**GREATER MANCHESTER PENSION FUND**
**ADVISORY PANEL**

**10 December 2021**

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| **Commenced:** | **10.00am** | **Terminated: 12.35pm** |
| **Present:** | **Councillor Warrington (Chair)**<br>**Councillors: Andrews (Manchester), Cunliffe (Wigan), Grimshaw (Bury), Hartigan (Bolton), Jabbar (Oldham), Joinson (Rochdale), Mitchell (Trafford), and Taylor (Stockport)**<br>**Employee Representatives:**<br>**Ms Blackburn (UNISON) and Mr Thompson (UNITE)**<br>**Fund Observers:**<br>**Mr Pantall**<br>**Local Pensions Board Members (in attendance as observers):**<br>**Councillor Fairfoull**<br>**Advisors:**<br>**Mr Bowie, Mr Moizer and Mr Powers** | |
| **Apologies for absence:** | **Councillors Barnes (Salford), Mr Caplan (UNISON), Mr Drury (UNITE), Mr Flatley (GMB) and Mr Llewellyn (UNITE). Councillor Ryan (Fund Observer)** | |

***Further to the decision of Tameside Metropolitan Borough Council (Meeting of 25 May 2021), to maintain Covid secure access to all Members of the GMPF Management and Advisory Panel, which has representatives from all Greater Manchester Districts and the Ministry of Justice, that all future meetings of the Panels remain virtual until further notice with any formal decisions arising from the published agenda being delegated to the Chair of the Panel taking into the account the prevailing view of the virtual meeting.***

## 46. CHAIR'S OPENING REMARKS

The Chair began by welcoming everyone to the meeting including new Member, Councillor Stuart Hartigan representing Bolton MBC, replacing Councillor Samantha Connor, together with Scott Caplan and Gale Blackburn representing UNISON and replacing Pat McDonagh and Margaret Fulham. She further extended thanks and gratitude on behalf of the Fund and its members, to the retired Members of Panel for their contribution to the success of the Fund.

The Chair further emphasised the importance of ensuring that ordinary people working in public sector jobs got to live out their retirement years with security and dignity; safeguarding the deferred pay, which were the pensions of public sector workers, whilst balancing the need to ensure that they were affordable and sustainable to the employers and taxpayers alike. She further stressed the importance of attendance at training provided, to ensure that Members had the appropriate skills and knowledge to be a trustee to manage almost £30 billion pounds in order to ensure that the pension promises could be met.

The Chair was pleased to announce that, in the 100th year of the Fund being a statutory scheme, the promise to all stakeholders to deliver and pay low cost pensions, was being met. She made reference to a report and presentation scheduled later on the agenda from CEM Benchmarking, who would report on the Fund's position globally.

The Chair was further pleased to announce that the Fund had won the Pension Fund Communication Award in the 14th Annual European Pensions Awards. The awards recognised pension providers that had set the professional standards in order to best serve European pension funds. She extended congratulations to everyone for this significant achievement. Additionally, the Fund was also shortlisted for Best Admin and Governance category in the IPE awards, which had been held the previous Friday. It was explained that the IPE Awards for the last 20 years had recognised the bar-raising achievements of all pension funds across Europe so whilst there was disappointment that the Fund did not receive another award, the recognition of excellence should not be underestimated.

The Fund had also been nominated for three awards in the 2022 Pensions Age Awards taking place on 23 February 2022 for the following categories:

- Defined Benefit Pension Scheme of the Year;
- Pension Scheme Communication Award; and
- Pensions Administration Award.

Furthermore, on the 30 November 2021, the 2021 RAAI Leaders List, the 30 Most Responsible Asset Allocators in the world, had selected Greater Manchester Pension Fund as an RAAI Finalist and would receive an award for scoring in the Top Quintile, or top 20% of asset allocators globally on responsible investing. The Fund was ranked 35th Most Responsible Investor in the World scoring 96 out of a potential 100.

