

GREATER MANCHESTER PENSION FUND - POLICY AND DEVELOPMENT WORKING GROUP

2 March 2023

Commenced: 11:00am

Terminated:12.25pm

IN ATTENDANCE

Councillor Cooney (Chair)	
Councillor Ryan	
John Thompson	UNITE
John Pantall	Fund Observer
Cllr John Taylor	Fund Observer
(Stockport)	
Mark Powers	Advisor to the Fund
Ronnie Bowie	Advisor to the Fund
Sandra Stewart	Director of Pensions
Tom Harrington	Assistant Director of Pensions (Investments)
Emma Mayall	Assistant Director of Pensions (Administration)
Steven Taylor	Assistant Director of Pensions (Special Projects)
Kevin Etchells	Senior Investment Manager (Property)
Michael Ashworth	Senior Investments Manager (Public Markets)
Abdul Bashir	Senior Investments Manager (Public Markets)
Mushfiqur Rahman	Investments Manager (Public Markets)
Victoria Plackett	Head of Pensions Administration
Alex Jones	Investment Officer (Local Investments)
Rebecca Shaw	Investment Officer (Accounting, Property and Local Investments)
Dionne Ellams	Investments Assistant (Local Investments)
Representatives of APAM:	
Simon Cooke	
Ben Kennedy	
Rhys Williams	
Andrew Day	
Nathan Reidy	

Apologies for absence: Cllr North, Petula Herbert (MoJ), Peter Moizer - Advisor to the Fund

42. DECLARATIONS OF INTEREST

There were no declarations of interest.

43. MINUTES

The minutes of the meeting of the Policy and Development Working Group held on the 24 November 2022, were approved as a correct record.

44. 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.

Advisors sought further information with regard to management arrangements/risk management of a number of the assets and general discussion ensued in respect of the challenges and complexities faced when dealing with listed buildings.

The Chair thanked the representatives for their excellent presentation.

RECOMMENDED

That the content of the presentation be noted.

45. 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 2022.

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.

The Advisors commented on the outperformance of all the Fund Managers and explored the various investment styles and market conditions, which had brought this about.

RECOMMENDED

That the content of the report be noted.

46. TRUSTEE MEMBER DEVELOPMENT POLICY AND TRAINING PLAN FOR 2023/24

Consideration was given to a report of the Assistant Director of Pensions Administration, providing background information about trustee member training requirements, together with an updated version of the Trustee Member Development Policy for approval. It also provided details of the training plan for 2023/24.

A new, updated Trustee Member Development policy was appended to the report at Appendix 1. The new version included:

- More information about the tools and resources available to support training;
- Updated references to the CIPFA frameworks that were updated in 2021;
- Confirmation of the various methods by which training would be delivered;
- Reference to the annual training plan that would outline the mandatory courses, external training events and in house training events available;
- Details of how the training plan would support succession planning; and
- Confirmation of how the success of the training strategy would be measured and future learning opportunities identified.

It was explained that the previous policy applied to senior officers as well as trustee members. However, officers were currently in the process of developing a Workforce development plan (linked to the Scheme Advisory Board's expectations around Good Governance). Therefore, the intention was to include details of the training requirements for senior officers within the Workforce development plan instead.

The previous policy was reviewed every two years. However, due to the current focus on good governance and the possibility of new requirements being introduced by the Regulator in the new Code of Practice, the intention was to review it annually to ensure it was kept up to date.

A new training plan for 2023/24 was appended to the report at Appendix 2. Officers intended to expand the number of in-house training events available, making use of the opportunity to deliver short, bitesize sessions online and thus covering a wider number of topics throughout the year. The Governance area of the website would be updated over the coming weeks to reflect the changes suggested.

RECOMMENDED

That the updated Trustee Member Development Policy, as appended to the report, be approved.

47. GOVERNANCE POLICY AND COMPLIANCE STATEMENT

The Assistant Director of Pensions Administration submitted a report, which advised of the requirement for GMPF to prepare and publish a governance compliance statement and proposed that a new, updated, and combined Governance Policy and Governance Compliance Statement be adopted.

A new, updated Governance Policy was attached to the report at Appendix 2. The new version included more background information about GMPF's governance structures and functions, alongside updated information about the current Panels, Working Groups and Local Board, that cover the requirements of part (1) of regulation 55.

It was explained that the governance compliance statement followed the format recommended in the statutory guidance. The previous governance compliance statement was a separate document, but this had now been incorporated into the new Governance Policy at section 4. Only minor updates had been made to the text explaining partial compliance for items A(b) and B(a), to reflect current practice.

RECOMMENDED

That the updated Governance Policy and Governance Compliance Statement, as appended to the report, be approved.

48. DATE OF NEXT MEETING

It was noted that the next meeting of the Policy & Development Working Group was scheduled to take place on Thursday 22 June 2023.

CHAIR