

GREATER MANCHESTER PENSION FUND MANAGEMENT PANEL

17 April 2020

Commenced: 10.00am

Terminated:12.10pm

Present: Councillor Warrington (Chair)

Councillors: Andrews (Manchester), Barnes (Salford), Cooney, Drennan, J Fitzpatrick, Grimshaw (Bury), J Homer, Jabbar (Oldham), Newton, O'Neill (Rochdale), Mitchell (Trafford), Patrick, Ricci, Sharif, M Smith, Taylor (Stockport), Ward, Wills and Ms Herbert.

Fund Observers:

Councillors Pantall (Stockport) and Ryan

Apologies for Cllrs Cunliffe (Wigan) and Parkinson (Bolton)

Absence:

60. CHAIR'S OPENING REMARKS

The Chair welcomed everyone to the meeting in the most unusual of circumstances and explained that, in order to comply with social distancing guidance, the meeting was virtual and that GMPF was the first LGPS to have a virtual meeting. She further explained that the passing of the Coronavirus Act 2020 contained a clause which allowed the Secretary of State to bring in new regulation regarding the proceedings of local authority meetings. The change was necessary because the Local Government Act 1972 previously required elected members to be physically present at committee meetings.

The Chair paid tribute to all NHS workers and support staff working in hospitals and all care settings across the country. She further thanked all the key workers who were keeping the country running. The Chair also extended her thanks to every person who had stayed home to stop the virus from spreading.

The Chair highlighted the work of the council employees and probation employees across the country and in schools, who had continued to carry out their assigned tasks with diligence and professionalism. She urged everyone to follow the Public Health guidance on social distancing and self-isolation as they were key to stopping the spread.

The Chair explained that, like all public services, the COVID-19 pandemic was placing huge pressures on the administration of pension schemes and ensuring that critical processes were being delivered, including:

- paying members' benefits;
- retirement processing;
- bereavement services, as well as any administrative functions required to support these;
- together with any processes needed to ensure benefits were accurate.

Additionally, the Fund was being vigilant and making sure members were not rushed into any financial decisions during uncertain times, as they could be targeted by scammers advising them to transfer their pension.

In terms of liquidity, around £200 million of 'working capital' was retained so pensions payroll was sufficiently covered for the foreseeable future without the need to raise additional funds, taking into account that some employers may be experiencing their own financial difficulties. It was also clear how and where additional cash would be sourced, should that be necessary.

From an investment perspective, controls were in place to mitigate the risk, being:

- from a strategic perspective – setting the overall long term asset allocation factors in all risks, including left tail risks from events such as a pandemic; and
- from a tactical perspective – around two thirds of the listed portfolios by value were actively managed, giving managers flexibility to react to events. There was also a trigger mechanism in place to capture global equity market extremes.

The Fund remained fully operational. More than 95% of the Fund's staff had successfully transitioned to home working. At present, the majority of all tasks were being undertaken. However, slightly reduced operating times for the Helpline had been implemented and all face-to-face member events scheduled for the next few months had been cancelled. The offices were closed to all visitors to respect social distancing and help protect the NHS and save lives. All other work continued virtually and digitally.

It was recognised that, as the situation developed, the way things were done may change. Therefore, key tasks and contingency plans had already been identified and prioritised to ensure there were no single points of failure. It was further recognised that some normal procedures and rules may need to be adapted and changed in order to meet the priorities and a change of management process had been put in place to achieve this. All pension fund members had access to their online account using My Pensions. The GMPF website had been updated about the situation. Communication had also taken place with all stakeholders.

The Chair made reference to the history of the Greater Manchester Pension Fund, as one of the earliest schemes amongst local authorities with the trusteeship of deferred pay and providing retirement benefits for employees. It had ensured low cost, sustainable contribution rates for employers and taxpayers alike. It had been a force for good ensuring that employees got to live out their retirement with dignity and raising environmental, social and governance standards across companies both in UK and abroad through engagement.

As the largest local government pension scheme in the country, the Fund managed the pension arrangements for 600 employers and nearly 400,000 members from across the public sector, in Greater Manchester and beyond.

Balancing the long term solvency of the Fund as a whole, whilst maintaining its affordability for employers, was a fiduciary responsibility that was taken very seriously.

The Fund was recognised nationally as being one of the top performing Funds over the last 30 years, creating an additional £3 billion of value above that of the average local government pension fund.

The Chair reminded Members of her comments at the January 2020 meeting of the Panel, in respect of Responsible Investment dominating agendas and advised that further changes were expected to the Employer Funding and Exit legislation and the Scheme Advisory Board's Good Governance Review would continue to gather momentum.