By way of background, it was explained that the RAAI provided the only comprehensive index measuring the responsible investing practices of the world's largest investors. For the 2021 RAAI Index, developed in partnership with the Fletcher School at Tufts University, analysts reviewed 634 asset allocators from 98 countries with $36 trillion in assets, before rating and ranking the top 251 institutions and identifying the Leaders and Finalists (the Top Quintile) that set a global standard for leadership in responsible, sustainable investing. The Chair was pleased that the Fund's significant stewardship work had yet again been recognised in this way.

Reference was made to the Paris Agreement, which introduced a new concept into the climate lexicon of a just transition. The concept, roughly defined, was that the needs of workers, communities, and consumers should be considered during the transition to an economy that allowed limits to global warming to the Paris Agreement's 1.5°C target. As activist investors, the Fund had been stressing this for some considerable time with support from some of the partners the Fund and LAPFF had spent years working with and, in particular Professor Nick Robins Co Founder of Carbon Tracker and a leading light on how to mobilise finance for climate action in ways that supported a just transition, promoting the role of financial institutions in achieving sustainable development and investigating how the financial system could support the restoration of nature together with Mark Campanele the other Co founder of Carbon Tracker. The Chair was, therefore, pleased that a statement at COP 26 was issued in support of a just transition called - Just Transition Internationally - Green growth, decent work, and economic prosperity in the transition to net zero.

The Chair further explained that paragraph 36 of the original Glasgow Climate Pact, called upon Parties to accelerate the development, deployment and dissemination of technologies and the adoption of policies, to transition towards low-emission energy systems, including by rapidly scaling up the deployment of clean power generation and energy efficiency measures, including accelerating efforts towards the phase-out of unabated coal power and inefficient fossil fuel subsidies, recognizing the need for support towards a just transition. The agreed version of the text referred to phasing down rather than phasing out coal.

Given what was now known about the ensuing discussions between developed and less developed states, it was not surprising that the original wording did not pass. There was a fundamental difference of understanding when it came to the allocation of the global 'carbon budget'. Whilst developed nations pointed to India and China as currently emitting large proportions of the total amount of the world's carbon, many developing nations pointed to the historic emissions of the developed states over the past centuries that allowed for their economic growth. Consequently, developed states pushed for phasing out coal without addressing the needs of less developed states to provide jobs, resources, and human rights protections for their populations.

Coal was seen as an important source of jobs and economic development in many countries, notwithstanding evidence that renewables were already the cheapest source of new electricity in 90% of the world.

Without allowing for provision to compensate countries for potential losses in these areas and for social and environmental loss that had already taken place due to climate change, many developing states were not prepared to make the sacrifice requested. Not having had their needs met, many less developed states revolted and required a watering down of the language on phasing out coal. In other words, the crux of the disappointment with the COP 26 outcome was a just transition fail. This outcome further amplified the need for a just transition.

The Chair stated that it was clear from the stance taken by developed states that they had failed to commit to a just transition, either through a failure to understand the concept or a failure of political will. These states had an opportunity to establish funding packages that would compensate the less developed states for loss and damage from climate impacts caused by more developed states but did not do so. This outcome was a lesson for investors. Investors must consider the social impacts of any climate transition and confirm their support to a just transition. This was particularly the case now because their governments' COP 26 failure to support a just transition made reaching the Paris 1.5°C target that much more unlikely and made it much more likely that investor money spent in the interest of climate mitigation and adaptation without a genuine commitment to a just transition, would be wasted.

The Chair, was therefore, pleased that a number of Members were able to join the Policy and Development Working Group to hear from John Green, the Commercial Director of Fund Manager Ninety One, comment directly on this issue having just arrived back in South Africa from COP 26 and addressed the same concerns. For those who were unable to attend, owing to the very short notice, she advised that there was a short video presentation from Ninety One, the link for which would be circulated following the meeting. The Chair added that the Fund had also been contacted that week by a number of interested parties concerned about the LGPS's involvement as a whole with investments in Palestine. In the circumstances, it was thought important to give an update.

