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GREATER MANCHESTER PENSION FUND - MANAGEMENT/ADVISORY PANEL

Day: Friday
Date: 8 March 2024
Time: 10.00 am
Place: Guardsman Tony Downes House, Manchester Road, Droylsden, M43 6SF

Item No.	AGENDA	Page No
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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 - 10
To approve as a correct record the Minutes of the meeting of the Pension Fund Advisory Panel held on 1 December 2023.
 - b) **MINUTES OF THE PENSION FUND MANAGEMENT PANEL** 11 - 16
To approve as a correct record the Minutes of the meeting of the Pension Fund Management Panel held on 1 December 2023.
5. **LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985**
 - a) **URGENT ITEMS**
To consider any items which the Chair is of the opinion shall be considered as a matter of urgency.
 - b) **EXEMPT ITEMS**
The Proper Officer is of the opinion that during the consideration of the items set out below, the meeting is not likely to be open to the press and public and therefore the reports are excluded in accordance with the provisions of the Schedule 12A to the Local Government Act 1972.

Items	Paragraphs	Justification
11, 12, 13, 14, 15,	3&10, 3&10, 3&10,	Disclosure would, or would

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

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16, 21, 22, 23	3&10, 3&10, 3&10, 3&10, 3&10, 3&10# 3	prejudice the commercial int Fund and/or its agents which affect the interests of the and/or tax payers.
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6. PENSION FUND WORKING GROUPS/LOCAL BOARD MINUTES/NLGPS JOINT OVERSIGHT COMMITTEE

a) LOCAL PENSIONS BOARD 17 - 24

To consider the Minutes of the proceedings of the Local Pensions Board held on 25 January 2024.

b) INVESTMENT MONITORING AND ESG WORKING GROUP 25 - 30

To consider the Minutes of the proceedings of the Investment Monitoring and ESG Working Group held on 19 January 2024.

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 19 January 2024.

d) POLICY AND DEVELOPMENT WORKING GROUP 41 - 44

To consider the Minutes of the meeting held on 22 February 2024.

e) NORTHERN LGPS JOINT OVERSIGHT COMMITTEE 45 - 50

To note the Minutes of the meeting held on 5 October 2023.

ITEMS FOR DISCUSSION/DECISION

7. GMPF BUDGET 2023/24 AND MEDIUM TERM FINANCIAL PLANNING (10.20AM) 51 - 54

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

8. GMPF STATEMENT OF ACCOUNTS 2022/23 - GMPF ACCOUNTING POLICIES AND CRITICAL JUDGEMENTS 55 - 64

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

9. THE PENSIONS REGULATOR (TPR) GENERAL CODE (10.30AM) 65 - 70

To consider the attached report of the Assistant Director, Pensions Administration and to receive a presentation from representatives of Hymans Robertson.

10. RESPONSIBLE INVESTMENT UPDATE (11.30AM) 71 - 80

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.

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

- 11. POOLING UPDATE (11.45AM)** 81 - 88

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

- 12. PERFORMANCE DASHBOARD (12.00PM)** 89 - 126

Report of the Assistant Director of Pensions Investments, attached.

- 13. BUSINESS PLANNING, BUDGET AND RISK MANAGEMENT (12.10PM)** 127 - 132

To consider the attached report of the Director of Pensions.

- 14. ADVISOR COMMENTS AND QUESTIONS**

ITEMS FOR INFORMATION

- 15. ADMINISTRATION UPDATE (12.20PM)** 133 - 136

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

- 16. LGPS UPDATE** 137 - 142

To consider the attached report of the Director of Pensions.

- 17. FUTURE DEVELOPMENT OPPORTUNITIES (12.25PM)**

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

LGC Investment Seminar - Cheshire	14-15 March 202
PLSA Local Authority Conference - Gloucestershire	17-19 June 2024
PLSA Annual Conference - Liverpool	15-17 October 20

- 18. DATES OF FUTURE MEETINGS**

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

Management/Advisory Panel	19 July 2024 20 Sept 2024 13 Dec 2024 7 Mar 2025 11 July 2025 12 Sept 2025 12 Dec 2025 6 Mar 2026
Policy & Development Working Group	27 June 2024 19 Aug 2024 28 Nov 2024 20 Feb 2025

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.

	26 June 2025 4 Sept 2025 27 Nov 2025 19 Feb 2026
Local Pensions Board	11 April 2024 1 Aug 2024 26 Sept 2024 30 Jan 2025 10 April 2025 24 July 2025 25 Sept 2025 22 Jan 2026 9 Apr 2026
Investment Monitoring and ESG Working Group/Administration and Employer Funding Viability Working Group	12 April 2024 26 July 2024 27 Sept 2024 24 Jan 2025 11 Apr 2025 18 July 2025 19 Sept 2025 23 Jan 2026 10 Apr 2026

WORKING PAPERS - APPENDICES

19.	APPENDIX 9A - GENERAL CODE REPORT	143 - 146
20.	APPENDIX 10A - GMPF'S RESPONSIBLE INVESTMENT PARTNERS AND COLLABORATIONS	147 - 150
21.	APPENDIX 11A - CONSULTATION RESPONSE	151 - 168
22.	APPENDIX 13A - GMPF WHOLE FUND RISK REGISTER	169 - 176
23.	APPENDIX 15A - Q3 ADMIN PERFORMANCE DASHBOARD	177 - 180

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

1 December 2023

Commenced: 10.10am **Terminated:** 12.40pm

Present: Councillor Cooney (Chair)
Councillors: Axford (Trafford), Grimshaw (Bury), Mistry (Bolton), O'Neill (Rochdale), Sheikh (Manchester), Smart (Stockport) and Walters (Salford)

Employee Representatives:

Ms Blackburn (UNISON), Mr Caplan (UNISON), Mr Drury (UNITE), 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: Councillors Jabbar (Oldham) and Rehman (Wigan)

43. CHAIR'S OPENING REMARKS

The Chair, Councillor Cooney, advised with great sadness, of the death of John Pantall. John had been on the Fund firstly, as the representative for Stockport MBC and latterly, when he retired after 44 years as a Stockport Councillor, became an independent observer on the Fund.

John was a remarkable man and a tremendous public servant for over forty years. His commitment to the Pension Fund was second to none and he was well-respected across the Pension world. John was a stalwart supporter of the Fund and indefatigable in his efforts to do his best and represent the interests of members, Employers and taxpayers who he represented so assiduously over the years. He would be sadly missed by all who knew him.

The Chair extended sincere condolences to John's wife Marlis, and his family at this very sad time.

The meeting then stood in silence in memory of John.

The Chair stressed the importance of safeguarding the deferred pay, which were the pensions of public sector workers, whilst balancing the need to ensure that they were affordable and sustainable to the employers and taxpayers alike. He reminded everyone that attendance was important and in particular, training opportunities, to ensure that Members had the appropriate skills and knowledge to be a trustee to manage nearly £30 billion pounds in order to meet the pension promises of the Fund's members.

The Chair further announced that Councillor Billington had decided to resign from his position on the Fund due to work commitments and he thanked him for his contribution to date.

The Chair also thanked UBS, who were present in the meeting to provide an update on GMPF's approach to climate risk on the excellent training they delivered 4 weeks ago.

The Chair was delighted to announce that the Fund was successful at the IPE awards the previous day and was:

- the Winner for Impact Investing – as informed at the last meeting (meeting of 15 September 2023 refers), the Fund was the first LGPS fund to have their impact investing assessed independently by the Good Economy and published on the GMPF website;
- Highly Commended UK Fund; and
- Highly commended Public Sector Fund.

He added that the IPE Awards over the last 20 years had recognised pension providers that had set the highest professional standards across Europe. He congratulated everyone at the Fund as this was a significant achievement and reflection on the enormous amount of work which had taken place by all over recent years.

On the 13 November, a new minister responsible for the LGPS, Simon Hoare was appointed local government minister at the Department for Levelling Up, Housing & Communities as part of the Prime Minister's recent reshuffle, replacing Lee Rowley who Rishi Sunak made housing minister. A week later, alongside the Chancellor's Autumn Statement, the response to the "next steps on investments" consultation was signed off and published by the new Minister on 22 November 2023.

The consultation largely adopted the measures the government originally consulted on, with the main points from the consultation set out as follows:

"After having considered the responses, the government will now implement the proposals that we set out in the consultation to accelerate and expand pooling, and increase investment in levelling up and in private equity. We will:

- set out in revised investment strategy statement guidance that funds should transfer all assets to their pool by 31 March 2025, and set out in their Investment Strategy Statement assets which are pooled, under pool management and not pooled and the rationale, value for money and date for review if not pooled
- revise pooling guidance to set out a preferred model of pooling including delegation of manager selection and strategy implementation
- implement a requirement in guidance for administering authorities to set a training policy for pensions committee members and to report against the policy
- revise guidance on annual reports to include a standard asset allocation, proportion of assets pooled, a comparison between actual and strategic asset allocation, net savings from pooling and net returns for each asset class against their chosen benchmark
- make changes to LGPS official statistics to include a standard asset allocation and the proportion of assets pooled and the net savings of pooling
- amend regulations to require funds to set a plan to invest up to 5% of assets in levelling up the UK, and to report annually on progress against the plan
- revise Investment Strategy Statement guidance to require funds to consider investments to meet the government's ambition of a 10% allocation to private equity."

The Chair advised that the consultation response was out too late for a report to be produced for the meeting on implications for the Fund, however a report would be brought to a future meeting of the Panel, when the response had been fully scrutinised.

The Chair concluded that John Simmonds from CEM Benchmarking (who measured the performance of over 400 pension funds globally), was in attendance and would be presenting before Members later in the agenda. He would be providing feedback favourably on the Fund's position globally particularly during the post covid, fiscally and geopolitically difficult and unstable times.

44. DECLARATIONS OF INTEREST

There were no new declarations of interest submitted by Members.

45. MINUTES

- (a) The Minutes of the proceedings of the meeting of the Pension Fund Advisory Panel held on 15 September 2023 were signed as a correct record.
- (b) The Minutes of the proceedings of the meeting of the Pension Fund Management Panel held on 15 September 2023 were noted.

46. LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

(a) Urgent Items

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

(b) Exempt Items

RESOLVED

That under Section 100 (A) of the Local Government Act 1972 the public be excluded for the following items of business on the grounds that:

- (i) they involve the likely disclosure of exempt information as defined in the paragraphs of Part 1 of Schedule 12A of the act specified below; and
- (ii) in all circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information for reasons specified below:

Items	Paragraphs	Justification
9, 10, 11, 12, 13, 14, 21, 23, 24, 25	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.

47. LOCAL PENSIONS BOARD

The Minutes of the proceedings of the meeting of the Local Pensions Board held on 28 September 2023 were received.

Councillor Fairfoull, Chair of the Local Pensions Board, advised that the Board had discussed the Fund's cyber security. He explained that, as a large pension scheme, GMPF held and was responsible for, large amounts of personal data and sensitive information. The Fund's Cyber Security Strategy and Cyber Security Policy had recently been updated to align with the new Cyber Assessment Framework created by the National Cyber Security Centre. Furthermore, GMPF had worked with a partner called WithSecure since October 2022 to develop a new Incident Response Plan. The Incident Response Plan would guide GMPF's incident responders through the steps they needed to take to ensure any cyber incident was properly dealt with, escalated, and communicated to limit the impacts.

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

The Board 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 28 September 2023 be noted.

48. INVESTMENT MONITORING AND ESG WORKING GROUP

The Minutes of the proceedings of the meeting of the Investment Monitoring and ESG Working Group held on 22 September 2023 were considered.

Councillor North, Chair of the Investment Monitoring and ESG Working Group, advised that the Fund's responsible investment advisor, PIRC, attended the meeting and discussed their recent engagement work on behalf of the Fund. The focus of the engagement had been on four areas; tax transparency, the risks of modern slavery in the supply chains of UK retailers, companies that had received high shareholder opposition on issues such as executive pay, and companies that were taking an approach to freedom of association that was inconsistent with their stated policies.

Schroders also attended the meeting and gave an informative overview of the Main Property portfolio. There was a focus on the macro environment and the positive performance of the portfolio over the last 12 months, which was the result of active asset management. The Head of Sustainability & Impact also presented in detail, on ongoing work into Net Zero Carbon transition and external reporting and validation of the portfolio's ESG performance.

RECOMMENDED

That the Minutes be received as a correct record.

49. 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 22 September 2023 were considered.

Councillor Fitzpatrick, Chair of the Administration and Employer Funding Viability Working Group, advised that Members had discussed the recent review of the Pensions Administration Strategy (PAS). The PAS was a key document that provided clarity on the roles and responsibilities of GMPF and its employers. It set out expectations and confirmed the targets that GMPF and its employers needed to work towards. The PAS was usually reviewed and updated annually. The PAS had recently been updated to provide further clarity in respect of performance targets as well as enhancing some of the escalation timescales in place. Given that no material changes were made to the PAS in the latest revision, a consultation with employers was not needed. The PAS could be found on the GMPF website.

The latest developments regarding pension dashboards were also discussed. Government originally intended for Public Service Pension Schemes to connect to the dashboard ecosystem by 30 September 2024. However, Government realised that this was an unachievable objective for the entire pensions industry. Therefore, the final connection date was recently revised to 31 October 2026 to allow pension schemes more time to prepare.

The administration strategic service update and updates relating to member services, employer services, developments and technologies, and communication and engagement, were also reviewed.

RECOMMENDED

- (i) That the Minutes be received as a correct record; and**
- (ii) In respect of the Administration Developments and Technologies Update, that the revised policy and strategy documents, as appended to the report, be approved.**

50. POLICY AND DEVELOPMENT WORKING GROUP

The Minutes of the proceedings of the meeting of the Policy and Development Working Group held on 23 November 2023 were considered.

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

RECOMMENDED

That the Minutes be received as a correct record.

51. NORTHERN LGPS JOINT OVERSIGHT COMMITTEE

The Minutes of the proceedings of the meeting of the Northern LGPS Joint Oversight Committee held on 6 July 2023 were received.

RECOMMENDED

That the Minutes of the proceedings of the Northern LGPS Joint Oversight Committee held on 6 July 2023, be noted.

52. GMPF STATEMENT OF ACCOUNTS AND ANNUAL REPORT 2022-2023

The Assistant Director, Local Investments and Property, submitted a report, giving details of the draft annual report and accounts for GMPF, including a summary financial report and updated Members in respect of the external audit.

In terms of the GMPF Draft Accounts, Members were advised that a draft simplified statement of accounts had been reported previously to Panel. Whilst the audit was not yet completed the majority of fieldwork was complete and no changes were anticipated to the headline number, as detailed in the report.

With regard to the progress of external audit, the report displayed the progress to date with the Audits for 2021 and 2022. The highlights were that 2021 accounts were now fully signed off and the 2022 Audits Finding Report had been signed off by Tameside Audit Panel, (copy appended to the report).

The annual report was still being finalised due to late completion of audit.

RECOMMENDED

That the progress of the Annual Report and external audit be noted.

53. RESPONSIBLE INVESTMENT UPDATE

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

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

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

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

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

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

- Impact Portfolio - £20m commitment to a Growth Credit Fund with an Impact and ESG focus to improve portfolio company performance in carbon reduction, inclusion and diversity; and
- Property Portfolio - £150m into a UK-wide science, tech and innovation specialist property platform

He commented on and gave further details of:

- The Northern LGPS Stewardship Report, which explored Climate and Finance Engagement; Minimum Wage and Water Companies;
- Stewardship Activity - Co-filed a shareholder resolution at Royal Bank of Canada requesting Racial Equity audit; and
- Proxy Voting - PIRC webinar on pass through voting, which enabled voting on shares in proportion to the value of investment and enhanced alignment of voting with asset owner policies.

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

The Chair thanked the Assistant Director for an interesting presentation.

RECOMMENDED

That the content of the report and presentation be noted.

54. UPDATE ON GMPF'S APPROACH TO CLIMATE RISK – PART II

The Assistant Director of Investments, submitted a report and Steve Magill, Francis Condon and James Rogers presented before Members and presented their investment rationale for their carbon intensive holdings. Members were advised that an update of the UBS pamphlet, "How we're investing for the energy transition" was appended to the report and had been uploaded to the GMPF website.

The presentation provided an overview of the following areas in respect of GMPF's portfolio:

- GMPF Fiduciary duty;
- Partnership on climate transition;
- Trucost data;
- Fossil Fuels and climate transition;
- Engagement activity; and
- Portfolio management.

Detailed discussion ensued and, in response to questions from members, UBS representatives commented on a just transition and why active engagement was more effective than divestment.

The Chair thanked Messrs Magill and Condon for their presentation.

RECOMMENDED

That the content of the report and presentation be noted.

55. CEM COST BENCHMARKING

Consideration was given to a report of the Assistant Director of Pensions Investments and the Assistant Director of Pensions Administration, providing Members with an update on investment management cost benchmarking for the Fund over 2022/23. In addition, CEM provided a report analysing and benchmarking the Fund's administration costs and member services, an update on which was provided in the report. John Simmonds and David Jennings of CEM Benchmarking also delivered a presentation.

In respect of CEM Investment Cost Analysis, it was reported that GMPF had generated significant underlying savings in 2022/23.

CEM had also benchmarked GMPF's costs against a peer group of 19 relatively similar sized global funds (including LGPS funds and non-LGPS funds) and GMPF was lower cost than the benchmark.

With regard to GMPF CEM Administration costs and service score analysis 2022/23, it was reported that GMPF was a high service, low cost provider relative to its peers.

The key outcomes from the 2022/23 benchmarking were highlighted. GMPF's total cost per member was £16.91, being £6.71 lower than the adjusted peer average of £24.62. GMPF's service score was 69 out of 100, being 8 points above the peer median of 61.

It was explained that CEM had made some changes to the service model this year and so the scores for previous years had been adjusted to enable a like-for-like comparison to be made.

The total cost per member was slightly higher than last year (by £1.00) but the cost position relative to peers had fallen. The service score remained unchanged when compared to the year before.

It was further explained that work towards the administration sections' achievement of business plan objectives and key projects may lead to further improvements to the service score in future years. Work would continue improving all aspects of customer service and the customer experience, which should lead to improved metrics for telephone calls, website usage and other member contact. Work would also continue with encouraging members to register and use My Pension. Officers would be using the analysis within the CEM report to identify other areas where changes could be made to the way services were provided or measured to further enhance member experience.

The Chair thanked Mr Simmonds and Mr Jennings for a very informative presentation.

