GREATER MANCHESTER PENSION FUND ADVISORY PANEL

10 March 2017

Commenced: 10.00am **Terminated: 12.50pm**

Present: **Councillor K Quinn (Chair)**

Councillors: Brett (Rochdale), Grimshaw (Bury), Halliwell (Wigan), Hamilton (Salford), Mitchell (Trafford), Pantall (Stockport) and Stogia (Manchester)

Employee Representatives:
Mr Drury (UNITE), Mr Flatley (GMB), Mr Llewellyn (UNITE) and Mr Thompson (UCATT)

Local Pensions Board Members (in attendance as observers):
Councillors Fairfoull and Cooper and Mr Schofield

Advisors:
Mr Moizer, Mr Powers and Ms Brown

Apologies for absence: **Councillor Ames and Mr Allsop**

70. CHAIR'S OPENING REMARKS

The Chair announced, with great sadness, the recent death of former Councillor Pennington, who represented Salford City Council on the Fund for 27 years. Members were advised that he had served as a Councillor for 53 years and had served as the Mayor of Salford in 1999-2000. Following his retirement as a Councillor, he was awarded the British Empire Medal for Services to Local Government. Those in attendance joined the Chair in a few moments silence to pay their respects and remember former Councillor Pennington and the loyal service he gave to the Fund and his local community.

71. DECLARATIONS OF INTEREST

There were no declarations of interest submitted by Members.

72. MINUTES

The Minutes of the proceedings of the meeting of the Pension Fund Advisory Panel held on 18 November 2016 were signed as a correct record.

The Minutes of the proceedings of the meeting of the Pension Fund Management Panel held on 18 November 2016 were signed as a correct record.

73. 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
7, 8, 9, 11, 12, 13, 14, 15, 16	**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.**

74. LOCAL PENSIONS BOARD

RECOMMENDED
That the Minutes of the proceedings of the Local Pensions Board held on 15 December 2016 be noted.

75. INVESTMENT MONITORING AND ESG WORKING GROUP

The Minutes of the proceedings of the meeting of the Investment Monitoring and ESG Working Group held on 27 January 2017 were considered.

RECOMMENDED
(i) That the Minutes be received as a correct record; and
(ii) In respect of CDP (formerly Carbon Disclosure Project) – that the invitation to become a signatory be accepted, subject to an annual administration fee of £745 plus VAT to the four Carbon Disclosure Project information requests outlined in the report.

76. PENSIONS ADMINISTRATION WORKING GROUP

The Minutes of the proceedings of the meeting of the Pensions Administration Working Group held on 27 January 2017 were considered.

RECOMMENDED
(i) That the Minutes be received as a correct record;
(ii) In respect of the 2016 Year-End Pension Contribution Return Process – that a further report regarding the outcome of the 2017 process be brought to a future meeting;
(iii) In respect of Aquila Heywood 'Altair' Pension System – That a summary report from Aquila Heywood be brought to future meetings;
(iv) In respect of LGPS Regulatory and Legislative Update – that further information be obtained from metropolitan fund colleagues about their continued participation in the CIPFA benchmarking club and a further report be brought to a future meeting;
(v) In respect of Communication Activities – that a regular report be brought to future meetings of the Working Group; and

(vi) In respect of Employer Issue Escalation Procedure – That the Working Group support the adoption of an escalation procedure.

77. ALTERNATIVE INVESTMENTS WORKING GROUP

The Minutes of the proceedings of the meeting of the Alternative Investments Working Group held on 3 February 2017 were considered.

RECOMMENDED
That the Minutes be received as a correct record.

78. EMPLOYER FUNDING VIABILITY WORKING GROUP

The Minutes of the proceedings of the meeting of the Employer Funding Viability Working Group held on 10 February 2017 were considered.