Professor Michael Lynk, who worked with the Office of the High Commissioner for Human Rights, whose title was "special rapporteur on the situation of human rights in the Palestinian Territory occupied since 1967", had requested that the Local Government Pension Scheme funds divest from any holding that may be linked to contested Israeli settlements. He said in a letter to all LGPS pension committee chairs, (albeit the Fund had not received it directly), the LGPS "can play a transformational role in demonstrating the ethical validity of a more robust approach to investing in conflict-affected areas, as well as in respecting international humanitarian and human rights law".

He then asked that LGPS funds conduct enhanced human rights due diligence for all companies listed on the Office of the High Commissioner for Human Rights (OHCHR) database and beyond that "*may be involved in the illegal Israeli settlement economy*" and then to divest from any of those holdings if those companies could not give assurances that they had removed themselves from that economy.

The Scheme Advisory Board, who had the statutory role to advise Department for Levelling Up, Housing and Communities (formerly MHCLG), which was responsible for the LGPS because it was a statutory scheme, had advised that they would discuss the letter at its meeting on 13 December and further advice was awaited.

The approach by Professor Lynk had been made possible by the government's defeat in the UK Supreme Court case: MHCLG against Palestine Solidarity Campaign, in June last year following a decision that lifted the government's ban on political investments by the LGPS. The question of LGPS investment in Israel was mired in controversy, and the government had previously stated it would introduce legislation reintroducing the ban on "local boycotts". Meanwhile, the Scheme Advisory Board advised that the Board would seek clarification with Professor Lynk on "a number of points in the letter".

The Chair explained that since the case law, the Fund had been working with the Local Authority Pension Fund Forum, which brought together 80 LGPS funds and adopted a formal position statement on companies operating in disputed Israeli settlements, which stated: “The Forum has engaged with companies operating in the Israeli settlements/occupied Palestinian territory prior to the UN report and Supreme Court ruling and prioritises engagement with companies in which LAPFF member funds collectively hold a high number of shares. “LAPFF will continue to engage with companies to promote acceptable human rights conduct and impact, not only in this region but globally. In respect of engagements with companies operating in the Israeli settlements/occupied Palestinian territory, the Forum is using the UN report as a point of reference for engagement.”

The Chair added that the Fund held 0.07% holdings in companies on the list through its passive investments, in common with the significant majority of the LGPS. None of the Fund’s active Fund Managers held any and further advice was awaited.

## 47. DECLARATIONS OF INTEREST

There were no new declarations of interest submitted by Members.

## 48. MINUTES

The Minutes of the proceedings of the meeting of the Pension Fund Advisory Panel held on 17 September 2021 were signed as a correct record.

The Minutes of the proceedings of the meeting of the Pension Fund Management Panel held on 17 September 2021 were noted.

## 49. 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, 10, 11, 12, 13, 14, 18, 19, 20, 21, 22, 23, 24** | **3&10, 3&10, 3&10, 3&10, 3&10, 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 stakeholders and/or tax payers.** |

## 50. LOCAL PENSIONS BOARD

The Chair of the Local Pensions Board, Councillor Fairfoull, reported that Local Board Members had discussed the ongoing need to continue developing learning and understanding. Local Pension Board members must acquire appropriate “knowledge and understanding” of pension matters as per the Pensions Act 2004. It was important that both Panel and Board members alike maintained a good level of knowledge and strived to continue learning as the Fund and the wider pensions landscape evolved.

It was therefore pleasing to hear that GMPF had signed up to Hymans Robertson’s LGPS Online Learning Academy (‘LOLA’). LOLA consisted of a series of video presentations with supplemental learning materials and multiple-choice questions.

As at each meeting, the monitoring of late payment of contributions or late submissions of data from employers was reviewed. It was encouraging to hear that the timeliness of contribution payments from employers had generally been improved.

Reassuring updates were also provided from the Fund’s pension administration team and the Board discussed the findings of recent internal audit reports and the current version of the Fund’s risk register.

**RECOMMENDED**
**That the Minutes of the proceedings of the Local Pensions Board held on 30 September 2021 be noted.**

## 51. INVESTMENT MONITORING AND ESG WORKING GROUP

The Minutes of the proceedings of the meeting of the Investment Monitoring and ESG Working Group held on 1 October 2021 were considered.

