course of our audit which management has assessed as not being material either individually or in aggregate to the financial statements and does not currently plan to adjust. There are no adjusted misstatements to report.

The disclosure amendments on the following page outlines the amendments that have been made by management during the course of the audit.

Unadjusted misstatements

		Fund Account		Net Assets Statement	
		Dr (£'000)	Cr (£'000)	Dr (£'000)	Cr (£'000)
1	Dr: Pooled investment vehicles			214,840	
	Cr: Profit and losses on disposal of investments and changes in value of investments		214,840		
	In order to produce the draft accounts by the required timetable the Pension Fund use the most up to date valuation for the investment assets. Subsequently, and during the audit more up-to-date information is available of the valuation of the assets at 31 March 2022. This more up to date information identified an understatement in the value of the investments of £127m. Because this error was identified in our sample testing, we must extrapolate this error over the untested population of these assets. The total extrapolated understatement is £215m.				
2	Dr: Cash and deposits			3,585	
	Cr: Liabilities				3,585
	To include the payroll bank account within the cash and deposits balance.				
	Total unadjusted misstatements	0	214,840	218,425	3,585
	Net impact		214,840	214,840	

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Disclosure amendments

The following amendments have been made to the disclosure in the accounts:

- **Fund Account :** Changes made to the presentation of Return on Investments to merge the gain / loss on foreign currency within Profit and losses on disposal of investments and changes in value of investments to reflect the requirements of the Code.
- **Net Asset Statement :** Changes made to the presentation of asset categories to reflect the requirements of the Code. Subsequently this affected the supporting note disclosures within Note 3 Classification of financial instruments, Note 11b Bonds, Note 11e Pooled investment vehicles and Note 11f Insurance policies.
- **Note 1b The Management and Membership of the Greater Manchester Pension Fund :** Corrected the for the amendment to the membership figures disclosed as at the year end.
- **Note 3 Classification of financial instruments :** Changes made to the wording of the note to reflect the requirements of the Code and Financial Reporting Standards.
- **Note 5 Contributions :** Correction made to reclassify amounts within the “By Authority” disclosures to reflect the requirements of the Code.
- **Note 6 Benefits payable :** Correction made to reclassify amounts within the “By Authority” disclosures to reflect the requirements of the Code.
- **Note 11 :** Amendments made to the disclosures to improve the readability of categories of investment assets.
- **Note 24 AVC Investments :** Disclosure updated for the current financial year following the provision of relevant information from the AVC provider Prudential to comply with the requirements of the Code.
- **Note 25 Actuarial present value of promised retirement benefits :** A correction was made to the disclosure of the financial assumptions used in calculating the present value of the Fund’s promised future retirement benefits to reflect the contents of the Actuary’s report. An additional correction was made to the disclosure of the sensitivity analysis to reflect the contents of the Actuary’s report.

Appendices

A: Draft management representation letter

B: Draft audit report

C: Draft consistency report

D: Independence

E: Other communications

F: Audit fees

Appendix A: Draft management representation letter

To be provided to us on client headed note paper

[Date]

Dear Karen

Greater Manchester Pension Fund - audit for year ended 31 March 2022

This representation letter is provided in connection with your audit of the financial statements of Greater Manchester Pension Fund (‘the Pension Fund’) administered by Tameside Metropolitan Borough Council (‘the Council’) for the year ended 31 March 2022 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the Code) and applicable law.

I confirm that the following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, inspection of supporting documentation) sufficient to satisfy myself that I can properly make each of the following representations to you.

My responsibility for the financial statements and accounting information

I believe that I have fulfilled my responsibilities for the true and fair presentation and preparation of the financial statements in accordance with the Code and applicable law.

My responsibility to provide and disclose relevant information

I have provided you with:

- access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other material;
- additional information that you have requested from us for the purpose of the audit; and
- unrestricted access to individuals within the Pension Fund and the Council you determined it was necessary to contact in order to obtain audit evidence.

I confirm as Director of Resources that I have taken all the necessary steps to make me aware of any relevant audit information and to establish that you, as auditors, are aware of this information.

As far as I am aware there is no relevant audit information of which you, as auditors, are unaware.

Accounting records

I confirm that all transactions that have a material effect on the financial statements have been recorded in the accounting records and are reflected in the financial statements. All other records and related information, including minutes of all relevant Pension Fund and Council Panel meetings, have been made available to you.

Appendix A: Draft management representation letter (continued)

Accounting policies

I confirm that I have reviewed the accounting policies applied during the year in accordance with Code and International Accounting Standard 8 and consider these policies to faithfully represent the effects of transactions, other events or conditions on the Pension Fund's financial position, financial performance and cash flows.

Accounting estimates, including those measured at fair value

I confirm that the methods, significant assumptions and the data used in making the accounting estimates are appropriate to achieve recognition, measurement or disclosure that is in accordance with the applicable financial reporting framework.

Contingencies

There are no material contingent losses including pending or potential litigation that should be accrued where:

- information presently available indicates that it is probable that an asset has been impaired or a liability had been incurred at the balance sheet date; and
- the amount of the loss can be reasonably estimated.

There are no material contingent losses that should be disclosed where, although either or both the conditions specified above are not met, there is a reasonable possibility that a loss, or a loss greater than that accrued, may have been incurred at the balance sheet date.

There are no undisclosed contingent gains which should be disclosed.

All material matters, including unasserted claims, that may result in litigation against the Pension Fund have been brought to your attention. All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and accounted for and disclosed in accordance with the Code and applicable law.

Laws and regulations

I confirm that I have disclosed to you all those events of which I am aware which involve known or suspected non-compliance with laws and regulations, together with the actual or contingent consequences which may arise therefrom.

The Pension Fund has complied with all aspects of contractual agreements that would have a material effect on the accounts in the event of non-compliance.

Fraud and error

I acknowledge my responsibility as Director of Resources for the design, implementation and maintenance of internal control to prevent and detect fraud and error and I believe I have appropriately fulfilled those responsibilities.

Appendix A: Draft management representation letter (continued)

I have disclosed to you:

- all the results of my assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- all knowledge of fraud or suspected fraud affecting the Pension Fund involving:
    - management and those charged with governance;
    - employees who have significant roles in internal control; and
    - others where fraud could have a material effect on the financial statements.

I have disclosed to you all information in relation to any allegations of fraud, or suspected fraud, affecting the Pension Fund's financial statements communicated by employees, former employees, analysts, regulators or others.

Related party transactions

I confirm that all related party relationships, transactions and balances, have been appropriately accounted for and disclosed in accordance with the requirements of the Code and applicable law.

I have disclosed to you the identity of the Pension Fund's related parties and all related party relationships and transactions of which I am aware.

Charges on assets

I confirm that all assets held are free from liens, charges or any other encumbrance.

Future commitments

I am not aware of any plans, intentions or commitments that may materially affect the carrying value or classification of assets and liabilities or give rise to additional liabilities.

Subsequent events

I confirm all events subsequent to the date of the financial statements and for which the Code and applicable law, require adjustment or disclosure have been adjusted or disclosed.

Should further material events occur after the date of this letter which may necessitate revision of the figures included in the financial statements or inclusion of a note thereto, I will advise you accordingly.

Other matters

- I confirm that the Fund has carried out an assessment of the potential impact of the Covid-19 Virus pandemic on the Fund, including the impact of mitigation measures and uncertainties, and that the disclosures in the Narrative Report fairly reflects that assessment.
- I confirm that the Fund has carried out an assessment of the potential impact of Russian Forces entering Ukraine on the Fund, including the impact of mitigation measures and uncertainties, and that the disclosures in the Narrative Report fairly reflects that assessment.

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Appendix A: Draft management representation letter (continued)

- I confirm that the Fund has carried out an assessment of the potential impact on the Fund of the on-going global banking challenges, in particular whether there is any impact on the Fund's ability to continue as a going concern and on the post balance sheet events disclosures. In this regard I confirm that our exposure with Silicon Valley Bank, Credit Suisse, Signature Bank or any other bank in a distress situation is not material.

Going concern

To the best of my knowledge there is nothing to indicate that the Pension Fund will not continue as a going concern in the foreseeable future. The period to which I have paid particular attention in assessing the appropriateness of the going concern basis is not less than twelve months from the date of approval of the accounts.

Specific representation of level 3 investments

Level 3 investments are included in the net assets statement at the value provided by our fund managers which have been estimated in accordance with the guidelines used by the industry and based on the latest information to hand at the time of the valuation. I am satisfied, based on the knowledge I have, that the valuations are materially correct, and am not aware of any subsequent events that would have a material impact on the estimated value of the level 3 investments.

