



# 2019 ANNUAL REPORT



**Tameside**  
Metropolitan Borough



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# Chair's Introduction

Welcome to the 2018/19 Annual Report of the Greater Manchester Pension Fund (GMPF).

The time covered during this report has been one of the most turbulent in the world of pensions in recent memory. Ongoing concerns over global trade wars and a rush to sell-off IT stocks have contributed to significant volatility in global equity markets, particular over the Christmas period. Along with much of the rest of the country, we are also continuing to experience uncertainty surrounding any deal around Brexit. However, thanks to the hard work of our managers, advisors and partners, I am pleased to announce that the current value of the Fund stands at £23.8 billion. This is both a higher funding level than that identified in the previous valuation and on track compared to actuarial expectation. In September, we also received the welcome news that GMPF is now ranked as the 11th biggest pension fund in the UK (up from 12th last year) and the 153rd biggest in the world (up from 160th last year) according to the annually updated index of Global Pension Funds. Whilst the returns for this year were behind benchmark the performance long term for GMPF is ahead of both specific and peer group benchmarks.

| Period   | Main Fund return % pa | Benchmark return % pa |
|----------|-----------------------|-----------------------|
| 2018/19  | 5.6%                  | 6.7%                  |
| 5 years  | 8.6%                  | 8.5%                  |
| 10 years | 10.6%                 | 10.3%                 |
| 25 years | 8.1%                  | 7.6%                  |

This doesn't mean that we intend to rest on our laurels. At the time of this report's release GMPF is working with our Director of Pensions and our consultants, Hymans Robertson, to look at what can be done to make sure that GMPF's governance remains not only the best in UK local government, but an exemplar for pension funds worldwide. It is our hope that success in this task would bring about a "governance dividend", benefitting stakeholders through improved risk adjusted investment returns and greater resilience in the face of investment and regulatory uncertainty. I expect to be able to update you on the progress of this endeavour in the near future.

It has also become increasingly apparent this year that the Pension Fund's response to the generational challenge presented to us by climate change and environmental protection is an area of significant concern for many of our members and stakeholders.

The GMPF has no direct investment in fracking companies, and we pledged in 2017 to become 100% net carbon neutral by 2050. GMPF has undertaken exercises to understand our own carbon footprint in order to have a clear baseline from which to measure our progress going forward. Progress will be regularly evaluated, taking care to ensure that we avoid stranded assets and can deliver pensions to our members in a way that remains affordable and sustainable for employers and taxpayers. We are also the biggest local government pension investor in renewable and efficient energy, with a half a billion allocated in a number of areas including biomass assets and a significant stake in the Clyde wind farm, one of the largest off-shore facilities of its kind in Europe. These efforts to date have been recognised by the House of Commons Environmental Audit Committee, noting we have the highest levels of engagement to manage the risks that climate change poses and we are continuing to actively seek opportunities wherever possible to meet our goal for carbon neutrality before the 2050 deadline.

We will also use our position on the Local Authority Pension Fund Forum to challenge companies in which we have an interest to direct their own efforts towards environment sustainability and other issues of concern to the Fund and its members. We stand by our track record of engagement over the past year, including joining the campaign set up by the New Zealand Super Fund to encourage social media companies to strengthen controls to prevent the live streaming and distribution of objectionable content following the horrific shooting that took place in Christchurch. The Fund also co-filed a resolution requesting that BP set out a business strategy consistent with the goals of the Paris Agreement on climate change, which we understand will be supported by BP's board at their Annual General Meeting this year. It is because of this history of successful and productive dialogue that 80% of our members agree that a consultative approach is more effective than divesting holdings to others who may not share our commitment to responsible investment and engagement.

With this in mind, we also refreshed and published on our website our Responsible Investor Policy, with support from our Ethical, Social & Governance advisor PIRC.

Let nobody tell you otherwise, fighting the climate crisis is one of our highest priorities. Failure to deliver on this will not just threaten the viability of the Pension Fund, it will threaten the viability of our economy, our society, and our planet as a whole.

This needs to be addressed within the fiduciary duty that the Fund and its trustees owes to its members, stakeholders and ultimately the taxpayer. We have to demonstrate that our investment decisions do not threaten its financial performance, and the fact of the matter is over the last 3 years, we achieved over £400 million more in returns than if we had divested from equities in such companies such as BP or Centrica, formerly known as British Gas.

Earlier in the year we signed up to 'Just Transition' because we know delivering a just transition will be key to the UK's success in building a zero-carbon and resilient economy. However, we also know we need to do this in a sustainable way that supports an inclusive economy, with a particular focus on workers and communities across the country. The Paris Agreement on climate change states that its Parties take into account "the imperatives of a just transition of the workforce and the creation of decent work and quality jobs in accordance with nationally defined development priorities".

Accordingly, with such clear evidence that disinvestment rushed at this stage would cause material financial detriment to the fund, we need to find a 'Just Transition', which ensures we do not transfer the burden of this cost to the employers and taxpayers of Greater Manchester alike, which would result in significant Council tax hikes, and importantly avoids job losses for residents across the conurbation who are employed in these industries.

As part of a recent review of investment strategy we are currently implementing £2.5 billion of the fund assets being divested to a low carbon approach targeting a significant reduction in carbon footprint and intensity. This is the undoubtedly the biggest divestment commitment but more importantly actual action taken by any Local Authority Pension Fund taken anywhere in the UK.

GMPPF, in partnership with the Merseyside and West Yorkshire Pension Funds, is continuing to blaze a trail in asset pooling of local government pension schemes, particularly in alternative assets. The Northern Local Government Pension Scheme (LGPS), formerly known as the "Northern Pool", now stands as one of Britain's largest public investment funds with combined assets of over £46 billion, almost a fifth of the total LGPS assets. Even at this early stage, the work of the Northern LGPS has pooled almost £2 billion in private equity and infrastructure vehicles. However, as many of you may be aware, we have been troubled since the beginning of the year by new requirements from the government for all pools to create an asset management entity, regulated by the Financial Conduct Authority, with responsibility for selecting managers for the member funds. Our view on this, supported by legal advice from public law expert Jason Coppell QC, is clear. The Northern LGPS can call on significant internal expertise and has a track record of running efficient investment models from a cost perspective. Far from lowering our costs, establishing an FCA-regulated company would set us back £10-15 million. Representatives from the Fund are currently in constructive discussions with the Ministry for Housing, Communities and the Local Government and the LAPFF All Party Parliamentary Group on the issue.

We are also making good on our commitment to harnessing the financial power and unique long-term outlook of pension funds to drive regeneration and investment in Greater Manchester and beyond, while at the same time providing a commercial return that will allow us to continue to meet our obligations to our 370,000 members. The highlight of our efforts last year was undoubtedly the topping out of the Deansgate Square development in November. Based in the southern edge of the city centre, the development consists of four skyscrapers, one of which now stands as not only the tallest building in Manchester, but the tallest building in the country outside of London. Once complete it will provide first-class accommodation and amenities in the very heart of Manchester, and become the catalyst for the regeneration of an area of the city that has lain derelict for years. We have also continued our work supporting the construction of a number of new housing and infrastructure developments across Greater Manchester, working through joint ventures, partnerships and finance opportunities with organisations such as Matrix Homes, Urban Splash, Select Property Group and Renaker.

In a year of uncertainty and turbulence, we have successfully protected and advanced GMPPF's position both in terms of raw funding and assets, and in using our power to help transform our local economy for the better. None of this would have been possible without the hard work and dedication of our staff, managers, advisors and members. Thank you very much to all of you. I look forward to seeing what the future holds.



A handwritten signature in dark ink, appearing to read 'B Warrington', with a long horizontal flourish extending to the right.

Greater Manchester Pension Fund (Chair)  
Cllr Brenda Warrington

# Management structure

Tameside MBC became GMPF's administering authority in 1987, and established a management structure, which is still the backbone of the operation today.

## Pension Fund Management Panel

The Management Panel carries out a similar role to the trustees of a pension scheme. They are the key decision makers for:

- Investment strategy
- Monitoring investment activity and performance
- Overseeing administrative activities
- Guidance to officers in exercising delegated powers

Each local authority within Greater Manchester is represented on the Management Panel, as is the Ministry of Justice.

## Pension Fund Advisory Panel

The Pension Fund Advisory Panel works closely with the Management Panel, and advises them in all areas. Each local authority is represented on the Advisory Panel, and there are six employee representatives nominated by the North West TUC.

The members of the Panels as at 31 March 2019 are listed on the following page.

## Local Board

The GMPF Local Pensions Board was established early in 2015 and became operational from April 2015. The role of the Local Board is to assist Tameside MBC in its role as administering authority, in particular, to assist with :

- Securing compliance with the Regulations, any other legislation relating to the governance and administration of the Scheme, and requirements imposed by the Pensions Regulator in relation to the Scheme; and
- Ensuring the effective and efficient governance and administration of the Scheme

## External advisors

Four external advisors assist the Advisory Panel, in particular regarding investment related issues. The advisors are:

**RS Bowie**, Guardian Partner, Hymans Robertson

**L Brown OBE**, Retired Director of Finance

**P Moizer**, Professor and Dean of Business School, University of Leeds

**M Powers**, Retired Investment Manager.

## Management Panel

|                          |                            |
|--------------------------|----------------------------|
| Councillor B Warrington  | <i>Tameside (Chair)</i>    |
| Councillor GP Cooney     | <i>Tameside</i>            |
| Councillor L Drennan     | <i>Tameside</i>            |
| Councillor J Fitzpatrick | <i>Tameside</i>            |
| Councillor J Lane        | <i>Tameside</i>            |
| Councillor C Patrick     | <i>Tameside</i>            |
| Councillor S Quinn       | <i>Tameside</i>            |
| Councillor VP Ricci      | <i>Tameside</i>            |
| Councillor M Smith       | <i>Tameside</i>            |
| Councillor JC Taylor     | <i>Tameside</i>            |
| Councillor D Ward        | <i>Tameside</i>            |
| Councillor C Mistry      | <i>Bolton</i>              |
| Councillor J Grimshaw    | <i>Bury</i>                |
| Councillor P Andrews     | <i>Manchester</i>          |
| Councillor C Ball        | <i>Oldham</i>              |
| Councillor S O'Neill     | <i>Rochdale</i>            |
| Councillor M Barnes      | <i>Salford</i>             |
| Councillor JN Pantall    | <i>Stockport</i>           |
| Councillor A Mitchell    | <i>Trafford</i>            |
| Councillor T Halliwell   | <i>Wigan</i>               |
| P Herbert                | <i>Ministry of Justice</i> |

## Advisory Panel

|                         |                         |
|-------------------------|-------------------------|
| Councillor B Warrington | <i>Tameside (Chair)</i> |
| Councillor C Mistry     | <i>Bolton</i>           |
| Councillor J Grimshaw   | <i>Bury</i>             |
| Councillor P Andrews    | <i>Manchester</i>       |
| Councillor C Ball       | <i>Oldham</i>           |
| Councillor S O'Neill    | <i>Rochdale</i>         |
| Councillor M Barnes     | <i>Salford</i>          |
| Councillor JN Pantall   | <i>Stockport</i>        |
| Councillor A Mitchell   | <i>Trafford</i>         |
| Councillor T Halliwell  | <i>Wigan</i>            |

### Employee representatives

|             |               |
|-------------|---------------|
| A Flatley   | <i>GMB</i>    |
| K Allsop    | <i>UNISON</i> |
| M Baines    | <i>UNISON</i> |
| M Fulham    | <i>UNISON</i> |
| P McDonagh  | <i>UNISON</i> |
| K Drury     | <i>UNITE</i>  |
| F Llewellyn | <i>UNITE</i>  |
| J Thompson  | <i>UNITE</i>  |

## Local Board

### Employer representatives

|                        |                                                        |
|------------------------|--------------------------------------------------------|
| Councillor W Fairfoull | <i>Tameside (Chair)</i>                                |
| Councillor J Cooper    | <i>Tameside</i>                                        |
| J Hammond              | <i>Representative of GM Monitoring Officers</i>        |
| R Paver                | <i>Representative of GM Treasurers</i>                 |
| P Taylor               | <i>Representative of non local authority employers</i> |

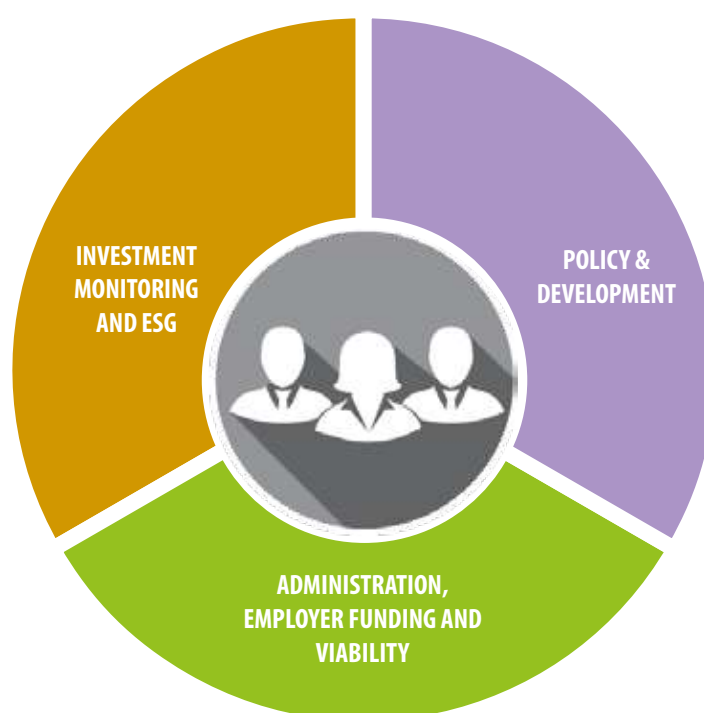
### Scheme Member representatives

|             |                                 |
|-------------|---------------------------------|
| D Schofield | <i>GMB</i>                      |
| C Lloyd     | <i>UNISON</i>                   |
| M Rayner    | <i>UNISON</i>                   |
| C Goodwin   | <i>UNITE</i>                    |
| P Catterall | <i>Pensioner representative</i> |

## Working groups

During the year, the Management Panel reviewed its governance arrangements, which resulted in a condensed set of working groups. All those with investment oversight were pooled into one working group, and all those working groups considering administration, funding viability and risk into another, with oversight being achieved through the Policy and Development working group. Property continued to be a standalone working group for the remainder of the year. Going forward, there are three permanent working groups :

- Policy and Development
- Investment Monitoring and Environmental, Social and Governance (ESG)
- Administration, Employer Funding and Viability



## Frequency of meetings

The Panels and working groups typically meet quarterly, where the performance of GMPF's active investment managers is reviewed. Managers attend the Investment Monitoring and ESG working group annually to report on corporate governance and responsible investment matters.

## Officers to GMPF 2018/19

The Director of Governance and Pensions is GMPF's administrator and acts as the link for members, advisers and investment managers between meetings.

The Chief Executive and the Director of Governance and Pensions provide legal and secretarial services to the Management and Advisory Panels. The Section 151 Officer, Tameside MBC, is responsible for the preparation of GMPF's Statement of Accounts.

S Pleasant MBE *Chief Executive, (Head of Paid Service), Tameside MBC*

SJ Stewart *Director of Governance and Pensions and Solicitor to the Fund, Section 5 Monitoring Officer, Tameside MBC*

K Roe *Director of Finance, GMPF's Section 151 Officer to the Fund during the period of the completion of the accounts, Tameside MBC*

## Consulting Actuary

GMPF's Consulting Actuary is Hymans Robertson.

