

**GREATER MANCHESTER PENSION FUND MANAGEMENT PANEL**  
**11 December 2020**

**Commenced: 10.00am**

**Terminated:12.35pm**

**Present: Councillor Warrington (Chair)**

**Councillors: Andrews (Manchester), Barnes (Salford), Cooney, Cunliffe (Wigan), Drennan, Grimshaw (Bury), Jabbar (Oldham), Mitchell (Trafford), Newton, O'Neill (Rochdale), Patrick, Ricci, Sharif, M Smith, Taylor (Stockport), Ward and Ms Herbert**

**Fund Observers:**

**Councillor Pantall (Stockport)**

**Apologies for Councillors J Homer, Parkinson (Bolton) and Wills**

**Absence:**

#### **41. CHAIR'S OPENING REMARKS**

The Chair welcomed everyone to the meeting and began by announcing the resignation of Councillor Jim Fitzpatrick from the Fund, after a decade of service owing to the fact he is unable to dedicate the time that he believes it requires because he needs to spend more time on his business - during these difficult and challenging times. The Chair commented that we would miss his contribution but she respected his decision, because all the Management Panel and Advisory members knew how important it is to make the necessary time to attend the meetings and ensure spend the time ensuring sufficient knowledge to undertake the role. She noted that it is a privilege to be a trustee and ensure that we protect the benefits of hard working members so they can enjoy retirement in dignity. The Chair commented that I am sure we would all agree Cllr Fitzpatrick had done just this, and served our members well, being an effective steward of the Fund. She formally thanked Councillor Fitzpatrick for his significant contribution and dedication and commitment to the Fund over the last 10 years.

The Chair further commented on a challenging year for everyone and the approval of the new vaccine for use in the UK signalled what was hoped to be the start of the end for the pandemic that had affected so many people.

The Chair was very pleased to announce that the Fund was declared the joint winners of the LAPFF Scheme Administration award for the second year running at the virtual awards ceremony, which had taken place on 2 December 2020. She congratulated everyone involved for this phenomenal achievement.

Reference was made to the Fund's commitment and approach to being efficient and effective whilst achieving value for money and explained that this would be reflected in the CEM Benchmarking item on the agenda, where representatives of CEM would be reporting on the Fund's performance and costs in both administration and investments and how it compared in both areas, on a global level.

The Chair reported that over recent months, there had been a strong rise in stock markets driven by announcements in relation to COVID vaccines. The US election result and evidence of a strong economic recovery in China had also helped. The value of the Fund today stood at over £26 billion, which was a record high and, despite the recent turbulent times, it was noteworthy that the Fund had increased in value by £10 billion over the last 4 years. In addition to positive returns in an absolute sense, there were also encouraging signs from the Fund Managers of positive relative performance.

Further reference was made to the United Nations COP26 climate conference that the UK was hosting in Glasgow in 2021, and calls for the government to create conditions for carbon neutral

investment. The Prime Minister released his 10 point plan and there were encouraging announcements from other governments such as China, Japan and South Korea.

The Chair was also pleased to advise, following on from the last meeting of the Panel, that through the leadership of Northern LGPS, the Fund had become a 'Make My Money Matter' pledge partner as part of the commitment to sustainable investment and assist members understanding of the importance of knowing where their pensions were invested. 'Make My Money Matter' shared the view that pension assets could be invested to create a sustainable, better future without compromising on returns. This included meeting the Paris Agreement to achieve net zero carbon emissions by 2050 and exploring the feasibility of a 2030 target in line with the Intergovernmental Panel on Climate Change 1.5-degree pathway. By raising awareness and engaging members with their pensions, 'Make My Money Matter' sought to align the investment of trillions of pounds in assets with building a better world.

The partnership with 'Make My Money Matter' was part of a much wider environmental, social and governance (ESG) investment strategy, incorporating numerous initiatives, which comprised its approach to climate change. Active shareholder engagement was critical to the Fund's commitment to achieving net zero carbon emissions by 2050. This year alone, the Fund had engaged with companies around the globe to urge them to make real commitments to tackling climate change and encourage greater transparency and reporting.

The Fund has committed to ensuring a Just Transition to a zero-carbon economy. Representing beneficiaries in the north of the England, there was a need to ensure that companies properly considered the interests of employees and communities as part of the transition. Initiatives that created both a greener and financially viable future were supported.

As co-founder of GLIL Infrastructure alongside the London Pensions Funds Authority, the Fund had created a unique asset owner-led infrastructure vehicle that ensured that costs were kept low. GLIL was aligned with responsible investment objectives and was an investor in green energy projects that benefited the UK economy. GLIL owned a majority position in the Clyde Wind farm – one of the largest onshore facilities in Europe – and in December 2019 bought a 49% stake in Cubico Sustainable Investments, which would develop renewable energy sources in the UK.

The Chair advised that the Fund were an active supporter of the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures as led by Mark Carney former Governor of the Bank of England. Understanding the impact of investment decisions on climate change was critical in meeting the twin objectives of creating a greener future while delivering value to members.

Richard Curtis, co-founder, of 'Make My Money Matter' said: *"It's exciting to see the Northern LGPS, one of Britain's largest public pension funds working to tackle the climate emergency, commit to partnering with Make My Money Matter to push this vital agenda forward. Combined with Nest, Aviva, BT and South Yorkshire, that's £152bn saving to create a future we all want to retire into."*

The Chair further advised that the Local Authority Pension Fund Forum, which had Cllr Cooney and the Assistant Director of Pension Fund Investments, Tom Harrington, on its executive - announced that it would be supporting a "Say on Climate" initiative.