RECOMMENDED

That the content of the report be noted.

56. PERFORMANCE DASHBOARD

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

Key information from the Quarter 3 2023 Performance Dashboard was summarised. Global equity markets weakened and sovereign bond yields rose as markets braced for higher-for-longer interest rates being needed to return inflation to target. Credit spreads marginally tightened as expectations of outright recession receded. Better-than-expected Q2 data, released in Q3, led to further upwards revisions to 2023 global growth forecasts for Q3. Survey indicators suggested that economic activity weakened in Q3, particularly in Europe, but growth was expected to slow, rather than collapse. Whilst inflation generally declined, it remained above target, and markets were coming to expect that central banks would have to keep interest rates higher for longer to return inflation to target.

Headline inflation was at 3.7%, 6.7%, and 4.3% year on year in the US, UK, and eurozone, respectively. Furthermore, year-on-year core CPI inflation, which excluded more volatile energy and food prices, was also substantially above central bank targets, at 4.3%, 6.2%, and 4.5%, in the US, UK and eurozone, respectively. The Fed and Bank of England (BoE) both raised interest rates 0.25% pa in Q3, to 5.5% pa and 5.25% pa, respectively, before leaving interest rates unchanged at their September meetings. The BoE took markets by surprise as another 0.25% pa interest rate increase was expected. Given a smaller cumulative increase in interest rates in this cycle, the European Central Bank raised its deposit rate twice, to 4.0% pa. Whilst major central banks, and markets, were indicating interest rates were close to peaking, they also suggested that interest rates may have to remain at current, or higher levels for longer to return inflation to target.

Over the quarter total Main Fund assets increased by £310 million to £28.8 billion. On a cumulative basis, over the period since September 1987, GMPF had outperformed the average LGPS, equating to over £4.5 billion of additional assets. Apart from private equity and infrastructure, 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 2023/24 review of Investment Strategy, further changes to the 'realistic' strategic allocations to alternatives were made in Q3 2023. Within the Main Fund, there was an overweight position in private equity and cash (of around 4% in aggregate). The overweight positions were largely offset by underweight positions in bonds and property. The Main Fund outperformed its benchmark over Q3 2023. Relative performance over 1 year was negative. The Main Fund was ahead of its benchmark over 3, 5 and 10 years and performance since inception remained strong.

Over Q3 2023, 1 year active risk fell sharply but 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 Q3 2023. The uncertainty surrounding the macro economic outlook remained high; in particular, future inflation levels, the war in Ukraine and conflicts in the Middle East, supply chain disruptions and the future impact of the pandemic on economic output, remained unclear.

As at the end of Quarter 3; 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.

57. 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; website software and AI and ChatGPT usage.

RECOMMENDED

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

58. GMPF EMPLOYER EXIT CREDIT DETERMINATIONS

The Director of Pensions submitted a report explaining that when an employer leaves the LGPS and a surplus of assets exists, the Administering Authority had sole discretion about whether to pay an exit credit to the exiting employer.

It was further explained that GMPF had a policy in place to assist with exercising that discretion. GMPF had six months within which to exercise this discretion unless an extension was agreed with the exiting employer. The policy stipulated that GMPF must seek advice from GMPF's actuary and legal advisors and assess each case against several factors outlined in the policy before making a decision.

The Director of Pensions did not currently have delegated authority to decide whether to pay an exit credit payment or not.

The report provided details about the relevant regulations and policies to be followed when making decisions on these matters and suggested that the Director of Pensions be given delegated authority to make decisions where certain circumstances applied.

RECOMMENDED

That responsibility be delegated to the Director of Pensions to make determinations about the payment of exit credits, where those decisions are in line with agreed criteria and are made after having sought advice from GMPF's actuarial and where appropriate legal advisors.

59. ADMINISTRATION UPDATE

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

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

RECOMMENDED

That the content of the report be noted.

60. LGPS UPDATE

Consideration was given to a report of the Assistant Director of Pensions Administration providing

the Panel with an update on the latest developments regarding the Local Government Pension Scheme, 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; and
- MAPS Pensions Dashboard update.

RECOMMENDED

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

61. FUTURE DEVELOPMENT OPPORTUNITIES

Trustee development opportunities were noted as follows:

LGA Fundamentals – Day 3, Manchester Piccadilly Hotel	13 December 2023
LGA Fundamentals – Day 3 virtual (two half days)	11 December 2023 19 December 2023

62. DATES OF FUTURE MEETINGS

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

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

CHAIR

GREATER MANCHESTER PENSION FUND MANAGEMENT PANEL

1 December 2023

Commenced: 10.10am **Terminated:**12.40pm

Present: Councillor Cooney (Chair)

Councillors: Axford (Trafford), Boyle, Drennan, Fitzpatrick, Grimshaw (Bury), Lane, Mistry (Bolton), North, O'Neill (Rochdale), Quinn, Ricci, Sheikh (Manchester), Smart (Stockport), Taylor, Walters (Salford) and Ward.

Ms Herbert (MoJ) joined the meeting virtually

Fund Observers:

Councillor Taylor (Stockport)

Apologies for Absence: Councillors Billington, Jabbar (Oldham), Jones, Martin and Rehman (Wigan)

43. CHAIR'S OPENING REMARKS

The Chair, Councillor Cooney, advised with great sadness, of the death of John Pantall. John had been on the Fund firstly, as the representative for Stockport MBC and latterly, when he retired after 44 years as a Stockport Councillor, became an independent observer on the Fund.

John was a remarkable man and a tremendous public servant for over forty years. His commitment to the Pension Fund was second to none and he was well-respected across the Pension world. John was a stalwart supporter of the Fund and indefatigable in his efforts to do his best and represent the interests of members, Employers and taxpayers who he represented so assiduously over the years. He would be sadly missed by all who knew him.

The Chair extended sincere condolences to John's wife Marlis, and his family at this very sad time.

The meeting then stood in silence in memory of John.

The Chair stressed the importance of safeguarding the deferred pay, which were the pensions of public sector workers, whilst balancing the need to ensure that they were affordable and sustainable to the employers and taxpayers alike. He reminded everyone that attendance was important and in particular, training opportunities, to ensure that Members had the appropriate skills and knowledge to be a trustee to manage nearly £30 billion pounds in order to meet the pension promises of the Fund's members.

The Chair further announced that Councillor Billington had decided to resign from his position on the Fund due to work commitments and he thanked him for his contribution to date.

The Chair also thanked UBS, who were present in the meeting to provide an update on GMPF's approach to climate risk on the excellent training they delivered 4 weeks ago.

The Chair was delighted to announce that the Fund was successful at the IPE awards the previous day and was:

- the Winner for Impact Investing – as informed at the last meeting (meeting of 15 September 2023 refers), the Fund was the first LGPS fund to have their impact investing assessed independently by the Good Economy and published on the GMPF website;
- Highly Commended UK Fund; and
- Highly commended Public Sector Fund.

He added that the IPE Awards over the last 20 years had recognised pension providers that had set the highest professional standards across Europe. He congratulated everyone at the Fund as this was a significant achievement and reflection on the enormous amount of work which had taken place by all over recent years.

On the 13 November, a new minister responsible for the LGPS, Simon Hoare was appointed local government minister at the Department for Levelling Up, Housing & Communities as part of the Prime Minister's recent reshuffle, replacing Lee Rowley who Rishi Sunak made housing minister. A week later, alongside the Chancellor's Autumn Statement, the response to the "next steps on investments" consultation was signed off and published by the new Minister on 22 November 2023.

The consultation largely adopted the measures the government originally consulted on, with the main points from the consultation set out as follows:

"After having considered the responses, the government will now implement the proposals that we set out in the consultation to accelerate and expand pooling, and increase investment in levelling up and in private equity. We will:

- set out in revised investment strategy statement guidance that funds should transfer all assets to their pool by 31 March 2025, and set out in their Investment Strategy Statement assets which are pooled, under pool management and not pooled and the rationale, value for money and date for review if not pooled
- revise pooling guidance to set out a preferred model of pooling including delegation of manager selection and strategy implementation
- implement a requirement in guidance for administering authorities to set a training policy for pensions committee members and to report against the policy
- revise guidance on annual reports to include a standard asset allocation, proportion of assets pooled, a comparison between actual and strategic asset allocation, net savings from pooling and net returns for each asset class against their chosen benchmark
- make changes to LGPS official statistics to include a standard asset allocation and the proportion of assets pooled and the net savings of pooling
- amend regulations to require funds to set a plan to invest up to 5% of assets in levelling up the UK, and to report annually on progress against the plan
- revise Investment Strategy Statement guidance to require funds to consider investments to meet the government's ambition of a 10% allocation to private equity."

The Chair advised that the consultation response was out too late for a report to be produced for the meeting on implications for the Fund, however a report would be brought to a future meeting of the Panel, when the response had been fully scrutinised.

The Chair concluded that John Simmonds from CEM Benchmarking (who measured the performance of over 400 pension funds globally), was in attendance and would be presenting before Members later in the agenda. He would be providing feedback favourably on the Fund's position globally particularly during the post covid, fiscally and geopolitically difficult and unstable times.

44. DECLARATIONS OF INTEREST

There were no new declarations of interest submitted by Members.

45. MINUTES

The Minutes of the proceedings of the meeting of the Pension Fund Advisory Panel held on 15 September 2023 were noted.

The Minutes of the proceedings of the meeting of the Pension Fund Management Panel held on 15 September 2023 were signed as a correct record.

46. LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

(a) Urgent Items

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

(b) Exempt Items

RESOLVED

That under Section 100 (A) of the Local Government Act 1972 the public be excluded for the following items of business on the grounds that:

- (i) they involve the likely disclosure of exempt information as defined in the paragraphs of Part 1 of Schedule 12A of the act specified below; and**
- (ii) in all circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information for reasons specified below:**

Items	Paragraphs	Justification
9, 10, 11, 12, 13, 14, 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 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.

47. LOCAL PENSIONS BOARD

The Minutes of the proceedings of the meeting of the Local Pensions Board held on 28 September 2023 were considered.

RESOLVED

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

48. INVESTMENT MONITORING AND ESG WORKING GROUP

The Minutes of the proceedings of the meeting of the Investment Monitoring and ESG Working Group held on 22 September 2023 were considered

RESOLVED

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

49. 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 22 September 2023 were considered

RESOLVED

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

50. POLICY AND DEVELOPMENT WORKING GROUP

The Minutes of the proceedings of the meeting of the Policy and Development Working Group held

on 23 November 2023 were considered.

RESOLVED

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

51. NORTHERN LGPS JOINT OVERSIGHT COMMITTEE

The Minutes of the proceedings of the meeting of the Northern LGPS Joint Oversight Committee held on 6 July 2023 were received.

RESOLVED

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

52. GMPF STATEMENT OF ACCOUNTS AND ANNUAL REPORT 2022-2023

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

RESOLVED

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

53. RESPONSIBLE INVESTMENT UPDATE

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

RESOLVED

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

54. UPDATE ON GMPF'S APPROACH TO CLIMATE RISK

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

RESOLVED

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

55. CEM COST BENCHMARKING

The Assistant Director of Pensions Investments and the Assistant Director of Pensions Administration submitted a report and a presentation delivered by representatives of CEM Benchmarking.

RESOLVED

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

56. 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.

57. 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.

58. GMPF EMPLOYER EXIT CREDIT DETERMINATIONS

A report of the Director of Pensions was submitted.

RESOLVED

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

59. ADMINISTRATION UPDATE

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

RESOLVED

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

60. 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.

61. FUTURE DEVELOPMENT OPPORTUNITIES

Trustee development opportunities were noted as follows:

LGA Fundamentals – Day 3, Manchester Piccadilly Hotel	13 December 2023
LGA Fundamentals – Day 3 virtual (two half days)	11 December 2023
	19 December 2023

62. DATES OF FUTURE MEETINGS

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

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

CHAIR

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GREATER MANCHESTER PENSION FUND - LOCAL PENSIONS BOARD

25 January 2024

Commenced: 15:00

Terminated: 16:35

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

Apologies for Absence **Chris Goodwin, Mark Rayner and Paul Entwistle**

26 **DECLARATIONS OF INTEREST**

There were no declarations of interest.

27 **MINUTES**

The minutes of the Local Pensions Board meeting on the 28 September 2023 were approved as a correct record.

28 **GMPF FINAL ACCOUNTS – ACCOUNTING POLICES**

Consideration was given to a report of the Director of Pensions / Assistant Director for Local Investments and Property. The report detailed the progress of the governance arrangements for the budget setting and financial reporting. This was provided by the attached appendix to the report that was presented to the GMPF Management Panel on 1 December 2023.

In terms of the GMPF Draft Accounts, Members were advised that a draft simplified statement of accounts had been reported previously to Board. Whilst the audit was not yet completed the majority of fieldwork was complete and no changes were anticipated to the headline number, as detailed in the report.

With regard to the progress of external audit, the report displayed the progress to date with the Audits for 2021 and 2022. The highlights were that the 2021 accounts were now fully signed off and the 2022 Audits Finding Report had been signed off by Tameside Audit Panel, (copy appended to the report).

The annual report was still being finalised due to late completion of audit and awaited sign off from Tameside Audit Panel.

RESOLVED

That the report be noted.

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

RESOLVED

That under Section 100 (A) of the Local Government Act 1972 the public be excluded for the following items of business on the grounds that:

- (i) they involve the likely disclosure of exempt information as defined in the paragraphs of Part 1 of Schedule 12A of the act specified below; and
- (ii) in all circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information for reasons specified below:

Items	Paragraphs	Justification
6, 7, 9, 10, 11, 12, 13	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.

30 ADMINISTRATION UPDATE

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

It was explained that during the last quarter, the team had been focussed on the McCloud project. The amendments to the regulations came into effect from 1 October 2023 and although guidance on some areas was still awaited, the project had taken up significant resource as data collection work progressed and as software was received and tested. As the implementation of the McCloud remedy was a statutory requirement, the work had taken priority over several projects.

The performance dashboard for quarter 2 (July to September 2023) could be found at Appendix 1. Overall, levels of casework and performance against turnaround targets remained relatively consistent. Performance levels remained high and work on projects that supported improving the service provided to members continued. Members were advised that a main area that experienced changes to expected workloads during this quarter was pension transfers due to transfer calculations that were on hold while new factors were produced by GAD. It was also explained that annual benefits statements, pension saving statements and overseas pensioner member existence checks were produced and issued during this quarter.

Members of the Local Board were advised that My Pension registration figures continued to increase, with over 182,000 members registered to access their online account. It was reported that visits to the My Pension pages on Annual Benefit Statements and the calculator increased during this quarter due to correspondence issued which alerted members that their statement was available on their My Pension account. It was reported that member events continued to be popular and very well received. Eight member events were held in quarter 2 with 79 members in attendance. The most popular events covered McCloud, employer focus groups, plus ones on pensionable pay and retirements.

With regard to Members Services, it was reported that work to produce and issue pension saving statements for contributors, members with benefits on hold and pensioner members who had retired in the 2022/23 tax year was completed and all statements were issued by the statutory deadline of 6 October 2023. Those who had requested a paper copy or a version in an alternative format had also received their statement by this date. Members were further advised that the annual review of GMPF's death grant payments guidelines, together with a review of death grant case decisions made in 2022/23 was undertaken during the last quarter.

It was reported that a main area of focus for the Employer Services section over the last quarter was to support all employers to submit their monthly data return correctly and on time. It was explained

that the Employer Data and Pension Fund Accountancy teams had undertaken an exercise that identified employers that regularly submitted their iConnect returns late and a notice of non-compliance was issued to these employers. Members were advised that as a result of the non-compliance exercise, the iConnect submission rates had significantly improved. Members of the Board were advised that this exercise had highlighted some areas of learning and an action plan had been created which ensured that this learning was applied to all systems and processes.

Members of the Board were provided with the customer services and communications dashboard which was attached at appendix 2 which provided long term statistics about general engagement from April 2022 to September 2023 and other statistics for quarter 2 (July to September 2023).

Members were pleased to hear that call waiting times and abandoned calls had reduced considerably since the last report. It was explained that in order to reduce unnecessary contact, several amendments and improvements had been made to the GMPF website. The My Pension area of the website had been reviewed and ensured that members were able to find key information easier. Member newsletters were issued in December 2023 to all members who were likely to be under the scope of the McCloud remedy to meet disclosure regulation timeframes.

With regards to Development & Technologies, it was reported that GMPF continued to monitor all attempted cyber-attacks. Statistics for quarter 2 (July to September 2023) and other cyber related updates were appended to the report at appendix 3. It was explained that the IT Infrastructure team planned and carried out an email phishing stimulation exercise across all GMPF account holders.

The Assistant Director for Pensions Administration summarised the key areas of focus for the next few months which included McCloud and PASA accreditation.

RESOLVED

That the report be noted.

31 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.

Members were advised that there were a small subset of employers who struggled to meet their obligations to either submit their data every month or make timely payment of their pension contributions. Since September 2023, officers had worked on improving compliance amongst the persistently non-compliant and poor performing employers. The formal 'Notice of Non-Compliance' was sent in October 2023. Since this, employer compliance had shown signs of improvement. However, officers recognised that work was intended to be a long term effort and therefore further monitoring was needed before the work was deemed as successful.

It was reported that the General Code was laid in Parliament on 10 January 2024 and the code was expected to be in force by the end of March 2024. As reported at previous meetings, GMPF had undertaken a GAP analysis and further analysis had been undertaken as the Code requirements became clearer as the General Code had been laid in Parliament. It was explained that further analysis was expected to be presented at the next Board meeting.

Detailed discussion ensued with regards to the report and cyber security assurances. Members were advised that GMPF was to undertake a joint audit with Tameside MBC to establish cyber essentials credentials. It was explained that the TPR issued updated cyber security guidance for all pension schemes on 11 December 2023. This guidance set out the practical steps that pension schemes were able to take to meet the expectations that were set out in the new General Code. It was further reported that the TPR had asked Scheme Managers to report significant cyber incidents to them in order to set out the risks faced by pension schemes.

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.**

32 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 September 2023 to December 2023, which were approved at the Management Panel on 1 December 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 22 September 2023 and the recommendations made by the Policy and Development Working Group on the 23 November 2023.