# Attendance and training 2018/19

The following section shows attendance at the various Management Panel and working group meetings, and includes a list of training events and conferences attended.

| Attendance at meetings                   |                                                           |                                                                              |                                                                                             |                                                                                             |                                            |                                        |
|------------------------------------------|-----------------------------------------------------------|------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|--------------------------------------------|----------------------------------------|
|                                          | Pension Fund Management Panel                             | Working Groups                                                               |                                                                                             |                                                                                             |                                            |                                        |
| Cllr B Warrington (Tameside MBC)         | 20 July 2018<br>19 Oct 2018<br>18 Jan 2019                | Policy & Development<br>14 June 2018<br>8 Mar 2019                           |                                                                                             |                                                                                             |                                            |                                        |
| Cllr G Cooney (Tameside MBC)             | 20 July 2018<br>19 Oct 2018<br>18 Jan 2019<br>12 Apr 2019 | Policy & Development<br>14 June 2018<br>20 Dec 2018<br>8 Mar 2019            | Employer Funding Viability<br>12 July 2018                                                  | Investment Monitoring & ESG<br>28 Sep 2018<br>21 Dec 2018<br>22 Mar 2019                    | Property<br>20 Dec 2018<br>8 Mar 2019      | Alternative Investments<br>6 July 2018 |
| Cllr J Fitzpatrick (Tameside MBC)        | 20 July 2018<br>19 Oct 2018<br>18 Jan 2019                | Policy & Development<br>14 June 2018<br>20 Dec 2018<br>8 Mar 2019            | Employer Funding Viability<br>12 July 2018                                                  | Administration, Employer Funding and Viability<br>28 Sep 2018<br>21 Dec 2018<br>22 Mar 2019 | Property<br>13 July 2018                   |                                        |
| Cllr J Lane (Tameside MBC)               | 20 July 2018<br>19 Oct 2018<br>18 Jan 2019<br>12 Apr 2019 | Policy & Development<br>14 June 2018                                         | Pensions Administration<br>6 July 2018                                                      | Administration, Employer Funding and Viability<br>28 Sep 2018                               | Investment Monitoring & ESG<br>28 Sep 2018 | Property<br>13 July 2018               |
| Cllr L Drennan (Tameside MBC)            | 20 July 2018<br>19 Oct 2018<br>18 Jan 2019<br>12 Apr 2019 | Pensions Administration<br>6 July 2018                                       | Administration, Employer Funding and Viability<br>28 Sep 2018<br>21 Dec 2018<br>22 Mar 2019 | Investment Monitoring & ESG<br>13 July 2018                                                 |                                            |                                        |
| Cllr C Patrick (Tameside MBC)            | 19 Oct 2018                                               | Employer Funding Viability<br>12 July 2018                                   | Administration, Employer Funding and Viability<br>28 Sep 2018                               |                                                                                             |                                            |                                        |
| Cllr S Quinn (Tameside MBC)              | 20 July 2018<br>19 Oct 2018<br>18 Jan 2019<br>12 Apr 2019 | Policy & Development<br>8 Mar 2019                                           | Pensions Administration<br>6 July 2018                                                      | Property<br>13 July 2018<br>27 Sep 2018<br>8 Mar 2019                                       |                                            |                                        |
| Cllr V Ricci (Tameside MBC)              | 20 July 2018<br>19 Oct 2018<br>18 Jan 2019<br>12 Apr 2019 | Administration, Employer Funding and Viability<br>28 Sep 2018                | Investment Monitoring & ESG<br>13 July 2018<br>28 Sep 2018<br>22 Mar 2019                   | Alternative Investments<br>6 July 2018                                                      |                                            |                                        |
| Cllr M Smith (Tameside MBC)              | 20 July 2018<br>19 Oct 2018<br>18 Jan 2019<br>12 Apr 2019 | Policy & Development<br>20 Dec 2018                                          | Property<br>27 Sep 2018<br>20 Dec 2018                                                      |                                                                                             |                                            |                                        |
| Cllr J Taylor (Tameside MBC)             | 20 July 2018<br>18 Jan 2019<br>12 Apr 2019                | Policy & Development<br>14 June 2018<br>20 Dec 2018<br>8 Mar 2019            | Investment Monitoring & ESG<br>13 July 2018<br>28 Sep 2018                                  |                                                                                             |                                            |                                        |
| Cllr D Ward (Tameside MBC)               | 20 July 2018<br>19 Oct 2018<br>18 Jan 2019                | Investment Monitoring & ESG<br>28 Sep 2018<br>22 Mar 2019                    | Property<br>13 July 2018                                                                    |                                                                                             |                                            |                                        |
| Cllr P Andrews (Manchester City Council) | 18 Jan 2019                                               | Investment Monitoring & ESG<br>28 Sep 2018<br>21 Dec 2018                    |                                                                                             |                                                                                             |                                            |                                        |
| Cllr M Barnes (Salford City Council)     | 20 July 2018<br>19 Oct 2018                               | Investment Monitoring & ESG<br>28 Sep 2018                                   | Alternative Investments<br>6 July 2018                                                      |                                                                                             |                                            |                                        |
| Cllr S O'Neill (Rochdale MBC)            | 20 July 2018<br>19 Oct 2018<br>18 Jan 2019<br>12 Apr 2019 | Pensions Administration<br>6 July 2018                                       | Administration, Employer Funding and Viability<br>28 Sep 2018<br>21 Dec 2018                | Administration, Employer Funding and Viability<br>28 Sep 2018<br>21 Dec 2018                |                                            |                                        |
| Cllr C Mistry (Bolton MBC)               | 20 July 2018<br>19 Oct 2018<br>18 Jan 2019<br>12 Apr 2019 | Pensions Administration<br>6 July 2018                                       | Administration, Employer Funding and Viability<br>22 Mar 2019                               |                                                                                             |                                            |                                        |
| Cllr J Grimshaw (Bury MBC)               | 20 July 2018<br>19 Oct 2018<br>18 Jan 2019<br>12 Apr 2019 | Pensions Administration<br>6 July 2018                                       | Administration, Employer Funding and Viability<br>22 Mar 2019                               | Investment Monitoring & ESG<br>13 July 2018                                                 | Property<br>13 July 2018<br>8 Mar 2019     |                                        |
| Cllr T Halliwell (Wigan MBC)             | 20 July 2018<br>19 Oct 2018<br>18 Jan 2019<br>12 Apr 2019 | Administration, Employer Funding and Viability<br>21 Dec 2018<br>22 Mar 2019 | Investment Monitoring & ESG<br>21 Dec 2018<br>22 Mar 2019                                   | Alternative Investments<br>6 July 2018                                                      |                                            |                                        |
| Cllr C Ball (Oldham MBC)                 | 19 Oct 2018                                               | Administration, Employer Funding and Viability<br>22 Mar 2019                | Investment Monitoring & ESG<br>28 Sep 2018                                                  |                                                                                             |                                            |                                        |

|                                                      | Pension Fund Management Panel                             | Working Groups                                                               |                                                                                             |                                                                          |                                         |
|------------------------------------------------------|-----------------------------------------------------------|------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|--------------------------------------------------------------------------|-----------------------------------------|
| Cllr A Mitchell<br>(Trafford MBC)                    | 19 Oct 2018<br>18 Jan 2019<br>12 Apr 2019                 | Administration, Employer Funding and Viability<br>21 Dec 2018<br>22 Mar 2019 | Investment Monitoring & ESG<br>21 Dec 2018<br>22 Mar 2019                                   |                                                                          |                                         |
| Cllr J Pantall<br>(Stockport MBC)                    | 20 July 2018<br>18 Jan 2019<br>12 Apr 2019                | Policy & Development<br>20 Dec 2018<br>8 Mar 2019                            | Investment Monitoring & ESG<br>13 July 2018<br>28 Sep 2018<br>21 Dec 2018<br>22 Mar 2019    |                                                                          |                                         |
| Mr K Allsop <sup>1</sup><br>(UNISON)                 | 20 July 2018                                              | Employer Funding Viability<br>12 July 2018                                   | Administration, Employer Funding and Viability<br>28 Sep 2018                               | Investment Monitoring & ESG<br>13 July 2018<br>28 Sep 2018               | Property<br>13 July 2018<br>27 Sep 2018 |
| Ms M Baines <sup>2</sup><br>(UNISON)                 |                                                           |                                                                              |                                                                                             |                                                                          |                                         |
| Mr K Drury<br>(Unite)                                | 20 July 2018<br>19 Oct 2018<br>18 Jan 2019<br>12 Apr 2019 | Administration, Employer Funding and Viability<br>21 Dec 2018                | Investment Monitoring & ESG<br>21 Dec 2018                                                  | Property<br>13 July 2018                                                 |                                         |
| Mr A Flatley<br>(GMB)                                | 20 July 2018<br>19 Oct 2018<br>18 Jan 2019<br>12 Apr 2019 | Pensions Administration<br>6 July 2018                                       | Administration, Employer Funding and Viability<br>22 Mar 2019                               | Administration, Employer Funding and Viability<br>22 Mar 2019            |                                         |
| Mr F Llewellyn<br>(Unite)                            | 20 July 2018<br>19 Oct 2018<br>18 Jan 2019<br>12 Apr 2019 | Employer Funding Viability<br>12 July 2018                                   | Administration, Employer Funding and Viability<br>28 Sep 2018<br>21 Dec 2018<br>22 Mar 2019 | Investment Monitoring & ESG<br>28 Sep 2018<br>21 Dec 2018<br>22 Mar 2019 |                                         |
| Mr J Thompson<br>(Unite)                             | 20 July 2018<br>19 Oct 2018<br>18 Jan 2019<br>12 Apr 2019 | Property<br>13 July 2018<br>27 Sep 2018<br>8 Mar 2019                        | Alternative Investments<br>6 July 2018                                                      |                                                                          |                                         |
| Mr P McDonagh <sup>3</sup><br>(UNISON)               | 18 Jan 2019<br>12 Apr 2019                                | Administration, Employer Funding and Viability<br>21 Dec 2018<br>22 Mar 2019 |                                                                                             |                                                                          |                                         |
| Mrs M Fulham <sup>4</sup><br>(UNISON)                | 18 Jan 2019<br>12 Apr 2019                                | Investment Monitoring & ESG<br>22 Mar 2019                                   |                                                                                             |                                                                          |                                         |
| Ms P Herbert<br>(Ministry of Justice Representative) | 19 Oct 2018<br>12 Apr 2019                                |                                                                              |                                                                                             |                                                                          |                                         |

<sup>1</sup> Left the Panel December 2018

<sup>3</sup> Appointed January 2019

<sup>2</sup> Left the Panel December 2018

<sup>4</sup> Appointed January 2019

## Conferences & training events

|                                      |                                                                |                                                              |                                                              |                                               |                                          |                                                         |
|--------------------------------------|----------------------------------------------------------------|--------------------------------------------------------------|--------------------------------------------------------------|-----------------------------------------------|------------------------------------------|---------------------------------------------------------|
| Cllr B Warrington<br>(Tameside MBC)  | LGE Trustee Training<br>19 July 2018                           | Scientific Beta Factor Investing Training<br>19 October 2018 | Investec Trustee Training<br>14 November 2018                | UBS Trustee Training<br>13 December 2018      |                                          |                                                         |
| Cllr G Cooney<br>(Tameside MBC)      | LGPS Governance Training Hymans Robertson<br>19 September 2018 | Scientific Beta Factor Investing Training<br>19 October 2018 | Investec Trustee Training<br>14 November 2018                | LAPFF Annual Conference<br>5-7 December 2018  | UBS Trustee Training<br>13 December 2018 | Northern LGPS Stewardship Conference<br>23 January 2019 |
| Cllr J Fitzpatrick<br>(Tameside MBC) | LGE Trustee Training<br>19 July 2018                           | Scientific Beta Factor Investing Training<br>19 October 2018 |                                                              |                                               |                                          |                                                         |
| Cllr J Lane<br>(Tameside MBC)        | LGE Trustee Training<br>19 July 2018                           | PLSA Annual Conference<br>17-19 October 2018                 | Scientific Beta Factor Investing Training<br>19 October 2018 | Investec Trustee Training<br>14 November 2018 |                                          |                                                         |
| Cllr L Drennan<br>(Tameside MBC)     | Scientific Beta Factor Investing Training<br>19 October 2018   | UBS Trustee Training<br>13 December 2018                     |                                                              |                                               |                                          |                                                         |
| Cllr C Patrick<br>(Tameside MBC)     | Scientific Beta Factor Investing Training<br>19 October 2018   |                                                              |                                                              |                                               |                                          |                                                         |
| Cllr S Quinn<br>(Tameside MBC)       | LGE Trustee Training<br>19 July 2018                           | PLSA Annual Conference<br>17-19 October 2018                 | Scientific Beta Factor Investing Training<br>19 October 2018 | Investec Trustee Training<br>14 November 2018 |                                          |                                                         |
| Cllr V Ricci<br>(Tameside MBC)       | LGE Trustee Training<br>19 July 2018                           | Scientific Beta Factor Investing Training<br>19 October 2018 | Investec Trustee Training<br>14 November 2018                |                                               |                                          |                                                         |

## Conferences & training events

|                                                         |                                                                 |                                                                 |                                                                 |                                                            |                                                            |
|---------------------------------------------------------|-----------------------------------------------------------------|-----------------------------------------------------------------|-----------------------------------------------------------------|------------------------------------------------------------|------------------------------------------------------------|
| Cllr M Smith<br>(Tameside MBC)                          | LGE Trustee Training<br>19 July 2018                            | Scientific Beta Factor<br>Investing Training<br>19 October 2018 | Investec Trustee Training<br>14 November 2018                   | Northern LGPS<br>Stewardship Conference<br>23 January 2019 |                                                            |
| Cllr J Taylor<br>(Tameside MBC)                         | LGE Trustee Training<br>19 July 2018                            | Investec Trustee Training<br>14 November 2018                   |                                                                 |                                                            |                                                            |
| Cllr D Ward<br>(Tameside MBC)                           | LGE Trustee Training<br>19 July 2018                            | Scientific Beta Factor<br>Investing Training<br>19 October 2018 | Investec Trustee Training<br>14 November 2018                   | UBS Trustee Training<br>13 December 2018                   |                                                            |
| Cllr P Andrews<br>(Manchester City<br>Council)          | LGE Fundamentals<br>Training Day 1<br>2 October 2018            |                                                                 |                                                                 |                                                            |                                                            |
| Cllr M Barnes<br>(Salford City Council)                 | LGE Trustee Training<br>19 July 2018                            | Scientific Beta Factor<br>Investing Training<br>19 October 2018 | UBS Trustee Training<br>13 December 2018                        |                                                            |                                                            |
| Cllr S O'Neill<br>(Rochdale MBC)                        | LGE Trustee Training<br>19 July 2018                            | Scientific Beta Factor<br>Investing Training<br>19 October 2018 | LGE Fundamentals<br>Training Day 3<br>5 December 2018           | UBS Trustee Training<br>13 December 2018                   | Northern LGPS<br>Stewardship Conference<br>23 January 2019 |
| Cllr C Mistry<br>(Bolton MBC)                           | LGE Trustee Training<br>19 July 2018                            | Scientific Beta Factor<br>Investing Training<br>19 October 2018 | Investec Trustee Training<br>14 November 2018                   | UBS Trustee Training<br>13 December 2018                   |                                                            |
| Cllr J Grimshaw<br>(Bury MBC)                           | LGE Trustee Training 19<br>July 2018                            | PLSA Annual Conference<br>17-19 October 2018                    | Scientific Beta Factor<br>Investing Training 19<br>October 2018 | Investec Trustee Training<br>14 November 2018              | Northern LGPS<br>Stewardship Conference<br>23 January 2019 |
| Cllr T Halliwell<br>(Wigan MBC)                         | LGE Trustee Training<br>19 July 2018                            | Scientific Beta Factor<br>Investing Training<br>19 October 2018 | Investec Trustee Training<br>14 November 2018                   | LGE Fundamentals<br>Training Day 3<br>5 December 2018      | Northern LGPS<br>Stewardship Conference<br>23 January 2019 |
| Cllr C Ball<br>(Oldham MBC)                             | LGE Trustee Training<br>19 July 2018                            | Scientific Beta Factor<br>Investing Training<br>19 October 2018 | Investec Trustee Training<br>14 November 2018                   | UBS Trustee Training<br>13 December 2018                   |                                                            |
| Cllr A Mitchell<br>(Trafford MBC)                       | Investec Trustee Training<br>14 November 2018                   | UBS Trustee Training<br>13 December 2018                        | Northern LGPS<br>Stewardship Conference<br>23 January 2019      |                                                            |                                                            |
| Cllr J Pantall<br>(Stockport MBC)                       | PLSA Local Authority<br>Conference<br>21-23 May 2018            | LGE Trustee Training<br>19 July 2018                            | UBS Trustee Training<br>13 December 2018                        |                                                            |                                                            |
| Mr K Allsop <sup>1</sup> (UNISON)                       |                                                                 |                                                                 |                                                                 |                                                            |                                                            |
| Ms M Baines <sup>2</sup><br>(UNISON)                    | LGE Trustee Training<br>19 July 2018                            |                                                                 |                                                                 |                                                            |                                                            |
| Mr K Drury<br>(UNISON)                                  | LGE Trustee Training<br>19 July 2018                            | Scientific Beta Factor<br>Investing Training<br>19 October 2018 | Investec Trustee Training<br>14 November 2018                   | UBS Trustee Training<br>13 December 2018                   |                                                            |
| Mr A Flatley<br>(GMB)                                   | LGE Trustee Training<br>19 July 2018                            | Scientific Beta Factor<br>Investing Training<br>19 October 2018 | Investec Trustee Training<br>14 November 2018                   | UBS Trustee Training<br>13 December 2018                   | Northern LGPS<br>Stewardship Conference<br>23 January 2019 |
| Mr F Llewellyn<br>(Unite)                               | LGE Trustee Training<br>19 July 2018                            | Scientific Beta Factor<br>Investing Training<br>19 October 2018 | Investec Trustee Training<br>14 November 2018                   | Northern LGPS<br>Stewardship Conference<br>23 January 2019 |                                                            |
| Mr J Thompson<br>(Unite)                                | Investec Trustee Training<br>14 November 2018                   | UBS Trustee Training<br>13 December 2018                        | Northern LGPS<br>Stewardship Conference<br>23 January 2019      |                                                            |                                                            |
| Mr P McDonagh <sup>3</sup><br>(UNISON)                  | UBS Trustee Training<br>13 December 2018                        |                                                                 |                                                                 |                                                            |                                                            |
| Mrs M Fulham <sup>4</sup><br>(UNISON)                   | Scientific Beta Factor<br>Investing Training<br>19 October 2018 | Investec Trustee Training<br>14 November 2018                   | UBS Trustee Training<br>13 December 2018                        |                                                            |                                                            |
| Ms P Herbert<br>(Ministry of Justice<br>Representative) | Investec Trustee Training<br>14 November 2018                   |                                                                 |                                                                 |                                                            |                                                            |

<sup>1</sup> Left the Panel December 2018

<sup>2</sup> Left the Panel December 2018

<sup>3</sup> Appointed December 2018

<sup>4</sup> Appointed December 2018

# GMPF Local Pension Board

## Report of Councillor Bill Fairfoull, Chair, GMPF Local Pension Board.

The GMPF Local Pension Board ('the Board') was established following the 2013 Pensions Act, which required all public sector pension schemes to set up representative local pension boards by 1 April 2015.

The formal remit of local pension boards is to assist the administering authority to secure compliance with all regulations and legislation, and to help ensure the effective and efficient governance and administration of the scheme.

Local pension boards do not have executive powers. The Board can scrutinise compliance with regulations and call GMPF Officers or the GMPF Management and Advisory Panel to account, but we are not a decision making body. We aim to focus our discussions on providing scrutiny to the GMPF Management Panel's decision making processes and providing input from a scheme member and employers' perspective.

The Board ensures compliance with all relevant legislation and regulations, and contributes to the effective and efficient governance and administration of the scheme. It also assists GMPF in implementing any new requirements imposed by the Pensions Regulator in relation to the scheme.

We have a duty to report any material breaches of law to the Pensions Regulator, and the Board has adopted a standardised policy and procedure to deal with these situations should they occur. It's a function we take very seriously to ensure the best standards of administration and governance for GMPF.

## Board membership

The makeup of the Board is determined by Regulation 107(2) of the Act, which states that Local Pension Boards are required to contain an equal number of employer and scheme member representatives. Due to the large number of members and employers participating in GMPF and the scale of assets it holds, we have 5 scheme representatives and 5 employer representatives.

