

PENSIONS – STRATEGIC OBJECTIVES 2017-18

Strategic Objective 1	Governance of the Fund
Description: To manage the running of the Fund in line with statutory requirements, Management Panel and Council policies and established good practice.	
Expected Outcome: To have fulfilled all our obligations to stakeholders and for the governance arrangements of the Fund to stand up to scrutiny.	
Strategic Objective 2	Administer and pay benefits
Description: To administer the LGPS ensuring member pension benefits are calculated and paid accurately and efficiently.	
Expected Outcome: Benefits are calculated, paid correctly and on time fulfilling our regulatory obligations.	
Strategic Objective 3	Deliver a low, stable employer contribution rate whilst maintaining the solvency of the Fund
Description: Focus on the affordability and long term stability of the Fund to members and employers. This will be driven by investment strategy, the investment management arrangements, selection of investment managers and the funding strategy.	
Expected Outcome: Contribution rates compare favourably with other LGPS funds and do not vary greatly from one valuation to the next. The funding level target remains at 100%.	
Strategic Objective 4	To encourage good, secure pension provision for eligible employees
Description: Maintain the quality of service in all aspects of pension provision to all stakeholders. Provide clear communications to employers and employees to support their decision making. Respond constructively to Government consultations.	
Expected Outcome: To have contributed to discussions and Government consultations on the future of the LGPS encouraging an affordable, sustainable and effective scheme. Good communications with employers and employees to enable them to take informed decisions	
Strategic Objective 5	Best Value and Reputation
Description: To ensure that we provide best value for money and continue to look at ways to improve efficiency and effectiveness including joint working options and working with employers. To maintain the Fund's reputation as one of the best administered LGPS funds in the country and use that good reputation to help drive best value.	
Expected Outcome: To have used benchmarking or similar comparative data to demonstrate that we have provided a good administration and investment service at a low cost and have identified areas where we can continue to improve. The Fund should continue to be recognised as a high quality value for money operator.	
Strategic Objective 6	Environment
Description: To consider the effect of the Fund's diverse activities (in service delivery, as well as in its role as a service user and investor) on the environment.	
Expected Outcome: Where appropriate and commercially viable, to have reduced or minimised the environmental impact of delivering our service. To have encouraged service suppliers and investee companies to take account of and improve the environmental impact of their activities.	
Strategic Objective 7	Local Investment
Description: To explore opportunities for local investment in line with the Management Panel's investment strategy that achieve acceptable commercial returns or better and to pursue such opportunities where appropriate.	
Expected Outcome: A diversified portfolio of local investments within the North West with a focus on Greater Manchester is built up over time that delivers the twin aims of commercial returns and supporting the area. Such investment to be in line with the investment strategy.	

<p><u>Vision</u></p> <p>To manage the funding risks of Greater Manchester Pension Fund and help employers provide LGPS benefits to their employees at a manageable cost.</p>	<p><u>Relevant Fund Objectives</u></p> <ul style="list-style-type: none"> • Strategic Objective 1 - Governance of the Fund • Strategic Objective 3 - Deliver a low, stable employer contribution rate whilst maintaining the solvency of the Fund • Strategic Objective 4 - To encourage good, secure pension provision for eligible employees • Strategic Objective 5 - Best Value and Reputation <p><u>High level Service objectives</u></p> <ol style="list-style-type: none"> 1. Ensure all employers have appropriate funding plans in order to meet the cost of their members' benefits.
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Tasks for 2017/18

Ref.	Key Tasks	Linked to high-level objective	Success to be measured by
BP1	Pooling of investments		Finalising the detailed design of the Northern Pool and making significant progress on its implementation by the year end.
BP2	First Group consolidation		Subject to Panel approval to proceed, completion of the consolidation of First Group's 3 LGPS admission agreements into GMPF and the associated transfers of membership and assets. A suitable funding plan and long-term investment strategy in place.
BP3	Develop the capacity to provide bespoke investment strategies for employers		Completion of the work on a bespoke investment strategy for TfGM's sub-fund. Building on the TfGM arrangements, development of the ability to implement a bespoke strategy for other Fund employers and the orphan fund liabilities.
BP4	Management of employer risks presented by the rapid increase in employer numbers		Minimal impact on per member administration costs.
BP5	Work with other funds and other LGPS stakeholders to tackle structural issues in the Scheme		Demonstrable progress on key issues, for example how a managed exit process for certain employers could be developed, the appropriateness of alternatives to cash funding by employers, how to prevent the LGPS being sub-ordinated behind other creditors and how to protect funds from the risks arising when employers move away from non-for-profit status.