At its 1 December 2023 meeting, the GMPF Management Panel approved the recommendations from the various Working Group meetings. The Panel received a report explaining that when an employer leaves the LGPS and a surplus of assets exists, the Administering Authority had sole discretion about whether to pay an exit credit to the exiting employer. The report provided details about the relevant regulations and policies to be followed when making decisions on these matters and suggested that the Director of Pensions be given delegated authority to make decisions where certain circumstances applied. It was recommended that the Management Panel:

- (a) Delegate responsibility to the Director of Pensions to make determinations about the payment of exit credits, where those decisions are in line with agreed criteria and are made after having sought advice from GMPF's actuarial and where appropriate legal advisors.**

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
- GMPF Statement of Accounts and Annual Report 2022-2023
- Performance Dashboard
- Update on Investment Management Cost and Administration Benchmarking
- Pensions Administration Update
- LGPS Update

RESOLVED

That the report be noted.

33 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 highlighted the current key risks that were being monitored.

The report set out the progress that had been made on the seven key strategic projects that were set out in the 2023/24 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 the report for review at Appendix 2. The key issues that were being monitored were listed on the 'Current Issues' tab. Members were advised with regards to specific issues that had been monitored closely by officers during the quarter which included:

- Issue 2 – Investment pooling uncertainty;
- Issue 4 – Employer flexibilities / exits;
- Issue 8 – McCloud;
- Issues 15 and 19 – Increase in levels of cyber fraud / cyber-attacks;
- Issue 23 – Website software – transition to a new platform;
- Issue 25 – AI and ChatGPT usage;

With regards to McCloud, it was explained that the impact of the McCloud project continued to be closely monitored. Issues included the lack of guidance and software problems continued to present a challenge, albeit the data collection work had progressed well. With regards to issues 15 and 19, it was reported that the risks related to cyber security were greater than ever and work continued which ensured existing controls still worked and new controls were put into place wherever possible.

Detailed discussion ensued with regards to the report and Members of the Board recognised the robust process included in risk management and business planning. Members highlighted that a summary of the risks that had moved on since the report be provided would be beneficial.

RESOLVED

That the report be noted.

34 GMPF ILL HEALTH INSURANCE ARRANGEMENT REVIEW

Consideration was given to a report of the Director of Pensions/Assistant Director for Pension Administration. The report explained that the GMPF's ill health insurance arrangement had been in operation for nearly four years and provided Members with analysis of the main experiences and findings to date.

It was explained that GMPF's insurance scheme began operation on 1 April 2020 at the start of the 2020-23 triennial valuation period and so the scheme had been running for close to four years. Members of the Board were advised that the key objectives of the ill health insurance arrangement were:

- To protect GMPF employers from unaffordable ill health strain costs.
- To simplify the payment and administration of ill health early retirements ensuring that members who are granted ill health early retirement can retire promptly.
- To operate within the actuarial assumptions set by the Actuary over the long term, recognising that there could be individual years where ill health costs could exceed the assumed cost for that year.

It was explained that as of 31 December 2023, there were approximately 530 employers who participated in GMPF's ill health insurance. Members were provided with information which outlined the number of ill health early retirements experienced during the lifetime of insurance arrangement, alongside the average cost and most expensive strain cost experienced in the year. It was explained that all years experienced several ill health early retirements amongst the insured population. Furthermore, there were large ill health strain costs that occurred in all years and it was explained that 2022/23 saw a single strain cost equivalent to approximately 15% of the entire national insurance cover for the year.

In summary, it was explained that the ill health insurance scheme had been a positive development for employers and had met the stated aim to protect employers from unaffordable ill health early retirement costs. Members were advised that many smaller employers had benefitted from the scheme and Members were pleased to hear that GMPF had noticed a positive impact on its administrative teams, with less time required to chase payments on ill health early retirement costs.

RESOLVED

That the report be noted.

35 UPDATE ON INVESTMENT MANAGEMENT COST AND ADMINISTRATION BENCHMARKING

Consideration was given to a report of the Director of Pensions / Assistant Director (Investments) / Assistant Director (Administration). The report provided the Local Board with an update on investment management cost benchmarking for the Fund over 2022/23.

It was reported that GMPF had taken part in administration benchmarking with CEM for the fifth year running. GMPF's peer group comprised of 15 pension schemes whose membership ranged between 94 thousand and 660 thousand members. The peer median was 306 thousand, compared to GMPF's membership of 417 thousand. Eleven LGPS pension funds supplied data and were part of the peer group. This was a slight increase to previous years and it was reported that this was due to three more LGPS funds who submitted data with CEM for the first time. The CEM benchmarking report compared both costs and member service, with 'cost per member' and 'service score' being the two indicators of comparison.

Members of the Board were advised that CEM's analysis showed that GMPF remained a low cost, high service administrator compared to its peers. GMPF's total cost per member was £17.91, which was £6.71 lower than the adjusted peer average of £24.62. GMPF's service score was 69 out of 100, which was 8 posts above the peer median of 61. The total cost per members was slightly higher than last year (by £1.00) but the cost position relative to peers had fallen. The service score remained unchanged when compared to the year before.

As reported previously, there were two areas of focus in view of the outcomes of the 2021/22 report. Members were advised that the first area was around measuring casework tasks. It was explained that the GMPF had purchased an implemented a new reporting tool in August 2023 which aimed to progress this work. Although this was still in the early stages, this reporting tool would assist GMPF in order to produce data that was more comparable to that used by peers and Members were advised that this area of work therefore would benefit service standards and would be reflected in future years' scores.

The second area of focus considered the value and benefit of providing a stewardship report to GMPF employers to provide feedback on how well GMPF's members were being served. It was explained that officers had worked with the GMPF Local Pension Board to establish a Governance report which would be issued annually by the Local Pensions Board to GMPF employers.

Wide ranging discussion ensued in relation to the report and Members recognised that GMPF had improved and remained a low cost, high service administrator. Members highlighted the importance of service improvement and maintaining costs going forward.

RESOLVED

That the report be noted.

36 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 of the Board were advised that the purpose of the Governance report for Employers was 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 Strategic Lead for Employer Services presented the draft report template to Members of the Board which was also attached at appendix 1. It was explained that the content included was not necessarily real text or accurate data, with some text added at this stage for illustration and discussion only. Final and accurate text and data was to be added for the 2023/24 financial period once the proposed content was approved.

It was explained that the draft report included the following;

- An introduction from the Chair of the Local Pensions Board;
- GMPF's values, vision and quality standards;
- Business Planning and Service Improvements;
- Monitoring of GMPF's Performance – both that of GMPF and its employers;
- Feedback and survey results;
- Audit and Assurance;
- Independent Dispute Resolution Procedure (IDRP) and learning;
- Support available for members and employers;
- Report Summary and GMPF's Strengths, Challenges and Future Plans.

It was explained that initial feedback was sought via a survey issued to all employers in December 2023. Members were pleased to hear that the responses received were positive and employers confirmed that the report was useful to understand how GMPF served their members. It was proposed that the report be created for the 2023/24 financial year and Members were provided with a timeline for implementation. Once the contents and proposed report format were agreed, it would be shared with GMPF's Employer Engagement Panel, where feedback will be reported to the Local Board at a future meeting.

Detailed discussion ensued in relation to the report and Members were widely supportive of the draft report and understood the benefits that the report provided. Although Members believed that the report was headed in the right direction, Members highlighted various key points should be included in the report, such as the scale of the Pension Fund membership. Members felt that it was important to include a glossary page which explained key terms such as McCloud. Members were pleased with the design of the report and highlighted that further work could be done to reduce the amount of words on each page. Members also believed that the report should coincide with the delivery of the Year in Review.

RESOLVED

It is recommended that the Local Board considers the proposed report and whether it has any feedback on the report design and content.

37 INTERNAL AUDIT PROGRESS REPORT – JANUARY 2024

Consideration was given to a report of the Head of Assurance which provided an update on Internal Audit's work against the Greater Manchester Pension Fund (GMPF) Audit Plan as of January 2024.

At the last meeting of the Local Board, Members of the Board were advised that progress had been slower than anticipated. Members were informed that work was ongoing to recruit an Interim Audit Manager whilst a Service Review was completed on the Assurance function which ensured that the function was appropriately resourced going forward. It was reported that a new co-sourced partner was procured during the period and work was ongoing to flex this resource to deliver the annual audit plan.

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. Members were advised that internal audit had two counter fraud specialists who facilitated the co-ordination of the GMPF's counter fraud activities. A summary of the work undertaken on unplanned/irregularity/fraud referrals undertaken during this period was detailed at appendix 2.

RESOLVED

That the report is noted.

38 URGENT ITEMS

There were no urgent items.

CHAIR

GREATER MANCHESTER PENSION FUND - INVESTMENT MONITORING AND ESG WORKING GROUP

19 January 2024

Commenced: 09:00am

Terminated: 10:55am

Present:

Councillors North (Chair), Boyle, Fitzpatrick, Jabbar, Smart, Smart, Taylor, Walters and Quinn

Mr Caplan and Drury

Fund Observer John Taylor

In Attendance:

Sandra Stewart
Tom Harrington
Paddy Dowdall

Director of Pensions
Assistant Director of Pensions (Investments)
Assistant Director of Pensions (Local Investments)

Andrew Hall
Michael Ashworth
Kevin Etchells
Mushfiqur Rahman
Richard Thomas
Lorraine Peart
Alan MacDougall
Janice Hayward
Tom Powdrill
Conor Constable

Senior Investment Manager
Principal Investments Manager
Senior Investment Manager
Investments Manager
Investments Manager
Investments Officer
PIRC
PIRC
PIRC
PIRC

Apologies for Absence: Mr Flatley

14 DECLARATIONS OF INTEREST

There were no declarations of interest.

15 MINUTES

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

16 INTRODUCTION TO CBRE AS ADVISORY MANAGER TO GREATER MANCHESTER PROPERTY VENTURE FUND

Consideration was given to a presentation of representatives of CBRE which presented their team to the Working Group and outlined their strategy and outlook for 2024.

Members of the Working Group were introduced to the team at CBRE and it was explained that within the last 5 years, the team had executed £4.8bn of investment assets and £2bn of development funding. CBRE's key capabilities were summarised to Members of the Working Group and it was reported that CBRE had experience in all residential sub-sectors, including Single & Multi Family, Affordable, Student and Social Housing. Representatives of CBRE provided Members of the Working Group with examples of recent and imminent investments.

Members were provided with an overview and key aims of the investment strategy which included;

- To gain cost effective, diversified exposure to property development assets located in the North West of England and West Yorkshire with a clear emphasis on Greater Manchester.

- To add value to the local economy by driving economic development, long term job creation and improving living standards.
- To invest responsibly and sustainably in equity, mezzanine and senior debt to achieve the portfolio target return.

With regards to capital allocation and commitments, it was reported that the strategic allocation for GMPVF was approximately £840m and CBRE estimated the Net Asset Value of the GMPVF portfolio at January 2024 was £357m which represented 42% of the total allocation.

Wide ranging discussion ensued with regards to the presentation, particularity in relation to ESG factors and climate change. Members were assured that external oversight on environmental and social impacts was an important principle of CBRE.

The Chair thanked representatives of CBRE for the informative presentation.

RECOMMENDED

That the presentation be noted.

17 UPDATE ON GMPF'S APPROACH TO RESPONSIBLE INVESTMENT – PROXY VOTING ON PASSIVE EQUITIES

Consideration was given to a report of the Director of Pensions. The report identified an area where a further enhancement could be made to the Fund's approach to Responsible Investing, specifically proxy voting on the Fund's passively managed pooled fund equity holdings.

As detailed in GMPF's Responsible Investment policy, it was explained that voting and engagement was a cornerstone of GMPF's RI activities which took the legal right to vote seriously and exercised it in a way that was consistent with its publically disclosed objectives and policy positions.

Members of the Working Group were advised that the Fund followed L&G voting policy on all passively managed pooled fund equity holdings and it was explained that how GMPF voted provided investee companies with an indication of its views as shareholders, as well as to the wider market.

It was explained that L&G had worked with Tumelo and developed a pass-through voting solution which enabled pooled fund investors to vote their shares in proportion to the value of their investment in the fund.

Members were advised that it was proposed that GMPF delegated the proxy voting execution on GMPF's passively managed pooled fund equity holdings to PIRC, to the extent that PIRC's coverage permitted this. It was explained that the enhancement covered those company ballots for which PIRC already provided voting recommendations as part of their coverage of GMPF's segregated, active equity holdings. Longer term, there was scope for PIRC to expand their coverage and include company ballots that were not already covered. The Assistant Director (Investments) summarised the key benefits of the proposal, as detailed within the report.

It was explained that the Fund had engaged with L&G on the proposal to delegate proxy voting to a specialist. L&G continued to work closely with their clients and aimed to reflect their views in relation to important issues, whatever their preferred approach to voting. Members were advised that L&G confirmed that there would not be an increase in the costs directly paid by GMPF as a result of the delegation of proxy voting to a specialist provider.

RECOMMENDED

To delegate the proxy voting execution on GMPF's passively managed pooled fund equity holdings to PIRC, to the extent that their coverage permits this.

18 LEGAL & GENERAL ESG REVIEW

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

Members of the Working Group were reminded that Legal and General had worked with the Greater Manchester Pension Fund since 2000. Legal & General looked after approximately £3.5bn of the funds' assets, in index-tracking equity, corporate bond and government bond funds and provided a return in line with the appropriate market index.

The Senior Global ESG Manager explained that LGIM aimed to raise market standards and safeguard client' assets for the long term with a firm wide commitment with ESG. Members were advised that LGIM published their policies, votes and views on individual companies (ESG Score, Climate Score) and it was reported that LGIM held 1,224 engagements with 902 companies in 2022. Further, LGIM filed 3 shareholder resolutions at AGMs in 2022.

Members were advised on the determination of LGIM's voting policies. One aspect of this was robust annual review processes which had a direct link to current and planned advocacy and engagement activity.

The Working Group were presented with LGIM's stewardship themes which included:

- Executive Pay
- Cyber Security
- Income Inequality
- Health
- Climate
- Diversity
- Biodiversity
- Income Equality
- Political Lobbying
- Digitisation

Members were presented with highlights from these stewardship themes. On diversity, LGIM explained that diversity in business was a crucial step to towards building better companies, economies and societies. Members were provided with 2023 voting engagement data to June 2023 and it was reported that there was 122 diversity engagements and 3 votes against for lack of board-level ethnic diversity. On income equality, LGIM explained that they raised the issue of living wage more broadly as part of their general ESG engagements with companies. Members were provided with living wage engagement data and it was reported that LGIM had engaged with 23 companies and 1 shareholder resolution was filled in 2022.

The Chair thanked representatives of PIRC for the thought provoking presentation.

RECOMMENDED

That the presentation be noted.

19 RESPONSIBLE INVESTMENT UPDATE

Consideration was given to a presentation of representatives of PIRC with regards to PIRC's recent engagement work and an update on GMPF's voting outcomes for 2023.

Members of the Working Group were presented with an overview of GMPF's voting outcomes for 2023 which included voting outcomes for company directors, shareholder resolutions and remuneration policies. It was explained that during 2023, GMPF co-filed resolutions which requested improved tax transparency at four companies. A resolution of this nature was considered

an escalation following insufficient outcomes resulted from engagement meetings.

Members were provided with various case studies of companies with significant shareholder dissent which had triggered engagement. Freedom of Association was explored as labour issues loomed large in the US. Representatives of PIRC reported that resolutions received broad support from institutional investors globally and Members were advised that GMPF continued to use voting power to drive positive change at investee companies.

Detailed discussion ensued with regards to the presentation and Members thanked representatives from PIRC for the informative presentation.

RECOMMENDED

That the presentation be noted.

20 INVESTMENT CONSULTANTS OBJECTIVES FOR HYMANS ROBERTSON

Consideration was given to a report of the Director of Pensions / Assistant Director of Pensions (Investments). The report provided members of the Working Group with an update on investment consultant objectives and a review of Hymans Robertson's performance (versus objectives) for the year 2023.

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

In June 2019, the CMA published its final order following a review of the investment consulting and fiduciary management markets. Consequently, pension scheme trustees must submit 'compliance statements' which stated that they complied with the requirements. The most recent of which needed to be submitted between 10 December 2023 and 7 January 2024 and annually thereafter. On 3 January 2024, the Chair of the Greater Manchester Pension Fund Management Panel submitted the Fund's annual compliance statement to the CMA confirming the Fund's compliance with Part 3 and Part 7 of the Order.

As part of the Fund's annual review, Hymans Robertson's performance over the preceding year had been evaluated and a qualitative assessment versus objectives undertaken. To support the assessment of performance versus investment consultants objectives, Hymans Robertson provided 'evidence' of work undertaken and areas of focus over the year. Members were provided with this information at appendix B of the report.

Officers concluded that Hymans Robertson had met their investment consultants objectives for 2023. As part of ongoing deliberations, areas of focus and specific projects, as well as feedback had been discussed. It was not proposed to make any changes to the agreed investment consultant objectives at this stage.

RECOMMENDED

That the report be noted.

21 GMPF PROPERTY VENTURE FUND IRRECOVERABLE DEBTS

Consideration was given to a report of the Director of Pensions / Assistant Director of Local Investments and Property. The report detailed the irrecoverable invoiced property debt from the

Greater Manchester Property Venture Fund at 31 December 2023 and sought approval for the write down of these debts.

Members were advised that the irrecoverable debts included those where the tenant had entered administration and recovery of the debt had been exhausted and those debts related to the Coronavirus period. Members of the Working Group were provided with a schedule of the irrecoverable debt proposed for write off at appendix 1 of the report.

It was explained that the Commercial Rent (Coronavirus) Act 2022 established an arbitration system to resolve certain unpaid rent debt attributable to the pandemic. The protected pandemic period was defined in the Act as 21 March 2020 to 18 July 2022 and it was explained that the general guidance was that 50% should be written off by landlords.

Members were provided with the schedule at appendix 1 and this included a proposal to write off 50% of outstanding debts related to the defined pandemic period, where the tenant was still active. It was advised that where the tenant had entered administration, and it was considered that the recovery process had been exhausted, the proposal was to write down 100% of the outstanding debts within GMPF accounts.

RECOMMENDED

That Members approve the write off of debt from property investment that is irrecoverable due to tenants being in administration or following arbitration under Coronavirus Act.

22 URGENT ITEMS

There were no urgent items.

23 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 12 April 2024.

CHAIR

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

19 January 2024

Commenced: 11:00

Terminated: 12:10

Present: Councillor Fitzpatrick (Chair), Axford, Colbourne, Drennan, Grimshaw, Lane, Martin, Mistry, Rehman and Ricci

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
Matthew Simensky	Communications and Engagement Strategic Lead
Georgia Ryan	Developments & Technologies Strategic Lead
Jane Wood	Member Services Strategic Lead

Apologies for Councillors North and Ward

Absence:

Ms Gale Blackburn, Mr Llewellyn and Flatley

21 DECLARATIONS OF INTEREST

There were no declarations of interest.