Unadjusted misstatements

I confirm that the effects of the uncorrected misstatements are immaterial, both individually, and in aggregate to the financial statements as a whole. All uncorrected misstatements are included in the Appendix to this letter.

Yours faithfully

Ashley Hughes

Director of Resources

Appendix B: Draft audit report

Independent auditor's report to the members of Tameside Metropolitan Borough Council

Report on the audit of the financial statements

Opinion on the financial statements of Greater Manchester Pension Fund

We have audited the financial statements of Greater Manchester Pension Fund ('the Pension Fund') for the year ended 31 March 2022, which comprise the Fund Account, the Net Assets Statement, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.

In our opinion the financial statements:

- give a true and fair view of the financial transactions of the Pension Fund during the year ended 31 March 2022, and the amount and disposition of the Pension Fund's assets and liabilities as at 31 March 2022; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities section of our report. We are independent of the Council, as administering authority for the Pension Fund, in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Director of Resources' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Pension Fund's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Director of Resources with respect to going concern are described in the relevant sections of this report.

Other information

The Director of Resources is responsible for the other information. The other information comprises the Annual Governance Statement and information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Appendix B: Draft audit report (continued)

Responsibilities of the Director of Resources for the financial statements

As explained more fully in the Statement of the Director of Resources' Responsibilities, the Director of Resources is responsible for the preparation of the Statement of Accounts, which includes the Pension Fund's financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22, and for being satisfied that they give a true and fair view. The Director of Resources is also responsible for such internal control as the Director of Resources determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Director of Resources is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 and prepare the financial statements on a going concern basis, unless the Council is informed of the intention for dissolution of the Pension Fund without transfer of services or function to another entity. The Director of Resources is responsible for assessing each year whether or not it is appropriate for the Pension Fund to prepare its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the Pension Fund's financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the Pension Fund, we identified that the principal risks of non-compliance with laws and regulations related to the Public Service Pensions Act 2013, the Local Government Pension Scheme Regulations 2013 (as amended) and the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016, and we considered the extent to which non-compliance might have a material effect on the financial statements.

We evaluated the Director of Resources' incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- discussing with management and the Audit Panel the policies and procedures regarding compliance with laws and regulations;
- communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- considering the risk of acts by the Fund which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

- making enquiries of management and the Audit Panel on whether they had knowledge of any actual, suspected or alleged fraud;
- gaining an understanding of the internal controls established to mitigate risks related to fraud;
- discussing amongst the engagement team the risks of fraud; and
- addressing the risks of fraud through management override of controls by performing journal entry testing.

Appendix B: Draft audit report (continued)

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management and the Audit Panel. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

We are also required to conclude on whether the Director of Resources' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. We performed our work in accordance with Practice Note 10: Audit of financial statement and regularity of public sector bodies in the United Kingdom, and Supplementary Guidance Note 01, issued by the National Audit Office in September 2021.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Matters on which we are required to report by exception under the Code of Audit Practice

We are required by the Code of Audit Practice to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make a recommendation under section 24 of the Local Audit and Accountability Act 2014; or
- we exercise any other special powers of the auditor under sections 28, 29 or 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

Use of the audit report

This report is made solely to the members of Tameside Metropolitan Borough Council, as a body and as administering authority for the Greater Manchester Pension Fund, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the members of the Council those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members of the Council, as a body, for our audit work, for this report, or for the opinions we have formed.

[Signature]

Karen Murray

Key Audit Partner

For and on behalf of Mazars LLP

Date TBC

Appendix C: Draft consistency report

Independent auditor's statement to the members of Tameside Metropolitan Borough Council on the pension fund financial statements included within the Greater Manchester Pension Fund annual report

Report on the financial statements

We have examined the Pension Fund financial statements for the year ended 31 March 2022 included within the Greater Manchester Pension Fund annual report, which comprise the Fund Account, the Net Assets Statement and the notes to the financial statements, including the summary of significant accounting policies.

Opinion

In our opinion, the Pension Fund financial statements are consistent with the audited financial statements of Tameside Metropolitan Borough Council for the year ended 31 March 2022 and comply with applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.

Respective responsibilities of the Director of Resources and the auditor

As explained more fully in the Statement of the Director of Resources' Responsibilities, the Director of Resources is responsible for the preparation of the Pension Fund's financial statements in accordance with applicable United Kingdom law.

Our responsibility is to report to the Members of Tameside Metropolitan Borough Council as a body, whether the Pension Fund financial statements within the Pension Fund annual report are consistent with the financial statements of Tameside Metropolitan Borough Council.

We conducted our work in accordance with Auditor Guidance Note 07 – Auditor Reporting, issued by the National Audit Office. Our report on the Pension Fund financial statements contained within the audited financial statements of Tameside Metropolitan Borough Council describes the basis of our opinions on the financial statements.

Use of this auditor's statement

This report is made solely to the members of Tameside Metropolitan Borough Council, as a body and as administering authority for the Greater Manchester Pension Fund, in accordance with Part 5 paragraph 20(5) of the Local Audit and Accountability Act 2014. Our work has been undertaken so that we might state to the members of Tameside Metropolitan Borough Council those matters we are required to state to them and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Tameside Metropolitan Borough Council and Tameside Metropolitan Borough Council's members as a body, for our audit work, for this statement, or for the opinions we have formed.

[Signature]

Karen Murray

Key Audit Partner

for and on behalf of Mazars LLP

Date TBC

Appendix D: Independence

As part of our ongoing risk assessment we monitor our relationships with you to identify any new actual or perceived threats to our independence within the regulatory or professional requirements governing us as your auditors.

We can confirm that no new threats to independence have been identified since issuing the Audit Strategy Memorandum and therefore we remain independent.

Appendix E: Other communications

Other communication	Response
Compliance with Laws and Regulations	We have not identified any significant matters involving actual or suspected non-compliance with laws and regulations. We will obtain written representations from management that all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements have been disclosed.
External confirmations	We did not experience any issues with respect to obtaining external confirmations.
Related parties	We did not identify any significant matters relating to the audit of related parties. We will obtain written representations from management confirming that: a. they have disclosed to us the identity of related parties and all the related party relationships and transactions of which they are aware; and b. they have appropriately accounted for and disclosed such relationships and transactions in accordance with the requirements of the applicable financial reporting framework.
Going Concern	We have not identified any evidence to cause us to disagree with management that Greater Manchester Pension Fund will be a going concern, and therefore we consider that the use of the going concern assumption is appropriate in the preparation of the financial statements.

Appendix E: Other communications

Other communication	Response
Subsequent events	We are required to obtain evidence about whether events occurring between the date of the financial statements and the date of the auditor's report that require adjustment of, or disclosure in, the financial statements are appropriately reflected in those financial statements in accordance with the applicable financial reporting framework. We will obtain written representations from management that all events occurring subsequent to the date of the financial statements and for which the applicable financial reporting framework requires adjustment or disclosure have been adjusted or disclosed.
Matters related to fraud	We have designed our audit approach to obtain reasonable assurance whether the financial statements as a whole are free from material misstatement due to fraud. In addition to the work performed by us, we will obtain written representations from management, and Audit Panel, confirming that a. they acknowledge their responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud; b. they have disclosed to the auditor the results of management's assessment of the risk that the financial statements may be materially misstated as a result of fraud; c. they have disclosed to the auditor their knowledge of fraud or suspected fraud affecting the entity involving: i. Management; ii. Employees who have significant roles in internal control; or iii. Others where the fraud could have a material effect on the financial statements; and d. they have disclosed to the auditor their knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.

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Appendix F: Audit fees

Fees for work as the Pension Fund's auditor

We reported our proposed fees for the delivery of our work under the Code of Audit Practice in our Audit Strategy Memorandum presented to the Audit Committee. Having completed our work for the 2021/22 financial year, we can confirm that our fees are as follows. All additional fees are subject to agreement by Public Sector Audit Appointments Ltd.