The change to legislation in May 2018 to require the calculation of exit credits for exiting employers, applying retrospectively to all admission agreements, caused a number of unanticipated situations in 2019. This change to legislation was received in February 2020, which recognised a wider set of circumstances for employer participation where exit credits may not always be appropriate. This would be picked up in later in the agenda.

The Chair stressed the need to keep long term goals at the heart of the Fund's priorities and the need to continuously reflect on whether decisions were suitably aligned with intended outcomes. There would be continued reflection on what resources were required to establish adequate internal controls, evaluate risk and contributions, and most skilfully direct the investment managers and consultants towards achieving the Fund's objectives.

Members were informed that the Scheme Advisory Board's Good Governance Review continued to gather momentum and, whilst some of the mechanics were still up for discussion, the overall direction of travel was clear. Since the last meeting (17 January 2020 refers), the Fund had been engaging with the Actuary, Hymans Robertson, following the release of the Phase II Good Governance report, to share feedback and contribute experience and expertise to the discussion.

The Chair made reference to the biggest administration challenge facing LGPS funds in 2020 and beyond, before Coronavirus, which was the outcome of the McLeod decision. Lord Agnew made a ministerial statement on 25 March 2020 about progress towards a remedy following the age discrimination ruling. From a LGPS perspective, it remained unclear how this remedy would affect the 'paused' cost control mechanism. However, the statement mentioned that detailed proposals would be published later this year and would be subject to public consultation.

The Chair further mentioned that Hymans Robertson was undertaking the LGPS National Knowledge assessment, and by taking part, a personalised development plan for the Fund would be received. She thanked those who had already completed the online knowledge assessment and agreed to re-circulate for those yet to complete.

The Chair made reference to the Fund's supervision arrangements with the Pensions Regulator this year and welcomed Mr Croxon and Mr Burton to the meeting.

61. DECLARATIONS OF INTEREST

There were no new declarations of interest submitted by Members.

62. MINUTES

The Minutes of the proceedings of the meeting of the Pension Fund Advisory Panel held on 17 January 2020 were noted.

The Minutes of the proceedings of the meeting of the Pension Fund Management Panel held on 17 January 2020 were signed as a correct record.

63. 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:**

<u>Items</u>	<u>Paragraphs</u>	<u>Justification</u>
7, 8, 10, 11, 13, 14, 15, 16, 17, 18, 19, 20, 23	3&10, 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.

64. POLICY AND DEVELOPMENT WORKING GROUP

The Minutes of the proceedings of the meeting of the Policy and Development Working Group held on 6 March 2020 were considered.

RESOLVED

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

65. 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 December 2019 were considered.

RESOLVED

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

66. ADMINISTRATION, EMPLOYER FUNDING AND VIABILITY WORKING GROUP

The Minutes of the proceedings of the meeting of the Administration, Employer Funding and Viability Working Group held on 20 December 2019 were considered.

RESOLVED

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

67. LOCAL PENSIONS BOARD

The Minutes of the proceedings of the meeting of the Local Pensions Board held on 9 January 2020 were considered.

RESOLVED

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

68. COVID 19 RISK MANAGEMENT AND BUSINESS PLANNING

A report of the Director of Pensions was submitted.

RESOLVED

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

69. 2019 ACTUARIAL VALUATION

A report of the Assistant Director of Pensions, Funding and Business Development, was submitted.

RESOLVED

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

70. PENSIONS ADMINISTRATION STRATEGY

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.

71. 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.

72. 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.

73. FUTURE DEVELOPMENT OPPORTUNITIES

Trustee development opportunities were noted as follows:

PLSA Local Authority Conference, Gloucestershire	18 - 20 May 2020
PLSA Annual Conference, ACC Liverpool	14 – 16 October 2020

74. DATES OF FUTURE MEETINGS

Management/Advisory Panel	17 July 2020
	18 Sept 2020
	11 Dec 2020
	19 Mar 2021
	16 July 2021
	17 Sept 2021
	10 Dec 2021
	18 Mar 2022
Local Pensions Board	30 July 2020
	1 Oct 2020
	14 Jan 2021
	8 April 2021
	29 July 2021

	<p>30 Sept 2021 13 Jan 2022 7 April 2022</p>
<p>Policy and Development Working Group</p>	<p>25 June 2020 3 Sept 2020 26 Nov 2020 4 Mar 2021 24 June 2021 2 Sept 2021 25 Nov 2021 3 Mar 2022</p>
<p>Investment Monitoring and ESG Working Group</p>	<p>31 July 2020 2 Oct 2020 22 Jan 2021 16 April 2021 30 July 2021 1 Oct 2021 21 Jan 2022 8 April 2022</p>
<p>Administration and Employer Funding Viability Working Group</p>	<p>31 July 2020 2 Oct 2020 22 Jan 2021 16 April 2021 30 July 2021 1 Oct 2021 1 Jan 2022 8 April 2022</p>

CHAIR