RECOMMENDED
(i) That the Minutes be received as a correct record;
(ii) In respect of Medium Term Financial Planning –
- **that the 2017/18 expenditure budget be approved;**
- **That the assumptions for medium term financial planning be approved;**
- **That the 2017/18 expenditure budget and the medium term financial plan be presented at the Management Panel; and**
- **That the intention to review all budgets in 2017/18 with a zero based budget approach be noted.**

79. PROPERTY WORKING GROUP

The Minutes of the proceedings of the Property Working Group held on 17 February 2017 were considered.

RECOMMENDED
(i) That the Minutes be received as a correct record;
(ii) In respect of Overseas Property Investments – that the revised Overseas Investment Guidelines (as appended to the report) be approved, including the pacing model, and specifically the 4 year pacing strategy subject to annual review of £100 million per annum;
(iii) In respect of GMPVF Amended Investment Guidelines and 2 year Business Plans;
- **that the Greater Manchester Property Venture Fund Investment Guidelines (as appended to the report) be approved; and**
- **That the two year business plans and budgeted cash flow be agreed.**

80. POLICY AND DEVELOPMENT WORKING GROUP

The Minutes of the proceedings of the Policy and Development Working Group held on 22 February 2017 were considered.

RECOMMENDED
(i) That the Minutes be received as a correct record;
(ii) In respect of Investment Management Arrangements – that the Fund Manager in question be retained in line with the arrangements adopted by the Panel at the meeting of 18 November 2016 (Minute 32 refers), pending the scheduled review of the

overall Investment Management arrangements at the July/September 2017 meetings of the Panel;

(iii) In respect of Bespoke Investment Strategies – that the Executive Director of Pensions be authorised to implement the appointment of a manager for the TfGM credit mandate in consultation with Hymans Robertson;

(iv) In respect of Consolidation of LGPS Interests – that, on the basis of the covenant advice provided to date, the proposal as outlined in the report, be approved in principle, subject to the Executive Director of Pensions reaching agreement with the employer on funding strategy, contribution rates, the terms of the admission agreements and receipt of a direction from the Secretary of State;

(v) In respect of Matrix Homes – that the expedient progression of three schemes be made by the Property and Local Investment team, to enable sign off by an Urgent Matters Meeting of the Panel in due course;

(vi) In respect of Update on the Global Credit Manager Appointment:

(i) That *Stone Harbor Investment Partners LP* ("Stone Harbor") be 'called-off' the Global Credit Framework Agreement to manage 5% of Main Fund assets by value (broadly £1 billion) subject to:

(a) the Executive Director of Pensions being satisfied with clarifications to be supplied by Stone Harbor in relation to:

(1) its policy and approach on gender diversification;

(2) its approach to succession planning; and

(3) the pros and cons of a segregated versus a pooled approach and the estimated third party costs involved within a pooled vehicle.

(b) satisfactory conclusion of legal agreements; and

(c) finalisation of the form of the investment (as a bespoke pooled vehicle) and of the nature of the fee arrangement (ie fixed or performance fee based).

(ii) That the nature, timing and detailed implementation of the transition of assets to the appointed investment manager be settled by the Executive Director Pensions, following consultation with the advisors and/or managers where appropriate.

(iii) That progress on the above be noted.

(vii) In respect of Investment Initiatives – that the actions proposed on additional investment initiatives to be taken by officers in consultation with the Chair, be noted.

81. 31 MARCH 2016 ACTUARIAL VALUATION

The Assistant Executive Director of Pensions, Funding and Business Development, submitted a report providing an update on progress and the high-level outcomes and setting out the next steps in order to complete the valuation process.

Reference was made to the Funding Strategy Statement (FSS), which provided guidance to the Actuary in undertaking the actuarial valuation. An updated Funding Strategy Statement, setting out, amongst other things, the methodology for setting contribution rates, was reviewed at the meeting of the Management/Advisory Panel on 18 November 2016 and approval was given for this to be issued to employers for consultation.

It was reported that no substantive comments had been received on the draft Funding Strategy Statement and the proposed final version of the Funding Strategy Statement was appended to the report.