Key Successes / achievements in 2016/17

- Completion of the Northern Pool's submission to Government, which has been approved by DCLG.
- Progressing the bespoke investment strategy for TfGM's sub-fund
- Actuarial valuation process close to completion

Vision

To deliver superior risk adjusted returns by optimising the investment strategy, investment management arrangements, and selection of investment managers.

Relevant Fund Objectives

- Strategic Objective 1 - Governance of the Fund
- Strategic Objective 3 - Deliver a low, stable employer contribution rate whilst maintaining the solvency of the Fund
- Strategic Objective 5 - Best Value and Reputation
- Strategic Objective 6 - Environment

High-level Service objectives

1. To ensure the legality of the Team's investment activity
2. To ensure the security of the Fund's assets dealt with by the Team
3. To ensure co-ordination of the network of external relationships which underpin the investment activities
4. To maximise income for any given level of risk
5. To advise Panel and implement their decisions promptly and properly
6. To manage certain alternative investments

Tasks for 2017/18

Ref.	Key Tasks	Linked to high-level objective	Success to be measured by
BP1	Pooling planning and implementation	1-6	Implementation of desired pooling arrangements.
BP2	Review Investment Strategy and Management Arrangements	5	Adjusted benchmarks adopted by Panel. Current arrangements confirmed or revised. Revised arrangements would likely require new manager searches/appointments.
BP3	Develop Monitoring Dashboard	3&5	Dashboard agreed and reported to Panel. Manager Monitoring regime implemented and reported to Panel.
BP4	Appoint performance analytics provider	3&5	Added-value performance analytics provider appointed.
BP5	Enhance Stewardship Strategies	5	Stewardship Strategies enhanced.
BP6	Implement in-house alternative investment programmes	6	Programme of £240m pa of new PE commitments and average £150m pa of new infrastructure commitments and target returns achieved. Construct a portfolio of SOP investments achieving returns in excess of (RPI + 5)% pa.
BP7	Bespoke employer strategies	1-6	Amended arrangements adopted by Panel and implemented if desired.
BP8	FirstGroup Consolidation	1-6	Asset Transfers successfully completed, investment strategy agreed and implemented.

Key Successes / achievements in 2016/17

- Negotiated recurrent annual cost savings of £2.6 million on a like-for-like basis
- Fully completed MoJ Asset Transfers
- Development of Global Equity Trigger Process
- Implementation of inflation hedging for a specific employer
- Appointment of, and transition to, a new Performance Measurement provider
- Development of a Manager Monitoring Regime including Monitoring Escalation Protocol
- Investec top up to 5% of Main Fund (extra £240 million)
- Implementation of in-house investment programmes, in line with the strategy, for Private equity, Infrastructure and Special Opportunities (£540 million to 12 funds)

<p><u>Vision</u></p> <p>To deliver a range of investments in real assets both nationally and overseas, and with a specific local focus that deliver the GMPF twin aims of commercial returns and local impact.</p>	<p><u>Relevant Fund Objectives</u></p> <ul style="list-style-type: none"> • Strategic Objective 5 - Best Value and Reputation • Strategic Objective 6 - Environment • Strategic Objective 7 - Local Investment <p><u>High level Service objectives</u></p> <ol style="list-style-type: none"> 1. Deploy capital in portfolios as directed by Management Panel that will deliver appropriate risk adjusted returns net of fees against benchmarks and targets set by Management Panel. 2. Monitor external investment managers as per above 3. Report to stakeholders on investments
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Tasks for 2017/18