The Chair of the Working Group, Councillor Cooney, explained that the Fund’s responsible investment advisor, PIRC, attended the meeting and presented the latest quarterly Northern LGPS Stewardship report, which would be discussed later on the agenda in the Responsible Investment update.

Avison Young also attended the meeting and gave an informative overview of the Property Venture Fund portfolio. There was a focus on the Manchester office market in light of the pandemic. The Sustainability Consultant also presented in detail on Climate Resilience.

**RECOMMENDED**
**That the Minutes be received as a correct record.**

## 52. 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 1 October 2021 were considered.

The Chair of the Working Group, Councillor M Smith, advised that Members had received a presentation from Prudential where they set out their recent performance in administering the AVC arrangements and how they intended to improve their service going forwards. The Working Group would continue to monitor Prudential’s performance closely until it was back at a satisfactory level.

The issuing of Annual Benefit Statements for active members and how introducing monthly data collection from employers had helped GMPF meet the statutory deadline of 31 August was discussed.

GMPF’s internal ill health insurance arrangement following its first year of operation was reviewed. Members were pleased to hear that the insurance scheme had been operating as intended and had saved some participating employers from potentially catastrophic ill health early retirement strain costs. An example was given of an academy school that was saved from paying over £260,000 for a member's ill health early retirement. It was noted that in the 2020/21 financial year, ill health costs were higher than expected for most GMPF employers, but experience was lower than expected for 2021/22 to date.

As usual, the administration strategic service update and updates relating to member services, employer services, developments and technologies, and communication and engagement, were reviewed.

**RECOMMENDED**
- **(i) That the Minutes be received as a correct record;**
- **(ii) In respect of the Administration Strategic Service, that approval be given to the changes made to the Data Management Strategy; and**
- **(iii) In respect of Administration Developments and Technologies Update, that the Director of Pensions be supported in setting aside necessary budget for spending on cyber security support services which are to be procured as outlined in the report and associated appendices.**

## 53. POLICY AND DEVELOPMENT WORKING GROUP

The Minutes of the proceedings of the meeting of the Policy and Development Working Group held on 25 November 2021 were considered.

The Chair of the Working Group, Councillor Warrington, advised that as previously mentioned, Ninety One Asset Management attended the meeting and gave a training session on their approach to sustainability, decarbonisation and investing for the energy transition. Representatives of Ninety-One had recently attended COP26 to discuss the role of finance in the energy transition. Ninety-One stressed the importance of making real world reductions in carbon, rather than simply greening a portfolio. Given their South African heritage, they also stressed the importance of a just transition, and the need for significant investment in developing markets.

Representatives of both Ninety-One and Stone Harbor also presented on their respective performance since inception and in particular over the last 12 months. This gave Members and Advisors an opportunity to probe both managers' underlying process and philosophy. An update on the managers was included later in the agenda within the Performance Dashboard.

**RECOMMENDED**
**That the Minutes be received as a correct record.**

## 54. NORTHERN LGPS JOINT OVERSIGHT COMMITTEE

**RECOMMENDED**
**That the Minutes of the proceedings of the Northern LGPS Joint Oversight Committee held on 8 July 2021 be noted.**

## 55. RESPONSIBLE INVESTMENT UPDATE Q3 2021

The Assistant Director of Pensions Investments, submitted a report and delivered a presentation providing Members with an update on the Fund's responsible investment activity during Q3 2021.

It was explained that the Fund was a signatory to the Principles for Responsible Investment (PRI). As a signatory to the PRI, the Fund was required to report publicly its responsible investment activity through the PRI's 'Reporting Framework'.

Upon becoming a PRI signatory, the Fund committed to the following six principles:

1. We will incorporate ESG issues into investment analysis and decision making processes.
2. We will be active owners and incorporate ESG issues into our ownership policies and practices.
3. We will seek appropriate disclosure on ESG issues by the entities in which we invest.
4. We will promote acceptance and implementation of the Principles within the investment industry.
5. We will work together to enhance our effectiveness in implementing the Principles.
6. We will each report on our activities and progress towards implementing the Principles

A summary of the Fund's Responsible Investment activity for Q3 2021 against the six PRI principles was detailed in the report.