Area of work	2020/21 fees	2021/22 fees
Planned fee in respect of our work under the Code of Audit Practice	£43,383	£43,383
Recurrent scope changes: Additional testing on Investment Assets as a result of changes in regulatory expectations	-	£12,500
In year additional work: engaging an auditor's valuation expert in respect of Investment Property valuations	-	£9,000
In year additional work: work for other PSAA / NAO auditors including additional work on the triennial valuation data *	£26,100	£36,000
Total fees	**£69,483**	**£100,883**

* Our fees for this work are £2,000 per employer whose auditor requested additional work. The relevant employers are:

Bolton Council
Bury Council
Manchester City Council
Oldham Council
Rochdale Council
Salford Council
Stockport Council
Tameside Council
Trafford Council
Wigan Council
Greater Manchester Combined Authority
Greater Manchester Police
Transport for Greater Manchester
Transport for the North
Northern Care Alliance NHS Foundation Trust
Care Quality Commission
HM Prison and Probation Service
Science Museum Group

Contact

Mazars

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Manchester

M2 3DE

Mazars is an internationally integrated partnership, specialising in audit, accountancy, advisory, tax and legal services*. Operating in over 90 countries and territories around the world, we draw on the expertise of 40,400 professionals – 24,400 in Mazars’ integrated partnership and 16,000 via the Mazars North America Alliance – to assist clients of all sizes at every stage in their development.

*where permitted under applicable country laws.

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GMPF's Responsible Investment Partners and Collaborations

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

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

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

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

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

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

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

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

GMPF's Responsible Investment Partners and Collaborations

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

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

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

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

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

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

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

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

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

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

Agenda Item 21

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gmpf

How we're investing for the energy transition

Introduction

GMPF's approach to oil and gas companies and the climate challenge

GMPF believes that the energy sector will play a critical role in the transition of the world to a low-carbon economy.

The climate challenge is an ever increasing focus for governments, regulators, and investors. In this edition of 'How we're investing for the energy transition' we have focused on several key areas:

- Our approach to investing in the energy transition
- How GMPF is seeking to drive the climate change agenda
- Why we are believers in engagement vs divestment
- Highlighted specific positive climate transition examples we are seeing within the oil and gas sector

Playing our part to help solve the climate challenge

Climate change can no longer be ignored. It is evident in natural disasters across the world today – wildfires, flooding, droughts, heat waves and extreme weather events. These are just a few examples of the effect climate change is having on our environment.

The world is finally realising that urgent action is needed to reduce the amount of greenhouse gases released into the atmosphere, and to do this on a large scale requires a massive amount of support and investment. The current energy crisis we are facing also creates an impetus to tackle climate change while achieving energy security and affordability.

The OECD estimates that USD 6.9tn is needed per year up to 2030 to meet the Paris Agreement targets. The world needs to shift our reliance from old fossil fuels like oil, gas and coal to renewable sources of energy like solar, wind, geothermal and new ideas for carbon reduction and hydrogen. This is the so-called 'energy transition' and it needs investment to support the planet and society. Oil and gas companies are critical not just to the world as we know it today but also in the future.

Over the next few pages we will take you through our approach, why we firmly believe that as the UK's largest local authority pension fund, it is our responsibility to play an active role in the energy transition and how we are going about it.

Are all oil and gas companies 'bad' investments for a low-carbon future?

While the role of the energy sector in investment strategies has become controversial over recent years with increasing calls for divestment – or selling of these assets – GMPF believes that the energy sector will play a critical role in the transition of the world to a low-carbon economy. This paper outlines GMPF's approach to the energy sector and why GMPF believes that investment and active engagement is not only important but ultimately necessary in transitioning the sector to a low-carbon future.

The provision of energy will become increasingly important in the global economy going forward, and investor influence on how the sector evolves will determine the ability of the world to meet its carbon reduction targets and limit global warming to 1.5 degrees – the temperature target that is widely acknowledged as the level in which fewer people will be frequently exposed to climate-related risks in the future. The energy sector will be one of the largest sources of funding for low-carbon distribution technologies, which will be essential in de-carbonising the entire transport sector.

Now more than ever, active dialogue and engagement with the energy sector are critical to ensure that companies transition their business models in light of these changes especially with regards to energy security and affordability. Not all companies will be successful in this historical transformation, but GMPF believes that there are compelling investment opportunities for companies that are willing to embrace this historical transformation and become leaders in low-carbon energy in the future. We expect that several of the 'traditional' oil and gas majors will be key drivers behind this transformation.

Active engagement with the sector is required not only to mitigate the carbon risks of companies in the sector, but more importantly to work with the management of leading companies to accelerate the transition of the energy sector toward low-carbon energy sources as quickly and as efficiently as possible.

What is the energy transition and how are energy companies leading the way?

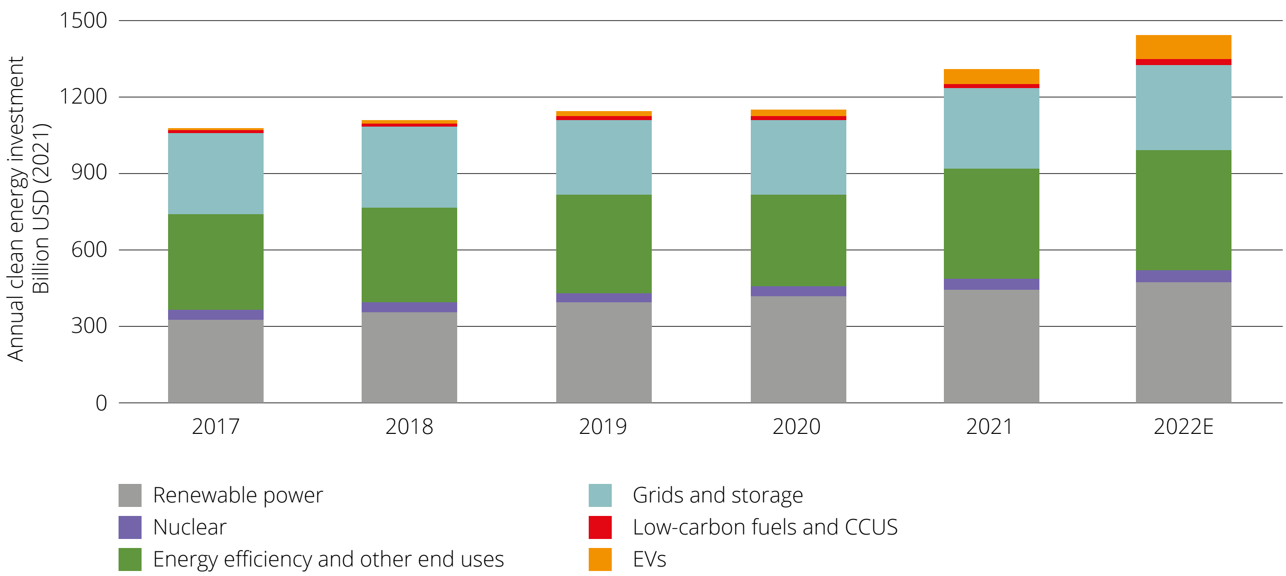
The energy sector is at the heart of the 'energy transition' – the historical transformation of our global energy system away from dependency on fossil fuels and toward low-carbon energy by the second half of this century.

The chart below shows how this transition is already happening.

Energy companies are investing increasingly large amounts into greener business activities such as offshore wind, liquid biofuels and carbon capture and storage, with many of the oil and gas companies aiming to reinvent themselves into sustainable energy companies of the future.

GMPF view companies that are already setting out their energy transition strategies as potential long-term winners – winners from an investment perspective but also winners for the planet. However, GMPF has high expectations for the companies it invests in and a decarbonisation roadmap is essential. GMPF expects our asset managers to actively engage with these companies. We provide examples of specific engagements on pages 12–13.

Global clean energy spending is steadily increasing



Source: IEA
Notes: Energy efficiency and other end-use includes spending on energy efficiency, renewables for end use and electrification in the buildings, transport and industry sectors. Low-carbon fuels include modern liquid and gaseous bioenergy, low-carbon hydrogen, as well as hydrogen-based fuels that do not emit any CO_2 from fossil fuels directly when used and also emit very little when being produced.

GMPF's fiduciary duties

GMPF is proud to be an activist investor, driving the climate transition, rather than selling these assets to others who might not hold these investee firms to account.

Are environmental, social and governance (ESG) factors taken into consideration as a part of GMPF's fiduciary duties?

As a local authority pension scheme GMPF is obliged, by law, to make the *pursuit of a financial return* our predominant concern. GMPF may take *non-financial considerations* (e.g. environmental, social or governance concerns) into account only if this would not involve significant risk of financial detriment to the scheme and where GMPF has good reason to believe that scheme members would support our decision.

With this in mind, GMPF has a key duty to:

(i) deliver investment returns needed to ensure GMPF can pay the pensions our members have worked hard to earn; and

(ii) to protect local tax-payers from high pension costs.

