

**GREATER MANCHESTER PENSION FUND
MANAGEMENT PANEL**

15 September 2023

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

Present: Councillor Cooney (Chair)
Councillors: Axford (Trafford), Drennan, Fitzpatrick, Grimshaw (Bury), Lane, Martin, Mistry (Bolton), North, O'Neill (Rochdale), Quinn, Rehman (Wigan), Ricci, Sheikh (Manchester), Smart (Stockport), Walters (Salford) and Ward.

Ms Herbert (MoJ) joined the meeting virtually

Fund Observers:
Councillor Taylor (Stockport)

Apologies for Absence: Councillors Billington, Boyle, Jabbar (Oldham), Jones, Taylor John Pantall – Independent Advisor

24. CHAIR'S OPENING REMARKS

The Chair, Councillor Cooney, began by explaining that DLUHC had confirmed that implementation of climate reporting obligations would be delayed until at least next year. Presuming regulations were forthcoming in time for 1 April 2024, reports covering the period 1 April 2024 – 31 March 2025 would need to be produced by December 2025.

He went on to inform Members that reporting regulations put climate change and sustainability issues on the trustee agenda and embedded them in governance structures, in many cases, for the first time, although that had not been the case for GMPF, as it had been one of the very first to do so, although a statutory footing and regulations to do so formally, was awaited.

The Task Force on Climate-related Financial Disclosures, known as TCFD reporting, provided a consistent framework to disclose against. It would not, in itself, address the systemic risk posed by climate change. A more forward-looking approach, including transition planning, would be needed. For trustees, the focus must be on informed decision making leading to accelerated action on risk management. Not forgetting the investment opportunities, which must be at the heart of effective transition planning. Decision-useful climate scenarios were a key part of this. It was well understood there were limitations with some elements of data, analytics and modelling. However, the decision usefulness of outputs would improve as industry knowledge and understanding developed.

The Chair further explained that the challenge now was to ensure the models used and the scenario analysis addressed a fuller range of real-world risks and uncertainties. Recent events had shown how climate risks could crystallise, compound with other risks and cascade. There was an urgency to protect savers.

Trustees did not need to be climate experts, but should:

- have an appropriate level of knowledge and understanding of climate issues;
- undertake regular training and ask for additional training if they did not feel comfortable making decisions based on the information provided;
- be able to understand the narratives underlying their climate scenarios, the limitations of those scenarios and the assumptions made in their construction; and
- consider with advisers the use of stress testing and tail risk analysis to complement their climate scenario input to investment strategy decision making.

The Chair was pleased to welcome, for the seventh year, Trucost's report on the Fund's Carbon

Foot printing assessment of its equity and corporate bond holdings, later on the agenda. The report also provided a 'mapping' exercise of the Fund's holdings against analysis undertaken by the Transition Pathway Initiative, a global, asset-owner led initiative which assessed companies preparedness for the transition to a low carbon economy.

Greater Manchester Pension Fund was proud of its local investment into the economy to ensure investment where the majority of employers and members lived and worked. GMPF had been recognised as leaders in the field by successive governments and the Chair was pleased that it was be the first pension fund in the country to attempt to measure the impact of its local investments. The Good Economy, also leaders in their field, were invited to do this. The Good Economy's purpose was to promote the emergence of a Good Economy, one that worked for everyone, both in the United Kingdom and around the world.

The Good Economy helped organisations to define, measure, evaluate, report and verify impact investments that made a positive contribution to sustainable development. Their impact services were designed to meet the growing investor demand and market expectation for greater confidence and credibility in impact creation and were underpinned by three 'i's - intentionality, integration and integrity. The Good Economy would report further on the agenda, as to how the Fund was delivering against its sustainable development beliefs and what could be done better. A public report would also be produced for the website.

The Chair also made reference to GMPF's development of its consultation response in collaboration with its pooling partners, to the Governments recent consultation "Next steps on Investments". There were a number of aspects to the consultation. It appeared that the 2015 focus on infrastructure investments had been replaced by a new focus on levelling up and venture capital, although the government had stopped short of mandating investment in these areas and had provided a broad definition of what constituted a levelling up investment.