22 MINUTES

The minutes of the Administration, Employer Funding and Viability Working Group on 22 September 2023 were approved as a correct record.

23 ADMINISTRATION STRATEGIC SERVICE UPDATE

Consideration was given to a report of the Director of Pensions / Assistant Director for Administration. The report provided the Working Group with a summary of the strategic 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. It was reported that the amended regulations for the McCloud remedy came into force with effect from 1 October 2024, however it was explained that guidance was still awaited on some areas of the legislation. Members were advised that, internally, work had progressed on the system amendments and data capture aspects of this project.

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 Pensions Regulator. 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 administrating authority, Tameside MBC. It was explained that 2020/21 accounts had been signed off and the 2021/22 Audit Findings had been accepted by the Audit Panel. The 2022/23 Audit field work was largely completed with no material findings. Further progress was dependent upon completion of audit work by Mazars on Tameside's accounts for 2021/22 and then 2022/23. It was reported that this was not expected until 2024.

In regards to the Administration Work and Performance, a performance dashboard for quarter 2 (July to September 2023) was provided to Members of the Working Group at appendix 1. Overall, it was reported that levels of casework and performance against turnaround targets remained relatively consistent. Performance levels in almost all areas remained high and work on progress that supported service improvements to members had continued. Members were advised that the number of recalculations required due to backdated pay awards had impacted on some internal target achievement rates, however performance measured against statutory targets remained consistently high. Members were informed that the main area that experienced a change to expected workloads during quarter 2 were pension transfers, as transfer calculations were put on hold while new factors were produced by GAD.

It was explained that the team had continued to focus on improvements to the workflows and processes which improved the customer experience, in particular online retirement processes. Members were advised that My Pension registration figures had increased, with over 182,000 members registered to access their online account. Visits to My Pension pages on Annual Benefit Statements and the calculator increased during the quarter as correspondence regarding their statement was issued to Members.

All member events continued to be popular and very well received. Eight events were held in quarter 2 with 729 members in attendance. The most popular events attended were regarding McCloud, employer focus groups, plus ones on pensionable pay and retirements and leavers.

With regard to employer funding matters, Members of the Working Group were informed that three employers had exited the Fund since 2023 and the Assistant Director for Administration summarised each of these cases. 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.

The Chair thanked the Assistant Director for Administration for the informative report.

RECOMMENDED

That the report be noted.

24 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 and 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 and it was reported that this project was deemed as completed.

Members were advised that work regarding pension saving statements for contributors, members with benefits on hold and pensioner members who had retired in 2022/23 tax year was completed during the quarter. All statements were issued by the statutory deadline of 6 October 2023.

It was reported that the new bulk calculation process for members who left the Scheme early was embedded on the Leaving Members Section. Members were informed that since July 2023, 8,128 benefit on hold cases had been processed by the Leaving Contributors team and Officers were pleased to report that 26% of leavers had been processed automatically with the new functionality. This had meant that less resource overall was needed to process the work which helped to reduce the demands on staff resource. Work on moving processes online would continue over the coming months.

In regards 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. Members were provided with an overview of the member existence checks and processes at appendix 1 of the report.

Members were advised that following a review, officers determined that the current guidelines in relation to death grant payments were fit for purpose. It was explained that GMPF's Management Panel had formed a set of death grant payment guidelines for paying death grants and this was provided to Members of the Working Group at appendix 2.

In regard to pension overpayment recovery, Appendix 3a 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 September 2023 were appended to the report at Appendix 3b.

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

In summary, Members were advised that changes to the existence check process last year had led to significant improvements, however several learning opportunities had arisen from this. Members were assured that the team continued to look for alternative ways to make processes easier for members wherever possible.

RECOMMENDED

The Working Group is asked to note the content of the report, to review the death grant payment guidelines and to agree for the guidelines to remain unchanged. It is also asked to review and approve the unrecoverable debt cases.

25 ADMINISTRATION EMPLOYER SERVICES UPDATE

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

Members were advised that there continued to be a steady number of employers who have applied to join GMPF, with 42 admission cases that were progressed over the quarter. Within these, there were eleven employers who needed to apply for admitted body status but where the 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. It was reported that there were 53 schools that looked to convert to academy status. There were also 17 possible free schools that were 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 of the report.

It was reported that GMPF had admitted 33 employers since the last Working Group meeting, seven of which had backdated effective dates prior to 1 April 2022. As explained at the last meeting, a new admission procedure was introduced. Members were pleased to hear that the Admissions Team had experienced significant improvements in the time taken during the admission process due to the strict escalation procedures that were imposed. Officers continued to work on the admissions procedure so that the procedure was fully embedded into the system.

In regard to monthly data collection, the Employer Data team supported all employers to submit their monthly data return correctly and on time. As reported at the last meeting, Officers had undertaken an exercise that identified employers that regularly submitted their iConnect returns late and a notice of non-compliance was issued to these employers. It was reported that a significant improvement in submission rates had been observed following the notices being issued.

In regard to data collection for McCloud, it was reported that the McCloud amendment regulations came into effect on 1 October 2023. To facilitate this, all LGPS funds were required to verify that they held correct data for the members affected. Members were assured that GMPF continued to collect and verify member data for anyone who met the McCloud judgement criteria. All active employers who had eligible members were provided with a data extract of these members, guidance notes for completing the exercise and a McCloud Data Assurance Statement. Members were provided with a McCloud data collection dashboard which outlined the current status of the data collection process at appendix 3 of the report.

It was reported that the Employer Liaison team had worked on improvements to starter and leaver processes during this quarter which had affected the accuracy of the performance data. Therefore, a decision was taken to temporarily suspend performance data being issued. Work to update and amend the performance data was in progress and updated statistics would be provided at the next meeting. Performance data in respect of the outstanding tasks that were in progress was provided in section 2 of appendix 2 of the report. It was further explained that a review of the monthly performance data was underway and a survey had been issued to employers which gained their views on what performance data that liked to receive and if they welcomed any support from the Employer Liaison team. The survey responses would be reported at the next meeting following analysis.

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. During the past quarter, it was reported that officers from the Employer Data team met with an employer due to concerns in respect of the quality of the submission of their iConnect returns, the lack of response to tasks raised by GMPF teams and business resilience. Members were advised that the meetings were informative and it was explained that GMPF officers continued to monitor this and provided continued support to the employer going forward. It was further explained that the team had worked with GMPF's Local Pension Board on a development of a new Governance report for Employers. Members were advised that the report provided employers with the necessary assurance on GMPF's governance arrangements and a copy of the proposed report would be brought to the next meeting for information.

Employer training on ill health, discretions, pensionable pay, retirements, leavers, topping up benefits and the Altair pensions administration system continued to be offered to employers. It was reported that 915 employer representatives had attended one or more of the training events since the training programmes began. Officers had hosted regular information sessions with regards to McCloud and

these sessions were attended by 86 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.

In summary, Members were pleased to hear that the non-compliance exercise was particularly successful and well received by employers. In regards to the McCloud project, it was explained that staffing resource would increase over the coming months as more data was received. Members were assured that the team would balance resources carefully and ensured that business as usual tasks could be delivered, as well as numerous planned improvement projects progressed.

RECOMMENDED

That the report be noted.

26 ADMINISTRATION COMMUNICATIONS AND 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 2022 to September 2023 and other statistics for quarter 2 (July to September 2023).

It was reported that call waiting times and abandoned calls had reduced considerably since the last meeting. However, Members were advised that further work was required to ensure that improvement continued in these areas. Developments to team processes were underway, which aimed to improve team performance and further recruitment to the team continued.

The GMPF Complaints and Issues Board met each month and reviewed all complaints, suggestions, compliments and disputes received. Members were provided with dashboards that contained feedback and further actions for July, August and September 2023 at appendix 2. In this three month period, there were nine complaints and 28 compliments received. The compliments were largely about helpfulness and efficiency of pensions office colleagues. The complaints were varied, and it was reported that topics included problems registering for My Pension, the overseas pensioner verification process and delays.

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 had opted for paper communications were included in the dashboard in appendix 3.

In regard to website updates, the My Pension area of the website was reviewed and ensured that any member visiting the website could find information that they needed easily. It was explained that a new welcome page was created where the benefits of using My Pension were promoted. The layout on the support page had also been amended and content was re-written in order to ensure that common member queries were addressed. Other amendments to the website included the re-design of the Management Panel and Advisory Panel webpage. Members were further advised that a McCloud webpage had also been created.

Members were advised that contributing members were contacted in July and August 2023 and informed that their 2023 annual benefit statement was available to view on their My Pension account. It was explained that final reminders were sent to overseas members during July 2023 and asked that they completed their overseas verification before pensions were suspended. The benefits on hold postcard initiative which promoted My Pension continued. Members were pleased to hear that since January 2023, this initiative had increased My Pension registrations by 680.

Members were pleased to recognise that call answering performance had improved significantly since the last meeting of the Working Group, with a higher number of calls that were answered and a shorter waiting time for callers. It was explained increasing member satisfaction was a key goal for the Customer Service team and alternative methods to recruit a Customer Experience Manager continued to be investigated. Members were informed that further recruitment to the team was necessary and details of such would be included in future Working Group reports.

RESOLVED

That the report be noted.

27 ADMINISTRATION DEVELOPMENTS AND 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, GMPF had contracted with a provider to facilitate hybrid meetings within meeting rooms at Guardsman Tony Downes House, as well as support formal meetings such as GMPF Management Advisory. It was explained that the equipment was installed during November 2023, and was used for the GMPF Management Panel meeting on 1 December 2023. The Developments and Technologies Strategic Lead explained that the GMPF Systems team continued to work with the supplier and colleagues from the Tameside MBC Democratic Services Team in order to resolve any outstanding issues.

Members were advised that work to upgrade the GMPF website software continued throughout the last quarter. It was explained that a decision was made following an options appraisal to commission a specialist developer to upgrade the GMPF website to a new version of the software. The programme of work was undertaken over seven weeks and completed on 12 November 2023. Members were pleased to hear that the implementation was a success and there were minimal issues identified following the work, all of which had now been rectified. It was explained that the GMPF team continued to work with the developer in order to implement additional enhancements.

It was reported that GMPF continued to monitor all attempted cyber-attacks. Statistics for quarter 2 (July to September 2023) and other cyber related updates were appended to the report at appendix 1. It was explained that the IT Infrastructure team planned and carried out an email phishing stimulation exercise across all GMPF account holders.

As reported previously, GMPF had procured new functionality that assisted with bank account verification. This tool would be integrated in the core pensions administration system, which enabled bank account details to be verified by a national database when inputted in order to prevent against fraud and further limited the risk of delayed payment. The Systems Development team continued to work with colleagues across Member Services on the implementation of this enhancement, which was expected to become available for use in the coming weeks.

Members were advised that a key objective of the Development and Technologies Strategy for 2023/24 was to develop data reporting and Management Information across Pensions Administration. It was reported that a new Management Information reporting tool was implemented in late August 2023. Improvements to the reporting of Key Performance Indicators (KPI's) was a key driver for the purchase of this software and therefore this was the focus of the work undertaken during this quarter. It was reported that good progress had been made over the last quarter which transformed the reporting process and it was explained that this was a large and complex piece of work which involved a review of all existing workflow processes.

It was explained that the Systems Development Team was responsible for leading GMPF's McCloud project, and for coordinating all tasks that needed to be undertaken. Members were advised that the project team remained focussed on the process of collecting missing data from employers.

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 regarding the objectives that had been set for 2023/24 were provided in appendix 2.

RECOMMENDED

That the report be noted.

28 CEM ADMINISTRATION BENCHMARKING

Consideration was given to a report of the Director of Pensions/Assistant Director for Pension Administration. The report provided the Working Group with information about CEM's administration benchmarking process and the key outcomes for GMPF from the latest exercise completed for 2022/23.

It was reported that the GMPF's peer group comprised of 15 pension schemes whose membership ranged between 94 thousand and 660 thousand members. The peer median was 306 thousand, compared to GMPF's membership of 417 thousand. Eleven LGPS pension funds supplied data and were part of the peer group. This was a slight increase to previous years and it was reported that this was due to three more LGPS funds who submitted data with CEM for the first time. The CEM benchmarking report compared both costs and member service, with 'cost per member' and 'service score' being the two indicators of comparison.

As mentioned, CEM's analysis showed that GMPF remained a low cost, high service administrator compared to its peers. GMPF's total cost per member was £17.91, which was £6.71 lower than the adjusted peer average of £24.62. GMPF's service score was 69 out of 100, which was 8 points above the peer median of 61. The total cost per member was slightly higher than last year (by £1.00) but the cost position relative to peers had fallen. The service score remained unchanged when compared to the year before.

As reported previously, there were two areas of focus in view of the outcomes of the 2021/22 exercise. Members were advised that the first area was around measuring casework tasks. It was explained that GMPF had purchased and implemented a new reporting tool in August 2023 which aimed to progress this work. Although this was still in early stages, this reporting tool would assist GMPF in order to produce data that was more comparable to that used by peers and Members were advised that this area of work therefore would benefit service standards and would be reflected in future years' scores.

The second area of focus considered the value and benefit of providing a stewardship report to GMPF employers to provide feedback on how well GMPF's members were being served. It was explained that officers had worked with the GMPF Local Pension Board to establish a Governance report which would be issued annually by the Local Pensions Board to GMPF employers. The first report was due to be issued in the summer for the year 2023/24.

RECOMMENDED

That the report be noted.

29 GMPF ILL HEALTH INSURANCE ARRANGEMENT REVIEW

Consideration was given to a report of the Director of Pensions/Assistant Director for Pension Administration. The report explained that the GMPF's ill health insurance arrangement had been in operation for nearly four years and provided Members with analysis of the main experiences and findings to date.

It was explained that GMPF's insurance scheme began operation on 1 April 2020 at the start of the 2020-23 triennial valuation period and so the scheme had been running for close to four years. Members were advised that the key objectives of the ill health insurance arrangement were:

- To protect GMPF employers from unaffordable ill health strain costs.
- To simplify the payment and administration of ill health early retirements ensuring that members who are granted ill health early retirement can retire promptly.
- To operate within the actuarial assumptions set by the Actuary over the long term, recognising that there could be individual years where ill health costs could exceed the assumed cost for that year.

Members were provided with information which outlined the number of ill health early retirements experienced during the lifetime of the insurance arrangement, alongside the average cost and most expensive strain cost experienced in the year. It was explained that all years experienced several ill health early retirements amongst the insured population. Furthermore, there were large ill health strain costs that occurred in all years and it was explained that 2022/23 saw a single strain cost equivalent to approximately 15% of the entire national insurance cover for the year.

In summary, it was explained that the ill health insurance scheme had been a positive development for employers and had met the stated aim to protect employers from unaffordable ill health early retirement costs. Members were advised that many smaller employers had benefitted from the scheme and Members were pleased to hear that GMPF had noticed a positive impact on its administrative teams, with less time required to chase payments on ill health early retirement costs.

RECOMMENDED

That the report be noted.

30 GMPF EMPLOYER AGED DEBT AS AT 31 DECEMBER 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 December 2023 and provided a summary of late payment of contributions for the 12 month period to 31 November 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 outstanding debt at 31 December 2023 was in respect of organisations currently in administration which had guarantees and this was detailed at appendix 3 of the report.

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 4 of the report.

It was further explained that officers had worked on an exercise in which a notice of non-compliance was issued to employers who had consistently paid their contributions late over the last 12 months. Members were advised that responses and future performance would be monitored over the coming months.

RECOMMENDED

That the report be noted.

31 URGENT ITEMS

There were no urgent items.

32 DATE OF NEXT MEETING

That the next meeting of the Administration, Employer Funding and Viability Working Group is scheduled to take place on 12 April 2024, be noted.

CHAIR

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GREATER MANCHESTER PENSION FUND - POLICY AND DEVELOPMENT WORKING GROUP

22 February 2024

Commenced: 11:00am

Terminated: 12.30pm

IN ATTENDANCE

Councillor Cooney (Chair)	
Councillor North	
Councillor Fitzpatrick	
Councillor O'Neill	
Councillor Sheikh	
John Thompson	UNITE
Petula Herbert	MoJ
Councillor John Taylor (Stockport)	Observer
Mark Powers	Advisor to the Fund
Sandra Stewart	Director of Pensions
Tom Harrington	Assistant Director of Pensions Investments
Steven Taylor	Assistant Director of Pensions (Special Projects)
Neil Cooper	Head of Pension Investment (Private Markets)
Kevin Etchells	Senior Investment Manager (Local Investments)
Edward Henshaw	Investment Manager (Local Investments)
Abdul Bashir	Investment Manager (Public Markets)
Mushfiqur Rahman	Investments Manager (Public Markets)
Alex Jones	Investment Officer (Local Investments)
Reka Todor	Investment Officer (Local Investments)
Shauna Moreland	Investment Officer (Local Investments)
Tony Christie	APAM
Rhys Williams	APAM
Simon Jaguar	APAM

Apologies for absence: Peter Moizer – Advisor to the Fund

37. DECLARATIONS OF INTEREST

There were no declarations of interest.

38. MINUTES

The minutes of the meeting of the Policy and Development Working Group held on the 23 November 2023, were approved as a correct record.

39. DIRECT PROPERTY PORTFOLIOS: INVESTMENT MANAGEMENT ARRANGEMENTS UPDATE

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

Members were further advised that APAM was the manager of the internal 'Bad Bank' portfolio, which was a collection of more challenged assets which required significant asset management to

stabilise and create liquidity. The core objective of the mandate was to stabilise assets to either transfer to the core portfolio or seek an overall sale.

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

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

Further information was sought with regard to management arrangements/risk management of a number of the assets including lease arrangements and factors involved in the long term valuation of an asset.

The Chair thanked the representatives for their excellent presentation.

RECOMMENDED

That the content of the presentation be noted.

40. MANAGER MONITORING REGIME INCLUDING MONITORING ESCALATION

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

41. REVIEW OF INVESTMENT MANAGEMENT ARRANGEMENTS INCLUDING UPDATE ON CURRENT INVESTMENT MANAGER FEE NEGOTIATIONS

The Assistant Director, Investments, submitted a report providing Members with an update on the Fund's review of investment management arrangements, and current fee negotiations with the Public Markets Securities Managers.