The members of the Board at 31 March 2019, who they represent and their attendance record at Board meetings during 2018/19 is shown in the table below. The Board seeks to meet on a quarterly basis, however due to the timing of public holidays impact the meeting cycle, the Board only met three times during the 2018/19 year.

| Local Pension Board Meeting Dates and Attendance |                  |                  |
|--------------------------------------------------|------------------|------------------|
| 9 August 2018                                    | 15 November 2018 | 14 February 2019 |
| Cllr B Fairfoull                                 | Cllr B Fairfoull | Cllr B Fairfoull |
| Cllr J Cooper                                    | Cllr J Cooper    | Cllr J Cooper    |
| R Paver                                          | R Paver          | R Paver          |
| M Rayner                                         | C Goodwin        | C Goodwin        |
| D Schofield                                      | C Lloyd          | C Lloyd          |
| P Catterall                                      | J Hammond        | J Hammond        |
|                                                  | P Taylor         | P Taylor         |
|                                                  | D Schofield      | D Schofield      |
|                                                  | P Catterall      | P Catterall      |

Information about the Board, including Terms of Reference and a Register of Member's Public Interests, is publically available on the GMPF website via the following link:

**<https://www.gmpf.org.uk/behindthescenes/board.htm>.**

The minutes of meetings, including from previous years, can be found on the Tameside Council website at:

**<https://tameside.moderngov.co.uk/mgCommitteeDetails.aspx?ID=229>**

The Board has an annual budget of £44,900. During the 2018/19 year, the costs of the Board were £40,173.

## Local Pension Board Member Training

The Public Service Pensions Act 2013 requires that members of local pension boards have an appropriate level of knowledge and understanding in order to carry out their role. The structure and membership of the Board has been designed to try and ensure there is a broad range of knowledge and experience in all relevant areas.

The Board periodically analyses its level of knowledge and understanding, both on an individual member basis and on a collective basis and training is focussed in the areas where improvements can be made to the knowledge and understanding of the Board as a whole.

The table below shows attendance of Board members at training events and conferences over the year. In addition all Board members have completed the Pension Regulator's Public Service Toolkit.

| Conferences & Training Events Attendance |                                                                                           |                                            |                                                                     |                                                      |                                                 |                                                                |
|------------------------------------------|-------------------------------------------------------------------------------------------|--------------------------------------------|---------------------------------------------------------------------|------------------------------------------------------|-------------------------------------------------|----------------------------------------------------------------|
| Conference & Training Events             | Government Actuary's Department Data/ Section 13 Regional Workshop<br><b>14 June 2018</b> | LGE Member Training<br><b>19 July 2018</b> | Scientific Beta Factor Investing Training<br><b>19 October 2018</b> | Investec Trustee Training<br><b>14 November 2018</b> | UBS Trustee Training<br><b>13 December 2018</b> | Northern Pool Stewardship Conference<br><b>23 January 2019</b> |
| Attendees                                | C Lloyd                                                                                   | Cllr J Cooper                              | Cllr B Fairfoull                                                    | Cllr B Fairfoull                                     | Cllr B Fairfoull                                | D Schofield                                                    |
|                                          | P Catterall                                                                               | R Paver                                    | Cllr J Cooper                                                       | Cllr J Cooper                                        | R Paver                                         | P Catterall                                                    |
|                                          |                                                                                           | P Taylor                                   |                                                                     | P Taylor                                             | P Catterall                                     |                                                                |
|                                          |                                                                                           | D Schofield                                |                                                                     | C Lloyd                                              |                                                 |                                                                |
|                                          |                                                                                           | P Catterall                                |                                                                     | C Goodwin                                            |                                                 |                                                                |
|                                          |                                                                                           |                                            |                                                                     | P Catterall                                          |                                                 |                                                                |

Both the Board and the GMPF Management Panel see great benefits in a close working relationship between the Board and the Panel and a culture of openness and transparency between the two bodies.

Board members are encouraged to attend the GMPF Management Panel meetings and to read the Management Panel's reports. The Board considers relevant Panel reports in detail at Board meetings and commissions additional reports from GMPF Officers as appropriate.

The minutes for each Board meeting are noted at the subsequent Management Panel meeting.

## Annual Review

As will be the case for many LGPS funds, 2018-2019 has been an exceptionally busy year for GMPF with a seemingly constant stream of developments in the LGPS providing both challenge and opportunity.

The Board has welcomed the opportunity to provide input to the structural changes made within the GMPF Administration Team and the streamlining of processes via the roll-out of monthly online data submission for employers and the increased capacity for online member self-service via the My Pension system.

At each meeting the Board receives a report summarising any Governance or Administration matters, which could be of interest to the Pensions Regulator for consideration. It is pleasing to note continued improvements in the timeliness of receipt of contributions from employers despite the continued growth in employer numbers increasing the demand on GMPF's resources.

Senior officers from the administering authority's internal audit function attend each Board meeting and provide an overview of future scheduled audits related to the pension fund and discuss key findings from audits undertaken over the previous quarter. A significant proportion of internal audit days are allocated to visiting the teams at GMPF employers who provide our administration team with membership data.

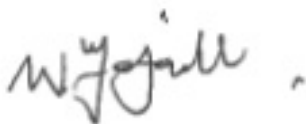
LGPS asset pooling continues to be a regular item on the Board's agenda. Updates are provided on the ongoing development of the Northern LGPS pool, of which GMPF makes up around 50% of the assets. The significant cost savings, which have already been delivered by the Pool's collective infrastructure vehicle is highly encouraging and the Board looks forward to continuing to work with the GMPF Management Panel in ensuring GMPF's approach to pooling delivers the best outcomes for GMPF members and employers.

Looking forwards, 2019/20 is an actuarial valuation year in the LGPS. Whilst GMPF has achieved very strong investment returns over the 3 years since the previous valuation, this valuation process will likely be very challenging due to the continued low interest rate environment and the uncertainty caused by the 'McCloud judgement', which has put the implementation of the LGPS Cost Cap process on hold. We expect the Board to play a key role in helping GMPF communicate effectively with relevant stakeholders throughout the valuation process.

I believe that the Board is fulfilling two important functions: offering constructive challenge to the GMPF Management Panel and its officers; and providing valuable member and employer perspectives on GMPF's operation, which will help ensure GMPF's continued success. This is particularly relevant during times of significant change. The Board combines a lot of expertise drawn from a diverse range of sources, which allows it to effectively engage in the administration and governance of the scheme ensuring positive outcomes for scheme members.

Examples of the Board's valuable input include facilitating additional resource and support for scheme employers that have been struggling with fulfilling their employer duties under GMPF's Pensions Administration Strategy and advocating the benefits of additional support for members potentially impacted by additional pensions tax charges.

Finally, I would like to thank all members of the Board for their valuable contributions over the past year and on behalf of the Board also thank the GMPF Management Panel, officers and advisors for their continued support and assistance.



Cllr Bill Fairfoull

Chair of the GMPF Local Pension Board

# Top 20 equity holdings

|                                                      |                                                         |                                                  |                                                           |
|------------------------------------------------------|---------------------------------------------------------|--------------------------------------------------|-----------------------------------------------------------|
| <b>1</b><br><b>Royal Dutch Shell</b><br>£343 million | <b>2</b><br><b>BP</b><br>£322 million                   | <b>3</b><br><b>HSBC Holdings</b><br>£187 million | <b>4</b><br><b>GlaxoSmithKline</b><br>£161 million        |
| <b>5</b><br><b>Glencore</b><br>£159 million          | <b>6</b><br><b>Lloyds Banking Group</b><br>£156 million | <b>7</b><br><b>Barclays</b><br>£149 million      | <b>8</b><br><b>3i Group</b><br>£140 million               |
| <b>9</b><br><b>Rio Tinto</b><br>£138 million         | <b>10</b><br><b>Anglo American</b><br>£114 million      | <b>11</b><br><b>Unilever</b><br>£106 million     | <b>12</b><br><b>Tesco</b><br>£97 million                  |
| <b>13</b><br><b>BT Group</b><br>£83 million          | <b>14</b><br><b>Aviva</b><br>£78 million                | <b>15</b><br><b>Centrica</b><br>£70 million      | <b>16</b><br><b>Balfour Beatty</b><br>£68 million         |
| <b>17</b><br><b>Astrazeneca</b><br>£67 million       | <b>18</b><br><b>Total SA</b><br>£67 million             | <b>19</b><br><b>Royal Mail</b><br>£67 million    | <b>20</b><br><b>Royal Bank of Scotland</b><br>£63 million |

## Major holdings

GMPF publishes a list of all its equity and bond holdings each year, following the completion of its external audit.

The list can be found on GMPF's website at: [www.gmpf.org.uk/investments/holdings.htm](http://www.gmpf.org.uk/investments/holdings.htm)

# Investment report

## Investment management

Management of GMPF's assets is determined within the context of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 1998 as amended. These require GMPF to have regard to both the diversification and suitability of its investments and to take proper advice in making investment decisions.

During 1994, the Management Panel decided to separate GMPF's assets into two distinct parts - a Main Fund and a Designated Fund - in order to reflect a major difference between most of GMPF's employers and that of a small number of employers in their liability profiles. The Designated Fund is used for employers who have a very high proportion of pensioner liabilities.

At 31 March 2019, the total Fund value was £23,844 million. Of this total, £22,891 million was held in the Main Fund whilst £953 million was held in the Designated Fund, all of which was invested across a broad spread of assets.

The majority of the Designated Fund investments are passively managed by Legal & General Investment Management, whilst the bulk of the cash portfolios are managed internally.

During the course of 2000/01 an extensive review of the external management arrangements of the Main Fund was undertaken and culminated in the adoption of a Fund specific benchmark. UBS Asset Management (UK) act as an active manager and Legal & General Investment Management act as a passive manager. UBS manage a securities portfolio investing in equities, fixed interest and index linked bonds on a multi-asset discretionary basis, whilst Legal & General manage a multi-asset indexed securities portfolio.

In 2014 the Management Panel reaffirmed its decision to introduce two new mandates, a global equity mandate and a debt/credit mandate. The global equity mandate was awarded to Investec Asset Management Ltd and was funded in 2015. The debt/credit mandate was awarded to Stone Harbor Investment Partners and was funded in 2017. All of GMPF's external managers are signatories to the Scheme Advisory Board's Transparency Code in relation to costs, and the information obtained is used by GMPF for cost benchmarking purposes.

GMPF published a Core Belief Statement in 2009 setting out the key underlying beliefs of the Management Panel in relation to investment issues and GMPF's overall approach to investment matters. These beliefs were reviewed in 2018 and provide the bedrock rationale underpinning GMPF's investment activity. The Core Belief Statement can be found at the back of this report.

The chart on page 18 summarises the management arrangements for the Main Fund at the end of the year.

## Custody of financial assets and banking

GMPF uses an independent custodian - currently the JP Morgan Chase Bank - to safeguard its financial assets and the rights attaching to those assets. The Custodian is responsible for the safe-keeping of GMPF's financial assets, the settlement of transactions, income collection, overseas tax reclamation and other administrative actions in relation to the investments.

GMPF's banker is Royal Bank of Scotland.

**The remaining comments and results in this Investment Report relate solely to the Main Fund**

## Investment strategy

In December 2000 the Panel adopted a GMPF specific benchmark, which defines the proportion of the Main Fund to be invested in each asset class.

Each year the Management Panel reviews the Main Fund's investment strategy restrictions for the coming year. The benchmark in place at the end of 2018/19 is summarised in the charts on page 18.

Each of the asset managers has been given a specific benchmark reflecting their perceived skills and the relative efficiency of markets. The active multi-asset manager is given a range for each asset class allowing them to make tactical asset allocation decisions. Investec and Stone Harbor are relatively unconstrained against Global Equity and absolute return benchmarks respectively.

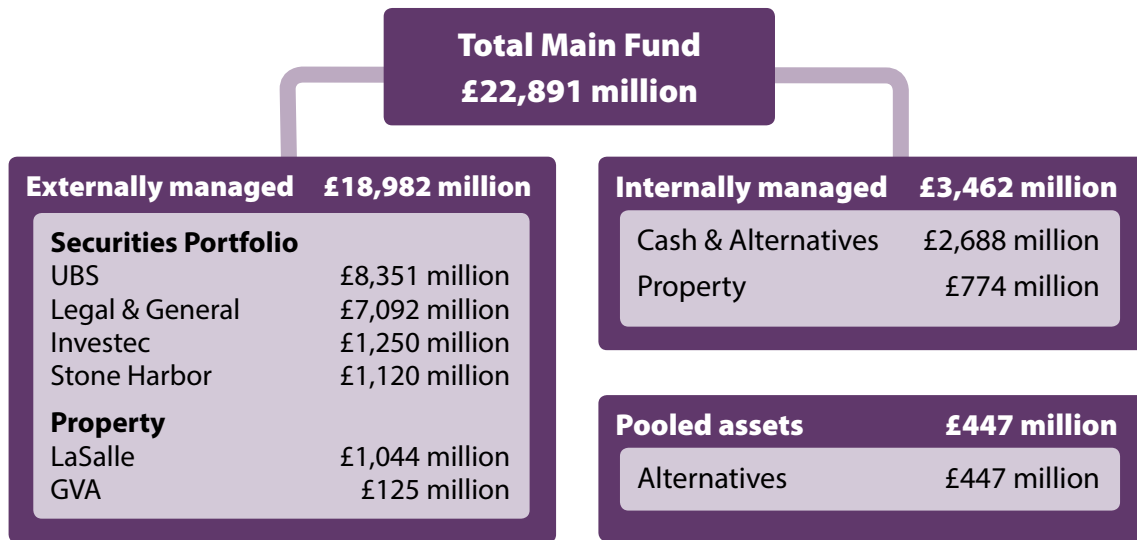
GMPF's target allocations to private equity, private debt and infrastructure funds are each 5% of Main Fund value, which at the year end, were implemented by new commitments to specialised funds of £280 million, £450 million and £210 million per year respectively. The target allocation to the 'Special Opportunities Portfolio' (SOP) is also 5% of Main Fund value. Current realistic benchmark allocations for private equity, private debt, infrastructure funds and SOP are 4%, 0.5%, 2.5% and 2.5% respectively.

GMPF targets local investment through the Property Venture Fund (target allocation range up to 3% of the Main Fund) and other allocations. Such local investment is restricted to 5% of Main Fund value.

The following statements can be found later in this report by clicking the hyperlinks below. These are also available in hard copy on request:

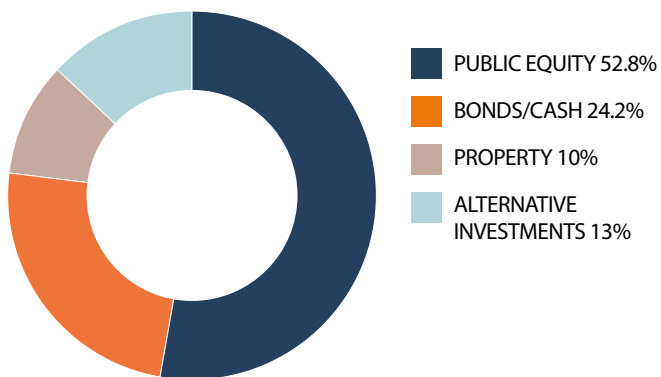
|                                                                                          |                                                                                                                                                                                              |
|------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| ● <a href="#">Funding Strategy Statement</a>                                             | The statement sets out how the Management Panel balances the conflicting aims of affordability, stability and prudence in the funding basis and is fully compliant with statutory guidance.  |
| ● <a href="#">Governance Policy</a><br>● <a href="#">Governance Compliance Statement</a> | GMPF is required to maintain and publish a Governance Policy and a Governance Compliance Statement detailing its governance arrangements.                                                    |
| ● <a href="#">Core Belief Statement</a>                                                  | This sets out the underlying beliefs of the Management Panel in relation to investment issues.                                                                                               |
| ● <a href="#">Investment Strategy Statement</a>                                          | GMPF is required to maintain and publish an Investment Strategy Statement detailing its investment arrangements and is fully compliant with statutory guidance.                              |
| ● <a href="#">Responsible Investment Policy</a>                                          | This policy sets out GMPF's approach to Responsible Investment activities, and includes information on its implementation and our commitments to reporting and accountability.               |
| ● <a href="#">Communications Policy</a>                                                  | The Policy outlines how GMPF communicates and engages with all its stakeholders.                                                                                                             |
| ● <a href="#">Pension Administration Strategy</a>                                        | This strategy recognises that for administration costs to be minimised, and the mutual service to the member be maximised, employers and the administering authority must cooperate closely. |