In advance of the five-year anniversary of the Paris Climate Agreement this Saturday, the Forum announced its support for the 'Say on Climate' initiative, which encouraged all listed companies to submit a Climate Transition Action Plan to a shareholder vote at their AGMs. The Forum considered that companies' failure to manage climate risk presented a significant threat to shareholder value. Members had been filing resolutions on environmental and climate issues since 1997. However, shareholders' ability to use their voting rights to specifically address climate change remained very limited at the present time.

The Fund believed that filing resolutions at a limited number of companies of high carbon impact was no longer enough. All listed companies needed to present a clear strategy for reducing their entire carbon footprint (across scopes one, two & three) on which investors could vote on annually at the AGM.

It was believed this presented an opportunity for shareholders to effectively hold companies to account on climate and to affect real change. It was further believed that asset owners and managers should incorporate 'Say on Climate' into their investment and voting policies, and where investee companies did not voluntarily put an action plan to shareholders for approval, consider filing or co-filing 'say on climate' resolutions. Therefore, the Fund would be endorsing the Forum advocating for a mandatory 'say on climate', which would mean that regulation would ensure this opportunity would be on every listed companies' AGM ballot.

#### 42. DECLARATIONS OF INTEREST

There were no new declarations of interest submitted by Members.

#### 43. MINUTES

The Minutes of the proceedings of the meeting of the Pension Fund Advisory Panel held on 18 September 2020 were noted.

The Minutes of the proceedings of the meeting of the Pension Fund Management Panel held on 18 September 2020 were signed as a correct record.

#### 44. 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:

<u>Items</u>	<u>Paragraphs</u>	<u>Justification</u>
8, 9, 10, 11, 12, 13, 14, 15, 16, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31	3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 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.

#### **45. LOCAL PENSIONS BOARD**

The Minutes of the proceedings of the meeting of the Local Pensions Board held on 1 October 2020 were considered.

#### **RESOLVED**

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

#### **46. INVESTMENT MONITORING AND ESG WORKING GROUP**

The Minutes of the proceedings of the meeting of the Investment Monitoring and ESG Working Group held on 2 October 2020 were considered

#### **RESOLVED**

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

#### **47. 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 2 October 2020 were considered

#### **RESOLVED**

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

#### **48. POLICY AND DEVELOPMENT WORKING GROUP**

The Minutes of the proceedings of the meeting of the Policy and Development Working Group held on 26 November 2020 were considered

#### **RESOLVED**

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

#### **49. RESPONSIBLE INVESTMENT UPDATE Q3 2020**

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**

#### **50. CEM BENCHMARKING**

A report of the Assistant Director of Pensions Investments was submitted and a presentation of John Simmons of CEM was received.

#### **RESOLVED**

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

#### **51. INVESTMENT MANAGEMENT ARRANGEMENTS**

A report of the Assistant Director of Pensions Investments was submitted and a presentation of Elaine Torry of Hymans Robertson was received.

#### **RESOLVED**

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

**52. 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.**

**53. COVID 19 RISK MANAGEMENT AND BUSINESS PLANNING**

A report of the Director of Pensions was submitted.

**RESOLVED**

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

**54. EMPLOYEE EXIT PAYMENT CAP UPDATE**

A report of the Assistant Director, Funding and Business Development, was submitted.

**RESOLVED**

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

**55. NEW REGULATIONS ON EMPLOYER FLEXIBILITIES**

A report of the Assistant Director, Funding and Business Development, was submitted.

**RESOLVED**

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

**56. MULTI-ACADEMY TRUST CONSOLIDATION**

A report of the Assistant Director, Funding and Business Development, was submitted.

**RESOLVED**

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

**57. LGPS UPDATE**

A report of the Director of Pensions was submitted.

**RESOLVED**

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

**58. GMPF STATEMENT OF ACCOUNTS AND ANNUAL REPORT 2019-2020 – AUDIT FINDINGS REPORT**

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

**RESOLVED**

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

#### 59. FUTURE DEVELOPMENT OPPORTUNITIES

Trustee development opportunities were noted as follows:

Hymans Robertson Webinar – Keeping the LGPS Connected	12 January 2021 11.30 – 12.00
Hymans Robertson Webinar – Keeping the LGPS Connected	27 January 2021 2.30 – 3.00
Hymans Robertson Webinar – Keeping the LGPS Connected	10 February 2021 10.00 – 10.30
Hymans Robertson Webinar – Keeping the LGPS Connected	25 February 2021 3.00 – 3.30
LGC Investment & Pensions Summit, Leeds	3 – 5 March 2021
Hymans Robertson Webinar – Keeping the LGPS Connected	11 March 2021 11.00 – 11.30
Hymans Robertson Webinar – Keeping the LGPS Connected	23 March 2021 10.30 – 11.00

#### 60. DATES OF FUTURE MEETINGS

Management/Advisory Panel	19 Mar 2021 16 July 2021 17 Sept 2021 10 Dec 2021 18 Mar 2022
Local Pensions Board	14 Jan 2021 8 April 2021 29 July 2021 30 Sept 2021 13 Jan 2022 7 April 2022
Policy and Development Working Group	4 Mar 2021 24 June 2021 2 Sept 2021 25 Nov 2021 3 Mar 2022
Investment Monitoring and ESG Working Group	22 Jan 2021 16 April 2021 30 July 2021 1 Oct 2021 21 Jan 2022 8 April 2022
Administration and Employer Funding Viability Working Group	22 Jan 2021 16 April 2021 30 July 2021 1 Oct 2021 1 Jan 2022 8 April 2022

CHAIR