It was explained that the Investment Management arrangements of the Fund reflected a wide range of significant past decisions concerning how the Fund chose to position itself in terms of the management of its assets. The significant decisions included, inter alia, a consideration of the choice of benchmark and the detail of any bespoke benchmark, and whether, for example, to adopt active versus passive management or specialist versus multi-asset management.

Areas of focus identified in the October 2020 review of Investment Management Arrangements report to Panel had formed the basis of subsequent reports to a number of Panel meetings since that time and were detailed and discussed.

At the December 2022 Meeting of the GMPF Management Panel, the Assistant Director of Pensions (Investments) presented some of the issues faced by the Fund in terms of Benchmarking from both a strategic asset allocation perspective, and a performance measurement perspective.

Officers had sought assistance from Hymans to carry out a review of the Fund's benchmark indices. Benchmarking, and in particular benchmarking of illiquid assets, was a complex area that had seen numerous recent evolutions. This review was ongoing, and Officers would bring a paper to a future meeting of the Policy and Development Working Group/Management Panel.

Officers had also engaged Hymans to review the Fund's liquidity profile and cashflow requirements to assist the Fund to meet longer term cash requirements. This would be the subject of a future report to the Policy and Development Working Group/Management Panel.

In terms of fee negotiations, the current Investment Management fee arrangements for UBS and Ninety One were due to expire soon, and were currently being renegotiated by the Director of Pensions.

Members were advised that there were two main types of fee arrangements for Investment Managers:

- (a) a "flat fee" whereby the manager was paid either a fixed amount per annum or a fixed proportion of the value of the assets per annum; and
- (b) a "performance fee" structure where the manager received a "base fee" together with an additional fee dependent on performance.

Fee proposals for 2024-2027 had recently been sought from both Public Markets Securities Managers, on a flat fee and a performance fee basis. Officers would continue to negotiate with the Securities Managers as required, and select the most advantageous fee offer for GMPF.

RECOMMENDED

That the content of the report be noted.

42. DATE OF NEXT MEETING

It was noted that the next meeting of the Policy & Development Working Group was scheduled to take place on Thursday 27 June 2024.

CHAIR

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NORTHERN LGPS JOINT OVERSIGHT COMMITTEE

5 October 2023

Commenced: 11:00am

Terminated: 12.20pm

Present:	Cllr Gerald P Cooney (Chair) Councillor Andrew Thornton Councillor Julie McManus Councillor Cherry Povall Elizabeth Bailey Ken Drury Alan Flatley	Chair, Greater Manchester Pension Fund Chair, West Yorkshire Pension Fund Chair, Merseyside Pension Fund Vice Chair, Merseyside Pension Fund UNISON UNITE GMB
In attendance	Sandra Stewart Peter Wallach Euan Miller Tom Harrington Steven Taylor Neil Cooper Michael Ashworth Alex Jones Mushfiqur Rahman Owen Thorne Adil Manzoor Greg Campbell Leandros Kalisperas Simon Edwards Robert Hulme Alan McDougal Janice Hayward Tom Powdrill Conor Constable	Director of Pensions, GMPF Director of Pensions, MPF Managing Director, WYPF Assistant Director of Pensions, Investments, GMPF Assistant Director of Pensions, Special Projects, GMPF Head of Pension Investment, GMPF Principal Investments Manager, GMPF Investment Officer, GMPF Investments Manager, GMPF Merseyside Pension Fund Merseyside Pension Fund Merseyside Pension Fund Chief Investment Officer, WYPF Assistant Director, Alternative Investments, WYPF West Yorkshire Pension Fund PIRC PIRC PIRC PIRC
Apologies for Absence:	Councillor Jacqueline North – GMPF	

11. DECLARATIONS OF INTEREST

There were no declarations of interest.

12. MINUTES

The Minutes of the meeting of the Northern LGPS Joint Committee held on 6 July 2023 were agreed as a correct record.

13. COMMON CUSTODIAN UPDATE

The Assistant Director of Pensions Investments, GMPF submitted a report, which provided details of key performance indicators and key milestones and deliverables for the quarter to 30 June 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.

14. 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. On 11 July 2023 the long-awaited consultation, titled 'LGPS: Next Steps on Investments', was finally released, with a closing date for responses of 2 October 2023.

A summary of consultation proposals was provided in the report. A draft NLGPS Pool response was also attached to the report.

Members were advised that the draft NLGPS Pool response repeated many of the messages from the response to the 2019 consultation, in particular:

- Government needed to focus on delivering successful outcomes;
- LGPS funds are diverse – one size fits all not appropriate; and
- Funds' fiduciary duty was paramount.

In addition, the draft response made the following points:

- Consistent reporting was much more difficult than it sounds;
- NLGPS Pool was supportive of greater cross-pool collaboration;
- Long-term benefits of pool merger unlikely to outweigh short term disruption;
- Pools must deliver funds' strategic asset allocation; and
- Concerns regarding Pools advising funds and individual funds' ability (or lack of) to influence Pools.

It was not known when Government would respond to the consultation or make the regulations changes and issue the guidance proposed. However, it was widely expected that the Chancellor would announce that he was pressing ahead with the proposals regarding levelling-up and investment in private equity, in his Autumn Statement.

Both the Pool and individual funds would need to consider whether any changes to their reporting of pooling activity was required in light of the consultation proposals. The consultation also indicated that DLUHC would monitor fund annual reports whilst preparing further guidance.

At the most recent NLGPS Directors' meeting the idea of preparing a Pool Business Plan for 2024 was discussed. This may cover areas such as enhancing reporting, exploring the creation of further vehicles to make collective investments in private markets (for example a private credit equivalent of NPEP) and reviewing the Pool RI policy and voting arrangements. Further details will be provided at the next Joint Committee meeting.

RESOLVED

That the report and the Northern LGPS Pool response to the recent consultation on LGPS Investments, be noted.

15. 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 15 May 2023 were appended to the report.

The Director of Pensions, GMPF, attended the meeting on 3 July 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.

16. UPDATE ON RESPONSIBLE INVESTMENT

Consideration was given to a report and presentation of representatives of PIRC, which set out the Q2 2023 Northern LGPS Stewardship Report (attached at Appendix 1 to the report).

Mr Powdrill and Mr Constable presented the Q2 2023 Northern LGPS Stewardship report, which focused on and explored as follows:

- Anti-ESG rhetoric directed at passive managers;
- ESG – rebalancing, retreating or rebadging;
- Just Transition challenges and supply chain issues; and

- Company engagement, including the challenges of decarbonisation and human rights issues.

Discussion ensued in respect of the content of the report and presentation, in particular, the engagement versus divestment challenge/debate and the importance of long term engagement in order to bring about significant/efficient change and positive outcomes.

RESOLVED

That the content of the presentation and the Q2 2023 Northern LGPS Stewardship report, be noted.

17. 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 30 June 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.

As previously reported, earlier this year, Portfolio Evaluation Ltd notified clients of their intention to cease trading in September 2023.

At the Joint Committee meeting of 6 July 2023 it was agreed that the Directors would finalise arrangements for a common performance measurement provider for Northern LGPS before the next meeting of the Joint Committee, such that a provider was in place for reporting periods commencing 30 September 2023.

It was noted that the Northern LGPS Directors approved the appointment of Hymans Robertson as the common performance measurement provider for the Pool for reporting periods commencing 30 September 2023 at the September meeting of the Northern LGPS Directors.

RESOLVED

That the performance reporting for periods to 30 June 2023 be noted.

18. 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).

The Director of Pensions advised 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. At the

last meeting it was reported to Members that advisors were considering a report from GLIL Executive Committee before presentation to the Joint Committee. A copy of which was appended to the report.

Members were advised the exercise was complete and a summary was provided in the report.

The GLIL report to investors for the period ending June 2023 was appended to the report.

The core priorities for GLIL over next quarter and 12 months were reported as follows:

- Implementation of revised management arrangements
- Management of investors' current allocations in accordance with the mandate.
- Continue to implement ESG strategies in line with investee Funds' objectives.
- Continued Engagement with other LGPS Funds and Pools and potential aligned non LGPS investors.

RESOLVED

- (i) That the content of the report be noted; and**
- (ii) That the Directors be approved to make arrangements for revision of GLIL management arrangements and approve any resulting changes to Partnership Agreements subject to those remaining consistent with principles agreed within the report.**

19. 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 1 February 2024.

CHAIR

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Agenda Item 7

Report To:	GMPF MANAGEMENT/ADVISORY PANEL
Date:	8 March 2024
Reporting Officer:	Sandra Stewart, Director of Pensions Paddy Dowdall, Assistant Director of Pensions, (Local Investments and Property)
Subject:	GMPF BUDGET 2024/2025 AND MEDIUM-TERM FINANCIAL PLANNING
Report Summary:	This report asks the Management Panel to approve an expenditure budget for GMPF for 2024/25 and a medium-term financial plan 2024-2027. (An updated version will be included in the Annual report for 2023/24).
Recommendations:	<ol style="list-style-type: none">1) That the Management Panel approves the expenditure budget for 2024/25.2) That the Management Panel approve the Medium-Term Financial Plan.
Financial Implications: (Authorised by the Section 151 Officer)	The financial implications are set out in the report. There is a projected increase in expenditure which supports strategic change at the Fund to optimise net risk adjusted returns on investments and to provide efficient administration in order to ultimately minimise the contributions paid by employers.
Legal Implications: (Authorised by the Solicitor to the Fund)	There is a duty on the Fund to achieve best value and consequently the Panel need to ensure through such monitoring that value for money is being achieved.
Risk Management:	Failure to properly manage and monitor the Fund's budgets may lead to a reduction in service standards for scheme members or employers, or a loss of confidence in the management of the fund.
ACCESS TO INFORMATION:	NON-CONFIDENTIAL This report does not contain information which warrants its consideration in the absence of the Press or members of the public.
Background Papers:	Any enquiries should be directed to John Douglas, 0161 301 7128 (email: john.douglas@gmpf.org.uk)

1. INTRODUCTION

- 1.1 This report asks the Management Panel to approve an expenditure budget for GMPF for 2024/25 alongside a medium-term financial plan for 2024 to 2027.
- 1.2 The medium-term financial plan is essentially dependent upon the assumptions in the Funding Strategy Statement, and the out-turn is largely subject to financial markets and their impact on investment performance.
- 1.3 The medium-term financial plan 2024 to 2027 will be finalised for the annual report following, approval of budget and confirmation of fund vale at 31 March 2024.
- 1.4 CIPFA Guidance on preparing the Annual Report for Local Government Pension Scheme Funds requires GMPF to publish a medium-term financial plan approved by those charged with governance of the Fund. The Management Panel is approving the draft version of this subject to final confirmation in values as at 31 March 2024; and the assumptions and methodology that underpin it.

2. BUDGET FOR 2024/25 AND CHANGES FROM 2023/24

- 2.1 The Fund remains committed to its core objectives. The last 2 years have seen substantial changes to the way in which the Fund delivers its core objectives due to the changing requirements of the regulatory landscape and other external risks such as cyber security. There remains a great deal of uncertainty in the short to medium term in the outlook for inflation. The table below sets out the key assumptions and methodology for budget setting.

Pay Award 2024/25	Assuming at 5% in line with Tameside MBC educated estimate of outcome of NJC negotiations
Inflation	Notional 2.5% applied to non-staff costs
Staffing	As in post and recruitment in hand at Feb 2024
Goods and Services	As contracted plus internal estimates for variable usage items
Business development	Centrally allocated provision of £1m to implement business plan aspirations (includes £225,000 brought forward from previous years that has been committed but not expended

- 2.2 The level of budget sought for 2024/25 seeks an increase from that in 2023/24 The table below sets out some key movements. This budget covers the expenditure by the Fund on governance, administration and investment costs for oversight and internal management. External Investment Management fees are overseen by Management Panel in a more detailed fashion with comparison to peer Pension Funds provided by CEM.

Budget and Changes from 2023/24

Type	Budget 2024/25	Budget 2023/24	Variance £	Variance %
	£000	£000	£000	%
Staffing	10,051	9,337	714	8
Leadership & business development	1,134	949	185	19
Governance	388	349	39	11
Custody	502	497	5	1
Actuarial fees	355	355	0	-
Professional fees	2,255	2,327	(72)	-3
IT and equipment	1,613	1,395	218	15
Premises	1,234	1,136	98	9
Other general costs	709	685	24	4
Income	(897)	(988)	91	-9
Central establishment charges	778	596	182	31
Total pre-investment management fees	18,122	16,638	1,484	9

External Investment Management fees are overseen by Management Panel in a more detailed fashion with comparison to peer Pension Funds provided by CEM.

2.3 To put the budget for GMPF into context, the tables below set out some external comparisons for investments and administration against peer groups of comparable funds. These clearly show a favourable position which was recognised at the last meeting of Management Panel.

Investment Costs GMPF from CEM				
	2022/23		2021/22	
	£m	% AUM	£m	% AUM
GMPF Actual	111	0.40	92	0.39
Benchmark (CEM specific)	142	0.51	113	0.48
Difference	(31)	(0.11)	-21	(0.09)

Administration Costs GMPF from CEM		
	2022/23	2021/22
	£ per member	£ per member
GMPF Actual	17.91	17.01
Benchmark (CEM peer group)	24.62	23.65
Difference	(6.71)	-6.64

3. MEDIUM TERM FINANCIAL PLAN 2024-2027

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

Fund Investment Return	7.2% per annum over the long term
Inflation	CPI Bank of England
Pay Inflation	5% then 2.9%
Employer Payroll	From actuarial valuation
Pensioner Profile	From actuarial valuation
Management Budget	2023/24 projected forward
Investment Management Costs	2023/24 Internal estimate projection

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

	2024/25	2025/26	2026/27
	£m	£m	£m
Fund Size at Start of Year	30,023	31,710	33,505
Fund Size at end of Year	31,710	33,505	35,417
Pensions Paid	1,121	1,153	1,187
Contributions received	786	815	846
Net Transfers	0	0	0
Net Cashflow	-335	-338	-341
Management Costs	140	150	160
Investment Income	826	886	950
Increase in Value of Investments	1,335	1,397	1,463
Net Return from Investments	2,162	2,283	2,412
Net Change in Fund	<u>1,687</u>	<u>1,795</u>	<u>1,911</u>

3.3 Key observations remain unchanged from previous years.

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

4. RECOMMENDATIONS

4.1 That the Management Panel approves the expenditure budget for 2024/25.

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

Agenda Item 8

Report To:	GMPF MANAGEMENT/ADVISORY PANEL
Date:	8 March 2024
Reporting Officer:	Sandra Stewart, Director of Pensions Paddy Dowdall Assistant Director (Local Investments and Property)
Subject:	GMPF STATEMENT OF ACCOUNTS 2023-24 GMPF ACCOUNTING POLICIES AND CRITICAL JUDGMENTS
Report Summary	This report covers the. GMPF Accounting Policies and Critical Judgments for 2023-24
Recommendations:	Members are asked to approve the accounting policies and critical judgements attached as Appendix 1 to this report.
Policy Implications:	None.
Financial Implications: (Authorised by the Section 151 Officer)	As the administering authority, Tameside MBC has important responsibilities in relation to the Greater Manchester Pension Fund. As the largest fund in the Local Government Pension Scheme, the Fund also has significant resources it deploys to meet those responsibilities. This paper sets out where the responsibilities lie. The assumptions used for valuing assets will have an impact on the value of assets reported in the accounts. In most circumstances the impact is unlikely to be material.
Legal Implications: (Authorised by the Solicitor to the Fund)	The administering authority must produce an annual report and accounts in line with statutory provisions.
Risk Management:	GMPF's accounts are used to provide information to a variety of users and for a variety of purposes. The accuracy of the statements is critical in the determination of employer costs and there are clearly reputational issues relating to the validity of the accounts. The audit process provides reassurance on the integrity of the statements and mitigates against the possibility of material misstatement
ACCESS TO INFORMATION:	NON-CONFIDENTIAL This report does not contain information which warrants its consideration in the absence of the Press or members of the public.
Background Papers:	Any enquiries should be directed to John Douglas Head of Pension Fund Accountancy john.douglas@gmpf.org.uk Tel (0161 301 7128)

APPENDIX 1

GMPF ACCOUNTING POLICIES AND CRITICAL JUDGMENTS

CHANGES FROM 2022/23

No material changes, other the inclusion of some additional narrative or deletion of unnecessary sections as recommended by the Auditors.

STATUTORY BACKGROUND

GMPF is required to prepare its financial statements under International Financial Reporting Standards (IFRS). The financial statements are prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 based on IFRS, published by the Chartered Institute of Public Finance and Accountancy (CIPFA). This requires that GMPF accounts should be prepared in accordance with International Accounting Standard (IAS) 26, except where interpretations or adaptations to fit the public sector are detailed in the Code. The financial statements summarise the transactions of GMPF and deal with net assets at the disposal of the Management Panel. They do not take account of obligations to pay pensions and benefits which fall due after the end of the GMPF financial year. Under IFRS, GMPF is required to disclose the actuarial present value of promised retirement benefits. This is disclosed as a separate note (Note 25). The full actuarial position of GMPF which does take account of pension and benefit obligations falling due after the year end is outlined in the notes to the accounts. These financial statements should be read in conjunction with that information.

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

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

ACCOUNTING POLICIES

Basis of preparation:

The accounts are prepared on an accruals basis. That is, income and expenditure is recognised as it is earned or incurred including contributions receivable and pension benefits payable. The exceptions are that individual and bulk transfers (due to uncertainty over final settlement and timing of payments), advance payment of employer contributions and investment costs for private markets administered by the custodian as part of investment activity, are recognised on a received or paid basis. There are no accounting standards issued but not adopted in the preparation of the financial statements.

Financial assets and liabilities:

A financial asset or a financial liability shall be recognised in the balance sheet when, and only when, GMPF becomes a party to the contractual provisions of the instrument. On initial recognition, GMPF is required to classify financial assets and liabilities into amortised cost, fair value through profit and loss or fair value through other comprehensive income. Financial assets are classified dependent on the reason for holding the assets. Amortised cost assets are those held to generate cash flows and the amounts received are solely principal and interest. Fair value assets through profit and loss or other comprehensive income, are assets which fail the amortised cost categorisation tests, where they are held for trading purposes and/or the amounts received relate to more than solely principal and interest (e.g. equity instruments). Financial liabilities are classified as amortised cost except in certain circumstances where they are classified as at fair value.