## MANAGEMENT ARRANGEMENTS

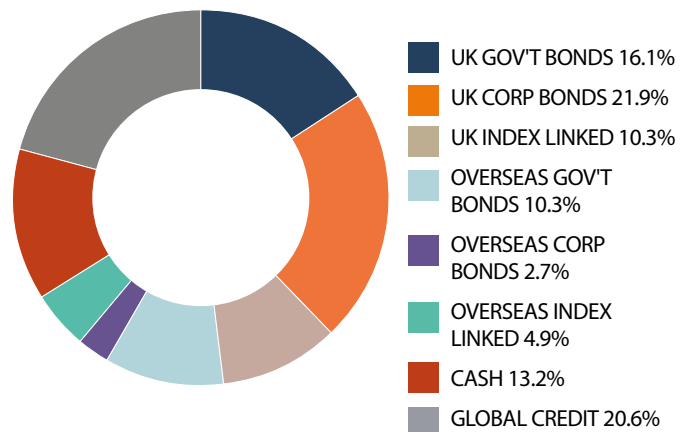


## BENCHMARK ASSET ALLOCATION

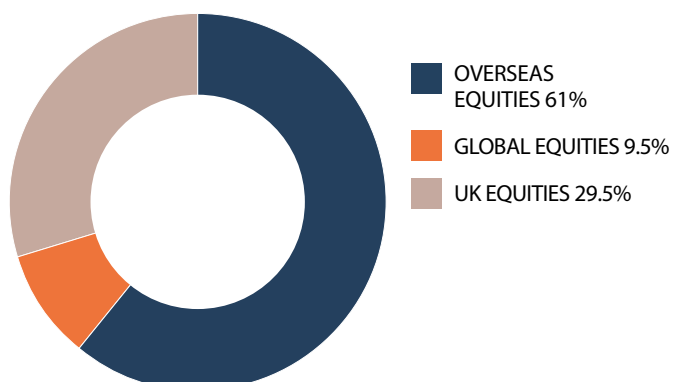
Major asset class split



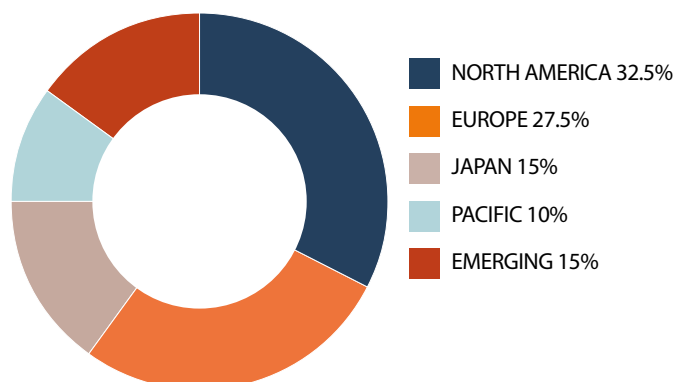
Bonds/cash split



UK/Non-UK equity split



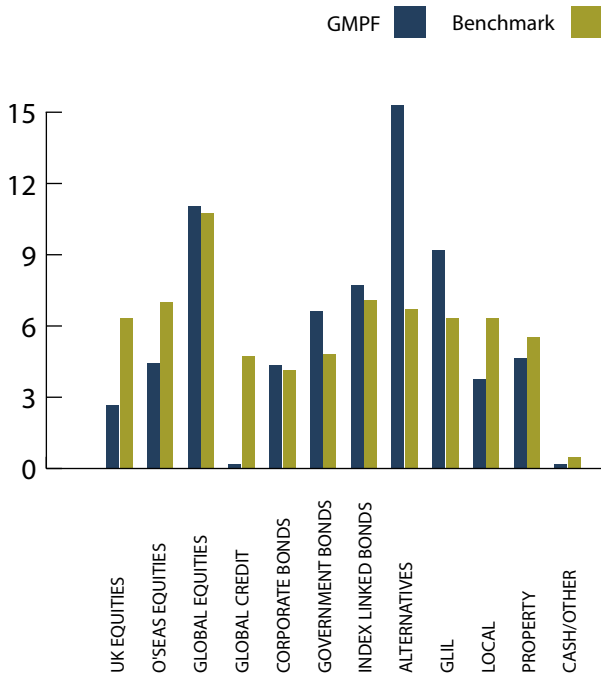
Overseas equity split



# INVESTMENT RETURNS

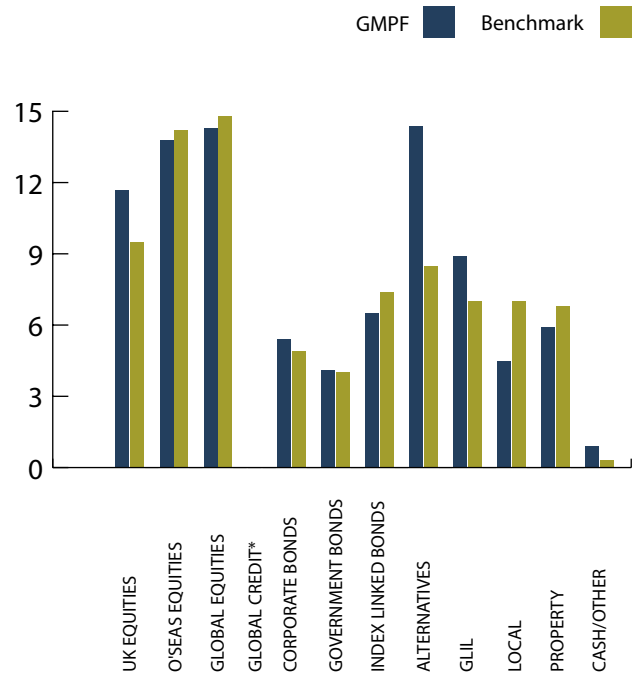
## INVESTMENT RETURNS (%)

1 Year ended 31 March 2019



## INVESTMENT RETURNS (%)

3 Year ended 31 March 2019



\*Portfolio was not active for the full period

## Performance

The graphs on this page compare the return achieved by the Main Fund with the benchmark index return in each of the main investment categories during the year, 3 years and 5 years to 31 March 2019.

The year saw positive returns in all categories, with the highest returns being achieved in Global Equities, Government Bonds, Index Linked Bonds, Alternatives and GLIL.

The Main Fund achieved a return of 5.6% during the year, out-performed the benchmark index in Global Equities, Corporate Bonds, Government Bonds, Index Linked Bonds, Alternatives and GLIL, but under-performed the benchmark in UK Equities, Overseas Equities, Global Credit, Local Investments, Property and Cash.

The 3 year results saw positive returns in all categories, with the highest returns in UK Equities, Overseas Equities, Global Equities, Index Linked Bonds, Alternatives and GLIL.

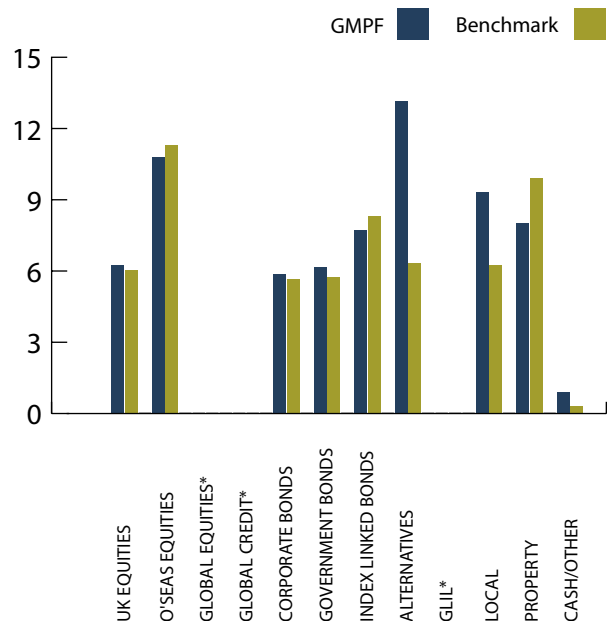
The Main Fund achieved a return of 10.8% per year for the 3 year period, out-performed the benchmark index in UK Equities, Corporate Bonds, Government Bonds, Alternatives, GLIL and Cash, but underperformed the benchmark in Overseas Equities, Global Equities, Index Linked Bonds, Local Investments and Property.

The 5 year results also saw positive returns in all categories, with the highest returns in Overseas Equities, Index Linked Bonds, Alternatives, Local Investments and Property.

The Main Fund achieved a return of 8.6% per year for the 5 year period, out-performed the benchmark in UK Equities, Corporate Bonds, Government Bonds, Alternatives, Local Investments and Cash, but under-performed the benchmark in Overseas Equities, Index Linked Bonds and Property.

## INVESTMENT RETURNS (%)

5 Year ended 31 March 2019



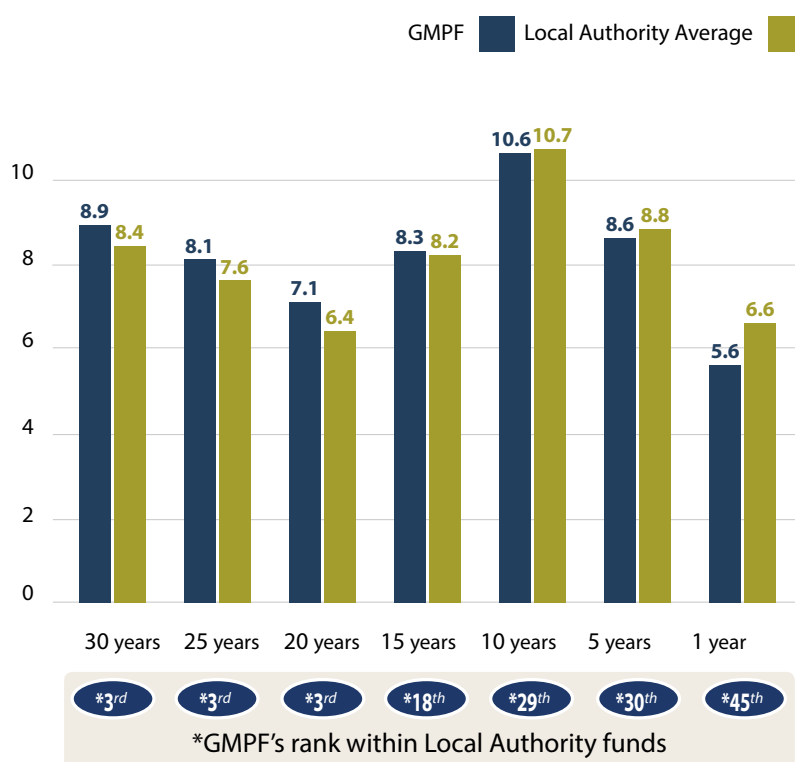
\*Portfolio was not active for the full period

## Pension Fund Returns

GMPF subscribes to PIRC's Local Authority Pension Performance Analytics Service in order to assess its performance relative to other funds which operate under the same regulations. The graph below looks at the Main Fund's performance as compared to the local authority average over various durations extending between 1 year and 30 years. Over the long term the Main Fund has consistently outperformed the average local authority by around 0.5% per year and, over the periods of 20, 25 and 30 years, has ranked third of such funds.

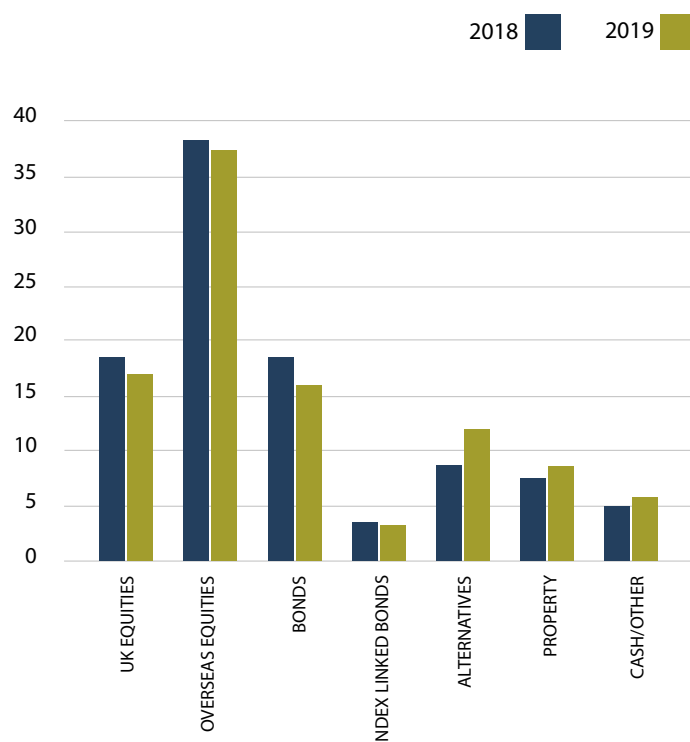
### PENSION FUND RETURNS

*PIRC Local Authority Survey - Financial years to 31 March 2019*



## PORTFOLIO DISTRIBUTION (%)

Market value at 31 March

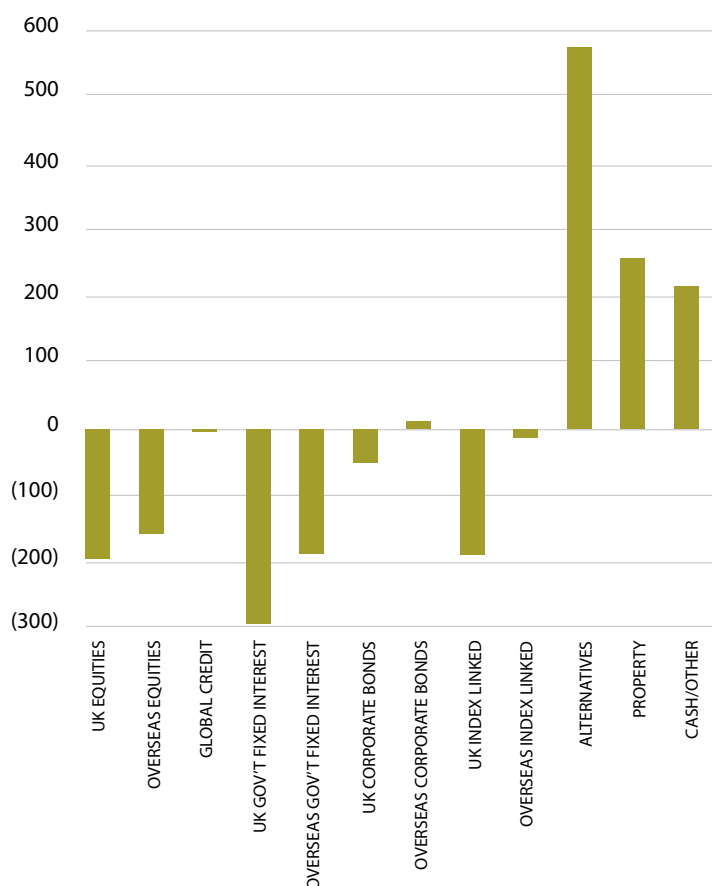


## Portfolio Distribution

The distribution of assets across the main investment categories within the Main Fund changes as a result of the investment strategy followed by the managers and the performance achieved within each investment category. These changes are shown, on an economic exposure basis, in the graph top left.

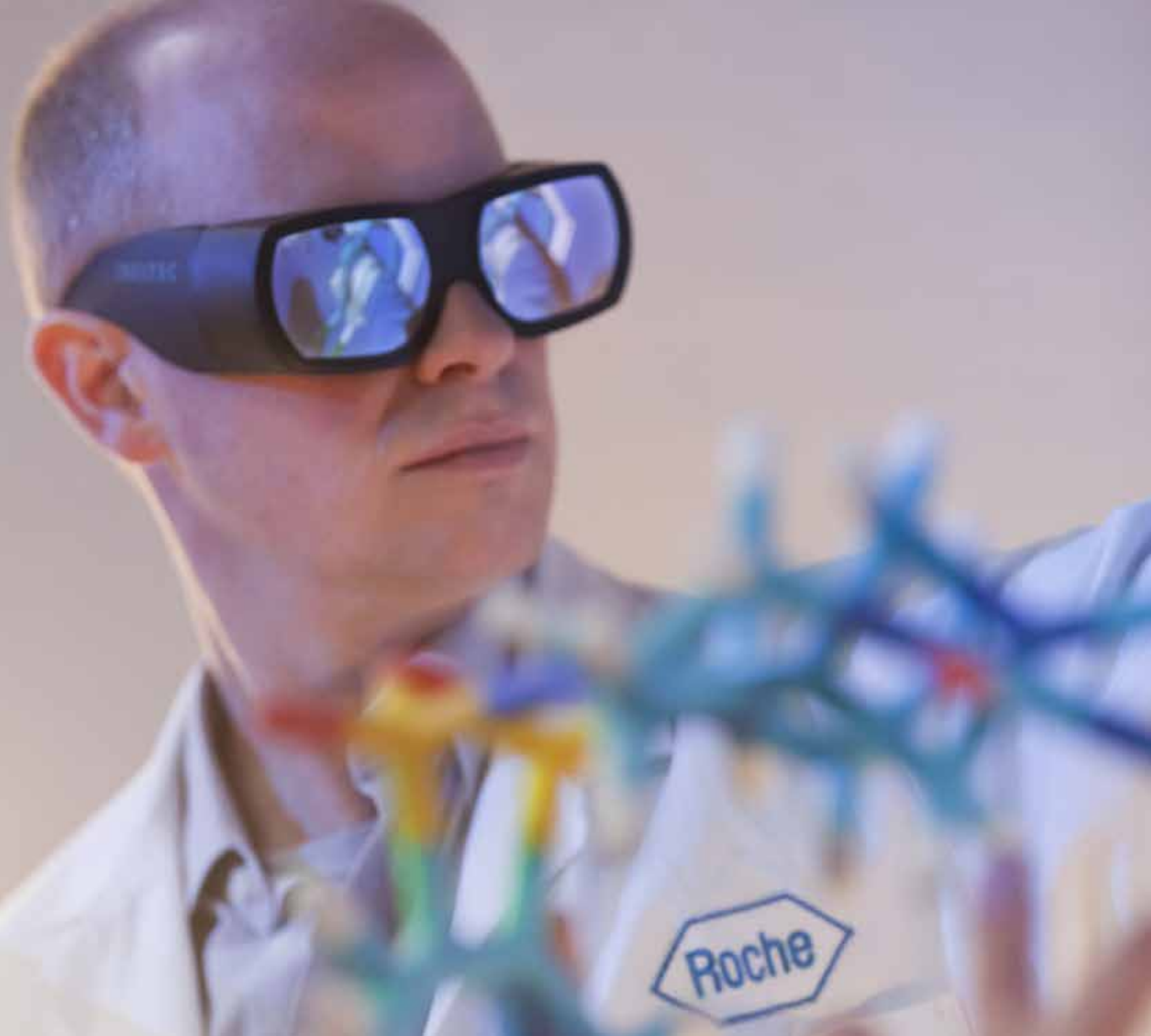
## NET INVESTMENT (£m)

Year ended 31 March 2019



## Net Investment

The graph bottom left shows the net effect, on an economic basis, of the total investment activity of the Main Fund during the year, based on the Panel's restrictions. As can be seen, there has been a switch out of UK and Overseas Equities and Bonds, predominately into Alternatives, Property and Cash.



### Equities portfolio: Roche

Roche is a global pharmaceutical company headquartered in Basel, Switzerland and was founded in 1896.

Roche creates ground-breaking medicines and diagnostic tests that help millions of patients worldwide. It was one of the first companies to bring targeted treatments to patients and with its combined strength in pharmaceuticals and diagnostics is well equipped to further drive personalised healthcare.

Roche has been at the forefront of oncology research and treatment for over 50 years with medicines for numerous types of cancers, including breast, skin, colon, ovarian and lung. Roche's response to cancer always "starts with the science" and the ultimate vision is "to prevent and provide cures for all forms of cancer by seeking to comprehensively understand the disease, its complexities and its impact on patients."

It is the world's largest biotech company with 17 biopharmaceuticals on the market enabling the delivery of better targeted therapies and it is the world leader in vitro diagnostics.

