

**GREATER MANCHESTER PENSION FUND  
MANAGEMENT PANEL**

**24 March 2023**

**Commenced: 10.00am** **Terminated:12.35pm**

**Present: Councillor Cooney (Chair)**  
**Councillors: Butt (Trafford), Cowen (Bolton), Drennan, Grimshaw (Bury),  
Massey (Rochdale), North, Ricci, Ryan, Smart (Stockport), Taylor and Ward**

**Ms Herbert (MoJ) joined the meeting virtually**

**Fund Observers:**  
**John Pantall – Independent Advisor**  
**Councillor Taylor (Stockport)**

**Apologies for Absence: Councillors Andrews (Manchester), Barnes (Salford), Cunliffe (Wigan),  
Jabbar (Oldham), Lane, Quinn and Patrick**

**63. CHAIR'S OPENING REMARKS**

The Chair, Councillor Cooney welcomed everyone to the meeting and began by reminding Members that it was more than a year since Russia's invasion of Ukraine. In addition to the death, destruction and hardship to the Country, in the rest of Europe, albeit insignificant by comparison, the war had affected the cost of living and created a lot of volatility in the markets.

The Chair was pleased to advise that the Fund stood at £29.3 billion which was around £300 million more than at the end of December 2022, although it reached a new Fund high when it reached over £30 billion last month.

He noted that Fund members did not bear any financial market risks, their pension promise was set out in legislation and was calculated based on pay and service. Pensions were critical to many members as they struggled with the cost of living crisis and the Chair was pleased to advise that they will increase from 10.1% from the 10 April 2023, which was the first Monday after the start of the new tax year.

It was known that the better the investment performance was, the more resources were available for front line services delivered by employers across Greater Manchester. As would be reported later in the agenda, the valuation process was being finalised and the Chair was pleased to report that, owing to the long term approach that the Fund had taken to achieving low cost sustainable pensions, and the £620 million achieved through not disinvesting, it was possible for the Actuary to propose sustainable cuts to contribution rates.

All local authority pools stood to benefit from contribution rate reductions, with the typical reduction somewhere between 1.0% and 2.0%, this was the equivalent for most GM authorities of 1 to 2% of Council Tax. This was a significant contribution by the Funds to keep costs down at a time of high inflation.

The chair was further delighted to announce that the Fund and its infrastructure partnership GLIL were shortlisted for four awards at the Pension Age Awards on Tuesday, with GLIL winning the specialist sector alternatives manager of the year. This was a great achievement and reflection on the Fund, given its significant involvement.

The Chair made reference to communications circulated recently to some Members, which said that the Fund should win the award for the 'dirtiest fund of the year', he added that this was based

on ignorance not fact. The Fund shared the ambition for a transition to a net zero economy, but there was fundamental disagreement on the means to achieve it, with the Fund preferring to be activist owners rather than ‘passing the buck’ to someone else, which will have no impact on global climate risk.

The best way to achieve the investment objectives and real world decarbonisation was to invest and pressure portfolio companies through robust corporate engagement and active ownership.

The Chair recalled that, last quarter, the Fund won the Investment and Pensions Europe 2022 Pension Fund UK award with the notable achievements of the Fund being recognised, and in particular:

- On a cumulative basis, the Fund had outperformed the average Local Authority Fund by over £5.1 billion;
- The Fund investments already produced more power through renewables than they did from coal and oil;
- Active equity holdings were 20% less carbon intensive than the average pension fund so the Fund was both moving and leading in the right direction to becoming carbon neutral;
- The Fund were also the biggest direct local government pensioner investor in renewable energy and energy efficiency, with nearly a billion pounds allocated in a number of areas including biomass and wind farm assets;
- Government recognition that GMPF were the only Fund to have invested 5% of its assets in local projects across Greater Manchester – investing nearly a billion pound alone in just property infrastructure in Greater Manchester;
- The government’s levelling up paper also cited the influence of the GLIL Infrastructure platform, which GMPF established together with a small number of like-minded funds. GLIL has invested around £2.5billion - which included £800 million of GMPF’s commitments. Investments included Anglian Water, Forth Ports and Clyde Wind Farm;
- Last year GMPF was one of the first UK funds to be approved as a signatory to the Financial Reporting Council’s UK Stewardship Code. The stewardship code was a code requiring institutional investors to be transparent about their investment processes, engage with investee companies and vote at shareholders’ meetings. The Fund were successful in being approved again this year following a rigorous process;
- In December last year, the 2021 Responsible Asset Allocator Initiative Leaders List of the 30 most responsible asset allocators ranked GMPF as 35 in the world of most responsible investors. This was out of a group of the top 634 asset allocators across 98 countries with 36 trillion US dollars in assets. The Fund scored an impressive 96 out of a potential 100 to achieve this rating; and
- Earlier this year the Fund set a 2030 interim emissions reduction target in line with the IPCC’s (The Intergovernmental Panel on Climate Change) 1.5 degree pathway and reported these publicly:
  1. reduce carbon intensity by 50% by 2030 versus 2019 benchmark; and
  2. Between 2021 and 2030, an additional \$2 billion investment in climate solutions, on top of the \$1 billion already invested through its Northern LGPS infrastructure.