Provisional whole-fund results, as presented at the last meeting of the Management Panel (Meeting of 18 November 2016, Minute 63 refers), were set out in the report and it was explained that a typical GMPF employer was likely to see an improvement in their funding level of around 5%

from 2013, although this would differ between employers depending on liability profile and member experience.

It was explained that the majority of employers had acknowledged receipt of their new contribution rates (effective from 1 April 2017) and GMPF officers were conducting an exercise to ensure all employers were aware of their new rates. Further details on funding position and derivation of contribution rates had been provided to employers on request. If employers did not take any further action then they were assumed to be satisfied with the contribution rate that had been allocated.

The contribution rates for a small number of employers were the subject of ongoing discussion, which also involved the guarantor where applicable. GMPF officers and the Actuary continued to engage with these employers on a regular basis.

The report concluded that, whilst very few valuations had reached a conclusion, the expectation was that GMPF would maintain its position as one of the better funded local authority schemes and its employers' average employer contribution rate would again be at the lower end of the range. GMPF's major employers such as the ten GM Local Authorities and the National Probation Service, were likely to see minimal changes to their rates. This was also the case for a large majority of Scheduled Bodies such as Academy Schools and Further Education Colleges.

However, careful consideration was being given to the proposed contribution rate for each employer to ensure it reflected the risk that the employer posed to the Fund, whilst remaining affordable for the employer.

Barry McKay and Steven Law, Hymans Robertson LLP, then attended before Members and gave a presentation on the valuation process and outcomes, as reported above.

The Advisors were then asked to comment.

Mr Powers sought clarification with regard to risk strategies.

Mr McKay explained that a balance was required and made reference to the diverse nature of the many employers in the fund. He made further reference to the need for more bespoke investment strategies and added that Hymans Robertson would be working with officers on this issue.

Ms Brown commented on the very impressive results and sought confirmation of the deficit recovery period.

Mr Law, in his response, explained that the deficit recovery period was employer specific.

RECOMMENDED
(i) That the content of the report and the presentation be noted;
(ii) That draft Funding Strategy Statement (as attached to the report) be approved; and
(ii) That the outcome of the valuation process be noted.

82. CONSOLIDATION OF LGPS INTERESTS

A report was submitted by the Assistant Executive Director of Pensions, Funding and Business Development, explaining that at the meeting of the Management/Advisory Panel on 18 November 2016 (Minute 66 refers), approval had been granted for officers to undertake further due diligence on the potential consolidation of one of GMPF's largest private-sector employers two other LGPS arrangements into a single fund, with GMPF being the preferred host fund.

The proposal was further considered by the Policy and Development Working Group on 22 February 2017 (Minute 17 refers), with the Working Group recommending to Panel that this be approved in principle, subject to reaching satisfactory agreement with the employer on contribution rates, investment strategy and the details of the admission agreements.

The benefits of consolidation to both the employer and to GMPF were detailed, as were the risks and challenges, including mitigating factors. A number of practical issues that would need to be addressed as part of agreement to proceed with the consolidation were also outlined and discussed, for example, the importance of carefully managing the transfer of assets and data, to ensure that there was no negative impact on the membership and the service provided to other GMPF employers.

Hymans Robertson, Actuary to the Fund had provided a paper (attached to the report) discussing the key funding and investment risks that GMPF would need to manage and the factors that the GMPF Management Panel would need to consider in reaching their decision.

It was concluded that for the proposed consolidation to proceed, both the approval of the GMPF Management Panel and the Secretary of State was required. It was understood that the Secretary of State had indicated that he had no objections to the proposal subject to the consent of the receiving and ceding administering authorities.

The proposal was considered by the Policy and Development Working Group on 22 February 2017, with the Working Group recommending to the Management Panel that this be approved in principle, subject to reaching satisfactory agreement with the employer on contribution rates, investment strategy and the details of the admission agreements. Further discussions were being held with the employer taking account of the specialist actuarial, investment and covenant advice.

Members were further advised that GMPF officers were in regular dialogue with the employer and their advisors to ensure a smooth transition should the proposals be approved.