Contribution income:

Tiered employee contribution rates are set in accordance with LGPS regulations using common percentage rates across all Funds which rise according to pensionable pay.

Normal contributions, both from the members and from the employer, are accounted for on an accruals basis at the percentage rate recommended by the fund actuary in the payroll period to which they relate. Employer funding contributions are accounted for on the due dates on which they are payable under the schedule of contributions set by the scheme actuary or on receipt if earlier than the due date.

Employers' augmentation contributions and pensions strain contributions are accounted for in the period in which the liability arises. Any amount due in year but unpaid will be classed as a current financial asset. Amounts not due until future years are classed as long-term financial assets.

Additional voluntary contributions (AVC):

GMPF provides an AVC scheme for its contributors, the assets of which are invested separately from GMPF. These AVC sums are not included in GMPF's financial statements in accordance with Regulation 4(2)(c) of the Pension Scheme (Management and Investment of Funds) Regulations 2009 (as amended). Members participating in this arrangement each receive an annual statement confirming the amount held in their account and the movements in the year. Further details are provided in the notes to the accounts.

Additional voluntary contributions income:

Where a member is able and chooses to use their AVC fund to buy scheme benefits, this is treated on a cash basis and is categorised within Transfers In.

Investment income:

Dividends from quoted securities are accounted for on an accruals basis and any outstanding amount is included in the Net Asset Statement as an investment asset. Dividend income is recognised on the date the asset is quoted ex-dividend.

Distributions from pooled investment vehicles are recognised at the date of issue. Distribution income is accounted for on an accruals basis and any outstanding amount is included in the Net Asset Statement as an investment asset.

Property rent, interest income from fixed interest investments and short-term deposits have been accounted for on an accruals basis.

Accrued investment income:

Acquisitions costs of listed equities investments which comprise stamp duty, commissions and market levies are included within the management expenses recorded in the Fund Account.

Accrued investment income has been categorised within investments in accordance with the appropriate CIPFA Code of Practice on Local Authority Accounting in the United Kingdom.

Foreign income:

Foreign income is translated into sterling at the rate applicable at the date of conversion. Income due at the year-end is translated at the rate applicable at 31 March 2024. Any differences are treated as gains or losses on realisation.

Foreign investments:

Foreign investments are translated at the exchange rate applicable at 31 March 2024. Any gains or losses arising on translation of investments into sterling are accounted for as a change in market value of investment.

Rental income:

Rental income from operating leases on investment properties owned by GMPF is recognised on a straight-line basis over the term of the lease. Any lease incentives granted are recognised as an integral part of the total rental income over the term of the lease. Contingent rents are only recognised when contractually due.

Benefits:

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

Investment levels:

All investment assets held at their fair value as at 31 March 2024 are determined at levels in line with current guidance classifications.

Where, compared to the prior year, there is a change in the observable market data input into the valuation of an individual asset or an entire asset class, then a transfer between levels will be considered and if enacted will be recorded in the current year.

Investment values:

All investment assets are valued at their fair value as at 31 March 2024 are determined as follows:

At 31 March 2024	Valuation basis / technique	Main assumptions	Key sensitivities affecting the valuations provided
Equities and bonds (Level 1)	Pricing from market data providers based on observable bid price quotations.	Use of pricing source. If there are minor variations in the price dependent upon the pricing feed used, the Custodian's valuation will take precedence.	Not required
Direct investment property (Level 3)	Independent valuations for freehold and leasehold investment properties at fair value have been valued by Savills plc, Chartered Surveyors, as at 31 December 2023, subsequently adjusted for transactions undertaken between 1 January 2024 and 31 March 2024. Valuations have been prepared in accordance with Royal Institute of Chartered Surveyors (RICS) Red Book.	Investment properties have been valued on the basis of open market value (the estimated amounts for which a property should exchange between a willing buyer and seller) and market rent (the expected benefits from holding the asset) in accordance with the RICS Appraisal and Valuation Manual. The values are estimates and may not reflect the actual values.	Significant changes in rental growth, vacancy levels or discount rate could affect valuations, as could more general changes to market processes.
Indirect property (part of Pooled Investment Vehicles) (Levels 2 - 3)	Independent valuations for freehold and leasehold properties less any debt within the individual property fund plus/minus other net assets.	Freehold and leasehold properties valued on an open market basis. Valuation carried out in accordance with the principles laid down by the RICS Appraisal and Valuation Manual and independent audit review of the net assets within the individual property fund.	Material events occurring between the date of the financial statements provided and GMPF's own reporting date, changes to expected cashflows, differences audited and unaudited accounts.
Cash and other net assets (Level 1)	Value of deposit or value of transaction.	Cash and account balances are short-term, highly liquid and subject to minimal changes in value. All cash is recorded at book value unless there is knowledge of any impairment.	Not required
Insurance policies (Level 2)	Insurance policies consist of units held in a pooled fund. Unit prices are provided by the fund investment manager based on the bid value of the underlying securities held by the fund.	Use of pricing source, bid values of underlying securities are provided by the investment manager are compared to the Custodian's records. All cash held by the funds are recorded at book value unless the investment manager has knowledge of any impairment.	Not required

At 31 March 2024	Valuation basis / technique	Main assumptions	Key sensitivities affecting the valuations provided
Derivatives (Level 2)	<p>Derivative contracts are valued at fair value.</p> <p>Futures contracts' fair value is determined using exchange prices at the reporting date. The fair value is the unrealised profit or loss at the current bid market quoted price. The amounts included in change in market value are the realised gains and losses on closed futures contracts and the unrealised gains and losses on open futures contracts.</p> <p>The fair value of the forward currency contracts is based on market forward exchange rates at the year-end date and determined as the gain or loss that would arise if the outstanding contract was matched at the year end with an equal and opposite contract.</p>	<p>All derivatives are based on a visible price (i.e. not private transactions) and all counter parties are deemed solvent and able to meet their liabilities.</p> <p>The relevant prices and exchange rates used are provided by the Custodian and consistent with those used elsewhere in accounts.</p>	Not required
Private equity, infrastructure and special opportunities portfolios (Level 3)	<p>The funds are valued either in accordance with Accounting Standards Codification 820 or with International Financial Reporting Standards (IFRS).</p> <p>The valuation basis, determined by the relevant fund manager, may be any of quoted market prices, broker or dealer quotations, transaction price, third party transaction price, applying earnings multiples of comparable public companies to projected future cash flows, third party independent appraisals or pricing models.</p> <p>The valuation of these assets can take up to six months to come through. GMPF practice when closing accounts is to use the latest available valuation and adjust for cashflows.</p>	<p>In reaching the determination of fair value, the investment managers consider many factors including changes in interest rates and credit spreads, the operating cash flows and financial performance of the investments relative to budgets, trends within sectors and/or regions, underlying business models, expected exit timing and strategy and any specific rights or terms associated with the investment, such as conversion features and liquidation preferences. The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expense.</p> <p>The estimates and assumptions are reviewed on an on-going basis.</p>	Material events occurring between the date of the financial statements provided and GMPF's own reporting date, changes to expected cashflows, differences audited and unaudited accounts.

Financial instruments at fair value through the profit and loss *(paragraph now deleted from accounts):*

Financial assets and liabilities are stated at fair value as per the Net Assets Statement, which is prepared in accordance with the Pensions SORP, requiring assets and liabilities to be reported on a fair value basis. Gains and losses on financial instruments that are classified as at fair value through the profit and loss are recognised in the Fund account as they arise. The carrying values are therefore the same as fair values.

Financial instruments at amortised cost *(paragraph now deleted from accounts):*

Non-derivative financial assets which have fixed or determinable payments and are not quoted in an active market are classified as at amortised cost.

Cash and cash equivalents:

Cash comprises of cash in hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to minimal risk of changes in values.

Transaction costs of investments:

Acquisitions costs of listed equities investments which comprise stamp duty, commissions and market levies are included within the management expenses recorded in the Fund Account.

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

Management Expenses:

Investment management expenses paid directly by GMPF are included within Management Expenses within the Fund account. These costs together with other management costs are met from within the employer contribution rate. Certain of GMPF's external securities managers have contracts which include performance fees in addition to the annual management fees. The performance fees are based upon one off, non-rolling, three yearly calculations. It is GMPF policy to accrue for any performance fees which are considered to be potentially payable.

In addition, certain investments in pooled vehicles, predominantly in private markets, alternatives and property have investment costs charged directly by the investment managers. These costs are allocated directly to the Fund Account where information is available to the Custodian by the investment manager, on an as paid rather than on an accruals basis. Where costs are charged by these managers and not disclosed to the custodian, they are included in the fair value adjustments applied to assets concerned within the Fund Account and corresponding notes, in previous years all of these costs were treated this way. The annual report contains a comprehensive review of investment costs.

Administration Expenses are included within Management Expenses within the Fund Account. These costs are accounted for on an accruals basis. The costs of administration are met by employers through their employer contribution rate. All staff costs of the administering authority's pension service are charged direct to GMPF.

Net (profit)/loss on foreign currency:

Net (profit)/loss on foreign currency comprise the change in value of short-term deposits due to exchange rate movements during the year.

Actuarial present value of promised retirement benefits:

The actuarial present value of promised retirement benefits is assessed on an annual basis by the Actuary in accordance with the requirements of IAS19 and relevant actuarial standards. As permitted under IAS26, GMPF has opted to disclose the actuarial present value of promised retirement benefits by way of a Note to the Net Asset Statement

Derivatives *(paragraph now deleted from accounts):*

GMPF uses derivative financial instruments to manage its exposure to specific risks arising from its investment activities. GMPF does not hold derivatives for speculative purposes. Derivative contract assets are fair valued at bid prices and liabilities are fair valued at offer prices. Changes in fair value of derivative contracts are included in change in fair value. Future contracts are exchange traded and fair value is determined using exchange prices at their reporting date. Amounts due or owed to the broker are amounts outstanding in respect of initial margin and variation margin. Forward foreign exchange contracts are over the counter contracts and are valued by determining the gain or loss that would arise from closing out the contract at the reporting date, by entering into an equal and opposite contract at that date. All derivatives are based on a visible price (i.e. not private transactions) and all counter parties are deemed solvent and able to meet their liabilities. The relevant prices and exchange rates used are provided by the Custodian and consistent with those used elsewhere in accounts.

Transfers:

Transfer values represent amounts received and paid during the period for individual members who have either joined or left GMPF during the financial year and are calculated in accordance with Local Government Pension Scheme Regulations.

Individual transfers in/out are accounted for when received/paid, which is normally when the member liability is accepted or discharged. This reflects when liabilities are transferred and received. Transfers in from members wishing to use the proceeds of their additional voluntary contributions to purchase scheme benefits are accounted for on a receipts basis and are included in transfers in. Bulk (group) transfers, due to uncertainty over final settlement and timing of payments, are recognised on a received or paid basis.

Taxation:

GMPF is a registered public service scheme under section 1(1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin unless exemption is permitted. Irrecoverable tax is accounted for as a fund expense as it arises.

Critical judgements in applying accounting policies:

In applying the policies, GMPF has to make certain judgements about complex transactions, or those involving uncertainty. Those with most significant effect are that all leases are classified as operating leases.

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

Unquoted equity, infrastructure and special opportunities investments

Unquoted equities are valued by the investment managers in accordance with Accounting Standards Codification 820 or with International Financial Reporting Standards (IFRS).

The valuation of these assets can take up to six months to come through. GMPF practice when closing accounts is to use the latest available valuation and adjust for cashflows.

Pension Fund liability (*paragraph deleted from accounts*):

The present value of GMPF's liabilities is calculated every three years by an appointed actuary. For the purpose of reporting the actuarial present value of promised retirement benefits, this liability value is updated annually in intervening years by the Actuary. The methodology used is in line with accepted guidelines and in accordance with IAS 19. Assumptions underpinning the valuations are agreed with the Actuary and are summarised in the notes to the accounts. This estimate is subject to significant variances based on change to the underlying assumptions.

Classification of financial instruments:

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

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Agenda Item 9

Report To:	PENSION FUND MANAGEMENT/ADVISORY PANEL		
Date:	8 March 2024		
Reporting Officer:	Sandra Stewart – Director of Pensions Emma Mayall – Assistant Director for Administration		
Subject:	THE PENSIONS REGULATOR’S GENERAL CODE OF PRACTICE		
Report Summary:	The Pensions Regulator’s General Code of Practice is expected to enter into force in the coming weeks. This report provides information about the new code and GMPF’s compliance with it.		
Recommendation(s):	It is recommended that the Panel notes the report.		
Financial Implications: (Authorised by the Section 151 Officer)	Ensuring effective governance and administration will lead to better financial control of the pension scheme ensuring that GMPF operates efficiently. Failure to meet any legal requirements may result in financial penalties being imposed by the Pensions Regulator.		
Legal Implications: (Authorised by the Solicitor to the Fund)	<p>The Administering Authority has legal obligations to meet in relation to its governance and administration of GMPF as per section 249B of the Pensions Act 2004.</p> <p>The Public Service Pensions Act 2013 introduced the framework for the governance and administration of public service pension schemes and provided for extended regulatory oversight by the Pensions Regulator.</p> <p>The General Code of Practice will be issued by the Pensions Regulator under the powers granted to it in section 90 and section 90A of the Pensions Act 2004 and is a combined code in accordance with section 90A(6)(a) of the Pensions Act 2004.</p>		
Risk Management:	<p>The General Code of Practice establishes the Pensions Regulators’ expectations for the functioning of pension schemes. Some of the requirements are statutory whereas other requirements constitute best practice, but either way compliance should result in a more robust well-governed pension fund.</p> <p>Ultimately, failure to comply with the requirements of the General Code could leave the Administering Authority exposed to financial penalties or litigation.</p>		
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:	<table border="1"><tr><td>APPENDIX 9A</td><td>General Code Report</td></tr></table>	APPENDIX 9A	General Code Report
APPENDIX 9A	General Code Report		

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 Public Service Pensions Act 2013 introduced the framework for the governance and administration of public service pension schemes and provided for extended regulatory oversight by the Pensions Regulator (TPR).
- 1.2 The Regulator is required to issue one or more codes of practice covering specific matters relating to public service pension schemes. Currently, public service pension schemes must abide by [Code of Practice 14](#) (Governance and Administration of Public Service Pension Schemes), and [Code of Practice 13](#) (Governance and Administration of Occupational Trust-Based Schemes Providing Money Purchase Benefits) in relation to their Additional Voluntary Contribution arrangements. However, Code of Practice 13 and 14 will soon be superseded by the [General Code of Practice](#).
- 1.3 It has long been TPR's ambition to simplify and reduce the current 15 Codes of Practice into a single condensed General Code of Practice that will (for the most part) apply equally to all pension schemes. The General Code will apply to governing bodies of occupational, personal, and public service pension schemes. Some legal obligations will not apply to all types of governing bodies or schemes, and where this is the case, it is highlighted in the General Code.
- 1.4 The General Code will be considerably shorter than all the codes it replaces. Content will be separated into five key areas, being:
 - The Governing Body
 - Funding and investment
 - Administration
 - Communication and disclosure
 - Reporting to TPR
- 1.5 TPR issued its consultation on the draft General Code of Practice in March 2021. The draft General Code was then revised slightly due to the consultation responses received. Since 2021, there have been several suggested dates for implementation, but on 10 January 2024 the General Code was laid in parliament and the final form of the General Code was published.
- 1.6 It is expected that the General Code will take effect on or around 27 March 2024 based on parliamentary timetables at the time of writing, but this may be subject to change.

2. GENERAL CODE OF PRACTICE IN DETAIL

- 2.1 The General Code sets out TPR's expectations around the conduct and practice that governing bodies should meet to comply with their duties in pensions legislation. The General Code is not prescriptive about methods that governing bodies should use to meet TPR's expectations, recognising that different approaches may be appropriate for different schemes.
- 2.2 The General Code of Practice is issued by TPR under the powers given to it in section 90 and section 90A of the Pensions Act 2004 and is a combined code in accordance with section 90A(6)(a) of the Pensions Act 2004.
- 2.3 The General Code itself is not a statement of the law. However, it does set out TPR's expectations of how governing bodies should comply with their legal duties. TPR assumes that Trustees and Scheme Managers will have a good understanding of pensions legislation as it applies to them and will be able to interpret how the General Code translates to their legal environment.

- 2.4 The term ‘governing bodies’ was introduced by TPR to account for the array of individuals and entities that are responsible for the governance and running of their pension scheme. The current view is that in the LGPS, the governing body is the administering authority and thereafter whatever delegated function it details within its terms of reference, for example a Pension Committee or Director. However, depending on the context, this term could apply either to the Scheme Manager, Local Pension Board or Pensions Committee.
- 2.5 The General Code is divided into five keys areas with further areas of detail:
- The Governing Body
 - Board Structure and Activities
 - Knowledge and Understanding Requirements
 - Value for Scheme Members
 - Advisers and Service Providers
 - Risk Management
 - Scheme Governance
 - Funding and investment
 - Investment
 - Administration
 - Scheme Administration
 - Information Handling
 - IT
 - Contributions
 - Communication and disclosure
 - Information to Members
 - Public Information
 - Reporting to TPR
 - Regular Reports
 - Whistleblowing – Reporting Breaches of the Law
- 2.6 The General Code will eventually be uploaded to TPR’s website and allow readers to filter the content by module. TPR has stated an interest in eventually adding filters and other smart features beyond the standard PDF version currently available.
- 2.7 For Public Service Pension Schemes, including the LGPS, the General Code’s requirements broadly fall into the following four categories:
- Those that have a statutory basis and apply in full
 - Those that do not have a statutory basis but there is a clear expectation from TPR that these are in place (should)
 - Those that TPR considers to be best practice (could)
 - Those that are not applicable
- 2.8 Most requirements that do not apply to the LGPS relate to private sector defined contribution pension schemes, where the operation of the scheme is significantly different to a public sector defined benefit scheme such as the LGPS.
- 2.9 The requirements that only constitute best practice for the LGPS largely relate to funding and investment. In the LGPS, the Department for Levelling Up, Housing and Communities (DLUHC) is the correct and proper regulator for funding and investment matters. Nonetheless, TPR’s General Code provides useful information and guidance on funding and investment matters. There is substantial overlap between the regulatory requirements established by DLUHC for investments and the General Code.