Details of GMPF's Responsible Investment partners and collaborations were appended to the report.

Discussion ensued in respect of the Fund's commitment to Responsible Investment, and in particular, with regard to employee wellbeing and the difficulties encountered in respect of common standards and the challenges of a global unified approach across the globe.

The Advisors sought further information in respect of voting statistics and engagement with companies on RI issues.

The Chair thanked the Assistant Director for the comprehensive and informative presentation, which detailed the action taken towards the goal to achieve a net zero carbon fund and demonstrated the Fund's approach to a Just Transition.

**RECOMMENDED**
**That the content of the report be noted.**

**56. CEM COST BENCHMARKING**

Consideration was given to a report of the Assistant Director of Pensions Investments and the Assistant Director of Pensions Administration, providing Members with an update on investment management cost benchmarking for the Fund over 2020/21. In addition, CEM provided a report analysing and benchmarking the Fund's administration costs and member services, an update on which was provided in the report. John Simmonds of CEM Benchmarking also delivered a presentation.

In respect of CEM Investment Cost Analysis, it was reported that GMPF had generated significant underlying savings in 2020/21.

CEM had also benchmarked GMPF's costs against a peer group of 17 relatively similar sized global funds (including LGPS funds and non-LGPS funds) and GMPF was lower cost than the benchmark.

With regard to GMPF CEM Administration costs and service score analysis 2020/21, it was reported that GMPF was a high service, low cost provider relative to its peers.

The key outcomes from the 2020/21 benchmarking were highlighted. GMPF's total cost per member was £17.01, being £10.27 lower than the adjusted peer average of £27.28. GMPF's service score was 65 out of 100, being 1 point above the peer median of 64.

The service score decreased slightly, mainly due to the challenges faced by the pandemic. CEM reported that they had seen the total member service score for some funds reduce by as much as 5 points this year. They also commented that GMPF's ability to switch so quickly to providing online member events from face to face ones demonstrated the team's ability to adapt quickly when faced with challenges.

The Director of Pensions acknowledged difficulties experienced with IT/phone systems when staff transitioned from working in the office to working at home and how this had impacted the service. She added that this was an area of focus going forward.

Advisors commented on ‘hidden costs’ of managers and how this impacted the work of CEM in accurately evidencing the work undertaken on costs.

The Chair thanked Mr Simmonds for a very interesting presentation.

**RECOMMENDED**
**That the content of the report and presentation be noted.**

## 57. REVIEW OF INVESTMENT MANAGEMENT ARRANGEMENTS

The Assistant Director of Pensions Investments submitted a report, which considered the Fund's Investment Management arrangements.

It was explained that the Investment Management arrangements of the Fund reflected a wide range of significant decisions concerning how the Fund chose to position itself in terms of the management of its assets. These significant decisions included, inter alia, a consideration of the choice of benchmark and the detail of any bespoke benchmark, and whether, for example, to adopt active versus passive management or specialist versus multi-asset management.

Elaine Torry of Hymans Robertson then presented before Members addressing three areas of focus in relation to

- Mix of active versus passive approaches;
- Approach to management of emerging market equities; and
- Approach to management of IG Corporate Bonds.

The presentation outlined a number of key points for consideration and it was explained that further reports and presentations would be made to future Panel meetings.

Detailed discussion ensued and Members and Advisors commented on the complexities of stock selection in respect of emerging markets. Mr Powers sought clarification on the outlook for corporate bond downgrades and requested that the Fund keep its options open with respect to the management of Investment Grade Corporate Bonds, in particular if the outlook for downgrades materially increased.

Members and Advisors further supported proposals outlined in respect of the approach to management of emerging market equities.

The Chair thanked Ms Torry for a very informative presentation.

