

GREATER MANCHESTER PENSION FUND MANAGEMENT PANEL

15 July 2022

Commenced: 10.00am **Terminated:**12.30pm

Present: Councillor Cooney (Chair)
Councillors: Andrews (Manchester), Barnes (Salford), Cowen (Bolton),
Drennan, Grimshaw (Bury), Lane, Massey (Rochdale), North, Patrick, Quinn,
Ricci, Smart (Stockport) and Taylor
Ms Herbert (MoJ) joined the meeting virtually

Fund Observers:
Mr Pantall

Apologies for Absence: Councillors Cunliffe (Wigan), Jabbar (Oldham), Ryan (Observer) and Ward

1. CHAIR'S OPENING REMARKS

The Chair, Councillor Cooney, began by welcoming everyone to the first face-to-face meeting of the Panel in over two and half years. It was also the first hybrid meeting in the history of the Fund, with some colleagues joining the meeting virtually. The Chair expressed his honour at being appointed the Chair of the Fund, which he had been appointed to over 30 years ago and reiterated the need to hold strong to governance and beliefs in order to weather any storms that could set the Fund off course.

He welcomed new and returning Trustees and in particular, Councillor North, Vice Chair and Cllr Oliver Ryan who was an observer on the Fund and who was now the Deputy of the Fund and representative on the Northern LGPS.

The Chair extended a warm welcome to new Trustees as follows:

- Cllr Lisa Smart (Stockport), replacing Cllr John Taylor
- Cllr Philip Massey (Rochdale), replacing Cllr Peter Joinson
- Cllr Amy Cowen (Bolton), replacing Cllr Stuart Hartigan

He added that Trafford had yet to make an appointment to the Fund and he looked forward to welcoming their representative in the near future.

The Chair extended his thanks and gratitude to retired Members of the Panel for their contribution to the work of the Fund over the last few years, in particular Councillor Brenda Warrington, the former Chair, who steered the Fund through Covid and the world of zoom/virtual meetings. He further thanked Councillor Mike Smith, the former Deputy Chair of the Fund and former Chair of the Administration and Employer Funding Viability Working Group.

The Chair also thanked David Boyle, who had retired as an adjudicator under the Internal Dispute Resolution Procedure and Pat Catterall who had retired from the Local Board as the retired Members representative.

The Chair stressed the importance of ensuring ordinary working people in public sector jobs serving their communities, were able to live out their retirement years with security and dignity. He further emphasised the need to safeguard the deferred pay, which was the pensions of public sector workers, whilst balancing the need to ensure that they were affordable and sustainable to employers and tax payers alike.

The Chair made reference to the challenging nature of the 2050 target of cutting carbon levels to

net zero. Switching the global economy from extractive to regenerative energy meant finding secure and reliable alternatives to burning oil and gas. So far, making such a breakthrough had proved difficult. Energy bills for homes, businesses and motorists had rocketed since the second half of last year. Increasing demand had hit the supply of traditional energy sources, such as gas, whilst modern, cleaner technologies like windfarms were the victim of there not being 'enough wind' in the North Sea. Shifting the world onto electrically powered vehicles would only push demand higher, and that was without building the charging infrastructure needed to support the motoring revolution. Oil and gas had powered the world for more than 100 years. It was deeply embedded within the infrastructure of communities and had made parts of the world extremely prosperous.

He commented that change was not easy and the challenge was not limited to finding alternative sources of energy. Millions of people's livelihoods were directly connected to oil and gas and the industries they supported. If governments worked to replace fossil fuels with cleaner alternatives, they could be creating poverty. ESG-led investing was not just about protecting the environment for future generations, there was also a social element in the strategy, so putting logs of people out of work and, therefore, decimating communities to fix environment concerns was a conflict within the ethos of sustainable investing. People living in a world of lower temperatures and free from extreme weather patterns was not a trade-off for living in poverty. Governments and investors were being encouraged to ensure that there was a just transition from fossil fuels to regenerative sources of energy so that no one was left behind as there was a move towards a sustainable future.

The energy transition was one of social justice not just environmental justice. In the early days, responsible investment focused on governance. Then it focused on environmental impacts. In the past 18 months to two years, there had been more discussions around nature and the social elements, and the frameworks to consider this.

From a just perspective, the best thing to do as an investor was not to abandon the sector. It would be socially irresponsible to make it harder for companies to turn themselves around. More importantly emerging economies could be big losers due to their high dependence on the sectors net-zero plans were targeting. South Africa was an example of where a just transition could be a challenge. It had a challenge ahead in terms of the transition itself in weaning the country off fossil-fuel intensive industries, but there was the added challenge of already high levels of poverty. If investors stopped financing the current set-up, there was a risk of cutting the lights off for millions of people. There needed to be a plan to finance the transition.

The Chair made reference to COP26, and in a first of its kind agreement, South Africa would receive around £6.4bn from the US and countries in Europe as part of a "Just Energy Transition Partnership". This aimed to accelerate South Africa's green transition but some of the money would be investments in social infrastructure, to manage labour and support workers impacted by the transition. For example, the 90,000 miners involved in coal extraction would be helped to find other industrial roles or education provided to re-skill and work in other areas, such as renewable energy. But a just transition could not happen unless governments, regulators, companies and investors had wider support. The energy transition was used as an example and it was explained that going from wood to coal and from coal to oil took 100 years, yet energy systems were expected to change within a couple of decades or so. That was a real challenge, which was bound to throw up destabilising elements in the economy and within society.

The Chair explained that UBS would be presenting before Members later in the agenda explaining why they thought energy companies remained a good investment and what they were doing to engage with those companies to achieve net zero and a just transition.