This is called our fiduciary duty. Any investment decisions GMPF make need to be backed by investment rigour. GMPF believe that climate-related (non-financial) risks and opportunities are in fact financially material to the performance of the investment portfolio and will become more so. This includes the risk of inflation in the energy industry due to under-investment in supply. These risks will become even more so over the expected lifetime of GMPF given the climate challenge we're facing right now and the energy transition just discussed, so GMPF already integrate climate change considerations into our overall investment strategy. GMPF's aim is to minimise adverse financial impacts and maximise opportunities for long-term economic returns in all asset classes.

What does 'active ownership' mean and how is GMPF playing a part?

GMPF is prioritising 'active ownership' across its investments. What that means is GMPF aims to be an active voice in the calls for companies to lower their carbon emissions. It's sometimes called being an 'activist shareholder'. As the UK's largest local authority pension fund with over GBP 28bn to invest, our voice has an impact on the companies GMPF holds in its portfolios. When it comes to climate change, GMPF sends a loud and consistent message to the directors of our investee companies. GMPF expects companies to have an action plan for carbon emissions reduction and to provide the market with detailed information on how they intend to get to net zero carbon emissions by 2050.

That means being transparent with us about their short-term and long-term commitments and GMPF holding management accountable for their actions.

What concrete actions are GMPF taking to be an 'activist shareholder'?

GMPF is proud to be an activist investor, driving the climate transition rather than selling these assets to others who might not hold these investee firms to account.

As part of its investment strategy, GMPF is a signatory of the UK Stewardship Code. This has 12 principles to comply with, including:

- Principle 7: Signatories systematically integrate stewardship and investment, including material environmental, social and governance issues, and climate change, to fulfil their responsibilities.
- Principle 10: Signatories, where necessary, participate in collaborative engagement to influence issuers.

By joining forces with more than 80 other Local Government Pension Scheme funds within the Local Authority Pension Fund Forum, GMPF collectively has a very powerful voice in challenging companies to disclose their business models and the assumptions that underpin their investment decisions, leading to greater capital discipline. This could have the dual success of enhancing shareholder value, whilst also reducing greenhouse gas emissions.

When it comes to the oil and gas industry, GMPF's voice is amplified by the power of a collection of influential global pension funds representing over USD 60 trillion in investments. GMPF's appointed external asset managers, such as UBS Asset Management (UBS-AM), are expected to operate a policy of constructive shareholder engagement with companies as part of the investment process. Our asset manager, UBS-AM, is part of Climate Action 100+ – a collaborative initiative of 700 investors which aim to collectively influence high greenhouse gas polluters and other companies to drive the clean energy transition and help achieve the goals of the Paris agreement on Climate Change. Climate Action 100+ collectively are able to engage with 166 companies who between them make up 80% of global industrial emissions.

Climate Action 100+
Global Investors Driving Business Transition

Climate Action 100+ is	With	Working with	Who make up
700	$68 trillion	166	80%+
investors working together	in assets managed by investors participating in the initiative	companies	global industrial emissions

Driving the climate change agenda

A consistent approach is taken across our active equity holdings and provides clarity on our expectations to the companies in which GMPF invests.

How does GMPF vote to help drive lower carbon emissions?

GMPF retains the maximum possible authority to vote *directly* at investee company meetings, rather than delegating authority to active asset managers. GMPF has dedicated voting guidelines that inform how its votes are cast. This combination of retained authority and a clear framework ensures a consistent approach is taken across our active equity holdings and provides clarity on our expectations to the companies in which GMPF invests. Both GMPF and UBS-AM voted against Total's climate transition plan as we felt the strategy was not in line with expectations, and the company had not committed to a periodic vote on the topic.

Should GMPF divest or engage with investee companies to drive the climate change agenda?

The urgency of the climate crisis has led to increasing calls for divestment from the energy sector, but GMPF believes that a much more productive and impactful approach is to remain invested and engage with energy companies to drive positive change. For example, over the past 3 years we've seen major oil companies transition strategies evolve significantly. While the European majors started their transition efforts with broad unfocused investments across many different areas including offshore wind, solar, storage, mobility, biofuels, hydrogen and carbon capture, we are now seeing companies develop more focused strategies that align with their relative competitive advantages. Specific to certain oil majors, for Equinor this is a focus on offshore wind while for Royal Dutch Shell the focus has shifted to hydrogen and biofuels with BP focusing more on biofuels and carbon capture. In general, the majors are shifting away from onshore renewables where they have little competitive advantage and moving towards areas like hydrogen, biofuels and carbon capture where they are the only companies with the technical capabilities to successfully implement these technologies at scale. In North America, we are seeing a major acceleration with the companies focusing on biofuels and carbon capture where they believe they have powerful competitive advantages. A clear sign of this change in mindset comes from Exxon who now see carbon capture as one of its biggest business opportunities.

Globally, we are also seeing regulation drive an acceleration in transition efforts as the American Inflation Reduction Act and Canada's carbon tax legislation have massively increased the activity of companies in North America.

This has more than offset a slight slowdown by some of the European leaders as they adjust their transition strategies to align with organizational capabilities.

By retaining our shares and voting rights rather than divesting from energy companies, we believe that investors can reap the rewards of a number of benefits. Firstly, GMPF maintains the ability to influence management of these companies and to work with them through our engagement strategy to accelerate the transition toward a low-carbon economy.

Second, given that the energy sector is itself a large source of carbon emissions, it is our responsibility to engage with companies in the sector to drive reductions on their carbon footprint.

Third, energy sector companies play a critical role in supplying the basis for all forms of transportation, and they will be critical in determining the manner and speed with which transportation will de-carbonise. It is our responsibility to help propel energy sector companies to re-orient their business strategies in order to transition modern transportation from a reliance on fossil fuels to one which moves toward renewable energy sources. Clean energy investment and energy efficiency are key to enabling energy security and affordability.

Fourth, calls for divestment not only overlook our essential role in influencing companies in the sector, but it also treats the sector with a broad brush and fails to recognise the important steps that the leading companies in the sector are taking to transition their businesses towards renewables.

While GMPF sees risk in investing in energy companies that are slow to embrace the changes facing the sector and will avoid them in its investment strategies, GMPF sees opportunity in investing and engaging with those companies that are moving their business models toward a low-carbon future.

While it will no doubt be radically transformed over the coming decades, the energy sector will remain essential to the global economy. GMPF's investment and engagement strategy with energy companies will be critical to determine how the energy sector transforms, which will have significant implications for the pace of global warming. At GMPF, we embrace the responsibility to influence and transform the sector and are proud to do so on behalf of our pension fund holders.

Climate Engagement Programme and Net Zero

Our appointed asset manager, UBS-AM, is sharpening their thematic engagement on climate change, with a focus on the net-zero alignment and transition planning of companies across our portfolio. This includes not only a robust and structured net-zero research framework, but also sector-specific expectations that aim to guide engagements and enhance their objective setting and tracking approach. UBS-AM has expanded the scope of the program to 75 companies across the energy, utilities, chemicals, and materials sectors, representing a 50% increase in their focus list.

Our objective through our investment with UBS-AM is to encourage companies to develop their transition planning and achieve emission reductions in line with a 1.5 °C net-zero pathway. UBS-AM's net-zero engagement framework enables them to assess and engage issuers on the alignment of their transition plans. It is based on guidance from market-leading standards such as IIGCC's Net Zero Investment Framework 1.0, Climate Action 100+ engagement process, and GFANZ's Expectations for Real-economy Transition Plans report, and provides a consistent, cross-sector framework to assess and engage companies on their transition planning.