Detailed discussion ensued with regard to the proposals and the importance of addressing any potential risks in the admission agreement and it was:

RECOMMENDED

(i) That the recommendations made to the Management Panel at the meeting of the Policy and Development Working Group on 22 February 2017 as detailed above, be approved; and

(ii) That delegated authority be provided to the Chair and the Executive Director of Pensions, in consultation with the Funds' Advisors, to finalise the terms of admission of the new employers and the necessary amendments to the current GMPF admission agreement.

83. INVESTMENT MANAGEMENT ARRANGEMENTS

Consideration was given to a report of the Assistant Executive Director of Pensions, Investments, which informed Members that at the meeting of the Panel on 11 March 2016 (Minute 77 refers), a review of Investment Management arrangements was considered. Given the lack of clarity and detail surrounding pooling arrangements at that time, rather than institute any changes to arrangements or negotiate further three year fee arrangements with UBS and Capital, it was resolved that a one year extension to 31 March 2018 be implemented.

In light of ongoing concerns in relation to a particular Fund Manager's performance, a special meeting of the Policy and Development Working Group of 3 August 2016 considered their continuing role for the Fund. Members recommended that the Fund Manager in question be retained in line with the arrangements and time frame agreed at the meeting of the Management Panel of 11 March 2016. It was further recommended that the Fund Manager's investment mandate be reduced by 10% of assets under management, to partially fund the newly appointed

Credit Manager. These recommendations were adopted by the Panel at the meeting of 18 November 2016 (Minute 32 refers).

A review of the overall Investment Management arrangements, deferred from 2016 pending further clarity and detail surrounding pooling arrangements, would be taking place during 2017.

Members were then informed that the Fund Manager in question had been invited to attend the meeting of the Policy and Development Working Group of 22 February 2017 in order to explain the reasons for their continuing underperformance and to present their proposed solution to address the underperformance.

The Policy and Development Working Group of 22 February 2017 were asked to consider various potential options and make a recommendation to Panel as appropriate.

A copy of the Fund Manager's presentation to the Working Group was appended to the report and Members were advised that extensive debate had taken place amongst Members, Advisors and Officers.

RECOMMENDED
That the Fund Manager in question be retained in line with the arrangements adopted by Panel at the meeting of 18 November 2016 (Minute 32 refers) pending the scheduled review of the overall Investment Management arrangements at the July/September 2017 meetings of the Panel.

84. INVESTMENT STRATEGY STATEMENT

The Assistant Executive Director of Pensions (Investments) submitted a report informing Members that the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016, which came into force on 1 November 2016, required that the Fund publish an Investment Strategy Statement no later than 1 April 2017.

A copy of the GMPF's draft Investment Strategy Statement was attached to the report for consideration by the Panel.

The Chair acknowledged requests by one of the Union Member representatives and a member of the public, who had suggested an amendment to Section 5 of the Investment Strategy Statement to reflect their view of best practice on climate risk.

The Chair explained that it was intended that officers would undertake a more detailed review of the Investment Strategy Statement in the next 6 to 9 months, the outcome of which may or may not require a revised Investment Strategy Statement being recommended for adoption by the Panel. He agreed that the aforementioned suggested amendments/comments be considered as part of the consultation process going forward.

The Chair added that it was anticipated that a public consultation would be held in conjunction with the detailed review and it was also intended that the Fund would hold a Stakeholder Engagement event later in the year, at which the Investment Strategy Statement would be consulted upon.

RECOMMENDED
(i) That the draft Investment Strategy Statement, as appended to the report, be approved and adopted by the Fund; and
(ii) That the Executive Director of Pensions be authorised to arrange and expend the necessary funds for a stakeholder event within the next 6 months to consult and engage on a new Investment Strategy Statement taking into account Pooling guidelines and comments on climate risk, as detailed above.

85. UPDATE ON INVESTMENT MANAGEMENT COST BENCHMARKING AND RECENT COST SAVINGS ACHIEVED

A report was submitted by the Assistant Executive Director of Pensions, Investments, providing Members with an update on investment management cost savings achieved by the Investments team.