3. ADMINISTERING AUTHORITY COMPLIANCE WITH THE GENERAL CODE

- 3.1 The requirements under the new General Code could be characterised as an evolution to the requirements of the current Code of Practice 14 (Governance and Administration of Public Service Pension Schemes). GMPF already complies with the requirements of Code of Practice 14 and will therefore be well placed to comply with the upcoming General Code.
- 3.2 The new requirements added to the General Code primarily relate to scams and information technology. These new requirements were included in the 2021 draft General Code consultation. GMPF has undertaken several projects relating to cyber security and dealing with scams since 2021, which should stand the Fund in a good position to be able to demonstrate compliance with these requirements.
- 3.3 A summary of the requirements together with an initial assessment of GMPF's compliance has been attached at **Appendix 1**. Officers will be reviewing and reconsidering all aspects of the code in more detail over the coming weeks to ensure that GMPF can demonstrate compliance, and an action plan will be created where officers believe further steps need to be taken.
- 3.4 TPR has suggested that pension schemes will have six months to ensure compliance with the new General Code from the point the General Code enters into force. After the six-month adjustment period, TPR will begin enforcement action against noncompliant pension schemes.
- 3.5 GMPF is currently engaging with TPR as part of their Relationship Supervision programme. TPR will likely take a keen interest in GMPF's implementation of the new General Code as part of this programme. Officers will also prepare reports on the new code and progress on ensuring compliance for GMPF's Local Pension Board.

4. RECOMMENDATION

- 4.1 It is recommended that the Panel notes the report.

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Agenda Item 10

Report to :	PENSION FUND MANAGEMENT/ADVISORY PANEL
Date :	8 March 2024
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)	<p>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.</p> <p>Regulation 7(2)(e) requires funds to follow pertinent advice and act prudently when making investment decisions, "<i>...a prudent approach to investment can be described as a duty to discharge statutory responsibilities with care, skill, prudence and diligence</i>". 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.</p> <p>Regulation 7(2)(f), emphasises that "<i>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.</i>"</p> <p>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.</p> <p>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.</p>

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 10A	GMPF’s Responsible Investment Partners and Collaborations
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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 January, PIRC provided an update to the IMESG Working Group on the voting outcomes from 2023. They highlighted that GMPF voted in favour of almost 400 shareholder resolutions and opposed over 450 company remuneration reports in 2023. GMPF co-filed shareholder resolutions relating to tax transparency at Amazon, ConocoPhillips, Cisco Systems and Microsoft which received 18%, 15%, 20% and 21% of votes in favour of the resolution, respectively. The filing of these resolutions are considered an escalation to send a message to companies that engagement meetings have not been successful.
- 2.4 PIRC also presented case studies of Apple and Royal Bank of Canada (RBC) where shareholder resolutions were submitted where they were asked to conduct reviews on fundamental rights at work at Apple and a racial equity audit at RBC. On both occasions the engagement produced positive results where both companies agreed to

the requests of the shareholder resolutions and subsequently the resolutions were withdrawn.

- 2.5 GLIL Infrastructure has adopted a new investment management framework to help it deliver on its target to become net zero by 2050. The Institutional Investors Group on Climate Change (IIGCC) Net Zero Investment Management (NZIM) framework sets out clear methodologies and approaches for investors to align their portfolio goals with the Paris Agreement, supporting them to make informed decisions and work towards achieving net zero global emissions. The NZIM framework was published in March 2023 and GLIL is one of the first investors to adopt the NZIM guidance for infrastructure, which builds on IIGCC's broader NZIM framework. It is the most implemented net zero methodology for investors across all financial institutions within the Glasgow Financial Alliance for Net Zero.
- 2.6 The GLIL Executive Committee has worked swiftly to select the new framework to support the business with structuring its net zero strategy and to allow for a consistent framework across its portfolio. GLIL believes the NZIM approach will enhance its work in the energy transition by providing further support for its existing portfolio companies to ensure they have achievable net zero pathways.
- 2.7 In December, GLIL Infrastructure formed a strategic partnership with Bluefield Solar Income Fund, the London-listed UK income fund, as part of a commitment to invest in UK-focussed solar energy assets. As a GLIL asset, this portfolio will be known as Lyceum Solar. Lyceum is a portfolio comprised of 58 operating solar PV assets with a 247MW capacity across two sub portfolios across southern and central England. Most of the portfolio is contracted under Feed in Tariffs until 2036, which provides a returns floor and reduces sensitivity to merchant power prices. These subsidies are inflation linked and generate a high cash yield. The 247MW assets include 183MW backed by Feed in Tariff subsidies, 15MW by Renewable Obligation Certificates (ROCs) and two subsidy-free projects with a total capacity of 48MW.

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 below.

<https://votingdisclosure.pirc.co.uk/?cl=Uyc0NScKLg==&pg=1>

- 2.9 GMPF's Assistant Director of Pensions spoke at the annual LAPFF conference in relation to how LGPS funds are managing climate-related financial risk. He raised the Fund's concern around the gap in government policy between current pledges and the required action to minimise the increase in global temperatures. In response to a question on whether the investment industry understands and estimates climate risk effectively, he mentioned recent research from the EDHEC Climate Risk Institute pointing to massive uncertainty in outcomes, and GMPF's consultant introducing new narrative scenarios for risk management. In terms of GMPF's approach he mentioned the Fund incorporating climate risk into the review of its strategic asset allocation.
- 2.10 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/engagement-report-q4-2023.pdf

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

- 2.11 GMPF considers shareholder resolutions a useful tool to proactively raise issues of concern either where boards of investee businesses are resistant to dialogue or change, or to amplify the shareholder voice where engagement with boards has been positive. PIRC have organised a number of webinars recently highlighting issues around workers' rights and collective bargaining. GMPF has co-filed a number of shareholder resolutions relating to tax transparency in recent years. In December, GMPF filed a shareholder resolution with Amgen requesting the company to issue a tax transparency report to shareholders. Officers and representatives from PIRC have met with the company to discuss the request and assess whether this is possible and if so the most likely next steps. Engagement with companies often takes time and numerous meetings and this is an example where GMPF and PIRC have worked together with a company to attempt to resolve an issue.
- 2.12 In January, GMPF co-filed a shareholder resolution at Amazon requesting the company commission an independent, third-party assessment of the company's adherence to its stated commitment to workers' freedom of association and collective bargaining rights as outlined in Amazon's Global Human Rights Principles, which explicitly reference the Core Conventions of the International Labour Organisation and the ILO Declaration on Fundamental Principles and Rights at work.
- 2.13 GMPF via Northern LGPS is a signatory to the Valuing Water Finance 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. Consumption of freshwater surpasses the rate at which it can be naturally replenished in many regions, creating water shortage risks for companies, communities, and ecosystems. Compounded by climate change, the World Resources Institute predicts the world will be unable to meet 56 percent of global water demand by 2030.
- 2.14 Companies without a plan to adapt could be exposed to risks including increased input costs, price volatility, shifting production zones, stranded assets, government targets, and loss of social license to operate. Barclays warns that the consumer staple sector, including agriculture, food, and beverage companies, faces a potential \$200 billion impact from water scarcity risks. In January, GMPF filed a shareholder resolution with Constellation Brands requesting the company issue a report assessing the feasibility and practicality of establishing time-bound, quantitative goals to reduce supply chain water usage to mitigate value chain risks related to global water scarcity in high-risk areas.
- 2.15 GMPF was one of 27 investors, representing around 5% of the company's shares, to co-file a shareholder resolution at Shell demanding the company improve its environmental targets. Co-ordinated by Follow This, the resolution calls on Shell to align its "medium-term" greenhouse gas emissions target with the Paris agreement to limit global warming. Global emissions must fall by almost half by 2030 for those targets to be met. The filing of this resolution drew some media attention which can be seen below.

<https://www.reuters.com/sustainability/group-27-shell-investors-co-file-new-climate-resolution-2024-01-15/>

<https://www.theguardian.com/business/2024/jan/16/shell-faces-shareholder-rebellion-over-climate-activist-resolution>

- 2.16 The Northern LGPS believes the way companies manage their workforce is both important to value creation and an indication of an organisation's value and culture and workforce engagement is material to all companies. PIRC analysis has shown that many FTSE All Share companies list workforce related issues as principal risks. The FRC defines a principal risk as "a risk or combination of risks that can seriously affect the performance, future prospects or reputation of the entity". In order for investors and other stakeholders to assess how companies manage these risks it is important that they have sufficient information to enable them to do so
- 2.17 The Northern LGPS wrote to EasyJet requesting the company review whether their principal risk disclosures align with existing workforce-related reporting and better disclose workforce related risks. This aligns with the Northern LGPS commitment to decent work and effective human capital management.
- 2.18 In November, the London Mining Network and LAPFF hosted a seminar at the LGA in London where there were presentations from community members affected by Glencore's operations at Cerrejon in Colombia and Espinar in Peru. The objectives were two-fold. First, the community presentations helped investors understand better how social and environmental factors are financially material considerations for both mining companies and investors. Secondly, the seminar provided community members the opportunity to meet with investors which help ensure their input is considered by institutions and can influence mining companies to improve their social and environmental practices, thus creating the opportunity for improved shareholder returns.

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

- 2.19 All of the Fund's external public markets investment managers are PRI signatories. Many of the Fund's external private markets investments managers are also PRI signatories, and those who are not are encouraged to become so.
- 2.20 Established in 1995 by the world's most influential investors, the International Corporate Governance Network (ICGN) is a leading voice for the highest standards of corporate governance and investor stewardship in pursuit of long-term value creation, contributing to sustainable economies, societies, and the environment. This is achieved through a comprehensive international work programme based around three core activities:
- Influence: Promoting ICGN Principles as investor-led global standards for governance and stewardship and influencing public policy and professional practice
 - Connect: Delivering high-quality global events and webinars with unrivalled opportunities for networking, knowledge-sharing and collaboration
 - Inform: Enhancing professionalism in governance and stewardship practice through information and education
- 2.21 The Northern LGPS signed on to the ICGN's statement on corporate governance concerns around shareholder protections relating to dual class share structures which would undermine the UK's economic growth and attractiveness as a global financial centre. The full statement is below.

<https://www.icgn.org/icgn-statement-high-standards-corporate-governance-and-investor-protections-pre-requisites-uk>

- 2.22 The Labour Rights Investor Network is a global investor network for exploring the risks and benefits associated with workers' rights to freedom of association and collective bargaining. The Network assists investors by acting as an education and exchange platform and a place to connect on issues related to freedom of association and collective bargaining. In carrying out its stewardship activities GMPF, as a signatory can learn and ensure it is incorporating the latest thinking and practices of this network. In February, GMPF joined this network to become a member. The member statement for signatories can be view using the link below.

<https://www.workerscapital.org/labour-rights-investor-network/investor-statement/>

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

- 2.23 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**.
- 2.24 GMPF's specialist equity manager, Ninety One, held a sustainability event at their offices in February dedicated to government bonds. Experts from the Transition Pathway Initiative, of which GMPF is a supporter, presented the Assessing Sovereign Climate-Related Opportunities and Risk (ASCOR) framework of indicators to assess how countries are managing the low-carbon transition and the impacts of climate change. There are three main pillars to the framework:
- Emissions pathways
 - Climate policies
 - Climate finance
- 2.25 Each pillar has a number of indicators which consists of questions that provide a clearer picture on whether the country is addressing this risk. The framework purposefully does not provide an overall score as there are both emerging market countries and developed countries being assessed that face very different challenges and leaves the decision to the user to determine which risks are most pertinent to them. The ASCOR tool can be accessed using the link below.

<https://www.transitionpathwayinitiative.org/ascor#methodology>

- 2.26 In November, the IIGCC published its guidance on climate solutions for listed equity and corporate bonds. A focus on secondary market holdings entails an emphasis on the role of investors (equity or bond holders) to influence real world emissions through stewardship and engagement, and shifting expectations of good governance and strategy for companies. Whilst finance can have the greatest and most direct impact through primary markets by providing new capital to the companies, projects, or governments involved in climate solutions activities, as defined in the paper, institutional investors play an important role in recycling capital back into primary markets and in turn shifting expectations of the attributes of assets that are created by issuers and originators. Regardless of the market, engagement with policymakers, regulators and industry stakeholders will be increasingly important to create the enabling environment for increased investment in climate solutions and the transition to net zero. The guidance can be accessed using the link below.

https://139838633.fs1.hubspotusercontent-eu1.net/hubfs/139838633/2023%20resource%20uploads/IIGCC_Investing%20in%20Climate%20Solutions_Listed%20Equity%20Fixed%20Income_Nov2023.pdf

- 2.27 Greenhouse gas (GHG) emissions, usually measured in carbon dioxide equivalent, has historically been the most commonly used quantitative metric to understand a company's impact on climate change. Scope 3 represents emissions from the value chain of the reporting entity, covering both the upstream supply chain and downstream customer activity. Presently, there are practical challenges with reporting, estimation and calculation of scope 3 data, which has led to a fragmented data landscape that lacks coverage and quality across the investable universe. Whilst the data is improving, it is unlikely to be consistent and credible across investors' whole portfolios in a timeframe consistent with the urgent need to address climate change issues and manage climate-related risks. To date, investors have mostly focused on the scope 1 and 2 emissions of their assets.
- 2.28 Without recognising the scope 3 emissions of a company, it is not possible to fully understand and assess its contribution to climate change. Scope 3 is often where major emissions sources exist within investment portfolios. For example, in the oil and gas sector scope 3 accounts for 80 to 95% of emissions. Beyond practical data and calculation concerns, there are several inherent challenges that arise when looking at scope 3 from an investment portfolio level. Within portfolios, there are often multiple companies exposed to the same tonne of GHG, given that one company's value chain emissions are another company's direct emissions. The purpose of measuring scope 3 emissions is not to assign emissions ownership but to assess one entity's carbon exposure. So, aggregation of multiple companies' scope 3 can lead to meaningless metrics that would incentivise undesirable outcomes and therefore cannot be used to underpin decision-making or track progress.
- 2.29 The IIGCC published a discussion paper that aims to articulate the challenges from an investor's perspective on both the importance and the complexity of value chain emissions and lay the foundations for an investor-led solution to addressing scope 3 emissions within investment portfolios in the year ahead. The paper can be found using the link below.

https://139838633.fs1.hubspotusercontent-eu1.net/hubfs/139838633/2024%20resources%20uploads/IIGCC_Investor-approaches-to-scope-3_Final_Jan-2024.pdf

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

- 2.30 The Northern LGPS Stewardship Report for the latest quarter can be found using the link below.
- <https://northernlgps.org/taxonomy/term/15>
- 2.31 The LAPFF Quarterly Engagement Report for the latest quarter can be found using the link below.
- <https://lapfforum.org/publications/category/quarterly-engagement-reports/>
- 2.32 GMPF carries out an annual carbon footprint of its holdings. Over time, the scope of assets included in the carbon footprint has expanded and the external provider's methodologies have evolved. Officers submitted historical data to the external provider

to re-calculate GMPF's carbon footprint using the most comprehensive dataset and up to date methodologies for its equity and corporate bond assets. In re-calculating the expanded, historic carbon footprint using a consistent methodology, the data is more meaningfully comparable over time. GMPF's benchmark weighted average carbon intensity in 2019 was measured to be 338 tCO₂e/mGBP. Below are the recalculated annual weighted average carbon intensity (WACI) metric and the percentage decrease relative to the 2019 benchmark baseline.

Year	2019	2020	2021	2022	2023
GMPF's Weighted Average Carbon Intensity (tCO ₂ e/mGBP)	322	264	275	289	285
Reduction versus 2019 benchmark	5%	22%	19%	14%	16%

- 2.33 In February 2021, the Northern LGPS committed to the Paris Aligned Investment Initiative's Net Zero Asset Owner Commitment. As part of this commitment, signatories are expected to provide annual progress updates towards these commitments. Officers submitted the latest update to the IIGCC of the Northern LGPS's progress towards its WACI and climate solutions targets which will be published by the IIGCC in due course.

3. RECOMMENDATION

- 3.1 As per the front of the report.

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Report To: PENSION FUND MANAGEMENT/ADVISORY PANEL

Date: 8 March 2024

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: 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.
(Authorised by the Section 151 Officer)

Legal Implications: 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.
(Authorised by the Solicitor to the Fund)

Risk Management: There are no key risks to highlight.


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 15A	GMPF Admin Performance Q3
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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 3 (October to December 2023) can be found at **Appendix 1**.
- 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 continues to have an impact on some internal target achievement rates, however performance measured against statutory targets remains consistently high.
- 2.3 There were no significant project items or areas of change in quarter 3 to note. 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, one of these being to complete the website platform upgrade work.
- 2.4 My Pension registration figures continue to increase, with over 185,000 members now registered to access their online account. There was a decrease in usage statistics, which was expected following the increases seen in quarter 2 caused by the issue of annual benefit statements to contributors.

- 2.5 There was a decrease in the number of complaints received compared to the previous quarter, with 19 complaints having been received. 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.
- 2.6 Member events continue to be popular and very well received. Eight member events were held in quarter 3 with 522 members attending. The events programme included LGPS overview presentations, pre-retirement presentations and sessions on ways to top up your benefits. Eighteen employer events were also held with 48 attendees. The most popular events were those held to cover McCloud and Altair.

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, four stage one formal disputes and one stage two formal dispute were received during the quarter. Each appeal relates to a different area (ill health, transfer, arrears, AVC, cohabiting partners pension).

4. EMPLOYER FUNDING ACTIVITIES

- 4.1 As mentioned at previous meetings, 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 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.
- 4.3 GMPF is currently working with a further two employers who are potentially seeking to terminate their admission agreements with GMPF after undertaking reviews with advisors. GMPF officers are working with these employers to assist them in determining whether an exit is financially viable. GMPF is also providing support with their employee consultation processes, in terms of providing accurate and relevant information to the affected members so that they are better informed when making decisions regarding their pension.
- 4.4 As detailed in the LGPS Update report at the last meeting, 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.

4.5 Hymans Robertson has 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.

4.6 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 that began in quarter 2 will continue, with a plan in place to deploy all the basic functionality over the next few months.