Ref.	Key Tasks	Linked to high-level objective	Success to be measured by
BP1	Internal Management of Property assets including overseas and UK other plus balanced	1	Deployment of capital versus pacing strategy. Investment performance versus performance targets/benchmarks. Qualitative assessment that risks are managed appropriately.
BP2	Oversight of La Salle Property portfolio	2	Receipt of regular reporting, meetings with the manager at appropriate intervals, timely follow-up of concerns
BP3	Management Of GLIL	1	Deployment of capital versus pacing strategy. Investment performance versus performance targets/benchmarks. Qualitative assessment that risks are managed appropriately.
BP4	Management of Property venture Fund including Matrix homes	1	Deployment of capital versus pacing strategy. Investment performance versus performance targets/benchmarks and additional, qualitative analysis on non-financial impact.
BP5	Management of Impact Portfolio	1	Deployment of capital versus pacing strategy. Investment performance versus performance targets/benchmarks and additional, qualitative analysis on non-financial impact.
BP6	Report to stakeholders	3	Timely reporting of activity to all stake holders with a key objective of reporting to elected members and providing them with information for their strategic decision making
BP7	GMPF to take a leadership role in the LGPS in investment initiatives	2	Progress on plans for further GLIL expansion, exploration of potential for other joint ventures and further engagement with pooling partners on collaboration.
BP8	Ensure efficiency	1	Control investment management fees on investments made, and demonstrate that fees are competitive.

Key Successes / achievements in 2016/17

- Overseas portfolio deployed successfully. Early signs on performance good and co-investments made
- La Salle portfolio performance marginally ahead of benchmark for 2016 and deployment plan on schedule.
- GLIL made 3 direct deals with strong return prospects
- Renegotiated GMPVF contract with GVA and early signs of significant step change in development activity and improved reporting to Members.
- Significant deployment of capital in Impact portfolio and good early performance
- Reviewed and improved reporting to elected members
- GLIL expanded to £1.275bn with new partners and working towards relationships with other pools.
- Established model of co-investments with investment managers in Impact portfolio to reduce fees, GLIL has negotiated fees significantly less than those for comparable fund investments.

<p><u>Vision</u> Our aim is to administer the LGPS, ensuring our statutory duties are met and that we are doing so in a cost effective way that meets our members' expectations.</p>	<p><u>Relevant Fund Objectives</u></p> <ul style="list-style-type: none"> • Strategic Objective 1 - Governance of the Fund • Strategic Objective 2 - Administer and pay benefits • Strategic Objective 4 – To encourage good, secure pension provision for eligible employees • Strategic Objective 5 – Best Value and Reputation <p><u>High-level Service objectives</u></p> <ol style="list-style-type: none"> 1. To comply with LGPS regulations and associated legislation 2. To communicate effectively with GMPF members and prospective members 3. To support GMPF employers in discharging their duties and obligations 4. To look after our data 5. To be at the forefront of technological developments, innovation and change management within the pension administration industry.
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Tasks for 2017/18

Ref.	Key Tasks	Linked to high-level objective	Success to be measured by
BP1	Maintain business-as-usual	1	Performance indicators, workflow reporting, audit outcomes, benchmarking outcomes, monitoring logs
BP2	GMP Reconciliation	1	Number of cases completed / outstanding, whether or not HMRC deadlines have been met, audit assurance
BP3	Year-end process	1	Number of returns submitted by the deadline / errors identified, employer feedback, ability to issues ABSs and PSSs on time
BP4	Employer support	3	Performance indicators, testing of data quality, employer feedback, employer audit outcomes, monitoring against a programme of events
BP5	Business continuity and disaster recovery	1	Updated plans and provision being in place, successful testing, audit assurance, assessment of training and knowledge
BP6	Data cleansing	4	Performance indicators, error reporting, data improvement plans being in place, audit assurance on tPR compliance, benchmarking outcomes, feedback
BP7	Member communications	2	Performance indicators, member feedback, analysis of compliments and complaints, cost analysis, monitoring against a programme of events

Key Successes / achievements in 2016/17

- Data for the 2016 actuarial valuation was submitted to the actuary on time and a large number of improvements to the valuation process were made
- 100% of annual benefit statements for deferred members were issued on time and over 95% of those for employee members
- The year-end contribution return postings process was improved, ultimately resulting in a higher number of members receiving an accurate annual benefit statement by the statutory deadline
- The induction and training support process for colleagues was reviewed in conjunction with HR and was revised and significantly improved