RECOMMENDED
That the content of the report be noted.

86. SAMPLE NEW PERFORMANCE REPORTS

Consideration was given to a report of the Assistant Executive Director of Pensions (Investments) providing details of the management information presented to the Panel, which had been identified as an area for review and enhancement. The report updated Members on the migration to 'Portfolio Evaluation', the Fund's new provider of performance measurement services and provided three illustrative high level reports generated by them.

It was explained that the Fund's longstanding performance measurement provider, WM, ceased providing the service to GMPF at the end of Quarter 2 2016 and the Fund had appointed Portfolio Evaluation Limited as its new provider with effect from Quarter 3 2016.

It was reported that migrating from WM to Portfolio Evaluation had not been a trivial exercise, and GMPF officers were continuing detailed work to ensure that data had been transferred accurately. Work already undertaken included obtaining and checking the large volumes of long term data received from WM, ensuring the data fulfilled the requirements of Portfolio Evaluation and checking that the data had then been taken on board correctly.

It was further reported that officers were currently fine tuning the structure of the reports received from Portfolio Evaluation and dealing with any remaining data issues. Three high level reports produced by Portfolio Evaluation were attached to the report for illustrative purposes. The reports provided the performance of all investment areas of the Main Fund on a single page, giving a sense of the Fund as a whole and highlighting important drivers of Main Fund return.

RECOMMENDED
That the content of the report be noted.

87. LGPS POOLING UPDATE

The Assistant Executive Director of Pensions, Funding and Business Development, submitted a report providing an update on recent developments relating to the proposals for pooling investments across the LGPS in England and Wales and the recent activities of GMPF in this area. It was explained that there were currently 8 proposed pools. In November and December 2016, representatives of each of the pools met with DCLG Minister Marcus Jones MP to provide the Minister with an update on the progress of their pool and receive the Minister's expectations for the development of the pooling programme. The Northern Pool's meeting had taken place on 19 December 2016.

It was further reported that it was understood that each pool had subsequently received a letter from the Minister responding to their July submission. Some of these had been circulated amongst other pools. The Northern Pool's response was received on 17 January 2017, a copy of which was attached to the report.

The letter provided the Minister's approval for the Pool to proceed in line with its July submission. One of the key features of the July submission was the creation of an investment management company, which would be wholly owned by the three funds and comply with Alternative Investment Fund Manager (AIFM) Directive. This AIFM Manager would be regulated by the Financial Conduct Authority (FCA) and would manage segregated accounts in respect of listed assets, but would have the ability to manage pooled funds in alternative asset classes as required.

It was explained that, in order to make significant progress in advance of the April 2018 deadlines, a decision would be required in early 2017 regarding whether the July submission would be implemented as it currently stands or whether a further review of the proposals would be undertaken with any proposed amendments being formally submitted to DCLG.

Members were informed that, prior to making any amendments to the proposed operation of the Pool, a half-day workshop had been arranged for the Chairs of the funds and the independent advisors to provide further information on the implications of FCA authorisation. This was due to take place on 28 March 2017 and the key learning points and any potential implications on the pooling proposals and any recommendations would be communicated to the panel at its next meeting.

Members were advised that a joint committee would be required to oversee the Pool and provide a democratic link back to the individual funds.

Until the Joint Committee's formal establishment it was proposed that the Chairs of the funds continued to meet regularly and effectively form a shadow joint committee, with the minutes of the shadow joint committee being reported to future meetings of the Panel for information.

RECOMMENDED
That the response from Government to the Northern Pool's July submission and the update on progress, be noted.

88. QUARTERLY REPORTS OF THE EXECUTIVE DIRECTOR OF PENSIONS

(a) Summary Valuation of the Pension Fund Investment Portfolio as at 30 September 2016 and 31 December 2016

A report of the Assistant Executive Director of Pensions (Investments) was submitted, detailing and comparing the market value of the Fund's investment portfolio as at 30 September 2016 and 31 December 2016.