The company employs over 90,000 people and has 30 research and development sites and 26 manufacturing sites in Pharmaceuticals and Diagnostics worldwide.

In 2018 Roche received the Gold Award by RobecoSAM for its excellent sustainability performance, and for 10 consecutive years Roche has been recognised as the most sustainable company in the Pharmaceuticals index of the Dow Jones Sustainability Indices (DJSI).



# Economic background

As 2018 started the outlook for the global trading environment and broader international relations became more unsettled. Import tariffs proposed by the US for steel and aluminium seemed likely to spread to other areas, with retaliation from major trading partners such as the European Union (EU), China and Canada expected to follow.

Over the first quarter of 2018, it became clear that the rate of acceleration in global economic growth had moderated from the very strong pace seen at the end of 2017. While the US remained relatively robust, the pace of expansion in Europe, in particular, slowed.

Uncertainty over the UK's relationship with the EU continued to dominate the political scene. The June 2018 summit of EU leaders, seen as a key milestone on the way to an exit agreement, passed with many key questions, such as customs arrangements and the status of Northern Ireland, still outstanding.

Support for a rate rise at the Bank of England (BoE) increased, as three policymakers out of nine voted for an increase at the June meeting increasing the chances of a move at the Bank's meeting in August. Governor Carney indicated that the Monetary Policy Committee still intended to deliver 'modest' tightening despite seeing slower conditions in 2018. In the first quarter of 2018 GDP fell to a quarterly rate of 0.1%, as the BoE downgraded its 2018 growth outlook to 1.4% (from 1.8%). However, unemployment continued to fall to 4.2%.

Relations between the US and China continued to sour in the second quarter of the year as the US moved to impose a 10 per cent tariff on \$200bn of Chinese imports. This decision led China to announce retaliatory tariffs on a range of US products and cancel planned trade talks. There was though some positive news as the US and EU agreed to work to remove trade barriers for industrial goods, while Japan and the EU signed the world's largest bilateral trade pact in a further boost to liberalise trade.

The Federal Reserve (Fed) announced a further increase in US short term interest rates to 2-2.25%, the third rise in 2018, with upbeat guidance on the outlook for the US economy.

With less than six months to go until the UK was due to leave the EU, uncertainty remained over the post Brexit relationship. The BoE duly delivered the expected interest rate rise at its Monetary Policy Committee meeting in August. However, Governor Carney cautioned investors against expecting a rapid return to higher interest rates.

Economic data releases showed that GDP growth picked up to a rate of 0.4% in the second quarter, boosted by better weather. Unemployment fell to 4.0%, the lowest level seen since 1975, with little sign of a pick-up in wage growth.

The outlook for a breakthrough in Sino-US trade discussions appeared to improve following a meeting of their leaders at the G20 summit in December. The agreement by the US to postpone new tariffs on Chinese imports, planned for January 2019, and a promise from China to cut tariffs on imported American cars, were taken as signs of progress.

At their final meeting of 2018, the Fed announced an increase in US interest rates to 2.25-2.5%, the fourth rise of 2018. Meanwhile, the European Central Bank confirmed that it would conclude its asset purchasing (quantitative easing) programme in December 2018.

As the UK moved closer to 29 March 2019, developments on finalising the details of the withdrawal agreement began to accelerate. There was agreement between the EU and the UK government on the terms of the UK's exit, leaving Prime Minister Theresa May with the task of getting Parliament's approval for the deal. Several ministers resigned as the details emerged, leaving no doubt as to the scale of the division on the way forward as the government postponed a key parliament vote on the proposed deal until January 2019.

GDP growth accelerated further in the last quarter of 2018, up to 0.6% (from 0.4%) in line with expectations. Unemployment remained near the lowest levels for many years at 4.1% and there were signs of a pickup in earnings as wage growth increased to the highest level since 2008.

Global economic growth slowed at the start of 2019 as financial conditions tightened and trade tensions impacted business sentiment and overall demand. The Fed ruled out further rate rises in 2019 and cut its outlook for economic growth. Amidst further softening in activity, other central banks confirmed more downbeat prospects for the global economy.

The ability of China to cushion its slowdown is considered to be key to the global economy and markets throughout 2019. While the National People's Congress in China announced a reduced domestic growth target of 6-6.5%, there was also news of further stimulus in the form of a series of tax cuts. There were also signs of progress in trade talks between China and the US, as President Trump announced that a proposed tariff increase due in March 2019 would be delayed.

A 'no deal' Brexit was avoided as the planned date for the UK to leave the EU passed on 29 March 2019. The UK parliament rejected a no deal Brexit, but Prime Minister May's withdrawal agreement was repeatedly voted down. There remains no clear consensus around an alternative ahead of the EU's revised deadline to agree a way forward or move towards an exit without a deal.

The BoE kept interest rates at 0.75% over the first quarter of 2019, noting a reduction in corporate investment due to uncertainty around Brexit discussions. GDP growth disappointed in the fourth quarter with the 12 month rate of 1.3% being the lowest since 2012. However, unemployment fell below 4% to its lowest level in over 40 years.



## Private equity

Since 1981 GMPF has invested in private companies through pooled vehicles raised by specialised management teams. Seven new fund commitments totalling £226 million were made during 2018/19, including five commitments made through the Northern Private Equity Pool (NPEP) investment vehicle that was established in May 2018.

GMPF's Private Equity portfolio, including NPEP, consists of 106 active funds and is diversified by stage of investment (from early stage investments to very large buyout investments) and geographic location across the UK, Europe, the US and Asia.

As at 31 March 2019, of the £2,274 million committed to funds, some £1,472 million has been drawn down and invested by managers and £1,184 million has been returned to GMPF as distributions of sales of investments and income. The value of assets currently invested in GMPF's private equity fund portfolio was £1,019 million.

GMPF has adopted a vintage decade approach to the measurement of private equity returns. The since inception performance is an annualised return of 16.6% as at 31 March 2019. 1980 vintage commitments returned over 12% per year, whilst 1990 vintage commitments returned over 25% per year. The performance of funds invested between 2000 and 2010 is over 9% per year, whilst the performance of funds invested since 2010 is almost 17% per year.

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## Northern Private Equity Pool (NPEP)

Private Equity has been one of the best performing asset classes over recent decades and has been an area of successful investment for all Northern LGPS funds, who are each amongst the most well established Private Equity investors in the UK.

Investment in Private Equity is complex and in recognition of the strong cost-benefit rationale for combining investing efforts in this area, Northern LGPS established the Northern Private Equity Pool in May 2018; an investment joint venture structured as an English Limited Partnership. The partnership operates as a single legal entity through which the three Northern LGPS funds can invest collectively and collaboratively in Private Equity assets.

The Northern Private Equity Pool draws on the combined expertise and experience of the internal teams at each of the respective Northern LGPS funds, and the administration capabilities of Northern LGPS's pool-wide external custodian. The combined scale and resources of the Northern Private Equity Pool enables funds in Northern LGPS to invest in Private Equity through lower cost implementation approaches than have been the case historically.

The Northern Private Equity Pool will look to build a global portfolio of Private Equity assets, diversified across a number of aspects such as economic sector and geographic location and through a combination of growth-financing investments and small, medium and large-sized buyout transactions. Northern Private Equity Pool will continue to work with some of the world's leading Private Equity management groups, as each of the Northern LGPS funds have done previously, to develop effective relationships for the benefit of Northern LGPS and which will complement each fund's historic efforts in this area.

Investment pace since inception has been consistent with targets, with £315 million committed to five investment funds, each managed by a leading Private Equity manager, in the nine months since inception. The combined Northern LGPS Private Equity investment team has also worked to establish a comprehensive forward plan of potential investment opportunities which are the subject of detailed and ongoing analysis and consideration.

Northern LGPS aims to establish Northern Private Equity Pool as one of the pre-eminent investors in Private Equity with a strategy that can provide access to the best opportunities in the market with a cost position that is a material advancement over historic approaches undertaken by each Northern LGPS fund individually. We look forward to reporting on the development of the Northern Private Equity Pool in years to come.

## Private Equity portfolio:

### WHP Telecoms Ltd

Through its private equity partner Equistone, GMPF has invested in WHP Telecoms (WHP) - a provider of end-to-end managed network solutions. WHP is the UK's longest established supplier of professional, infrastructure support and deployment services to the UK's telecommunications and telemetry industries.

The company, headquartered in Warrington, was founded in 1988 and has operating sites in Heathrow, Leeds, Glasgow and Birmingham, which are serviced from a central warehouse in Leeds. WHP's skilled team of over 400 personnel provide a nationwide service.

In addition to serving the telecoms sector, WHP has extensive experience in sectors including the utilities and emergency services, and provides a bespoke, one stop shop for each of its clients - typically mobile operators, vendors, asset and tower companies and technology service providers.

In July 2018, the company was appointed as the infrastructure provider for the Scottish 4G Infill Programme (S4GI) – a programme established to deliver 4G infrastructure and services to remote location not spots in Scotland. The programme will remove the significant technological barriers that have prevented mobile operators from providing users with access to vital services and vastly improve communications for those living and working within these areas.



## Infrastructure funds

The infrastructure programme commenced in 2001 and two new fund commitments totalling approximately £145 million were made by GMPF during 2018/19. The fund portfolio grew to 31 active investments, with five funds having already been fully realised.

As at 31 March 2019 the target rate of annual new fund commitments was £210 million to between two and four funds per year. As the portfolio is immature, it is recognised that the 5% target allocation will take several years to achieve. Of the £1,206 million committed, some £640 million has been drawn down and invested by managers. In addition, £275 million has been received back through distributions of sales of investments and income.

As at 31 March 2019 the value of assets currently invested in infrastructure was £593 million. Although the infrastructure portfolio is immature, since inception performance has improved to an annualised return of 10.9% per year as at 31 March 2019.



## Special Opportunities Portfolio

GMPF established the Special Opportunities Portfolio (SOP) in 2009/10 in order to broaden the range of assets in which it invests, to improve diversification and assist with stability, and to take advantage of opportunities as they arise or as market conditions allow. After segregation of six funds focused on Private Debt, the Special Opportunities Portfolio now consists of eight commitments to Credit Opportunities funds, two Absolute Return funds, one Factor-based investment fund and two other funds - targeting Agriculture and Timber, respectively.

No new fund commitments were made by GMPF in 2018/19, resulting in a portfolio of twelve active investments. Of the £876 million committed to date, some £625 million has been drawn down and invested by managers. In addition, £140 million has been received back through distributions of realisations and income. A number of potential opportunities remain under active consideration.

As at 31 March 2019, the value of the investments within SOP was £606 million. The short lifespan of the portfolio to date does not yet lend itself to the calculation of meaningful performance numbers, but overall positive returns have been generated since the first investment was made.

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## Private Debt Portfolio

GMPF established the Private Debt portfolio in July 2018 in order to segregate, from the Special Opportunities Portfolio (SOP), commitments made to funds targeting investments, nationally and internationally, in the private senior debt securities of companies. The target allocation is 5% of Main Fund assets by value, and is to be achieved over time by making new commitments at an average rate of £450 million per annum.

Five new fund commitments totalling £700 million were made by GMPF in 2018/19, resulting in a portfolio of seven active investments. Of the £870 million committed to date, some £224 million has been drawn down and invested by managers. In addition, £56 million has been received back through distributions of realisations and income. Further, potential opportunities remain under active consideration.

Whilst the value of the investments within Private Debt portfolio was £191 million as at 31 March, 2019, the short lifespan of the portfolio to date does not yet lend itself to the calculation of meaningful performance numbers.



A partial view of Clyde Windfarm's 206 wind turbines. Located near Biggar in Scotland's Southern Uplands, just off the main M74 motorway, the site covers more than 50 sq. km, contains over 130km of access roads and generates enough renewable energy to power 290,000 homes. Clyde provides fulltime employment for up to 50 staff and over its lifetime will also provide £58 million of funding for local community projects through its community investment fund.

## Direct infrastructure

In April 2015, GMPF and the London Pensions Fund Authority formed a joint venture to invest directly in infrastructure assets, with a focus on the UK. The joint venture is structured as a limited liability partnership and has been named GLIL Infrastructure LLP (GLIL). As part of the LGPS pooling discussions, West Yorkshire, Merseyside and Lancashire County Council pension funds joined GLIL in December 2016 and in March 2018 GLIL was re-structured as an open ended fund to facilitate potential new members. Additional commitments made by existing members in October 2018 mean GLIL now has committed capital in excess of £1.8 billion. GMPF remains the largest participant in the venture.

GLIL began investing in October 2015 and has completed eight transactions with a total value in excess of £1 billion. The most recent of these transactions is the £170 million acquisition of a minority stake in Forth Ports Group, which operates 7 ports in the UK including The Port of Tilbury on the River Thames and 5 ports on the Firth of Forth in Scotland. These ports handle a diverse range of goods ranging from automobiles to containers to grains.

One of GLIL's earliest transactions was the purchase from SSE of a 21.7% stake in Clyde wind farm for £150 million. At the time of investment, Clyde had 152 operational turbines capable of generating 350MW and a further 54, more powerful turbines, under construction. The new turbines became fully commissioned in September 2017 and at this point GLIL invested an additional £30 million with a further £88 million invested in the summer of 2018. Clyde now has a total generation capacity of 522MW, making it one of the largest on-shore windfarms in Europe.

GLIL's remit includes investment in new build (so-called "greenfield") infrastructure projects and alongside our partnership with Iona to construct £130 million of bioenergy plants around the UK, we have also financed two joint ventures for the build and commissioning of more than a thousand new rail vehicles across two rail franchises in the south of England. The most recent transaction will see 750 vehicles being built at Bombardier's factory in Derby, supporting valuable UK engineering jobs and providing a large fleet of modern, spacious and efficient trains to enhance journey times and passenger experience on the South Western franchise.



## Property

At 31 March 2019, GMPF's main UK property portfolio comprised 42 directly owned assets (two of which are owned through Joint Ventures and Club Deals) and six indirectly owned specialist holdings.

The portfolio was valued at that date at £1.046 billion. Including a forward funding commitment, this would increase to £1.106 billion.

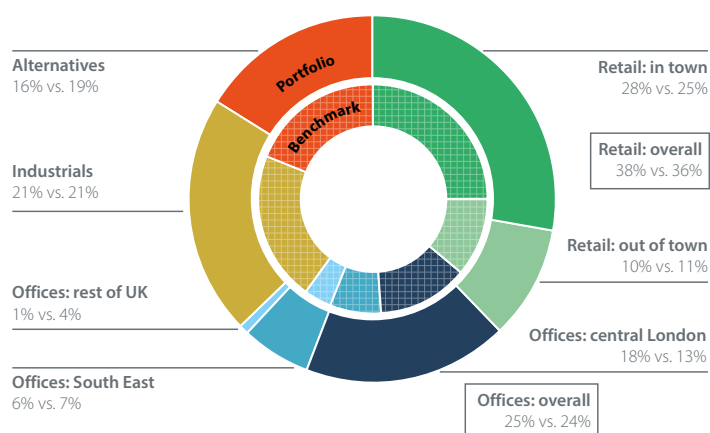
There is an additional £440 million invested in seven UK balanced property pooled vehicles and a further £76 million committed to alternative funds. GMPF increased its exposure to UK balanced funds in 2018 by investing £91.5 million in a new long income property fund and associated co-investment side-car. The fund was considered to be a prudent investment opportunity as it is focussed on assets with leases in excess of 15 years with inflation linked review mechanisms.

LaSalle Investment Management completed its fourth year as property investment manager and continued its repositioning of the main UK portfolio through selling smaller underperforming assets as well as acquiring prime, large and dominant assets.

In the year, LaSalle acquired three investments totalling just over £180 million. This comprised two prime and newly constructed industrial units located in Reading and Southampton for £95 million and an £85 million forward funding of a new Premier Inn hotel in Central London, which is due to complete in 2020.

There were four asset sales and two part asset sales during the year for a total consideration of £23.8 million all of which were retail properties and continued LaSalle's strategy of disposing of small secondary assets.

In terms of sector weightings, the direct portfolio is now closely aligned to its respective benchmark. Given recent poor performance and future forecasts, LaSalle would have preferred for the retail weighting to be lower than the benchmark. Similarly, LaSalle would also ideally have had a higher weighting to both the Industrials and Alternatives sectors based upon past and future forecasted returns.



The current direct portfolio currently has a high vacancy rate and subsequent low initial yield. This is mostly due to the recent acquisition of industrial units in Reading and Southampton which were acquired shortly after practical completion and therefore were 50% vacant. Whilst these assets remain vacant, LaSalle reports strong occupational demand and once let will substantially reduce the portfolio's vacancy rate and increase its initial yield.

Similarly the average lease length of 7.4 years is materially lower than the benchmark of 12.9 years. This is expected to increase to approximately 8.5 years upon completion of the new Premier Inn hotel, which will have a 25 year lease and will therefore provide some strong income certainty.

| Metric               | Direct Portfolio | Benchmark     |
|----------------------|------------------|---------------|
| Average lot size     | £21.8 million    | £16.5 million |
| Initial Yield        | 4.0%             | 4.5%          |
| Equivalent Yield     | 5.2%             | 5.4%          |
| Vacancy Rate         | 11.9%            | 7.3%          |
| Average Lease Length | 7.4 years        | 12.9 years    |

In 2018, the aggregate total return for the main property portfolio (which does not include the balanced property pooled vehicles) was 3.4%, underperforming the IPD benchmark of 5.2%, and ranking the portfolio in the 81st percentile. Underperformance was largely due to transactional costs incurred in acquiring the direct properties and a reduction in the capital value of the Intu Chapelfield Shopping Centre in Norwich.

Short and long term performance still remains behind the IPD benchmark as demonstrated in the table below.

## TOTAL PROPERTY PERFORMANCE

*Period ending 31 December 2018*

| Duration | GMPF | Benchmark<br>IPD Median |
|----------|------|-------------------------|
| 1 year   | 3.4% | 5.2%                    |
| 3 years  | 4.8% | 6.2%                    |
| 5 years  | 7.2% | 9.8%                    |
| 10 years | 7.1% | 9.0%                    |
| 20 years | 7.3% | 8.3%                    |

A strategic review of GMPF's property allocation alongside GMPF's external advisors continues in light of the continued underperformance.