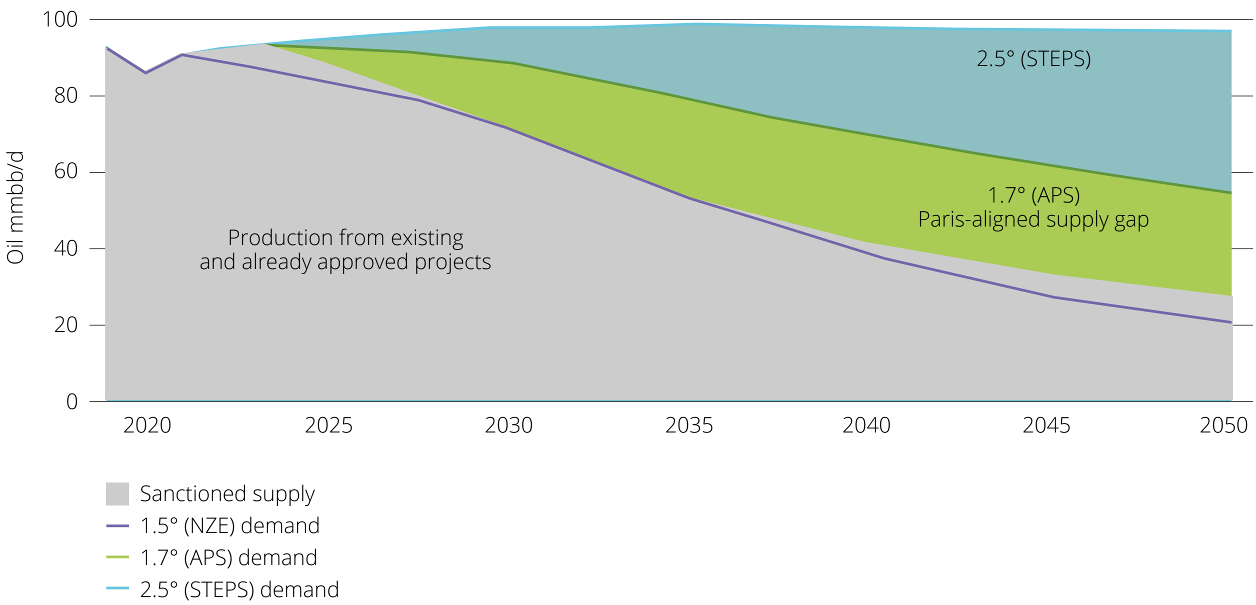
Driving the climate change agenda (continued)

What will happen to the demand for fossil fuels?

GMPF recognises that there will continue to be demand for fossil fuels in the near term as the energy sector de-carbonises, and it will be critical that this transition occurs not only as quickly as possible but also in an orderly fashion. Significant price spikes as seen in the recent energy and natural gas crisis, risk causing a reaction in public opinion against renewable energy. It will be important that the move toward renewables occurs in a phased manner that allows for stability both in price and in the supply of energy as the world de-carbonises.

The chart below from the Carbon Tracker Initiative shows that until the world has moved onto a net zero pathway, there will continue to be demand for oil and gas – and that there will be an emerging gap between supply and demand, exacerbated by the current geopolitical situation. In other words, in the absence of global government policy enforcing a 1.5 degree scenario, there is a significant risk of energy shortage. There is a widening gap between the sanctioned supply based on the current production and the energy demands of warming scenarios greater than 1.5 degrees.

Oil demand under different IEA scenarios vs future supply from existing projects



Source: IEA, Rystad Energy and CTI analysis
Note: Oil demand under temperature scenarios used in analysis compared to supply from existing fields, in million barrels per day

Investors in renewable energy

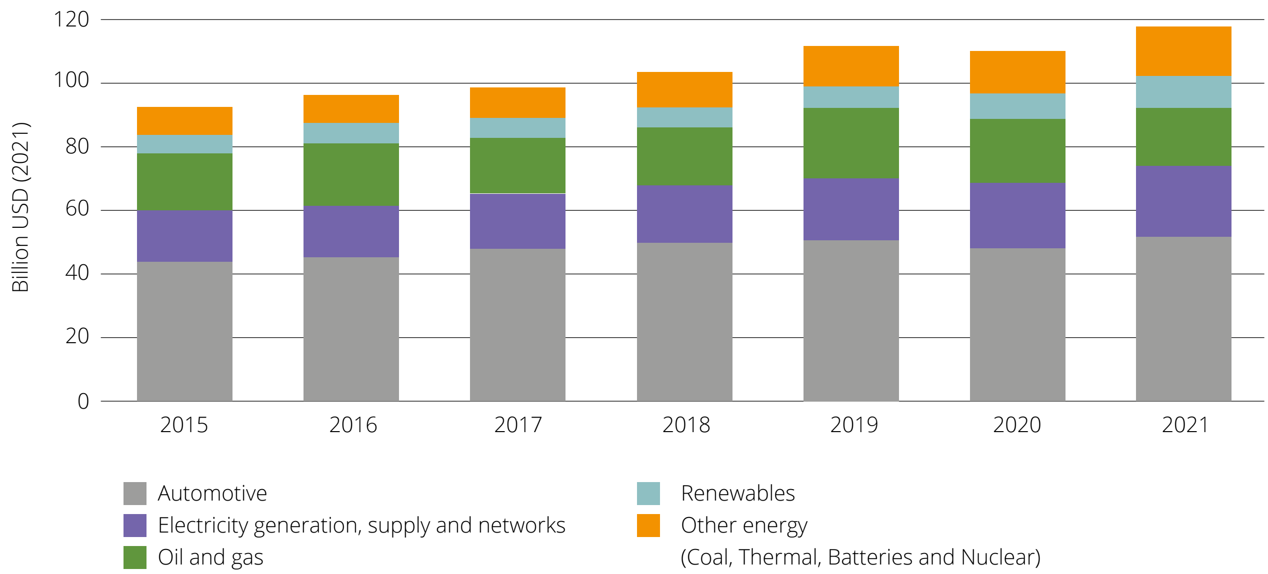
The energy sector will play a leading role in this transformation, as it will become one of the largest investors in renewable energy, infrastructure and technology.

What is clear is that the energy sector will play a leading role in this transformation, as it will become one of the largest investors in renewable energy, infrastructure and technology, and GMPF anticipates that this trend will continue in the future.

In 2021, listed companies spent three times as much in energy R&D as governments. In fact, oil and gas companies alone are spending more than half of what governments are spending on R&D – the equivalent of North America and Europe combined.

The legacy energy companies will be critical to the energy transition as they are the only companies with the technical and engineering expertise to achieve critical parts of the transition while their legacy oil and gas businesses will give them the financial capability to invest heavily in renewable energy. In fact, they spend nearly three times what governments spend on research and development in this area.

Spending on energy research and development by listed companies



Source: IEA, calculations based on Bloomberg (2022).
Notes: Values for 2021 are estimates based on reported data at the time of drafting. Corporate energy R&D spending includes reported R&D expenditure by companies active in sectors that are dependent on energy technologies, including energy efficiency technologies where possible. Automotive includes technologies for fuel economy, alternative fuels and alternative drivetrains. Fuel cells are included with hydrogen. To allocate R&D spending for companies active in multiple sectors, shares of revenue per sector are used in the absence of other information. Classifications are based on the Bloomberg Industry Classification System. All publicly reported R&D spending is included, though companies domiciled in countries that do not require disclosure of R&D spending are under-represented. Depending on the jurisdiction and company, publicly reported corporate R&D spending can include capitalised and non-capitalised costs, from basic research to product development. Coverage has been expanded relative to previous editions.

Technical know-how

Even when the world is able to move towards a net zero pathway, fossil fuel companies will be a critical source of technology, know-how and investment.

To provide some concrete examples of this huge investment in sustainable technologies, **Royal Dutch Shell** has indicated that it plans to be the world's largest supplier of renewable energy by 2030 and is almost certain to become the world leader in hydrogen due to its technical capabilities in this area.

Similarly, **Equinor** is likely to become the world leader in floating offshore wind due to its proprietary technology and its expertise in operating offshore platforms.

While these companies are early in their transition towards renewable energy, more advanced examples include **Orsted**, the former Danish Oil and Natural Gas, which is now the world leader in offshore wind and **Neste**, once Finland's state-controlled oil refiner and is now the world leader in advanced biofuels.

The percentage of energy sector capital expenditure going into sustainability and renewable energy initiatives has and will continue to grow, and GMPF believes that it is our obligation to continue to work with energy sector companies to accelerate these investments in order to limit global warming.

Even when the world is able to move towards a net zero pathway, fossil fuel companies will be a critical source of technology, know-how and investment.

For example, **Equinor** expects to invest USD 23bn in renewables from 2021 to 2026 as part of a clear ambition to become a net zero energy company by 2050, including scope 1, 2 and 3 emissions. Equinor intends to further accelerate low carbon spending such that it will be more than 50% of total capital expenditures by 2030.

BP says it will increase its annual clean energy investment from USD 500mn in 2019 to USD 7-9bn per year by 2030, with an interim goal of USD 5-8bn per year by 2025. (Please see additional information on BP in the case study below.)

Total has announced that it plans to finance USD 60bn in renewables investments by 2030 with an objective of 100 GW of gross capacity by 2030.

Shell is targeting a 25% share of investment on clean energy capital expenditure by 2025.