**RECOMMENDED**
**(i) That the content of the report and presentation be noted; and**
**(ii) That proposals in respect of the approach to management of emerging market equities, as detailed in the report and presentation, be supported.**

## 58. PERFORMANCE DASHBOARD

Consideration was given to a report of the Assistant Director of Pensions Investments, providing high level, investment performance information, including the value of the Pension Fund Investment Portfolio, the performance of the Main Fund, and the over/under performance of the external Fund

Managers against benchmark.

The key information from the Quarter 3 2021 Performance Dashboard was summarised. It was explained that economic growth had been slowing as the positive impact of economies re-opening late last year faded, with short-term forecasts edging lower in recent months. However, the pace of growth in the major advanced economies was forecast to remain strong over the next couple of years. Unexpectedly high inflation in the third quarter meant that investors brought forward their expectations of interest-rate rises. As a result, major central banks had indicated rates might rise earlier than previously thought. Most commentators assumed the spread of the Delta variant would hinder but not derail recovery in the major advanced economies, as rising vaccination rates reduced the likelihood of stringent restrictions. Supply shortages and transport-related bottlenecks were extreme, and many of these issues appeared to be deteriorating, highlighting the risk that disruptions were not as transient as forecasters had assumed. Policy tightening and increased regulation within certain sectors in China led to stresses later in the period, with the country's largest real estate developer, Evergrande, defaulting on debt obligations.

In Q3 equity markets continued to perform positively; in fact, with the exception of Emerging Market equities, all equity asset classes had positive returns. Global equities gave up earlier gains in September reflecting a wide array of concerns, from worries over the pace of growth; current valuations; persistent inflationary pressures; to anxiety over a faster-than-expected move towards tightening by central banks against a robust, albeit deteriorating economic backdrop. A combination of strong growth and high inflation, even if it was temporary, had resulted in indications from central banks that rates would rise a little faster than previously thought and markets had adjusted accordingly. UK 10-year gilt yields rose, with steep rises coming in the wake of the Bank of England’s September meeting. Having fallen earlier in the quarter on the back of easing economic momentum, equivalent US and German yields rose back to end-June levels in September on the prospect of fading monetary support. Corporate bonds delivered negative returns over the quarter due to rising yields. However, strengthening corporate finances continued to provide a strong fundamental backdrop for corporate bond markets: defaults and leverage levels were falling, interest coverage was rising, and liquidity wass plentiful. As a result, upgrades to credit ratings increasingly outweighed downgrades. Strong investment demand had absorbed a record pace of issuance in speculative-grade markets, allowing companies to refinance and extend debt maturities.

Over the quarter, total Main Fund assets increased by £779 million to £27.5 billion. With the exception of private equity, allocations to alternative assets, whilst increasing, remained below their long-term targets. Funding continued apace with allocations expected to increase further over the coming years.

Following the 2021/22 review of Investment Strategy, the current ‘rules’ governing the Public Equity allocation were re-couched in order to simplify the presentation of the current and future positions. In addition, further changes to the ‘realistic’ strategic allocations to alternatives were made in Q3 2021.

Within the Main Fund, there was an overweight position in equities (of around 4% versus target respectively). This was offset by underweight positions in bonds and alternatives. The property allocation continued to be underweight (by around 2%) versus its benchmark.

On a cumulative basis, over the period since September 1987, the Main Fund had outperformed the average LGPS, equating to over £3.7 billion of additional assets. The Main Fund outperformed its benchmark over Q3 2021. Relative performance over 1 year and 3 years was positive. The Main Fund was ahead of its benchmark over 5 and 10 years and performance since inception remained strong.

Over Q3 2021, 1 year active risk increased dramatically having already risen over recent quarters. Active risk remained elevated relative to recent history. This had resulted in a marked increase in active risk over 3 and 5 year periods. However, over longer time periods, active risk of the Main Fund remained broadly consistent at around 1%-1.5% pa. Risk in absolute terms (for both portfolio and benchmark) having moderated somewhat in the first half of 2021 had increased further in Q3 2021. There was now greater uncertainty surrounding future inflation levels and the ongoing impact of the pandemic on economic output.