6. RECOMMENDATION

6.1 It is recommended that the Panel notes the report.

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Appendix 1: The Pensions Regulator (TPR) General Code – Summary of gap analysis and assessment of status (Reviewed February 2024)

Green status = No tasks or only minor tasks needing to be completed to demonstrate compliance

Yellow status = Some tasks to undertake or complete, but that are already in progress and on track

The Governing Body		
Does this part apply to GMPF?	Name of Requirement	Status
	Board Structure and Activities	
Yes	Role of the governing body	Green
Yes	Recruiting and appointment to the governing body	Green
No	Arrangement for member-nominated trustee appointments	N/A
Yes	Appointment and role of the chair	Green
Yes	Meetings and decision-making	Green
Unclear at present	Remuneration and fee policy	Green
	Knowledge and Understanding Requirements	
Yes	Knowledge and understanding	Green
Yes	Governance of knowledge and understanding	Green
	Value for Scheme Members	
No	Value for members (Defined Contribution)	N/A
	Advisors and Service Providers	
Yes	Managing advisers and service providers	Green
	Risk Management	
Yes	Identifying, evaluating, and recording risks	Green
Yes	Internal controls	Green
Yes	Assurance reports on internal controls	To be considered further
No – but best practice	Scheme Continuity planning	Green
Yes	Conflicts of interest	Green
No – but best practice	Own risk assessment	Green
No – but best practice	Risk management function	Green
	Scheme Governance	
Yes	Systems of governance	Green

Funding and Investment		
Does this part apply to GMPF?	Name of Requirement	Status
	Investment	
No – but best practice	Investment governance	Green
No – but best practice	Investment decision-making	Green
No – but best practice	Investment monitoring	Green
No – but best practice	Stewardship	Green
No – but best practice	Climate change	Green
No – but best practice	Statement of investment principles	Green
No	Default arrangements and charge restrictions (Defined Contribution)	N/A

Administration		
Does this part apply to GMPF?	Name of Requirement	Status
	Scheme Administration	
Yes	Planning and maintaining administration	Green
	Information Handling	
Yes	Financial transactions	Green
Yes	Transfers out	Green
Yes	Recordkeeping	Green
Yes	Data monitoring and improvement	Yellow
	IT	
Yes	Maintenance of IT systems	Green
Yes	Cyber controls	Green
	Contributions	
Yes	Receiving contributions	Green
Yes	Monitoring contributions	Green
Yes	Resolving overdue contributions	Green

Communication and Disclosure		
Does this part apply to GMPF?	Name of Requirement	Status
	Information to Members	
Yes	General principles for member communications	Green
No	Annual pension benefit statements (Defined Contribution)	N/A
No	Summary funding and pension benefit statements (Defined Benefit)	N/A
Yes	Statutory financial statements (Public Service Pension Schemes)	Green
No	Retirement risk warnings and guidance	N/A
No	Notification of right to cash transfer sum or contribution refund	N/A
No	Chair's Statement	N/A
Yes	Scams	Green
No	Audit Requirements	N/A
	Public Information	
Yes	Publishing scheme information (Public Service Pension Schemes)	Green
Yes	Dispute resolution procedures	Green

Reporting to TPR		
Does this part apply to GMPF?	Name of Requirement	Status
	Regular Reports	
Yes	Registrable information and scheme returns	Green
	Whistleblowing – Reporting Breaches of the Law	
Yes	Who must report	Green
Yes	Decision to report	Green
Yes	How to report	Green
Yes	Reporting payment failures	Green

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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/>

Labour Rights Investor Network

The Labour Rights Investor Network is a global investor network focusing on the rights to freedom of association and collective bargaining. The Network assists investors by acting as an education and exchange platform and a place to connect on issues related to freedom of association and collective bargaining.

Web link: <https://www.workerscapital.org/labour-rights-investor-network/>

Local Authority Pension Fund Forum

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

Web link: <http://www.lapfforum.org/>

Make My Money Matter

GMPF via Northern LGPS is a partner to this initiative. NLGPS' collaboration with MMMM is part of the pool's ambition to invest 100% of assets in line with the Paris Agreement on climate change, and help members understand the importance of knowing where their pensions are invested.

Web Link: <https://makemymoneymatter.co.uk/>

Principles for Responsible Investment

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

Web link: <https://www.unpri.org/>

PIRC

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

Web link: <http://www.pirc.co.uk/>

Say on Climate

GMPF has given its support via its membership in the Northern LGPS to the Say on Climate initiative. The initiative's aim is for companies to disclose emissions with a comprehensive plan to manage those emissions and to have a shareholder vote on the plan at the AGM.

Web link: <https://www.sayonclimate.org/>

Transition Pathway Initiative

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

Web Link: <https://www.transitionpathwayinitiative.org/>

Trucost

GMPF uses this external organisation to measure its carbon footprint for the actively managed corporate bond and equity holdings. Trucost's backward looking method uses the information

from the companies' most recent reports, and third-party sources, to measure the level of GHG emissions of the company over the last year. As such, GMPF's carbon footprint is a measure of its emissions over the last year. This gives GMPF the ability measure itself against a benchmark and take a view on where to focus efforts for engagement.

Web link: <https://www.trucost.com/>

UK Stewardship Code

GMPF takes its responsibilities as a shareholder seriously. Stewardship is seen as part of the responsibilities of share ownership, and therefore an integral part of the investment strategy. GMPF supports the aims and objectives of the Stewardship Code and is a signatory of the code.

Web link: <https://www.frc.org.uk/investors/uk-stewardship-code>

Valuing Water Finance Initiative

GMPF via Northern LGPS is a signatory to this initiative. The initiative is a new global investor-led effort to engage companies with a high water footprint to value and act on water as a financial risk and drive the necessary large-scale change to better protect water systems.

Web link: <https://www.ceres.org/water/valuing-water-finance-initiative>

Workforce Disclosure Initiative

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

Web link: <https://shareaction.org/wdi/>

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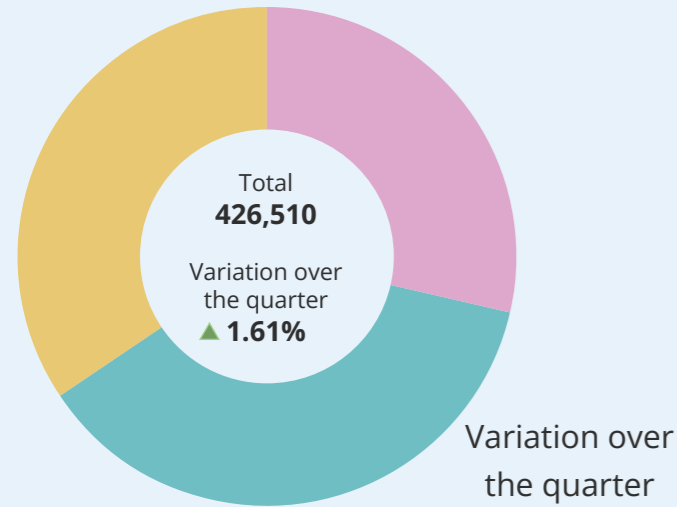
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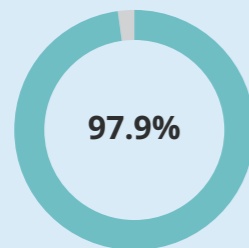
MEMBERSHIP



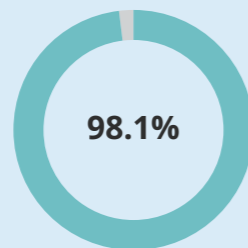
Contributors	122,442	▲ 1.58%
Benefits on hold	157,530	▲ 2.06%
Pensioners	146,538	▲ 1.14%

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.

DATA QUALITY AND KEY TARGETS



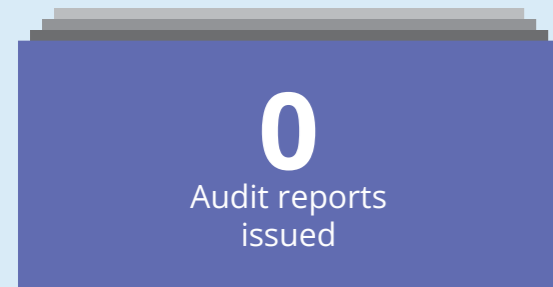
Common data score



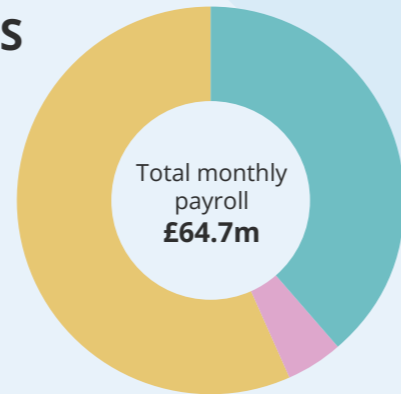
Scheme specific data score

Variation since last measured: 0.0%

ASSURANCE

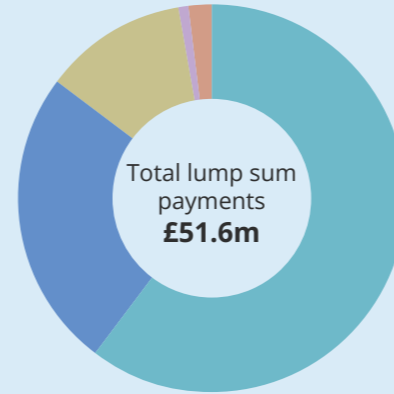


PAYMENTS



Advance	£25.1m
Mid	£3.1m
Arrears	£36.5m

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

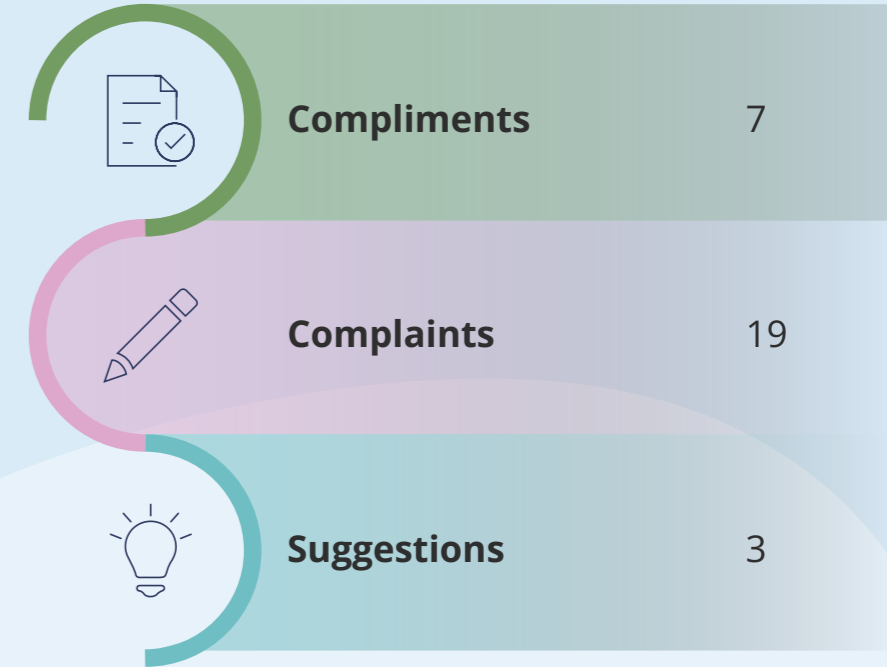


Retirement lump sum	£31.2m
Transfers out	£13.0m
Death grants	£6.2m
Refunds	£0.4m
Trivial commutations	£0.9m

Our vision

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

FEEDBACK



Figures are those received over the quarter.

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 successful breaches	0
Fines issued to employers	0

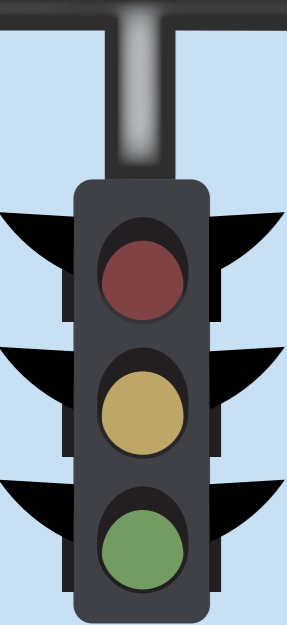
AWARDS



Pension Fund Communication Award

European Pension Awards





1

CASEWORK INDICATORS - STATUTORY TARGETS

	Processed	% in time
High - within targets		
Bulk benefits on hold	1002	100.0%
Deferred retirement quote	1649	97.9%
Dependants benefits	1514	92.9%
Divorce quote	21	100.0%
New Joiners	8470	95.1%
Immediate retirement quote	557	99.5%
Refund quote	31	100.0%
Transfer in payment	23	100.0%
Transfer in quote	38	100.0%
Transfer out payment	72	100.0%
Transfer out quote	270	99.3%
Medium - mostly within targets		
Benefit estimate	346	86.4%
Benefits on hold	2044	70.2%
Deferred retirement payment	1139	82.4%
Divorce - PSO post implementation	11	9.1%
Immediate retirement payment	627	84.5%
Divorce - PSO pre implementation	5	80.0%
Revised pay (Deaths)	0	-
Revised pay (Imm and DIP)	247	27.53%

2

KEY CASEWORK INDICATORS - INTERNAL TARGETS

	Processed	% in time
High - within targets		
Bulk benefits on hold	1002	100.0%
Death notifications	1097	94.2%
Deferred retirement payment	1139	91.3%
Dependants benefits	417	97.8%
Divorce quote	21	100.0%
Emails	509	98.6%
Immediate retirement payment	627	96.8%
Letters	494	96.6%
New joiners	8470	99.7%
Refund payment	350	97.7%
Transfer in payment	23	100.0%
Transfer in quote	38	97.4%
Medium - mostly within targets		
Benefits on hold	2773	53.1%
Deferred retirement quote	1649	37.7%
Divorce - PSO post implementation	11	27.3%
Immediate retirement quote	557	34.3%
Refund quote	31	45.2%
Transfer out payment	72	84.7%
Transfer out quote	270	81.5%

3

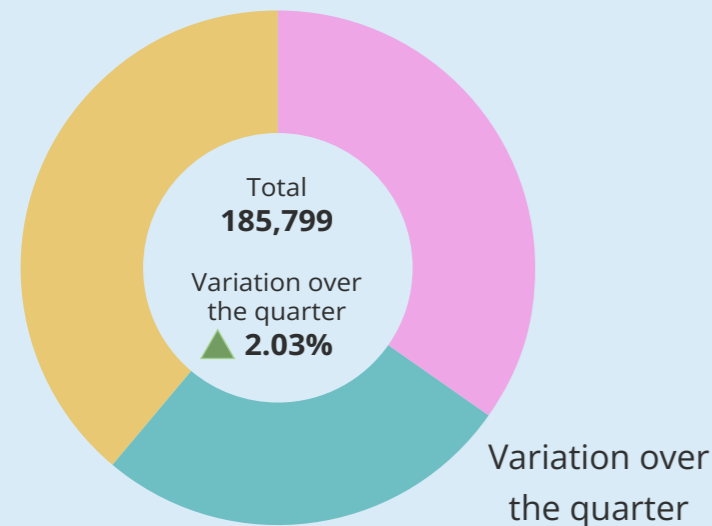
KEY PROJECT WORK

- Complete**
 - Issuing Annual Benefit Statements
 - Issuing Pension Saving Statements
 - Website platform changes
- On track**
 - Contact centre developments
 - Improving meeting room technology
 - New print and comms contracts
 - Pensions Dashboard preparations
 - Production of the annual report
 - Staff Circle system implementation
 - M365 Sharepoint migrations
- Slight lag**
 - Cyber security - next phase
 - Enhancing customer experience
 - McCloud
 - My Pension online enhancements
 - PASA accreditation
 - Payroll automation (EA2P)

**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*

MY PENSION

REGISTRATION FIGURES



Contributors	64,781	▲ 1.8%
Benefits on hold	49,119	▲ 2.2%
Pensioners	71,899	▲ 2.2%

145,617

Total log ins to My Pension

▼ 36.5%

107,739

22,771 unique users

Calculator usage

▼ 27.3%

18,164

Visit to the ABS page

▼ 62.8%

19,786

Nomination updates

▼ 32.2%

15,168

Personal data updates

▼ 25.3%



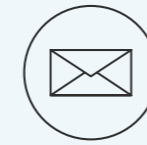
15,520

Total calls received

00:06:13

Average call wait time

● Medium - mostly within targets



My Pension email queue

283

Total emails received

19:50:42

Average wait response time

● High - within target



Other emails

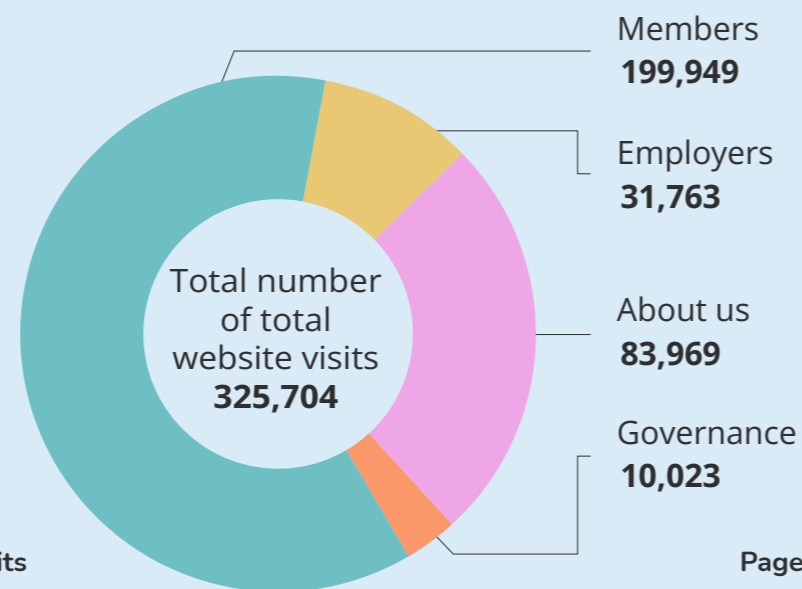
1133

Total emails received

● Medium - mostly within targets

Top five contact reasons

- Retirement query - Chasing/Checking status
- My Pension - Registration issues
- Reporting an event/change - Address change
- Retirement query - Retirement process
- Retirement query - Help with completing ret forms



Top five page visits

Rank	Page	Page visits
1	/about/contact-us	19,299
2	/members/retiring/when-and-how-can-you-retire	12,529
3	/members/Retiring/access-your-benefits-on-hold	10,248
4	/members/Receiving-benefits/when-and-how-we-pay-your-pension	9,341
5	/members/retiring/early-retirement-factors	8,554



Members

8
Events held

522
Attendees

Events type held and popularity

- Overview
- Pre retirement
- Topping up
- FAQ member session

EVENTS



Employers

18
Events held

48
Attendees

Events type held and popularity

- McCloud
- Altair
- Pensionable pay, Retirements and leavers, Topping up benefits
- Ill health, Employer discretion

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