The Chair stated that environmental issues were right at the top of the agenda, however he added that raising awareness of social issues was also crucial. He explained that the Assistant Director of Pensions Investments would be reporting later in the agenda in respect of the work undertaken for the Fund's application to retain its UK Stewardship Code status including being at the forefront

of seeking changes in tax being paid by some large, global companies, which, it was known, had destroyed high streets.

The Chair also commented on the Palestine issue. He referenced the Local Authority Pension Fund Forum (LAPFF), the leading voice for local authority pension funds across the UK, who were working with the Scheme Advisory Board (SAB) to understand how companies were put on the UN list and what they needed to do to come off it, to avoid potential legal challenges. A letter was written in response to Professor Lynk, the UN Special Rapporteur in January, seeking clarification, no response had been received and it had since transpired that he had retired and been replaced and a further letter was being sent next week from SAB and LAPFF seeking the same answers to the new Special Rapporteur so there was currently no progress to report on this matter.

The Chair concluded by strengthening the Fund's commitment to a more resilient future.

2. DECLARATIONS OF INTEREST

There were no new declarations of interest submitted by Members.

3. MINUTES

The Minutes of the proceedings of the meeting of the Pension Fund Advisory Panel held on 18 March 2022 were noted.

The Minutes of the proceedings of the meeting of the Pension Fund Management Panel held on 18 March 2022 were signed as a correct record.

4. LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

(a) Urgent Items

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

(b) Exempt Items

RESOLVED

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

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

Items	Paragraphs	Justification
8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 22, 23, 24	3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10	Disclosure would or would be likely to prejudice the commercial interests of the Fund and/or its agents, which could in turn affect the interests of the beneficiaries and/or tax payers.

5. LOCAL PENSIONS BOARD

The Minutes of the proceedings of the meeting of the Local Pensions Board held on 7 April 2022 were considered.

RESOLVED

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

6. INVESTMENT MONITORING AND ESG WORKING GROUP

The Minutes of the proceedings of the meeting of the Investment Monitoring and ESG Working Group held on 8 April 2022 were considered

RESOLVED

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

7. ADMINISTRATION AND EMPLOYER FUNDING VIABILITY WORKING GROUP

The Minutes of the proceedings of the meeting of the Administration and Employer Funding Viability Working Group held on 8 April 2022 were considered

RESOLVED

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

8. POLICY AND DEVELOPMENT WORKING GROUP

The Minutes of the proceedings of the meeting of the Policy and Development Working Group held on 23 June 2022 were considered

RESOLVED

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

9. NORTHERN LGPS JOINT OVERSIGHT COMMITTEE

The Minutes of the proceedings of the meetings of the Northern LGPS Joint Oversight Committee held on 3 February and 14 April 2022 were noted.

RESOLVED

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

10. SCHEME GOVERNANCE/WORKING GROUP MEMBERSHIP 2022/23

Consideration was given to a report of the Director of Pensions.

RESOLVED

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

11. 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.

12. LGPS PERFORMANCE UPDATE

Karen Thrumble, PIRC delivered a presentation.

RESOLVED

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

13. UBS TRAINING ITEM

A presentation was delivered by Steve Magill, Head of UBS European and UK Value and Francis Condon, Head of Thematic Engagement & Collaboration, Sustainable Investment Research, UBS, UBS.

RESOLVED

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

14. 2022 ACTUARIAL VALUATION

A report was submitted by the Assistant Director of Pensions, Investments and a presentation delivered by Steven Law of Hymans Robertson, Actuary to the Fund.

RESOLVED

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

15. INVESTMENT STRATEGY AND TACTICAL POSITIONING 22/23

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

RESOLVED

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

16. INVESTMENT MANAGEMENT ARRANGEMENTS

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

RESOLVED

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

17. 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.

18. LONG TERM PERFORMANCE 2021/22 – MAIN FUND AND ACTIVE MANAGERS

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.

19. CASH MANAGEMENT

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.

20. 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.

21. ADMINISTRATION UPDATE

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

RESOLVED

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

22. 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.

23. FUTURE DEVELOPMENT OPPORTUNITIES

Trustee development opportunities were noted as follows:

PLSA Annual Conference – ACC Liverpool	12-13 October 2022
LGA Fundamentals Day 1 - Virtual	18 October 2022
LGA Fundamentals Day 2 - Virtual	22 November 2022
LGA Fundamentals Day 3 - Virtual	20 December 2022
LGPS Governance Conference - Bournemouth	20-21 January 2023

24. DATES OF FUTURE MEETINGS

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

Management/Advisory Panel	16 Sept 2022 2 Dec 2022 24 March 2023 14 July 2023 15 Sept 2023 1 Dec 2023 8 March 2024
Local Pensions Board	28 July 2022 29 Sept 2022 26 Jan 2023

	13 April 2023 27 July 2023 28 Sept 2023 25 Jan 2024 11 April 2024
Policy & Development Wrk Grp	8 Sept 2022 24 Nov 2022 2 March 2023 22 June 2023 7 Sept 2023 23 Nov 2023 22 Feb 2024
Investment Monitoring & ESG Wrk Grp	29 July 2022 30 Sept 2022 27 Jan 2023 14 April 2023 28 July 2023 29 Sept 2023 26 Jan 2024 12 April 2024
Administration & Employer Funding Viability Wrk Grp	29 July 2022 30 Sept 2022 27 Jan 2023 14 April 2023 28 July 2023 29 Sept 2023 26 Jan 2024 12 April 2024

CHAIR