CGI of Premier Inn Hotel, Waterloo London (above)



Island Road, Reading (above)



South Central, Southampton (above)

GMPF commenced its overseas real estate programme in 2015 with the investment thesis based upon increasing the investable universe whilst also providing for opportunities to outperform UK property returns and benefit from diversification.

To date, GMPF has made 13 commitments to overseas discretionary funds across the US, Europe and Asia Pacific. The portfolio provides a balance of risk profiles and currently has only a modest level of leverage. As at 31 December 2018, over £470 million had been committed (translated as at the subscription date) across 13 funds. Of this, £271.9 million had been drawn down against these commitments, representing over 57% of committed capital. The overseas portfolio, whilst still immature, delivered a GBP return of 12.80% as at 31 December 2018.

## Greater Manchester Property Venture Fund (GMPVF)

GMPVF has an allocation of up to £700 million, and creates property investments by a process of site acquisition, building design, direct property development and property letting/management. This enables GMPVF to generate state of the art office, residential, retail and industrial/workshop accommodation. GMPVF also provides debt finance to projects, generating a commercial rate of return and supporting a broader range of developments than could be carried out by GMPVF alone.

Since its establishment in 1990, GMPVF has developed more than 1 million square feet of commercial buildings within the Greater Manchester area.

GMPVF has the twin aims of generating a commercial rate of return and supporting the local area. GMPVF also seeks to make an environmental impact through regeneration. To date, all completed developments have generated a profit.

The target area for GMPVF is the North West of England with a particular focus on Greater Manchester. Avison Young, a firm of international property consultants, is the advisor to GMPVF.

During the year, GMPVF acquired two new industrial warehouse sites in Runcorn for a combined sum of approximately £21 million. The acquisition was made under a forward funding agreement where land has been initially acquired with a final balancing payment upon practical completion of the building, reducing the construction and delivery risk for GMPVF. One of the warehouses has the benefit of a 20 year lease to a strong covenant, which will begin upon practical completion of the building. The other asset is being developed speculatively but with strong underlying leasing prospects. These two acquisitions will provide GMPVF with a strong income return whilst also further increasing its exposure to the industrial sector in a location which is forecast to see strong market growth.

A number of projects have also been sold, or are nearing completion, including the 175,000 sq ft office development at First St. in Manchester City Centre which is due to complete shortly with the majority of the space in the building now let. Earlier in the year, GMPVF sold its holding at the Preston East site, adjacent to junction 36 (M6), to a developer specialising in industrial/warehousing, with GMPVF retaining an option to provide debt finance for future development of the site.



Glazing being fitted at Manchester's tallest building (Deansgate Square), partially funded by a GMPVF development loan.

The former Stockport Sorting Office has also now been sold to a property investor, who has commenced converting the building into 119 apartments and commercial space. As a consequence of the sale GMPVF is providing debt to fund the development, alongside the Greater Manchester Housing Investment Fund (GMHIF).

Following opportunities identified to provide development debt finance, GMPVF granted a £30 million development loan facility to Renaker for phase 1 of its Deansgate Square development, which will provide 350 apartments at a site adjacent to Castlefield in Manchester City Centre. The loan funding to Renaker was done in partnership with the GMHIF. A £6 million loan facility has also been granted this year to Capital & Centric, for the refurbishment and new build at the Crusader Mill site in Manchester City Centre. This development will provide 201 apartments, which are being marketed for sale to local residents.

GMPVF continues to be involved in a number of construction and development projects. A development agreement has now been put in place with an experienced house builder at the former office buildings owned by GMPVF in Didsbury, Manchester for the conversion of offices and building new homes on the former car park site. A total of 85 homes will be provided by the development. Construction has started on a residential development site in Whalley Range, where GMPVF has jointly provided an £8 million loan facility alongside the GMHIF for the construction of 92 apartments. Construction is also progressing in the joint venture with Select Property Group, known as Circle Square, to develop two apartment buildings at the former BBC site, at Oxford Road, Manchester City Centre. This will provide 683 units, which will be available for rent by the end of 2021. Finally, construction is also progressing in the joint venture with Urban & Civic to develop three apartment buildings at Princess Street, Manchester City Centre. This development will provide 351 apartments and ground floor retail/leisure space, which are being offered for sale. The first building is due to complete in spring 2020.

Other sites owned by the Fund, on which development plans are being progressed, include:-

- A 0.38 acre cleared site at Old Haymarket, Liverpool city centre
- An office development in city centre Manchester;
- Chorlton Cross Shopping Centre
- Broadfield Industrial Park, Heywood
- Soapworks Phase 2, Salford

GMPVF is a minority partner with Manchester Airport Group and Beijing Construction and Engineering Group to develop Airport City, on land within the Enterprise Zone adjacent to Manchester Airport. This £800 million project will develop offices, advanced industrial, hotel and logistics accommodation, over the next 10 – 15 years.

Finally, GMPVF formed a joint venture with Manchester City Council (Matrix Homes) and has developed an initial phase of 240 family homes across five sites in Manchester. Matrix Homes is seeking to develop a further phase of housing across additional sites proposed by the City Council.



Topping Out ceremony at Manchester New Square, a 351 apartment building in which GMPVF is a joint venture partner, due to complete in Summer 2020.

## Local Investments

### *Invest 4 Growth*

The objective of the Invest 4 Growth portfolio was to make investments that provided a commercial return, but also had a beneficial economic, social or environmental impact. These aims followed and implemented the ideas of a significant report, of the same name, authored by the Smith Institute, and commissioned by local authority funds. This is consistent with the twin aims applied successfully over many years to local investment. GMPF approved an allocation of £50 million to the initiative in March 2014.

**Invest 4 Growth was a collaborative project with several other LGPS, where a number of participating funds pooled resources to carry out due diligence and negotiate investment management fees with external managers. This resource sharing and the economies of scale enabled GMPF and the other Funds to make savings on the investment costs and achieve a diversified portfolio.**

During 2018/19, GMPF agreed to reinvest the investment returns from a dedicated social outcomes fund into a successor fund, targeting the same sector. This reinvestment is opportunistic and follows increased central government support for social outcomes based contracts. The investment will enable the portfolio to continue to meet its twin aims.

GMPF is the largest participant of the Invest 4 Growth initiative and has now fully committed its allocation of £50 million, of which £43 million has been drawn down as at 31 March 2019 and invested by the fund managers. It is too early to judge investment performance, but so far the managers are making satisfactory progress against the initial objectives.

### *Impact Portfolio*

Following on from the Invest 4 Growth initiative, GMPF has approved an allocation of up to 2% into an Impact Portfolio. This portfolio has the same twin aims of generating a commercial return and delivering a positive local impact. GMPF is seeking to collaborate with other pension funds, specifically the Northern Pool members, to develop a diversified portfolio and achieve cost benefits from greater economies of scale.

As at 31 March 2019, total commitments of £357 million have been made into a number of investments, with £131 million cash drawn down. Areas of investment include: - the provision of supported living accommodation, renewable energy, loans to small and medium sized businesses and private equity with a focus on impact investing. Alongside investments into nationally focused pooled funds, GMPF will seek co-investment opportunities to enhance the impact in the North West and reduce the overall investment management costs.



GMPF has invested in the Enterprise Ventures SME Loans Fund, which has enabled BB Scaffolding Services to expand its business. (image above, left)



Trade Skills 4 U providing electrical training, a business invested in by one of GMPF fund managers (Palatine Impact Fund). (image above, right)

# Approach to Climate Risk



GMPF actively supports the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) and sets out below its approach to managing climate risk within the TCFD's four thematic areas of Governance, Strategy, Risk Management and Metrics and Targets.

## GOVERNANCE

### **Recommended Disclosure (a)**

Describe the board's oversight of climate-related risks and opportunities.

The Pension Fund Management Panel (the Panel) is responsible for managing climate-related issues, as part of its remit of having responsibility for GMPF's investment strategy. The Investment Monitoring and ESG Working Group, a specialist subcommittee of the Panel, also considers issues relating to climate change. The Panel and Working Group consider climate change issues across GMPF and specifically in areas such as Strategic Asset Allocation, Investment Strategy and Risk Management with the aim of minimising adverse financial impacts and maximising the opportunities for long-term economic returns on our assets.

GMPF has committed to undertake annual carbon footprints of the Fund's applicable assets. The results of these are reported to the Panel.

### **Recommended Disclosure (b)**

Describe management's role in assessing and managing climate-related risks and opportunities.

Day-to-day management of GMPF's climate change strategy is delegated to the external Fund Managers, who operate under GMPF's policies on ESG. An annual carbon footprinting exercise is used to assess both the risks from climate change, but also areas of opportunity. GMPF employs a specialist advisor, PIRC, to instruct its voting activity on active equity holdings, including on areas such as climate change. GMPF also incorporates Voting Alerts from the Local Authority Pension Fund Forum on climate change within its policy. The Panel are ultimately responsible for these relationships.

## STRATEGY

### Recommended Disclosure a)

Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.

GMPF considers climate-related issues across multiple timeframes and has strategies to help address these. GMPF identifies climate-related issues through collaboration with organisations such as the Local Authority Pension Fund Forum, the Institutional Investor Group on Climate Change, the Transition Pathway Initiative, Investing in a Just Transition and the Principles for Responsible Investment. This has led to co-filing and supporting resolutions for action related to climate change and better disclosures of climate-related issues.

### Recommended Disclosure b)

Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.

GMPF's ESG policies and considerations, including climate change, are incorporated into the mandates of the external Fund Managers via their respective Investment Management Agreements. External Fund Manager appointments also take ESG considerations into account, and these are monitored on an ongoing basis.

GMPF also makes a number of investments with positive impacts on climate change; these are only made where an acceptable level of financial return is also expected. Climate-related investment opportunities are available in areas such as energy efficiency, choice of energy sources, products and services and new markets. GMPF considers that currently there are relatively limited climate related investment opportunities in the public markets with more opportunities existing in the private markets across private equity, private debt, infrastructure and real assets. This has asset allocation implications due to the illiquidity and complexity of some of these asset classes. Property is a significant asset class allocation and the Fund is aware that buildings are responsible for over one-third of total greenhouse gas emissions in the UK. For directly-held properties, the Fund works with its property management teams on focus areas such as energy management and owner-occupier relations to reduce these emissions, and indirectly held property managers do likewise.

Within the last three years, GMPF has increased its strategic allocation to infrastructure to 10%, unlocking over £2 billion of assets for this purpose. A key strategy within this allocation is investments in low carbon and renewable energy opportunities.

### Recommended Disclosure c)

Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

GMPF has compared several of its portfolios against a 2 degrees benchmark, as part of a collaboration with ShareAction on a European-wide project led by the World Wide Fund for Nature (WWF) using a methodology currently being developed and tested by the Sustainable Energy Investment (SEI) metrics research consortium, led by 2 Degrees Investing Initiative. This pointed out areas of alignment or otherwise with a 2 degrees scenario within GMPF's investments, noting that scenario testing is an inexact science, and is being held back by a lack of disclosure from many companies. The Panel continue to campaign for enhanced company disclosure to address this issue.

## RISK MANAGEMENT

### Recommended Disclosure a)

Describe the organization's processes for identifying and assessing climate-related risks.

GMPF believes that each of the following categories of risks, as outlined by the TCFD, pose a material financial risk, and are thus each a cause for concern:

- Market and Technology Shifts (e.g. reduced market demand for higher carbon products)
- Reputation (e.g. growing expectations for responsible conduct from stakeholders)
- Policy and Legal (e.g. increased input/operating costs for high carbon activities)
- Physical Risks (e.g. chronic changes and more frequent and severe extremes of climate)

Day-to-day management of GMPF's climate change strategy is delegated to the external Fund Managers, who operate under GMPF's policies on ESG issues. This means that the external Fund Managers fully integrate any climate-related risks when making their investment decisions.

GMPF's carbon footprinting also helps assess climate-related risks, including the identification of companies to engage with.

### Recommended Disclosure b)

Describe the organization's processes for managing climate-related risks.

A significant pillar of GMPF's efforts to manage climate change risk is through engagement with companies, both through the external Fund Managers and in collaboration with wider industry groups such as the Local Authority Pension Fund Forum, the Institutional Investor Group on Climate Change, the Transition Pathway Initiative, Investing in a Just Transition and the Principles for Responsible Investment. For example, through collaborative activities, GMPF aims to support 1.5 to 2 degree business model scenarios and participate in:

- engagement with companies to improve their approaches to climate change as well as encourage them to report on their actions for future business model scenarios;
- influencing policy makers; and
- promotion of relevant research projects in areas such as developing standardised carbon intensity measures, and investment initiatives that improve information flow and investment opportunities.

GMPF's external Fund Managers will also implement our ESG policies in their management of the portfolios.

### Recommended Disclosure c)

Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.

As set out above, the external Fund Managers have GMPF's ESG policies incorporated into their Investment Management Agreements. Day-to-day management of climate change strategy is delegated to the external Fund Managers. This means that the external Fund Managers take into account any climate-related risks when making their investment decisions.

## METRICS AND TARGETS

### **Recommended Disclosure a)**

Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.

GMPF monitors the voting and engagement of all its external Fund Managers and proxy voting advisor on issues including climate change. GMPF has also undertaken carbon footprinting and measured the CO2 equivalent intensity per million pounds of revenue. The 2 degrees analysis measured the Fund's exposure to fossil fuels in relation to electric power generation, fossil fuel reserves and vehicle production.

### **Recommended Disclosure b)**

Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.

GMPF has considered Scopes 1 and 2 in its analysis as at the time of measurement, Scope 3 data was not considered to be of a sufficiently robust standard to incorporate.

GMPF's carbon footprinting exercise found that as at 31 March 2018, the active equity holdings were 17% more efficient than the combined benchmark on the weighted average carbon intensity method, as recommended by TCFD.

### **Recommended Disclosure c)**

Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.

GMPF's long-term goal is for 100% of assets to be compatible with the net zero emissions ambition by c2050 in line with the Paris Agreement.

# Voting activity

GMPF's approach to proxy voting is described at Section 10 of the Investment Strategy Statement.

GMPF has delegated the exercising of voting rights attached to its direct holdings to Pensions & Investment Research Consultants Ltd (PIRC). PIRC are an independent corporate governance and shareholder advisory consultancy that advises and provides research to GMPF on governance and other ESG issues. This will mean that GMPF's votes are typically cast in line with PIRC's voting policy. This aligns GMPF's approach with that of its pooling partners, Merseyside Pension Fund and West Yorkshire Pension Fund, enabling a shared voice on corporate governance issues.

With this delegation, GMPF's voting record is provided online, and can be found at this link.

<https://www.gmpf.org.uk/investments/esg.htm>

In order to track the performance of various regional equity indices, the appointed external passive securities manager, Legal & General, holds shares in thousands of companies around the world. In the normal course of events, Legal & General typically implements its own Voting Policy for GMPF, but may vote the relevant holding according to GMPF's instructions on a case by case basis should GMPF so require.

More information on Legal & General's voting policy and records can be found at this link [www.lgim.com](http://www.lgim.com)



# Financial performance report

## Key financials

|                                      | £m  | £m    | £m            |
|--------------------------------------|-----|-------|---------------|
| <b>GMPF value at 31 March 2018</b>   |     |       | <b>22,497</b> |
| <b>Contributions &amp; benefits</b>  |     |       |               |
| Employee contributions               | 146 |       |               |
| Employer contributions               | 447 |       |               |
| Pension benefits paid                |     | (804) |               |
| Net Transfers                        | 295 |       |               |
| <b>Management costs</b>              |     |       |               |
| Investment                           |     | (25)  |               |
| Administration                       |     | (6)   |               |
| Oversight                            |     | (2)   |               |
| <b>Investments</b>                   |     |       |               |
| Income                               | 437 |       |               |
| Change in fair value                 | 859 |       |               |
| <b>Total change in value of GMPF</b> |     |       | <b>1,347</b>  |
| <b>GMPF value at 31 March 2019</b>   |     |       | <b>23,844</b> |

The table to the right shows the financial out-turn against the prediction for the year 2018/19 as agreed by the Management Panel at its meeting on 23 March 2017.

There two main variances;

- Transfers in due to GMPF continuing to take on board the pension assets and liabilities for subsidiaries of First Group plc from other LGPS funds
- Investment returns were higher than the actuary's long-term estimate this year.

|                                    | 2018/19<br>prediction<br>£m | 2018/19<br>actual<br>£m | Variance<br>£m |
|------------------------------------|-----------------------------|-------------------------|----------------|
| <b>GMPF size at start of year</b>  | <b>22,497</b>               | <b>22,497</b>           |                |
| <b>GMPF size at end of year</b>    | <b>23,428</b>               | <b>23,844</b>           | <b>416</b>     |
| Pension benefits paid              | (816)                       | (804)                   | 12             |
| Contributions received             | 609                         | 593                     | (16)           |
| Transfers                          | 0                           | 295                     | 295            |
| <b>Net cashflow</b>                | <b>(207)</b>                | <b>84</b>               | <b>291</b>     |
| <b>Management costs</b>            | <b>(32)</b>                 | <b>(33)</b>             | <b>(1)</b>     |
| Investment income                  | 426                         | 437                     | 11             |
| Increase in value of investments   | 744                         | 859                     | 115            |
| <b>Net return from investments</b> | <b>1,170</b>                | <b>1,296</b>            | <b>126</b>     |
| <b>Net change in value of GMPF</b> | <b>931</b>                  | <b>1,347</b>            | <b>416</b>     |

The table below shows the financial forecast for period 2019-2022 as approved by GMPF Management Panel in January 2019 and updated for latest available information. Key issues to draw out remain as in previous years.

The net negative cash-flow from contribution income less benefits paid is offset by investment income meaning that GMPF is not a forced seller of assets.