As at the end of Quarter 3; over a 1 year period, two of the Fund's active securities managers had outperformed their respective benchmarks whilst one manager was in-line with its benchmark and one manager underperformed its benchmark. Over a 3 year period, three managers had underperformed their respective benchmarks. The long-term performance of one manager remained strong. The performance history of the Factor Based Investing portfolio was extremely short, so at this very early stage no conclusions could be drawn with regard to performance.

**RECOMMENDED**
**That the content of the report be noted.**

## 59. 2022 ACTUARIAL VALUATION

Steven Law, Hymans Robertson, Actuary to the Fund, attended before Members and presented information in respect of the 31 March 2022 valuation process currently in progress for all LGPS funds in England and Wales.

Mr Law outlined changes and events since the last valuation in 2019. Draft outcomes were explored, including relatively stable contribution rates expected. Key topics for consideration were also discussed, including: climate/transition risks, consumer prices inflation and Covid impacts on long term mortality.

Mark Sharkey, also of Hymans Robertson, then presented the Club Vita Longevity update. The VitaCurves baseline model was explained including membership profiling, longevity trends and assumption setting. Monitoring of the long term risk was also discussed including drivers of uncertainty and it was explained that the long-term effect of COVID 19 would have much greater impact on the Fund than in 2020/21.

**RESOLVED**
**That the content of the presentation be noted including the key factors potentially impacting the valuation outcomes.**

## 60. BUSINESS PLANNING, BUDGET AND RISK MANAGEMENT

Consideration was given to a report of the Director of Pensions providing an update on the current business plan and highlighted the current key risks being monitored.

Progress being made on the six key strategic projects set out in the 2021/22 business plan was detailed in the report. Overall, progress was generally in line with the timescales. All business plan tasks continued to be monitored and reviewed each month by the Director of Pensions.

In terms of risk management, Members were advised that the overarching risk register was reviewed and updated at least once each quarter and the latest version was appended to the report. Specific risks being monitored closely by officers were highlighted and included issues relating to assessing the impact of the McCloud changes; and cyber security work.

**RECOMMENDED**
**(i) That the progress on the current key business plan tasks be noted; and**
**(ii) That the risk register and the controls in place to mitigate each risk be noted.**

## 61. ADMINISTRATION UPDATE

The Assistant Director of Pensions Administration submitted a report providing an update on the following key items:

- Performance and engagement activities;
- Compliance activities;
- Key projects updates; and
- Award success.

**RECOMMENDED**
**That the content of the report be noted.**

## 62. LGPS UPDATE

Consideration was given to a report of the Director of Pensions providing the Panel with an update on the latest developments regarding the Local Government Pension Scheme, as follows:

- CPI Inflation Figure Confirmed
- New Departmental name and Minister
- LGPS Scheme Statistics
- Cost Control Mechanism
- McCloud Update
- MAPS Pension Dashboard update
- The Pensions Regulator

**RECOMMENDED**
**That the content of the report be noted, including the potential impact and implications for the LGPS and GMPF.**

## 63. FUTURE DEVELOPMENT OPPORTUNITIES

**Trustee development opportunities were noted as follows:**

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|---|---|
| **LGE Annual Governance Conference – Bournemouth** | **20-21 January 2022** |
| **PLSA ESG Conference - virtual** | **9 – 10 March 2022** |
| **PLSA Investment Conference - Edinburgh** | **25 – 26 May 2022** |
| **PLSA Local Authority Conference - Gloucestershire** | **13 – 15 June 2022** |

## 64. DATES OF FUTURE MEETINGS

| | |
|---|---|
| **Management/Advisory Panel** | **18 Mar 2022** |
| **Local Pensions Board** | **13 Jan 2022**<br>**7 April 2022** |
| **Policy and Development Working Group** | **3 Mar 2022** |
| **Investment Monitoring and ESG Working Group** | **21 Jan 2022**<br>**8 April 2022** |
| **Administration and Employer Funding Viability Working Group** | **21 Jan 2022**<br>**8 April 2022** |

**CHAIR**