<p><u>Vision</u> Provide efficient, effective and comprehensive financial and business support services to the Fund, its managers and external customers.</p>	<p><u>Relevant Fund Objectives</u></p> <ul style="list-style-type: none"> • Strategic Objective 1 - Governance of Fund • Strategic Objective 5 - Best Value and Reputation <p><u>High level Service objectives</u></p> <ol style="list-style-type: none"> 1. Provide high quality accounting support to Panel, Working Groups, investment managers, service units and external joint ventures. Develop service delivery and charging systems appropriate for external engagement. 2. Closure of accounts to timetable with clean external audit opinion including implementation of relevant changes to accounting and reporting as required by CIPFA guidance. 3. Timely provision of pension accounting reports to employers. 4. Progress system development opportunities to improve internal control environment, accounting and provision of financial information particularly in the context of the arrangements established as part of the pooling of assets.
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Tasks for 2017/18

Ref.	Key Tasks	Linked to high-level objective	Success to be measured by
BP1	Year-end statement of accounts including further production automation development	2/4	Increased capacity within timetable for qualitative checks, statements submitted to administering authority and external audit by earlier deadline; clean external audit opinion with no findings
BP2	Annual report & accounts	1	Report available to external audit on/before agreed earlier deadline; approval of accounts by Panel by agreed deadline
BP3	Implementation of Valuation 2016 results	1	Contribution monitoring reports match Valuation 2016 Rates & Adjustments (R&A) Certificate re contributions, deficit payments and early retirement costs
BP4	Employer contributions including development of monitoring tools	2/3/4	Performance indicators, error reporting, audit outcomes, no/low level of interest charges levied for late/none payment, no reporting of employer default to TPR
BP5	Monitor employer performance and contribute to resolution of employer issues	3	Performance indicators, level of HEAT queries from Actuary, employer audit outcomes, no reporting of employer default to TPR
BP6	Employer pension accounting reports	3	Reports despatched to employers by agreed deadlines, no/low level of Actuary or auditor queries on data or results
BP7	Review of Fund's banking arrangements	1	New contract in place for commencement 1 April 2018, seamless transition to new provider where appropriate
BP8	Complete review of staff structure of PFA	1/2/3/4	Implementation of new structure and successful recruitment of new staff

Key Successes/achievements in 2016/17

- Data for the 2016 actuarial valuation was submitted to the actuary on time with lower number of queries than previous valuations and sign off as “clean” data achieved by target dates; estimated 3 weeks of staff time released for other work
- Accounts closed to timetable with clean external audit opinion; for the first time there were no findings reported requiring management action; estimated saving of 1 week of combined management/senior management time in terms of responding to the report
- Highest annual volume to date of pension accounting reports (260) delivered to employers by agreed deadlines
- Implementation and production of 4 Joint Venture entity financial statements, comprising 7 sets of accounts; all achieved clean audit opinion; external income earned £75k (equivalent to 23% of staff basic pay budget)

Vision

Our aim is to provide high quality and efficient legal support to service units, external investment managers, GMPF panel and working groups.

Relevant Fund Objectives

- Strategic Objective 1 – Governance of the Fund
- Strategic Objective 5 – Best Value and Reputation

High-level service objectives

1. Prioritise and complete high revenue/cost saving and strategic **commercial agreements**.
2. Deliver on strategic transactions and initiatives.
3. Defend and protect the interests of GMPM (litigation,

Tasks for 2017/18

Ref.	Key Tasks	Linked to high-level objective	Success to be measured by
BP1	Complete review of title deeds and other documents	3	Successful completion of review by December 2017
BP2	Complete review of staff structure of PFL	1/2/3	Implementation of new structure and successful recruitment of new staff
BP3	FCA Registration	2/3	Successful completion of registration
BP4	Completion of equity and property investments for service units	1/2	Successful completion of such matters within required timescales / customer feedback forms. Savings to be generated by increase in hourly charge-out rates.
BP5	Completion of important property transactions	1	Successful completion of such matters within required timescales / customer feedback forms. Increased number of transactions dealt with in-house in order to generate savings of around £60,000 in using external legal services. In addition, savings to be generated by increase in hourly charge-out rates.
BP6	Advice on strategic public procurement issues	2	Successful completion of procurement activity / customer feedback forms

Key Successes / achievements in 2016/17

- Completion of the purchase of Alpha, Airport City, Manchester.
- The successful removal of trespassers from Old Colony House, Manchester – this was a difficult process due to the high profile nature of the occupation and the political issues arising therefrom.
- The completion of a number of sales, both from the main property portfolio and the GMPVF property portfolio.
- The successful completion of a large number of equity and property investments for both Investments and Local Investments teams.