Transition strategies are evolving over time

Over the past three years we've seen major oil companies transition strategies evolve significantly. While European majors started their transition efforts with broad unfocused investments across many different areas including renewables, storage, mobility, charging, biofuels, hydrogen and carbon capture, we are now seeing companies develop more focused strategies that align with their relative competitive advantages. For Equinor, this is a focus on offshore wind while for Shell their focus has shifted to hydrogen and biofuels with BP focusing more on biofuels and carbon capture. In general, the majors are shifting away from onshore renewables where they have little competitive advantage and towards areas like hydrogen, biofuels and carbon capture where they are almost the only companies that can successfully implement these technologies. In North America, we are seeing less overall progress with the companies focusing on biofuels and carbon capture where they believe they have powerful competitive advantages. A clear sign of this change in mindset comes from Exxon who now sees carbon capture as one of its biggest business opportunities. Globally, we are seeing an acceleration of transition efforts as the American Inflation Reduction Act and Canada's carbon tax legislation have massively increased the activity of companies in North America. This has more than offset a slight slowdown by some of the European leaders as they try to adjust their transition strategies to align with the organizational capabilities.

What role can hydrogen play – an area where the oil and gas majors are leading the energy transition?

The development of a low carbon "green" hydrogen economy is critical for the decarbonisation of many parts of heavy industry and heavy transport where electrification isn't a viable solution.

Unfortunately, hydrogen is highly explosive and very difficult to transport. This is an area where the integrated oil companies could play a critical role in the energy transition. As the largest current producers and users of hydrogen and companies with extensive expertise in dealing with explosive gases like hydrogen, the integrated oil majors are almost the only companies with the technical expertise to advance hydrogen development in the timeframes needed to reach net zero.

Royal Dutch Shell is a great example of this dynamic. As the clear world leader in hydrogen development, they currently operate 10% of the world's installed stock of hydrogen electrolysers as well as the world's first liquified hydrogen carrier which they build using technology from their liquified natural gas businesses. Royal Dutch Shell has extensive experience working with hydrogen in its oil refineries and does so with a safety record which while not perfect is one that is acceptable to society.

Shell is now building on this leading position via its Holland Hydrogen 1 Project in Rotterdam which will be the largest hydrogen facility in Europe when it starts operations in 2025. The facility will include 200MW of electrolysers which will use power from Shell and other offshore wind facilities to produce 60,000 kg per day of green hydrogen which will then be transported to Shell Energy and Chemicals via HyTransport, a specialized hydrogen pipeline that will serve the port of Rotterdam. This hydrogen can then be used to decarbonise chemicals and transport fuel production, as well as for heavy transport once more hydrogen fuel cell powered trucks start transporting goods from the port of Rotterdam. Over the next decade, this project is likely to be the center of one of several early European green hydrogen hubs, none of which could be developed without the technical capabilities of the European oil majors.

Eventually these early green hydrogen networks will grow and interconnect with each other as industrial facilities link to the hydrogen pipeline network and operating expertise become more common. In the late 2030's and 2040's, hydrogen expertise should become much more common as the hydrogen network starts to play a role akin to that of natural gas today. Shell, BP, Total and Repsol are needed to facilitate the shift from what is currently a niche technology to a point in which green hydrogen can reliably replace gas for industrial uses in Europe.

How successful can engagement actually be?

While engagement will be critical going forward to transition the energy sector successfully, GMPF has already seen several examples of its engagement efforts thus far in its investee companies. Below are two examples of companies where GMPF has started to see significant changes as a result of engagement efforts on our behalf by UBS Asset Management over the past several years.

Example 1: BP

UBS-AM identified BP as a company for engagement because of its carbon emissions trends and its fossil fuel exposure. UBS-AM established a dialogue based on bilateral meetings, as well as part of the Climate Action 100+ coalition. Portfolio managers, analysts and Sustainable Investment analysts have been in contact with company representatives, including board members, several times over the last two years in the context of investor governance and Climate Action 100+ meetings.

In 2020, the company announced a net zero emissions target by 2050 including scope 1, 2 and 3 emissions. As a first step, the company announced in August 2020, a 10x increase in low carbon investments, a 20x increase in renewable investments and a 40% reduction in oil and gas production by 2030. Over the last three years, proactive engagement, directly and collaboratively with other asset managers, has led to a positive change leading to BP unveiling one of the most ambitious transformation programs in the oil and gas sector.

In early 2023, BP further enhanced its ambitions regarding products that it sells in its marketing division and its targets for low carbon investments where it expects transition investments to reach 50% of total capital expenditures by 2030. However, it also announced that it will phase out oil and gas production more slowly than previously planned due to government concerns about security of supply after Russia's invasion of Ukraine and the resultant cut-off of gas supplies to Europe. In Q1 2023 as a result of this announcement, UBS-AM questioned BP intensely on the changes to their targets and will continue to press management to keep momentum in their ambition to be net zero aligned by 2050.

Example 2: Equinor

Another example of successful active engagement on our behalf is Equinor. UBS-AM flagged Equinor because of carbon emissions trends and fossil fuel exposure. In 2017, the company was considered one of the world's top 100 greenhouse gas emitters. But its stock had been attractive because of its exposure to large oil fields and its increasing investments in renewables, other low-carbon technologies and emission management solutions. UBS-AM began a dialogue with Equinor, in collaboration with two other asset managers as part of Climate Action 100+. With strategic engagement objectives set, the collective held a series of productive meetings with senior management, Equinor agreed to assess its portfolio, including new material capital expenditure investments, in relation to a "well below 2°C scenario" from 2020 onwards.

The company also committed to reviewing existing climate-related targets up to 2030 and set out new ambitions beyond 2030 for its business activities, informed by its assessment, stress testing and business strategy. These strategic commitments were followed by additional dialogue with the company in the following year. As part of these efforts, in 2020, Equinor announced additional, more ambitious climate change goals, including for example:

- Carbon neutrality of global operations (operated) by 2030.
- A 40% reduction in absolute greenhouse gas emissions in Norway by 2030, 70% by 2040, and near 0 absolute greenhouse gas emissions in Norway by 2050.
- Growing renewable energy capacity tenfold by 2026, and 30 times by 2035, becoming a global offshore wind major.
- Reducing net carbon intensity/ net energy production by at least 50% by 2050.

In 2020, Equinor announced a net zero commitment by 2050 across its entire value chain, one of the most ambitious net zero commitments in the entire energy sector. This was one of the main goals of UBS Asset Management's collaborative engagement.

In 2021, in line with UBS-AM's dialogue, Equinor enhanced thier strategic commitments, for example:

- Set interim carbon intensity targets of 20% reduction in 2030 and 40% in 2035.
- Committed to investments in renewables and new carbon solutions up to 50% of gross annual investments by 2030.

In 2022, the company presented its first energy transition plan, and strengthened their targets to reduce operated scope 1 and 2 emissions by 50% by 2030. While UBS-AM believe the plan is headed in the right direction, they voted against the transition plan to convey the view that the plan's ambition and scope can be strengthened.

As part of their role as a lead investor in Climate Action 100+ for Equinor, UBS-AM is working to increase efforts with the company in 2023 including additional engagement with the company's key stakeholders including the Norwegian government. Ultimately, UBS-AM believes that proactive engagement, collaboratively with other asset managers and on behalf of investors like GMPF, has been successful in realising positive change through engagement goals linked to science-based targets.

Risks

As long-term investors we make assessments of the capital investment strategies of energy companies and the likely impact on returns of pursuing particular strategies.

What risks are involved for GMPF in being such a large shareholder in the energy sector? Won't that mean GMPF is stuck with 'stranded' assets?

GMPF wants to ensure the views of its asset managers are aligned with theirs on the climate transition, and so GMPF put the following questions on the oil and gas transition challenge to one of them – UBS-AM.

GMPF: Is there a risk that our energy investments and their assets will become stranded or worthless in the future?

UBS: Share investing comes with inherent risks, many of which apply universally. Climate change creates an additional potential risk across many industries, but particularly in the energy sector. As such, our portfolio managers pay specific attention to assessing the following areas of risk when assessing companies to include in our portfolio - stranded assets, financial risk, regulatory change, market acceleration and technological change.

Spotlight on risk of stranded assets GMPF: What do "stranded assets" mean?

UBS: In their analysis of the energy sector, the portfolio managers have considered the possible impact of assets becoming redundant or "stranded" by the energy transition away from fossil fuels and the impact that could have on future cash flows.

Stranded assets refer to both existing infrastructure as well as future potential investments. Environmental considerations which result in the rapid phase-out of hydrocarbons are more likely to impact the latter rather than the former. Even the most aggressive phase-out scenarios, such as the IPCC 1.5 degree or the IEA Below 2 degree scenarios, envisage significant usage of hydrocarbons until 2050 and only a modest reduction in demand between now and 2030. Indeed, the recent European energy supply crisis served as a demonstration of how important hydrocarbons are to our present day lives.

Since most publicly listed energy companies have relatively short reserve lives of between 7 and 15 years, the main impact of carbon mitigation will be to preclude or limit their future investment opportunities in oil and gas projects.