These figures are based on long term projected average investment performance and short term volatility may cause significant variations to the figures in this forecast.

|                                    | 2019/20<br>£m | 2020/21<br>£m | 2021/22<br>£m |
|------------------------------------|---------------|---------------|---------------|
| <b>GMPF size at start of year</b>  | <b>23,844</b> | <b>24,898</b> | <b>26,028</b> |
| <b>GMPF size at end of year</b>    | <b>24,898</b> | <b>26,028</b> | <b>27,181</b> |
| Pension benefits paid              | (835)         | (870)         | (906)         |
| Contributions received             | 684           | 740           | 740           |
| Transfers                          | 0             | 0             | 0             |
| <b>Net cashflow</b>                | <b>(151)</b>  | <b>(130)</b>  | <b>(166)</b>  |
| <b>Management costs</b>            | <b>(35)</b>   | <b>(35)</b>   | <b>(35)</b>   |
| Investment income                  | 434           | 456           | 480           |
| Increase in value of investments   | 806           | 839           | 874           |
| <b>Net return from investments</b> | <b>1,240</b>  | <b>1,295</b>  | <b>1,354</b>  |
| <b>Net change in value of GMPF</b> | <b>1,054</b>  | <b>1,130</b>  | <b>1,153</b>  |



## Expenditure monitoring statement for the 12 months to 31 March 2019

|                                              | 12 months to March 2019                      |                                               |                                   |
|----------------------------------------------|----------------------------------------------|-----------------------------------------------|-----------------------------------|
|                                              | ①<br>Original<br>estimate<br>2018/19<br>£000 | ②<br>Actual<br>expenditure<br>2018/19<br>£000 | ③<br>(② - ①)<br>Variation<br>£000 |
| <b>Type of expenditure</b>                   |                                              |                                               |                                   |
| <b>Staff costs</b>                           |                                              |                                               |                                   |
| Staff costs                                  | 6,456                                        | 5,996                                         | (460)                             |
| Indirect on costs                            | 114                                          | 91                                            | (23)                              |
|                                              | <b>6,570</b>                                 | <b>6,087</b>                                  | <b>(483)</b>                      |
| <b>Direct costs</b>                          |                                              |                                               |                                   |
| Publications & subscriptions                 | 105                                          | 111                                           | 6                                 |
| Travel and subsistence                       | 95                                           | 66                                            | (29)                              |
| Premises                                     | 944                                          | 874                                           | (70)                              |
| Postage, printing, telephone                 | 215                                          | 181                                           | (34)                              |
| Office equipment & software                  | 1,065                                        | 1,106                                         | 41                                |
| Investment advisory expenses                 | 68                                           | 53                                            | (15)                              |
| Bank charges and nominee fees                | 447                                          | 273                                           | (174)                             |
| Investment management fees                   | 19,751                                       | 17,285                                        | (2,466)                           |
| Actuary and professional fees                | 1,554                                        | 1,148                                         | (406)                             |
| Performance measurement services             | 127                                          | 92                                            | (35)                              |
| Communications                               | 371                                          | 413                                           | 42                                |
|                                              | <b>24,742</b>                                | <b>21,601</b>                                 | <b>(3,141)</b>                    |
| <b>Central establishment charges</b>         | 403                                          | 403                                           | 0                                 |
| <b>Less:</b>                                 |                                              |                                               |                                   |
| <b>Recovery of management and legal fees</b> | (731)                                        | (1,041)                                       | (310)                             |
| <b>Administration fees</b>                   | (56)                                         | (49)                                          | 7                                 |
| <b>Commission recapture</b>                  | (100)                                        | (17)                                          | 83                                |
|                                              | <b>30,828</b>                                | <b>26,985</b>                                 | <b>(3,844)</b>                    |

### Commentary on outturn for the year

During the year the expenditure on administration and investments was less than budgeted. The main variances were:

- Expenditure on investment managers was less than predicted due to implementation of changes in strategy and fee reductions following negotiations.
- Expenditure on Actuary & Professional Fees: was lower than expected due to more efficient implementation of pooling arrangements.
- Staffing costs were less than predicted due to implementation of changes in management structure.

The Fund account splits out expenditure into three activities in note 8 - these are, administration, and oversight and governance functions as required and defined by accounting standards. During the year monitoring of management expenditure is made on an overall basis and at service management level which may cut across these functions. It should be noted that the figure in the accounts of £33m includes investment transaction costs (£5.5m) which are not controlled internally or monitored in same way.

### Three year budgeted expenditure

Due to the onset of pooling anticipated during the 3 year period 2017-20 and a desire to review budgets on a zero based basis, the Management Panel has not approved a 3 year expenditure budget. The Panel has assumed constant expenditure on administration, investment and oversight and governance management for the period 2019-2022 in the Medium Term Financial Plan. This will be subject to review when there is more visibility on future arrangements.



# STATEMENT OF ACCOUNTS

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## INDEPENDENT AUDITOR'S STATEMENT TO THE MEMBERS OF TAMESIDE METROPOLITAN BOROUGH COUNCIL ON THE PENSION FUND FINANCIAL STATEMENTS INCLUDED WITHIN THE GREATER MANCHESTER PENSION FUND ANNUAL REPORT

We have examined the Pension Fund financial statements for the year ended 31 March 2019 included within the Greater Manchester Pension Fund Annual Report, which comprise the Fund Account, the Net Assets Statement and the related notes.

### Opinion

In our opinion, the Pension Fund financial statements are consistent with the audited financial statements of Tameside Metropolitan Borough Council for the year ended 31 March 2019 and comply with applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

### Respective responsibilities of the Director of Finance (Section 151) and the auditor

As explained more fully in the Statement of the Director of Finance (Section 151) Responsibilities, the Director of Finance (Section 151) is responsible for the preparation of the Pension Fund's financial statements in accordance with applicable United Kingdom law.

Our responsibility is to report to the Members of Tameside Metropolitan Borough Council as a body, whether the Pension Fund financial statements within the Greater Manchester Pension Fund Annual Report are consistent with the financial statements of Tameside Metropolitan Borough Council.

We conducted our work in accordance with Auditor Guidance Note 07 – Auditor Reporting, issued by the National Audit Office. Our report on the Pension Fund financial statements contained within the audited financial statements of Tameside Metropolitan Borough Council describes the basis of our opinions on the financial statements.

### Use of this auditor's statement

This report is made solely to the Members of Tameside Metropolitan Borough Council, as a body, in accordance with Part 5 paragraph 20(5) of the Local Audit and Accountability Act 2014 and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our work has been undertaken so that we might state to the Members of Tameside Metropolitan Borough Council those matters we are required to state to them and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Tameside Metropolitan Borough Council and Tameside Metropolitan Borough Council's Members as a body, for our audit work, for this statement, or for the opinions we have formed.

**Karen Murray**

for and on behalf of Mazars LLP One St. Peter's Square, Manchester, M2 3DE

31 July 2019

## Fund account for the year ended 31 March 2019

| 31 March 2018<br>£000             |                                              | Note | 31 March 2019<br>£000 |
|-----------------------------------|----------------------------------------------|------|-----------------------|
| <b>Contributions and benefits</b> |                                              |      |                       |
| (140,493)                         | Contributions from employees                 | 5    | (145,922)             |
| (599,601)                         | Contributions from employers                 | 5    | (447,440)             |
| (740,094)                         |                                              |      | (593,362)             |
| (392,049)                         | Transfers in (bulk)                          |      | (313,591)             |
| (23,882)                          | Transfers in (individual)                    |      | (24,031)              |
| <b>(1,156,025)</b>                |                                              |      | <b>(930,984)</b>      |
| 748,081                           | Benefits payable                             | 6    | 803,614               |
| 49,369                            | Payments to and on account of leavers        | 7    | 42,967                |
| 32,191                            | Management expenses                          | 8    | 32,505                |
| <b>829,641</b>                    |                                              |      | <b>879,086</b>        |
| <b>Returns on investments</b>     |                                              |      |                       |
| (412,092)                         | Investment income                            | 9    | (436,702)             |
| (494,206)                         | Increase in fair value of investments        | 11   | (868,166)             |
| 3,964                             | Taxation                                     | 10   | 5,192                 |
| 3,233                             | Loss on foreign currency                     |      | 4,496                 |
| <b>(899,101)</b>                  | <b>Net profit on investments</b>             |      | <b>(1,295,180)</b>    |
| (1,225,485)                       | Net increase in the Fund during the year     |      | (1,347,078)           |
| (21,271,060)                      | Net assets of the Fund at start of year      |      | (22,496,545)          |
| <b>(22,496,545)</b>               | <b>Net assets of the Fund at end of year</b> |      | <b>(23,843,623)</b>   |

## Net Assets Statement at 31 March 2019

| 31 March 2018<br>£000 |                                        | Note | 31 March 2019<br>£000 |
|-----------------------|----------------------------------------|------|-----------------------|
| 3,478,118             | UK equities                            |      | 3,611,360             |
| 3,273,124             | Overseas equities                      |      | 3,577,832             |
| 1,325,276             | Bonds                                  | 11   | 1,003,365             |
| 157,505               | UK index linked government bonds       |      | 0                     |
| 335,354               | Overseas index linked government bonds |      | 369,914               |
| 755,145               | Investment property                    | 11   | 881,991               |
| 7,137                 | Derivative contracts                   | 11   | 0                     |
| 12,491,416            | Pooled investment vehicles             | 11   | 13,453,499            |
| 587,141               | Cash and deposits                      | 11   | 755,437               |
| 107,512               | Other investment assets                | 11   | 212,544               |
| <b>22,517,728</b>     | <b>Investment assets</b>               |      | <b>23,865,942</b>     |
| (793)                 | Derivative contract liabilities        | 11   | (0)                   |
| (42,462)              | Other investment liabilities           | 11   | (73,279)              |
| <b>(43,255)</b>       | <b>Investment liabilities</b>          |      | <b>(73,279)</b>       |
| 45,689                | Current assets                         | 11   | 73,556                |
| (23,617)              | Current liabilities                    | 11   | (22,596)              |
| <b>22,072</b>         | <b>Net current assets</b>              |      | <b>50,960</b>         |
| <b>22,496,545</b>     | <b>Net assets of Fund</b>              |      | <b>23,843,623</b>     |

## 1. Notes to the Accounts

From 1 April 2010 GMPF was required to prepare its financial statements under International Financial Reporting Standards (IFRS). The financial statements have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 based on IFRS, published by the Chartered Institute of Public Finance and Accountancy (CIPFA). This requires that GMPF accounts should be prepared in accordance with International Accounting Standard (IAS) 26, except where interpretations or adaptations to fit the public sector are detailed in the Code. The financial statements summarise the transactions of GMPF and deal with net assets at the disposal of the Management Panel. They do not take account of obligations to pay pensions and benefits which fall due after the end of the GMPF financial year. Under IFRS, GMPF is required to disclose the actuarial present value of promised retirement benefits. This is disclosed as a separate note (Note 25). The full actuarial position of GMPF which does take account of pension and benefit obligations falling due after the year end is outlined in Note 22. These financial statements should be read in conjunction with that information.

## 2. Accounting Policies

**Basis of preparation:** The accounts have been prepared on an accruals basis. That is, income and expenditure is recognised as it is earned or incurred including contributions receivable and pension benefits payable. Individual transfer values are recognised on a received or paid basis.

**Financial assets and liabilities:** On initial recognition, GMPF is required to classify financial assets and liabilities into amortised cost, fair value through profit and loss, fair value through other comprehensive income investments. Financial assets may be classified as at fair value through profit and loss only if such classification eliminates or significantly reduces a measurement or recognition of inconsistency.

**Contribution income:** Normal contributions, both from the members and from the employer, are accounted for on an accruals basis at the percentage rate recommended by the fund actuary in the payroll period to which they relate. Employer deficit funding contributions are accounted for on the due dates on which they are payable under the schedule of contributions set by the scheme actuary or on receipt if earlier than the due date.

Employers' augmentation contributions and pensions strain contributions are accounted for in the period in which the liability arises. Any amount due in year but unpaid will be classed as a current financial asset. Amounts not due until future years are classed as long-term financial assets

**Additional Voluntary Contributions (AVC):** GMPF provides an AVC scheme for its contributors, the assets of which are invested separately from GMPF. These AVC sums are not included in GMPF's financial statements because GMPF has no involvement in the management of these assets. Members participating in this arrangement each receive an annual statement confirming the amount held in their account and the movements in the year. Further details are provided in Note 24.

**Additional Voluntary Contributions Income:** Where a member is able and chooses to use their AVC fund to buy scheme benefits, this is treated on a cash basis and is categorised within Transfers In.

**Investment income:** Interest, property rent and dividends on fixed interest and equity investments and on short-term deposits has been accounted for on an accruals basis.

**Accrued investment income:** Accrued investment income has been categorised within investments in accordance with the appropriate Pensions Statement of Recommended Practice (SORP).

**Foreign income:** Foreign income is translated into sterling at the rate applicable at the date of conversion. Income due at the year-end is translated at the rate applicable at 31 March 2019.

**Foreign investments:** Foreign investments are translated at the exchange rate applicable at 31 March 2019. Any gains or losses arising on translation of investments into sterling are accounted for as a change in market value of investment.

**Rental income:** Rental income from operating leases on investment properties owned by GMPF is recognised on a straight line basis over the term of the lease. Any lease incentives granted are recognised as an integral part of the total rental income over the term of the lease. Contingent rents are only recognised when contractually due.

**Benefits:** Benefits includes all benefit claims payable by GMPF during the financial year.

**Investment values:** All financial assets are valued at their fair value as at 31 March 2019 determined as follows:

| At 31 March 2019                                              | Valuation basis/technique                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Main assumptions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|---------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Equities and bonds</b>                                     | Pricing from market data providers based on observable bid price quotations.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Use of pricing source. There are minor variations in the price dependent upon the pricing feed used.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Direct investment property</b>                             | Independent valuations for freehold and leasehold investment properties at fair value; the main investment property portfolio has been valued by Colliers International Valuation UK LLP, Chartered Surveyors, as at 31 December 2018 subsequently adjusted for transactions undertaken between 1 January 2019 and 31 March 2019. The Greater Manchester Property Venture Fund portfolio has been valued as at 31 March 2019 by Avison Young. In both cases valuations have been in accordance with Royal Institute of Chartered Surveyors (RICS) Red Book which takes into account unobservable pricing inputs such as existing lease terms, independent market research, the nature of tenancies and tenant covenant strength, void levels, estimated rental growth and the discount rate. | Investment properties have been valued on the basis of open market value (the estimated amounts for which a property should exchange between a willing buyer and seller) and market rent (the expected benefits from holding the asset) in accordance with the RICS Appraisal and Valuation Manual. The values are estimates and may not reflect the actual values. Changes in rental growth void levels or the discount rate used will impact on valuations. General changes in property market prices could also affect valuations.                                                                          |
| <b>Indirect property (part of Pooled Investment Vehicles)</b> | Independent valuations for freehold and leasehold properties less any debt within the individual property fund plus/minus other net assets.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Freehold and leasehold properties valued on an open market basis. Valuation carried out in accordance with the principles laid down by the RICS Appraisal and Valuation Manual and independent audit review of the net assets within the individual property fund. It is recognised that valuations could be affected by events occurring between the date of financial data provided by fund managers and GMPF's own financial reporting date, and also by post audit changes in the information provided by the fund managers. Changes to expected cash flows can also impact on the accuracy of valuations. |

| At 31 March 2019                                                           | Valuation basis/technique                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Main assumptions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|----------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Derivatives</b>                                                         | Derivative contracts are valued at fair value. Futures contracts' fair value is determined using exchange prices at the reporting date. The fair value is the unrealised profit or loss at the current bid market quoted price. The amounts included in change in market value are the realised gains and losses on closed futures contracts and the unrealised gains and losses on open futures contracts. The fair value of the forward currency contracts is based on market forward exchange rates at the year-end date and determined as the gain or loss that would arise if the outstanding contract was matched at the year end with an equal and opposite contract. |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Private equity, infrastructure and special opportunities portfolios</b> | The funds are valued either in accordance with Accounting Standards Codification 820 or with International Financial Reporting Standards (IFRS). The valuation basis, determined by the relevant Fund Manager, may be any of quoted market prices, broker or dealer quotations, transaction price, third party transaction price, industry multiples and public comparables, transactions in similar instruments, discounted cash flow techniques, third party independent appraisals or pricing models.                                                                                                                                                                     | In reaching the determination of fair value, the investment managers consider many factors including changes in interest rates and credit spreads, the operating cash flows and financial performance of the investments relative to budgets, trends within sectors and/or regions, underlying business models, expected exit timing and strategy and any specific rights or terms associated with the investment, such as conversion features and liquidation preferences. The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expense. The estimates and assumptions are reviewed on an on-going basis. It is recognised that valuations could be affected by events occurring between the date of financial data provided by fund managers and GMPF's own financial reporting date, and also by post audit changes in the information provided by the fund managers. Changes to expected cash flows can also impact on the accuracy of valuations. |
| <b>Cash and other net assets</b>                                           | Value of deposit or value of transaction                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Cash and account balances are short-term, highly liquid and subject to minimal changes in value.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |

**Financial instruments at fair value through profit and loss:** Financial assets and liabilities are stated at fair value as per the Net Assets Statement which is prepared in accordance with the Pensions SORP, requiring assets and liabilities to be reported on a fair value basis. Gains and losses on financial instruments that are designated as at fair value through profit and loss are recognised in the Fund account as they arise. The carrying values are therefore the same as fair values.

**Loans and receivables:** Non-derivative financial assets which have fixed or determinable payments and are not quoted in an active market are classified as loans and receivables.

**Cash and cash equivalents:** Cash comprises of cash in hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to minimal risk of changes in values.

**Acquisition costs of investments:** Acquisition costs of non-equity investments are included in the purchase price.

**Management expenses:** Investment management expenses paid directly by GMPF are included within Management Expenses within the Fund account on page 46. These costs together with other management costs are met from within the employer contribution rate. Certain of GMPF's external securities managers have contracts which include performance fees in addition to the annual management fees. The performance fees are based upon one off, non-rolling, 3 yearly calculations. It is GMPF policy to accrue for any performance fees which are considered to be potentially payable.

In addition certain investments in pooled vehicles, predominantly in private markets, alternatives and property have investment costs deducted directly by the investment managers. These costs are not charged directly to the Fund account nor analysed in Note 8. They are included in the fair value adjustments applied to assets concerned within the Fund account and corresponding notes. The performance of these investments is reported on a net basis. In line with CIPFA recommendations on improving disclosure of investment costs, Note 11a includes an estimate of these costs for this financial year and previous financial year.

Administration Expenses are included within Management Expenses within the Fund account. These costs are accounted for on an accruals basis. The costs of administration are met by employers through their employer contribution rate. All staff costs of the administering authority's pension service are charged direct to GMPF.