A key aspect of the consultation, which would be crucial to the ongoing viability of the Northern LGPS model, would be in relation to attempts to define what a 'pooled asset' was, although there was some recognition of different pooling models in the consultation, and no explicit mention of FCA authorisation (which was included in the 2019 informal consultation). Under the proposals, Northern LGPS would need to adapt its reporting of pooling going forwards.

The GMPF/Northern LGPS consultation response would repeat many of the messages from the response to the 2019 informal consultation. The messages included that the government should focus on:

- delivering successful outcomes;
- that LGPS funds were diverse and so a 'one size fits all' approach was not appropriate for pooling; funds';
- fiduciary duty was paramount, and
- the need to deliver value for money for taxpayers avoiding expensive and unnecessary structures, which, so far, had yet to demonstrate they were better than the simple straightforward approach that the Northern Pool adopted.

25. DECLARATIONS OF INTEREST

There were no new declarations of interest submitted by Members.

26. MINUTES

The Minutes of the proceedings of the meeting of the Pension Fund Advisory Panel held on 14 July 2023 were noted.

The Minutes of the proceedings of the meeting of the Pension Fund Management Panel held on 14

July 2023 were signed as a correct record.

27. 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
9, 10, 11, 12, 13, 22, 23, 24, 25	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.

28. LOCAL PENSIONS BOARD

The Minutes of the proceedings of the meeting of the Local Pensions Board held on 20 July 2023 were considered.

RESOLVED

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

29. INVESTMENT MONITORING AND ESG WORKING GROUP

The Minutes of the proceedings of the meeting of the Investment Monitoring and ESG Working Group held on 21 July 2023 were considered

RESOLVED

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

30. 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 21 July 2023 were considered

RESOLVED

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

31. POLICY AND DEVELOPMENT WORKING GROUP

The Minutes of the proceedings of the meeting of the Policy and Development Working Group held on 7 September 2023 were considered

RESOLVED

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

32. NORTHERN LGPS JOINT OVERSIGHT COMMITTEE

The Minutes of the proceedings of the meeting of the Northern LGPS Joint Oversight Committee held on 13 April 2023 were received.

RESOLVED

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

33. 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.

34. PENSIONS ADMINISTRATION AND BENEFITS REVIEW

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.

35. LGPS INVESTMENTS CONSULTATION

A report was submitted by the Director of Pensions.

RESOLVED

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

36. THE GOOD ECONOMY

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

RESOLVED

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

37. UPDATE ON GMPF'S APPROACH TO CLIMATE RISK

A report was submitted by the Assistant Director of Investments and a presentation delivered by a representative of Trucost.

RESOLVED

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

38. 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.

39. 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.

40. LGPS 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.

41. FUTURE DEVELOPMENT OPPORTUNITIES

Trustee development opportunities were noted as follows:

LGA Fundamentals – Day 1, Manchester Piccadilly Hotel	5 October 2023
PLSA Annual Conference - Manchester	17-19 October 2023
LGA Fundamentals – Day 1 virtual (two half days)	19 October 2023 26 October 2023
UBS Training Day, Lowry Hotel, Manchester	30 October 2023
LGA Fundamentals – Day 2, Manchester Piccadilly Hotel	8 November 2023
LGA Fundamentals – Day 2 virtual (two half days)	16 November 2023 23 November 2023
LGA Fundamentals – Day 3, Manchester Piccadilly Hotel	13 December 2023
LGA Fundamentals – Day 3 virtual (two half days)	11 December 2023 19 December 2023

42. DATES OF FUTURE MEETINGS

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

Management/Advisory Panel	1 Dec 2023 8 March 2024
Local Pensions Board	28 Sept 2023 25 Jan 2024 11 April 2024
Policy & Development Wrk Grp	23 Nov 2023 22 Feb 2024
Investment Monitoring & ESG Wrk Grp	22 Sept 2023 26 Jan 2024 12 April 2024
Administration & Employer Funding Viability Wrk Grp	22 Sept 2023 26 Jan 2024 12 April 2024

CHAIR