GMPF: How do our portfolio managers assess, manage and mitigate the risks of investing in oil and gas companies?

UBS: We have a multi-layered investment approach that is aimed at mitigating risks like this.

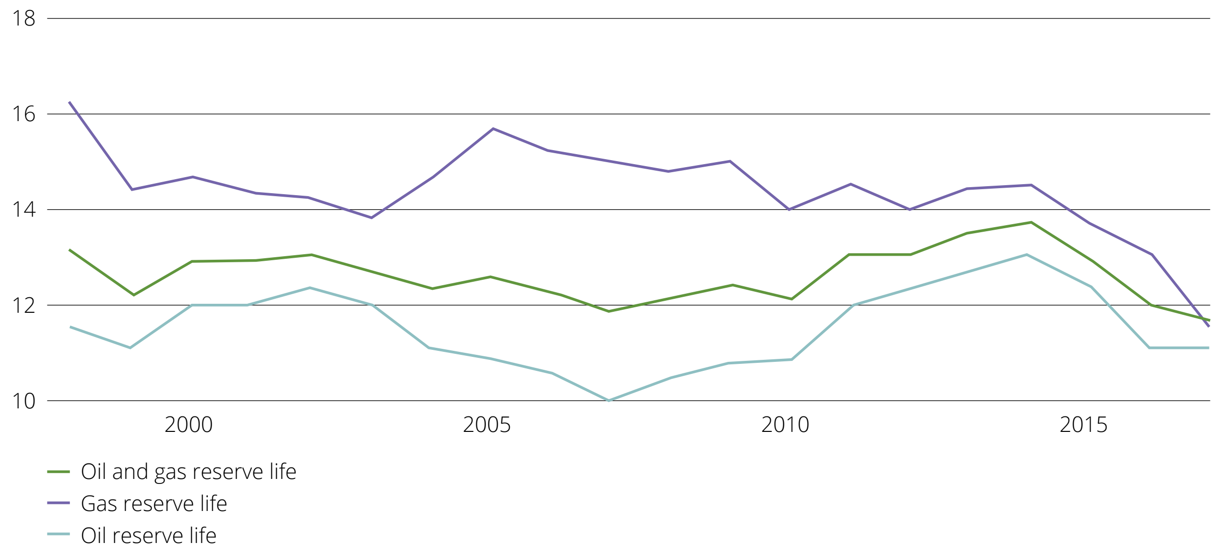
1) Our portfolio managers are selective about which companies we invest in. They exclude those where we feel the combination of risks are too high (e.g. avoid oil explorers in high cost regions). The process for excluding stocks includes use of UBS's proprietary ESG Risk Dashboard in combination with specialist sustainability analysts and energy sector specialists.

2) We invest where management teams seek to mitigate these risks through pursuing energy transition strategies. As long-term investors we make assessments of the capital investment strategies of energy companies and the likely impact on returns of pursuing particular strategies. These assessments are supported by regular engagements with board members of companies that we invest in, as illustrated in the BP and Equinor case studies.

3) Our portfolio managers do not place a value on future hydrocarbon projects when assessing energy companies. Applying this highly conservative valuation methodology means that the potential cost and risk of stranded assets becomes contained from a financial perspective.

Oil majors' reserves life

Reserves life for the world's top 8 oil and gas companies are at their lowest in 20 years



Source: Reuters Graphics, 2021

4) Current investment in oil & gas production is a response to prices and the energy crisis. As energy companies run down their legacy businesses, they are expected to generate substantial cash flows, thereby reducing investment risk and facilitating accelerated investment in green energy.

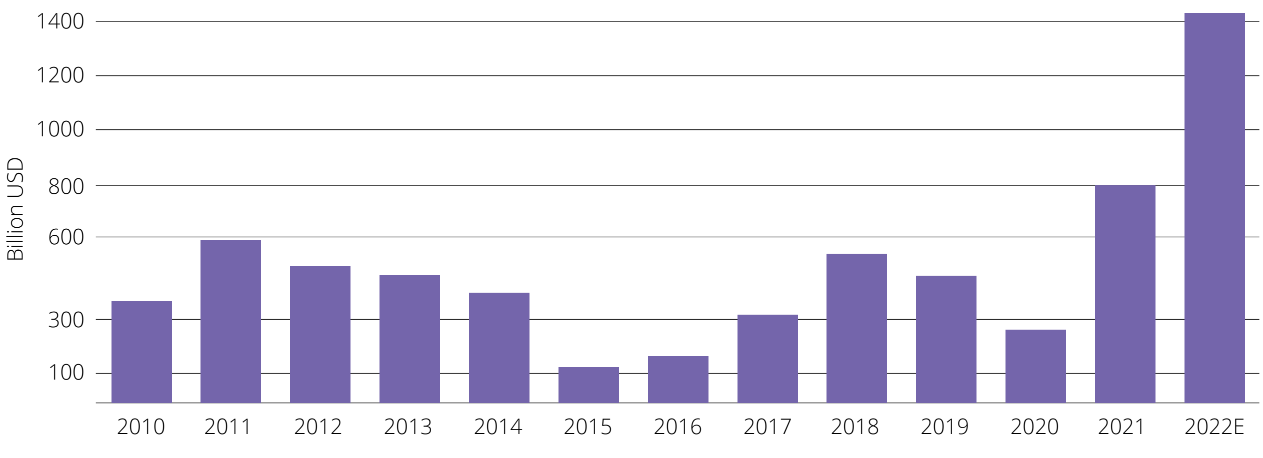
   The cash flow from energy companies can fund investment in green energy, R&D, and provide good dividends and returns to shareholders.

5) As the world moves through the current energy crisis and oil and gas companies focus on renewable and more sustainable energies, on average, the returns on new investments in low carbon or non-carbon energy sources will be lower than current financial returns on carbon-based energy investments. However, the returns they make are expected to be of higher quality and more sustainability-focused and therefore mitigate the impact of lower absolute returns.

   Indeed, we expect that as oil and gas companies progress over time, the shift in business activities away from carbon-based energies is likely to make them more highly valued by investors in the future.

By investing in companies that are on the journey of shifting towards carbon-free energy, we are able to marry the sustainability case with our fiduciary responsibility to achieve positive returns for the Fund.

Substantial cashflow enables reinvestment in renewables and shareholder returns



Source: Deloitte analysis based on data accessed from Rystad Energy Ucube, and US Energy Information Administration
Note: Brent assumption at USD 106/barrel. Includes all upstream companies producing more than 5,000 barrels/day

Climate change is everyone's challenge

GMPF firmly believes that climate change is everyone's challenge to help tackle.

That is why, like UBS-AM, GMPF recently co-signed the 2022 Global Investor Statement to Governments on the Climate Crisis coordinated by the Institutional Investors Group on Climate Change, which asked governments to raise their climate ambition and implement robust policies at COP27.

GMPF has called upon Government to urgently undertake the following five actions:

- Strengthen Nationally Determined Contributions for 2030 in line with limiting warming to 1.5°C.
- Commit to a mid-century net zero emissions target with clear sectoral decarbonisation roadmaps.
- Ensure ambitious pre-2030 policy action including strengthened carbon pricing, phasing out fossil fuel subsidies and thermal coal-based power, avoiding new carbon-intensive infrastructure (no new coal power plants) and developing just transition plans.
- Encourage investment in clean energy and energy efficiency to enable energy security and affordability.
- Commit to implementing mandatory climate risk disclosure requirements.

GMPF's view is that everyone (councillors, MPs and all pension scheme members) should be playing their part in the transition. Read more about this on the GMPF website and also how you can be part of the solution.