There was currently no legislation in place to cover the LGPS climate reporting. As had been reported to Panel over recent quarters, the DLUHC (Department for Levelling UP, Housing and Communities) had just consulted on climate reporting and target setting in the LGPS. The Fund was fully supportive of the proposals in its public consultation response, and had voluntarily reported in line with guidance for over the last five years. Moreover, the Fund, via its chairing of the Responsible Investor Advisory Group of the Scheme Advisory Board, had taken an active part in helping DLUHC shaped their consultation. The outcome of the consultation was keenly awaited. As a local authority pension scheme, GMPF would report carbon emissions in alignment with the industry leader TCFD (Task Force for Climate Related Financial Disclosure) guidance on methodology as a public pension scheme. The Fund had set portfolio emissions targets in line with science-based pathways as laid out in the Net Zero Investment Framework and the Net Zero Asset Owners Alliance guidance, which were consistent with achieving net zero global emissions by 2050. The best way to achieve the investment objectives and real world decarbonisation was to

invest and pressure portfolio companies through robust corporate engagement and active ownership.

The Chair referenced a further significant announcement last week; the confirmation of a new devolution deal for the Greater Manchester city region. The seventh such deal, it was a wide-ranging and ambitious programme that would hand greater control over policy areas such as education, public transport, housing and environmental sustainability over to the Greater Manchester Combined Authority. The Government had set an ambition of pension funds investing 5% of their assets in 'projects which supported local areas' under government plans to level up the Country. Clearly, it was recognised that LGPS was social workers' and refuse collectors' salary sacrifice to cover their pensions and not government funds to spend on its priorities.

The Chair advised that the Fund had for a number of decades, twin aims to invest locally compatible with its fiduciary duty to seek the return on investment needed to pay pensions, whilst ensuring the money working people had invested for their retirement helped create jobs in their communities. He added that there would be a report later in the agenda on the work that the local investments team had been delivering to achieve this and the Panel would hear from the Good Economy who advised the Government that if all LGPS funds were to allocate 5% to local investing this would unlock £165bn in new investment in the UK.

#### **64. DECLARATIONS OF INTEREST**

There were no new declarations of interest submitted by Members.

#### **65. MINUTES**

The Minutes of the proceedings of the meeting of the Pension Fund Advisory Panel held on 2 December 2022 were noted.

The Minutes of the proceedings of the meeting of the Pension Fund Management Panel held on 2 December 2022 were signed as a correct record.

#### **66. 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:**

| <b>Items</b>  | <b>Paragraphs</b>   | <b>Justification</b>   |
|---|---|--|
| <b>10, 11, 12, 13, 14, 15, 16, 19, 20, 21, 22, 23, 24</b> | <b>3&amp;10, 3&amp;10, 3&amp;10, 3&amp;10, 3&amp;10, 3&amp;10, 3&amp;10, 3&amp;10, 3&amp;10, 3&amp;10, 3&amp;10</b> | <b>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.</b> |

#### **67. LOCAL PENSIONS BOARD**

The Minutes of the proceedings of the meeting of the Local Pensions Board held on 19 January 2023 were considered.

#### **RESOLVED**

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

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

The Minutes of the proceedings of the meeting of the Investment Monitoring and ESG Working Group held on 20 January 2023 were considered

#### **RESOLVED**

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

#### **69. 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 20 January 2023 were considered

#### **RESOLVED**

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

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

The Minutes of the proceedings of the meeting of the Policy and Development Working Group held on 2 March 2023 were considered

#### **RESOLVED**

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

#### **71. NORTHERN LGPS JOINT OVERSIGHT COMMITTEE**

The Minutes of the proceedings of the meeting of the Northern LGPS Joint Oversight Committee held on 6 October 2022 were received.

#### **RESOLVED**

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

#### **72. GMPF BUDGET 2023/24 AND MEDIUM TERM FINANCIAL PLANNING**

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.**

#### **73. GMPF STATEMENT OF ACCOUNTS 2022-23 - GMPF ACCOUNTING POLICIES AND CRITICAL JUDGEMENTS**

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.**

**74. 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.**

**75. 2022 ACTUARIAL VALUATION**

A report was submitted by the Director of Pensions.

**RESOLVED**

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

**76. LOCAL INVESTMENTS UPDATE**

A report was submitted by the Assistant Director, Local Investments and Property and a presentation delivered by representatives of the Good Economy.

**RESOLVED**

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

**77. 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.**

**78. 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.**

**79. ADMINISTRATION UPDATE**

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

**RESOLVED**

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

**80. 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.

**81. FUTURE DEVELOPMENT OPPORTUNITIES**

Trustee development opportunities were noted as follows:

|   |                           |
|---|---------------------------|
| <b>PLSA Webinar – Implementing TPR’s new code of practice</b> | <b>28 March 2023</b>      |
| <b>PLSA Investment Conference - Edinburgh</b>                 | <b>6-8 June 2023</b>      |
| <b>PLSA Local Authority Conference - Gloucestershire</b>      | <b>26-28 June 2023</b>    |
| <b>PLSA Annual Conference - Manchester</b>                    | <b>17-19 October 2023</b> |

**82. DATES OF FUTURE MEETINGS**

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

|   |   |
|---|---|
| Management/Advisory Panel                           | 14 July 2023<br>15 Sept 2023<br>1 Dec 2023<br>8 March 2024                    |
| Local Pensions Board                                | 13 April 2023<br>27 July 2023<br>28 Sept 2023<br>25 Jan 2024<br>11 April 2024 |
| Policy & Development Wrk Grp                        | 22 June 2023<br>7 Sept 2023<br>23 Nov 2023<br>22 Feb 2024                     |
| Investment Monitoring & ESG Wrk Grp                 | 14 April 2023<br>28 July 2023<br>29 Sept 2023<br>26 Jan 2024<br>12 April 2024 |
| Administration & Employer Funding Viability Wrk Grp | 14 April 2023<br>28 July 2023<br>29 Sept 2023<br>26 Jan 2024<br>12 April 2024 |

**CHAIR**