

GREATER MANCHESTER PENSION FUND - POLICY AND DEVELOPMENT WORKING GROUP

3 March 2022

Commenced: 11:00am

Terminated: 12.35pm

IN ATTENDANCE

Councillor Warrington (Chair)	
Councillor Cooney	
Councillor M Smith	
John Thompson	Trade Union Representative (UNITE)
John Pantall	Fund Observer
Ronnie Bowie	Advisor to the Fund
Mark Powers	Advisor to the Fund
Sandra Stewart	Director of Pensions
Tom Harrington	Assistant Director of Pensions (Investments)
Paddy Dowdall	Assistant Director of Pensions (Local Investments & Property)
Euan Miller	Assistant Director of Pensions (Funding & Business Development)
Steven Taylor	Assistant Director of Pensions (Special Projects)
Neil Cooper	Head of Pension Investment (Private Markets)
Kevin Etchells	Senior Investment Manager (Local Investments)
Dan Hobson	Head of Real Assets
Michael Ashworth	Senior Investments Manager (Public Markets)
Andrew Hall	Investment Manager (Local Investments)
Mushfiqur Rahman	Investment Manager (Public Markets)
Abdul Bashir	Investment Manager (Public Markets)
Alex Jones	Investment Officer (Local Investments)
Reka Todor	Investment Officer (Property)

In attendance for Schroders: Philip Scott, Nick Montgomery, Sophie Van Oosterom, Charlotte Jacques and Paul Myler

In attendance for APAM: Simon Cooke, William Powell, Tony Christie and Francesca Moffatt

Apologies for absence: Petula Herbert (MoJ)

66. CHAIR'S OPENING REMARKS

The Chair welcomed everyone to the meeting

67. DECLARATIONS OF INTEREST

There were no declarations of interest.

68. MINUTES

The minutes of the meeting of the Policy and Development Working Group held on the 25 November 2021, were approved as a correct record.

69. DIRECT PROPERTY PORTFOLIOS: INVESTMENT MANAGEMENT ARRANGEMENTS UPDATE.

The Assistant Director, Local Investment and Property submitted a report explaining that, following a strategic review of property management arrangements and a subsequent procurement exercise, Schroders and APAM had been appointed to manage direct national property portfolios for GMPF.

Elaine Torry, Hymans Robertson, presented before Members to provide a background to the strategic context to the appointments.

Representatives of Schroders Capital and APAM then presented before Members and provided an update on progress to date since transition of the portfolios and gave an outlook for the future including their key priorities in managing the portfolios.

Discussion ensued in respect of the content of each of the presentations. In terms of Schroders there was particular focus on ESG and sustainability objectives and ambitions, the appointment of specialist partners and consideration of sector exposure in terms of a holistic approach to the portfolio.

Further clarification was sought from APAM in terms of asset management, particularly with regard to fire risk compliance and EPC. The outlook for the retail sector was also discussed and the challenges of the portfolio were explored.

The Chair thanked all the representatives for their interesting and thought provoking presentations.

RECOMMENDED

That the content of the presentations be noted.

70. 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 2021.

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.

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.

71. POLICY AND PROCESS FOR ASSESSING EMPLOYER EXIT CREDIT PAYMENTS

Consideration was given to a report of the Assistant Director, Funding and Business Development, which proposed that, following the conclusion of a judicial review into LGPS Amendment

Regulations in May 2021, the GMPF exit credit policy be updated and expanded to reflect the learning points from the judgement.

Members were advised that an updated policy and process for assessing exit credit payments had been drafted with the assistance of external legal support. This was attached as an appendix to the report. In line with the legal advice received it was proposed that, subject to any comments made by the Working Group, the policy be approved as an interim position. The approved policy would be appended to the current version of the GMPF Funding Strategy Statement, which would itself be revised and subject to employer consultation later in the year as part of the 2022 actuarial valuation process.

RECOMMENDED

That the Working Group recommend to the GMPF Management Panel that the policy and process for assessing employer exit credit payments be approved as the interim position, subject to consultation with employers which will take place when the Funding Strategy Statement is consulted upon later in the year.

CHAIR