RECOMMENDED
That the report be noted.

(b) External Managers' Performance

The Assistant Executive Director of Pensions (Investments) submitted a report, which advised Members of the recent performance of the external Fund Managers.

It was noted that in the quarter to 31 December 2016, Capital had underperformed by 1.0% against their benchmark index of 3.3%. UBS had outperformed by 3.7% against their benchmark index of 3.3%, and Legal & General had succeeded in tracking their benchmark.

Performance figures for the twelve months to 31 December 2016 were detailed which showed that Capital had underperformed their benchmark by 2.8% and UBS had significantly outperformed their benchmark by 5.8%. Legal & General had broadly succeeded in tracking their benchmark.

RECOMMENDED
That the content of the report be noted.

(c) Fund Performance over the Short and Long Term

A report was submitted by the Assistant Executive Director of Pensions (Investments) advising Members of the recent and longer term performance of the Main Fund versus both the Fund's bespoke benchmark, and the Local Authority Universe.

RECOMMENDED
That the content of the report be noted.

89. REPORTS OF THE MANAGERS

The Assistant Executive Director of Pensions, Investments, submitted a report giving details of the Management reports of Capital International, UBS Global Asset Management and Legal & General for the latest quarter ended.

The Chair then introduced Stephen Lee, James Hand, Rhynhardt Roodt and Jonathan Parker of Investec, who would be presenting before Panel today.

Mr Lee began by explaining that Investec had been appointed as a specialist external investment manager with a Global Equity Mandate in February 2015. He further explained that Investec's approach was to achieve long term capital growth primarily through investment in a focused portfolio of equities issued by companies established in the larger, more liquid, equity markets of the USA, Continental Europe and Japan.

Mr Hand then informed Members that Investec adopted a '4Factor' investment philosophy and process to managing GMPF's portfolio. Companies were scored against the four factors of; Strategy, Earnings, Technicals and Value. Those companies who scored highly against these were subject to detailed fundamental, bottom-up research by an experienced team of analysts and portfolio managers and reviewed on a weekly basis for possible purchase, which should drive portfolio outperformance in the long term. He added that results were improved when at least 3 out of the 4 factors had been performing.

Mr Hand went on to detail top five positive and top five negative stock contributions over the six month and 12 month period to 31 December 2016 and sector positions and regional allocations were also outlined.

It was explained that 2016 had not been a good year for the portfolio, however the team remained confident in the 4 factor system as the best way to achieve outperformance in the long term.

In summary, it was reported that recent economic data had generally been stronger than market expectations. Corporate earnings growth was accelerating. Despite this improved market backdrop, many market participants remained cautious. Opportunities were being found in the more cyclical areas of the market and persistence in the market's expectations for rising growth and inflation could see more money being diverted to these segments as risk appetite increased.

Mr Hand concluded by informing Members that he was leaving Investec and would be handing over the management of the portfolio to Mr Roodt and Mr Parker. He added that he had agreed to a one year transition period to ensure a smooth hand over.

Mr Parker briefly outlined President Trump's likely fiscal and economic policies and why equity markets had responded so positively and the implications for Europe.

The Advisors were then asked to comment.

All three Advisors expressed concern with regard to the timing of the departure of Mr Hand and sought clarification in respect of the management structure going forward in light of the fact that there would be two Portfolio Managers. They further sought assurances of who was ultimately responsible/accountable, should there be a difference of views/opinions.

Mr Powers also expressed concern in respect of last year's portfolio performance, despite a positive economy.

Mr Roodt, in his response, explained that it was important for them to understand, as 'bottom up' investors, when the market had developed a trend which suited their environment.

The Chair and Members also expressed their concerns with regard to Investec's current performance, however the Chair reiterated that the Fund was a long term investor and added that he looked forward to discussions with Investec going forward.

RECOMMENDED
That the content of the Fund Manager's presentation and the comments of the Advisors be noted.