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

Agenda Item 23

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
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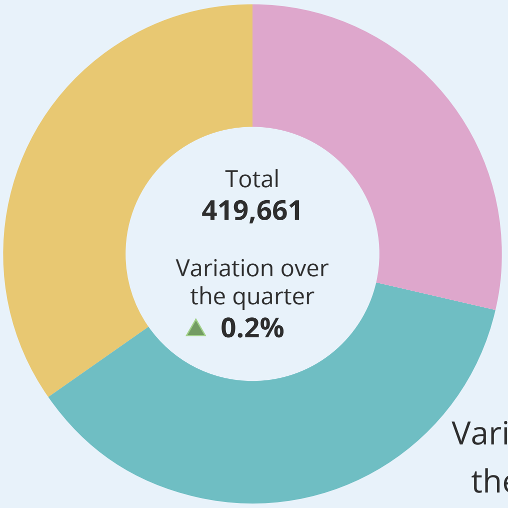
GMPF ADMINISTRATION PERFORMANCE
Q2 – JULY TO SEPTEMBER 2023

my pension by GMPF

MEMBERSHIP

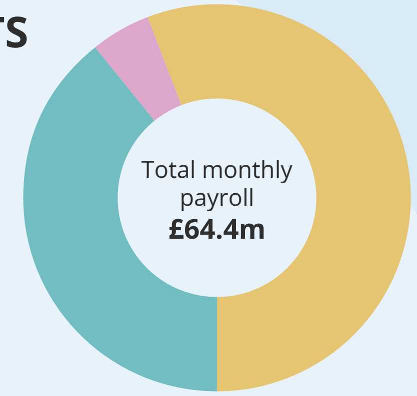


Variation over the quarter

Contributors	120,502	▼ 0.4%
Benefits on hold	154,289	▲ 0.4%
Pensioners	144,870	▲ 0.4%

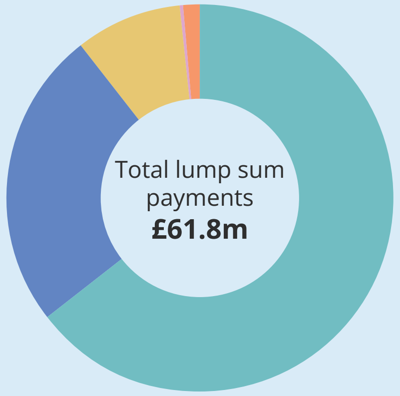
Those with benefits on hold include members entitled to deferred benefits and refunds. The total for Pensioners includes accounts for dependants who are receiving a pension.

PAYMENTS



Advance	£25.4m
Mid	£3.1m
Arrears	£35.9m

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



Retirement lump sum	£40.0m
Transfers out	£15.4m
Death grants	£5.4m
Refunds	£0.3m
Trivial commutations	£0.7m

FEEDBACK

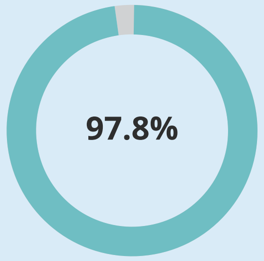
Compliments	9
Complaints	28
Suggestions	4

Figures are those received over the quarter.

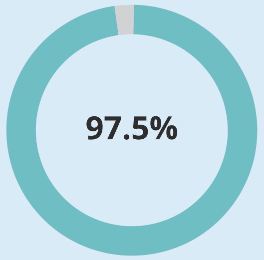
Our vision

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%

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

ASSURANCE

0
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

GMPF ADMINISTRATION PERFORMANCE
Q2 – JULY TO SEPTEMBER 2023

my pension by GMPF

1 CASEWORK INDICATORS - STATUTORY TARGETS

High - within targets

	Processed	% in time
Bulk benefits on hold	393	**100.0%**
Deferred retirement quote	1566	**92.5%**
Dependants benefits	438	**96.6%**
Divorce quote	52	**98.1%**
Divorce - PSO pre implementation	2	**100.0%**
Immediate retirement quote	712	**98.9%**
Revised pay (Deaths)	3	**100.0%**
Transfer in payment	21	**100.0%**
Transfer in quote	52	**100.0%**
Transfer out payment	40	**100.0%**
Transfer out quote	494	**98.8%**

Medium - mostly within targets

	Processed	% in time
Benefit estimate	308	**83.1%**
Benefits on hold	2044	**70.8%**
Deferred retirement payment	1068	**81.8%**
Divorce - PSO post implementation	11	**0.0%**
Immediate retirement payment	854	**84.3%**
New joiners	5494	**87.6%**
Refund quote	41	**87.8%**
Revised pay (Imm and DIP)	148	**15.5%**

2 KEY CASEWORK INDICATORS - INTERNAL TARGETS

High - within targets

	Processed	% in time
Bulk benefits on hold	393	**100.0%**
Death notifications	1220	**93.3%**
Deferred retirement payment	1068	**90.8%**
Dependants benefits	438	**96.8%**
Divorce quote	52	**94.2%**
Emails	694	**98.3%**
Immediate retirement payment	854	**95.3%**
Letters	486	**97.7%**
New joiners	5494	**99.5%**
Refund payment	320	**97.2%**
Transfer in payment	21	**100.0%**
Transfer in quote	52	**94.2%**
Transfer out quote	494	**98.2%**

Medium - mostly within targets

	Processed	% in time
Benefits on hold	2044	**57.1%**
Deferred retirement quote	1566	**30.9%**
Divorce - PSO post implementation	11	**54.6%**
Immediate retirement quote	712	**36.1%**
Refund quote	41	**34.2%**
Transfer out payment	40	**85.0%**

**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
New print and comms contracts
Pensions Dashboard preparations
Production of the annual report
Staff Circle system implementation
Website platform changes

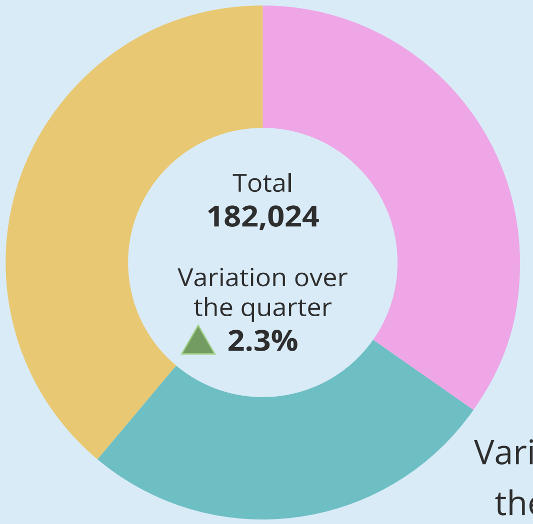
Slight lag

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

GMPF ADMINISTRATION PERFORMANCE
Q2 – JULY TO SEPTEMBER 2023

MY PENSION

REGISTRATION FIGURES



Variation over the quarter

Contributors	63,631	▲ 1.8%
Benefits on hold	48,049	▲ 2.7%
Pensioners	70,344	▲ 2.6%

198,778
Total log ins to My Pension
▼ *15.2%*

137,168
45,432 unique users
Calculator usage
▲ *2.4%*

26,152
Nomination updates
▼ *11.2%*

29,564
Visit to the ABS page
▲ *16.1%*

19,012
Personal data updates
▼ *14.1%*

19,553
Total calls received

00:07:14
Average call wait time

Medium - mostly within targets

My Pension email queue

429
Total emails received

20:10:21
Average wait response time

High - within target

Other emails

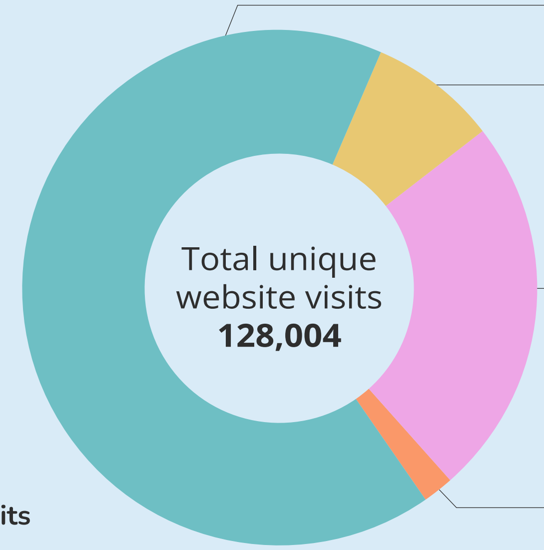
1174
Total emails received

Medium - mostly within targets

Top five contact reasons

1. Retirement query - Chasing/Checking status
2. My Pension - Registration issues
3. Reporting an event/change - Address change
4. Retirement query - Obtaining figures
5. General LGPS or joining query - Combining benefits or transferring in

gmpf website



Members
84,932

Employers
10,013

About us
30,875

Governance
2,184

Top five page visits	Page visits
1. /about/contact-us	7,439
2. /members/retiring/when-and-how-can-you-retire	6,577
3. /members/retiring/early-retirement-factors	4,318
4. /members/Topping-up-your-benefits/ways-you-can-top-up-your-pension	3,974
5. /members/Retiring/access-your-benefits-on-hold	3,823

EVENTS

Members

8
Events held

729
Attendees

Events type held and popularity

1. Pre retirement
2. Overview presentation
3. ABS
4. Topping up

Employers

21
Events held

179
Attendees

Events type held and popularity

1. McCloud
2. Year in review focus group
3. Retirements and leavers
4. Pensionable pay

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