90. GMPF BUDGET 2017/18 AND FUTURE MEDIUM TERM FINANCIAL PLANNING

Consideration was given to a report of the Assistant Executive Director of Pensions, Local Investments and Property, seeking approval of the Management Panel for the 2017/18 expenditure budget for GMPF with a medium term financial plan. (An updated version would be included in the Annual Report for 2016/17).

It was reported that the Fund, following approval on assumptions and process by the Management Panel, produced a medium term financial plan and medium term expenditure plan in its annual report and accounts for 2015/16. Details of which were set out in the report. Members were advised that it was intended to re-set the medium term financial plan following the completion of the actuarial valuation for 2017-2020.

Key observations were details as follows:

- Investment returns were the key determinant of the financial position;
- The Fund had a negative cash-flow from pensions paid, less contributions and the trend was for this to increase as the Fund matured; and
- The management costs were small relative to Fund size and annual cash flows.

The medium term expenditure plan was set out in the report, the key features were the planned increases in investment management costs premises and staffing, to support the strategic changes at the Fund approved by the Management Panel and to provide for future development.
It was reported that the out-turn for the medium term financial plan was likely to result in a significantly higher than predicted Fund value due to the strong investment performance to date in the financial year, although there was a risk of investment performance volatility in the final 3 months.

Budget changes 2017/18 from the 2016/17 budget were detailed with significant changes being investment management, staffing and property.

RECOMMENDED
(i) That the expenditure budget for 2017/18 be approved;
(ii) That the Medium Term Financial Plan be approved;
(iii) That it be noted that the Medium Term Financial Plan be updated from information available including profiling of employer contributions and Fund value at 31 March 2017 and included in the Annual Report for 2016/17; and
(iv) That it be noted that the Executive Director of Pensions intends to review all budgets in 2017/18 and undertake a zero based budget approach.

91. 2016/17 EXTERNAL AUDIT PLAN

Consideration was given to a report of the External Auditor, Grant Thornton, which set out their approach to the 2016/17 audit.

RECOMMENDED
That the content of the report be noted.

92. ADMINISTRATION UPDATE

The Pensions Policy Manager submitted a report providing a summary of key data and information relating to the administration of the Fund, including:

- Statistics on membership, employers and costs;
- Communication activities;
- Complaints; and
- Risk Management.

The report further highlighted a number of areas where new regulations, legislation or guidance was expected and where this was likely to have an impact on Fund administration going forward.

RECOMMENDED
That the content of the report be noted.

93. FUTURE TRAINING DATES

Trustee Training opportunities were noted as follows:

PLSA Local Authority Conference Cotswold Water Park Hotel, Gloucestershire	15-17 May 2017
LGPS Annual Trustees Conference Highcliffe Marriott, Bournemouth	29-30 June 2017
PLSA Annual Conference Manchester Central	18-20 October 2017
LAPFF Annual Conference Highcliffe Marriott, Bournemouth	6-8 December 2017

94. DATES OF FUTURE MEETINGS

The dates of future meetings of the Greater Manchester Pension Fund Management/Advisory Panel, Local Board and Working Groups were noted as follows:

Management/Advisory Panel	21 July 2017 22 September 2017 17 November 2017 23 March 2018
Local Pensions Board	30 March 2017 24 July 2017 19 October 2017

	14 December 2017
	29 March 2018
Pensions Administration Working Group	7 April 2017
	14 July 2017
	13 October 2017
	19 January 2018
	6 April 2018
Investment Monitoring & ESG Working Group	7 April 2017
	14 July 2017
	13 October 2017
	19 January 2018
	6 April 2018
Alternative Investments Working Group	13 April 2017
	20 July 2017
	20 October 2017
	26 January 2018
	13 April 2018
Property Working Group	13 April 2017
	28 July 2017
	27 October 2017
	2 February 2018
	20 April 2018
Policy and Development Working Group	30 May 2017
	5 October 2017
	1 February 2018
	22 March 2018
Employer Funding Viability Working Group	21 April 2017
	28 July 2017
	27 October 2017
	2 February 2018
	20 April 2018

CHAIR