**Net (Profit)/Loss on foreign currency:** Net (profit)/loss on foreign currency comprise the change in value of short-term deposits due to exchange rate movements during the year.

**Actuarial present value of promised retirement benefits:** The actuarial present value of promised retirement benefits is assessed on an annual basis by the Actuary in accordance with the requirements of IAS19 and relevant actuarial standards. As permitted under IAS26, GMPF has opted to disclose the actuarial present value of promised retirement benefits by way of a note to the Net Asset Statement (see Note 25).

**Derivatives:** GMPF uses derivative financial instruments to manage its exposure to specific risks arising from its investment activities. GMPF does not hold derivatives for speculative purposes. Derivative contract assets are fair valued at bid prices and liabilities are fair valued at offer prices. Changes in fair value of derivative contracts are included in change in fair value.

Future contracts are exchange traded and fair value is determined using exchange prices at their reporting date. Amounts due or owed to the broker are amounts outstanding in respect of initial margin and variation margin.

Forward foreign exchange contracts are over the counter contracts and are valued by determining the gain or loss that would arise from closing out the contract at the reporting date, by entering into an equal and opposite contract at that date.

**Transfers:** Transfer values represent amounts received and paid during the period for individual members who have either joined or left GMPF during the financial year and are calculated in accordance with Local Government Pension Scheme Regulations.

Individual transfers in/out are accounted for when received/paid, which is normally when the member liability is accepted or discharged. This reflects when liabilities are transferred and received. Transfers in from members wishing to use the proceeds of their additional voluntary contributions to purchase scheme benefits are accounted for on a receipts basis and are included in transfers in. Bulk (group) transfers are accounted for on an accruals basis.

**Taxation:** GMPF is a registered public service scheme under section 1(1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin, unless exemption is permitted. Irrecoverable tax is accounted for as a fund expense as it arises.

## 2a. Critical judgements in applying accounting policies

In applying the policies, GMPF has had to make certain judgements about complex transactions, or those involving uncertainty. Those with most significant effect are:

- GMPF will continue in operational existence for the foreseeable future as a going concern
- No investments are impaired (further detail on the investment strategy and approach to managing risk can be found in Note 4)

Any judgements made in relation to specific assets and liabilities, in addition to information stated in the relevant notes, can also be found in Note 2: Accounting Policies.

Compliance with IFRS requires the assumptions and uncertainties contained within figures in the accounts and the use of estimates to be explained. GMPF accounts contain estimated figures, taking into account historical experience, current trends and other relevant factors, as detailed below:

### **Unquoted equity, infrastructure and special opportunities investments**

Unquoted equities are valued by the investment managers in accordance with Accounting Standards Codification 820 or with International Financial Reporting Standards (IFRS). The value of unquoted equities, infrastructure and special opportunities held via investment in specialist pooled investment vehicles at 31 March 2019 was £2,160,177,000 (£1,564,827,000 at 31 March 2018).

### **Pension Fund Liability**

The present value of GMPF's liabilities is calculated every three years by an appointed actuary. For the purpose of reporting the actuarial present value of promised retirement benefits, this liability value is updated annually in intervening years by the Actuary. The methodology used is in line with accepted guidelines and in accordance with IAS 19. Assumptions underpinning the valuations are agreed with the Actuary and are summarised in Note 25. This estimate is subject to significant variances based on change to the underlying assumptions.

## 3. Classification of Financial Instruments

Accounting policies describe how different asset classes of financial instruments are measured and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the carrying amounts of financial assets and liabilities by category and net assets statement heading. No financial assets were reclassified during the accounting period.

|                               | At 31 March 2019                                            |                                     |                                          |
|-------------------------------|-------------------------------------------------------------|-------------------------------------|------------------------------------------|
|                               | Classified as fair value<br>through profit and loss<br>£000 | Assets at<br>amortised cost<br>£000 | Liabilities at<br>amortised cost<br>£000 |
| <b>Financial assets:</b>      |                                                             |                                     |                                          |
| Equities                      | 7,189,192                                                   | 0                                   | 0                                        |
| Bonds                         | 1,003,365                                                   | 0                                   | 0                                        |
| Index linked                  | 369,914                                                     | 0                                   | 0                                        |
| Derivatives                   | 0                                                           | 0                                   | 0                                        |
| Pooled investment vehicles    | 13,453,499                                                  | 0                                   | 0                                        |
| Cash                          | 0                                                           | 755,437                             | 0                                        |
| Other investment assets       | 0                                                           | 212,544                             | 0                                        |
| Current assets                | 0                                                           | 73,556                              | 0                                        |
|                               | <b>22,015,970</b>                                           | <b>1,041,537</b>                    | <b>0</b>                                 |
| <b>Financial liabilities:</b> |                                                             |                                     |                                          |
| Derivatives                   | 0                                                           | 0                                   | 0                                        |
| Other investment liabilities  | 0                                                           | 0                                   | (73,279)                                 |
| Current liabilities           | 0                                                           | 0                                   | (22,596)                                 |
|                               | <b>0</b>                                                    | <b>0</b>                            | <b>(95,875)</b>                          |
| <b>Total</b>                  | <b>22,015,970</b>                                           | <b>1,041,537</b>                    | <b>(95,875)</b>                          |

Note: the above tables do not include investment property.

|                               | At 31 March 2018                                            |                                     |                                          |
|-------------------------------|-------------------------------------------------------------|-------------------------------------|------------------------------------------|
|                               | Classified as fair value<br>through profit and loss<br>£000 | Assets at<br>amortised cost<br>£000 | Liabilities at<br>amortised cost<br>£000 |
| <b>Financial assets:</b>      |                                                             |                                     |                                          |
| Equities                      | 6,751,242                                                   | 0                                   | 0                                        |
| Bonds                         | 1,325,276                                                   | 0                                   | 0                                        |
| Index linked                  | 492,859                                                     | 0                                   | 0                                        |
| Derivatives                   | 7,137                                                       | 0                                   | 0                                        |
| Pooled investment vehicles    | 12,491,416                                                  | 0                                   | 0                                        |
| Cash                          | 0                                                           | 587,141                             | 0                                        |
| Other investment assets       | 0                                                           | 107,512                             | 0                                        |
| Current assets                | 0                                                           | 45,689                              | 0                                        |
|                               | <b>21,067,930</b>                                           | <b>740,342</b>                      | <b>0</b>                                 |
| <b>Financial liabilities:</b> |                                                             |                                     |                                          |
| Derivatives                   | (793)                                                       | 0                                   | 0                                        |
| Other investment liabilities  | 0                                                           | 0                                   | (42,462)                                 |
| Current liabilities           | 0                                                           | 0                                   | (23,617)                                 |
|                               | <b>(793)</b>                                                | <b>0</b>                            | <b>(66,079)</b>                          |
| <b>Total</b>                  | <b>21,067,137</b>                                           | <b>740,342</b>                      | <b>(66,079)</b>                          |

Note: the above tables do not include investment property.

## Net Gains and Losses on Financial Instruments

All gains and losses on financial instruments were at fair value through profit and loss. The net profit for the year ending 31 March 2019 was £849,767,000 (£471,118,000 net profit as at 31 March 2018).

### 3a. Valuation of assets carried at fair value

The table below provides an analysis of the assets and liabilities of GMPF that are carried at fair value in the GMPF Net Asset Statement grouped into levels 1 to 3 based on the degree to which fair value is observable. Further details of the values shown can be found in Note 11.

|                                                                        | At 31 March 2019 |                   |                  |                   |
|------------------------------------------------------------------------|------------------|-------------------|------------------|-------------------|
|                                                                        | Level 1<br>£000  | Level 2<br>£000   | Level 3<br>£000  | Total<br>£000     |
| <b>Financial assets:</b>                                               |                  |                   |                  |                   |
| Equities                                                               | 7,189,192        | 0                 | 0                | 7,189,192         |
| Fixed interest                                                         | 0                | 1,003,365         | 0                | 1,003,365         |
| Index linked                                                           | 0                | 369,914           | 0                | 369,914           |
| Derivatives                                                            | 0                | 0                 | 0                | 0                 |
| Pooled investment vehicles                                             | 0                | 9,496,019         | 3,957,480        | 13,453,499        |
| <b>Non financial assets (at fair value through profit &amp; loss):</b> |                  |                   |                  |                   |
| Directly held investment property                                      | 0                | 0                 | 881,991          | 881,991           |
| <b>Total</b>                                                           | <b>7,189,192</b> | <b>10,869,298</b> | <b>4,839,471</b> | <b>22,897,961</b> |

|                                                                        | At 31 March 2018 |                   |                  |                   |
|------------------------------------------------------------------------|------------------|-------------------|------------------|-------------------|
|                                                                        | Level 1<br>£000  | Level 2<br>£000   | Level 3<br>£000  | Total<br>£000     |
| <b>Financial assets:</b>                                               |                  |                   |                  |                   |
| Equities                                                               | 6,751,242        | 0                 | 0                | 6,751,242         |
| Fixed interest                                                         | 0                | 1,325,276         | 0                | 1,325,276         |
| Index linked                                                           | 0                | 492,859           | 0                | 492,859           |
| Derivatives                                                            | 0                | 6,344             | 0                | 6,344             |
| Pooled investment vehicles                                             | 0                | 9,553,574         | 2,937,842        | 12,491,416        |
| <b>Non financial assets (at fair value through profit &amp; loss):</b> |                  |                   |                  |                   |
| Directly held investment property                                      | 0                | 0                 | 755,145          | 755,145           |
| <b>Total</b>                                                           | <b>6,751,242</b> | <b>11,378,053</b> | <b>3,692,987</b> | <b>21,822,282</b> |

The valuation of assets has been classified into three levels according to the quality and reliability of information used to determine the fair values.

#### Level 1

Inputs to Level 1 are quoted prices on the asset being valued in an active market where there is sufficient transaction activity to allow pricing information to be provided on an ongoing basis. Financial instruments classified as Level 1 predominantly comprise actively traded shares.

#### Level 2

Level 2 prices are those other than Level 1 that are observable e.g. composite prices for fixed income instruments and fund net asset value prices. This is considered to be the most common level for all asset classes other than equities.

#### Level 3

Level 3 prices are those where at least one input, which could have a significant effect on the instrument's valuation, is not based on observable market data. Such instruments would include the GMPF private equity and infrastructure investments which are valued using various valuation techniques that require significant management judgement in determining appropriate assumptions, including earnings multiples, public market comparables and estimated future cash flows.

The valuation techniques used by GMPF are detailed in Note 2.

A reconciliation of fair value measurements in Level 3 is set out below:

| <b>31 March 2018</b> |                                                  | <b>31 March 2019</b> |
|----------------------|--------------------------------------------------|----------------------|
| <b>£000</b>          |                                                  | <b>£000</b>          |
| 2,692,472            | Opening balance                                  | 3,692,987            |
| 1,092,757            | Acquisitions                                     | 1,200,046            |
| (223,837)            | Disposal proceeds/return of capital              | (382,477)            |
| 0                    | Transfer in of level 3                           | 0                    |
|                      | Total gains/losses included in the Fund account: |                      |
| 38,871               | - on assets sold                                 | 86,992               |
| 92,724               | - on assets held at year end                     | 241,923              |
| <b>3,692,987</b>     | <b>Closing balance</b>                           | <b>4,839,471</b>     |

GMPF has cash, other investment assets and liabilities. No valuation technique is required in relation to these investments and therefore assignment to a level is not applicable.

## 4. Financial risk management

The Management Panel of GMPF recognises that risk is inherent in any investment activity. GMPF has an active risk management programme in place and the measures which it uses to control key risks are set out in its Funding Strategy Statement (FSS).

The FSS is prepared in collaboration with GMPF's Actuary, Hymans Robertson LLP, and after consultation with GMPF's employers and investment advisors.

The FSS is reviewed in detail every 3 years in line with triennial valuations being carried out. A full review was completed by 31 March 2017.

GMPF's approach to risk measurement and its management is set out in its Investment Strategy Statement (ISS). The overall approach is to reduce risk to a minimum where it is possible to do so without compromising returns (e.g. in operational matters), and to limit risk to prudently acceptable levels otherwise (e.g. in investment matters).

The means by which GMPF minimises operational risk and constrains investment risk is set out in further detail in its ISS (available at [www.gmpf.org.uk](http://www.gmpf.org.uk)).

Some risks lend themselves to being measured (e.g. using such concepts as 'Active Risk' and such techniques as 'Asset Liability Modelling') and where this is the case, GMPF employs the relevant approach to measurement. GMPF reviews new approaches to measurement as these continue to be developed.

GMPF's exposures to risks and its objectives, policies and processes for managing and measuring the risks have not changed throughout the course of the year.

### Market risk

Market risk is the level of volatility in returns on investments caused by changes in market expectations, interest rates, credit spreads, foreign exchange rates and other factors.

This is calculated as the standard deviation of predicted outcomes. GMPF is exposed to market risk through its portfolio being invested in a variety of asset classes.

GMPF seeks to limit its exposure to market risk by diversifying its portfolio as explained within its ISS and by restricting the freedom of its fund managers to deviate from benchmark allocations. The asset allocation has been made with regard to the balance between expected returns and expected volatility of asset classes and using advice from GMPF's investment advisor, Hymans Robertson LLP.

The table below shows the expected market risk exposure or predicted volatilities of GMPF's investments:

| Asset type                  | Potential market movements<br>(+/-) |                       |
|-----------------------------|-------------------------------------|-----------------------|
|                             | 31 March 2018<br>p.a.               | 31 March 2019<br>p.a. |
| UK equities                 | 16.8%                               | 16.6%                 |
| Overseas equities           | 17.9%                               | 16.9%                 |
| Fixed interest - gilts      | 9.5%                                | 9.7%                  |
| Index linked gilts          | 7.2%                                | 7.2%                  |
| Corporate bonds             | 10.2%                               | 10.1%                 |
| High yield debt             | 6.7%                                | 7.3%                  |
| Investment property         | 14.3%                               | 14.3%                 |
| Private equity              | 28.3%                               | 28.3%                 |
| Infrastructure              | 15.8%                               | 16.0%                 |
| Cash and other liquid funds | 0.5%                                | 0.5%                  |
| GMPF                        | 10.6%                               | 10.4%                 |

The volatilities for each asset class and correlations used to create the total GMPF volatility have been estimated using standard deviations of 5,000 simulated one-year total returns using Hymans Robertson Asset Model, the economic scenario generator maintained by Hymans Robertson LLP.

The overall GMPF volatility has been calculated based on GMPF's target asset split as at 31 March 2018 and 2019. The calibration of the model is based on a combination of historical data, economic theory and expert opinion.

If the market price of GMPF's investments increases or decreases over a period of a year in line with the data within the table above, the change in the market value of the net assets available to pay benefits as at 31 March 2018 and 2019 would have been as shown in the tables below.

| <b>Asset type</b>           | <b>31 March<br/>2019<br/>£000</b> | <b>% Change<br/>p.a.</b> | <b>Value on<br/>increase<br/>£000</b> | <b>Value on<br/>decrease<br/>£000</b> |
|-----------------------------|-----------------------------------|--------------------------|---------------------------------------|---------------------------------------|
| UK equities                 | 3,932,738                         | 16.6%                    | 4,585,573                             | 3,279,903                             |
| Overseas equities           | 8,622,694                         | 16.9%                    | 10,079,929                            | 7,165,459                             |
| Fixed interest bonds        | 1,281,083                         | 9.7%                     | 1,405,348                             | 1,156,818                             |
| Index linked bonds          | 1,203,621                         | 7.2%                     | 1,290,282                             | 1,116,960                             |
| Corporate bonds             | 1,330,625                         | 10.1%                    | 1,465,018                             | 1,196,232                             |
| High yield debt             | 1,334,743                         | 7.3%                     | 1,432,179                             | 1,237,307                             |
| Investment property         | 1,943,789                         | 14.3%                    | 2,221,751                             | 1,665,827                             |
| Private equity              | 1,737,906                         | 28.3%                    | 2,229,733                             | 1,246,079                             |
| Infrastructure              | 1,157,775                         | 16.0%                    | 1,343,019                             | 972,531                               |
| Cash and other liquid funds | 1,320,966                         | 0.5%                     | 1,327,571                             | 1,314,361                             |
| <b>GMPF</b>                 | <b>23,865,940</b>                 | <b>10.4%</b>             | <b>26,347,998</b>                     | <b>21,383,882</b>                     |

*Note: the above table does not include investment liabilities and net current assets.*

| <b>Asset type</b>           | <b>31 March 2018<br/>Restated*<br/>£000</b> | <b>% Change<br/>p.a.</b> | <b>Value on<br/>increase<br/>£000</b> | <b>Value on<br/>decrease<br/>£000</b> |
|-----------------------------|---------------------------------------------|--------------------------|---------------------------------------|---------------------------------------|
| UK equities                 | 4,086,596                                   | 16.8%                    | 4,773,144                             | 3,400,048                             |
| Overseas equities           | 8,453,975                                   | 17.9%                    | 9,967,237                             | 6,940,713                             |
| Fixed interest bonds        | 1,673,834                                   | 9.5%                     | 1,832,848                             | 1,514,820                             |
| Index linked bonds          | 1,080,454                                   | 7.2%                     | 1,158,247                             | 1,002,661                             |
| Corporate bonds             | 1,320,887                                   | 10.2%                    | 1,455,617                             | 1,186,157                             |
| High yield debt             | 1,117,960                                   | 6.7%                     | 1,192,863                             | 1,043,057                             |
| Investment property         | 1,659,869                                   | 14.3%                    | 1,897,230                             | 1,422,508                             |
| Private equity              | 1,566,741                                   | 28.3%                    | 2,010,129                             | 1,123,353                             |
| Infrastructure              | 466,377                                     | 15.8%                    | 540,065                               | 392,689                               |
| Cash and other liquid funds | 1,090,242                                   | 0.5%                     | 1,095,693                             | 1,084,791                             |
| <b>GMPF</b>                 | <b>22,516,935</b>                           | <b>10.6%</b>             | <b>24,903,730</b>                     | <b>20,130,140</b>                     |

*\*Restated due to change in investment classification by GMPF.*

*Note: the above table does not include investment liabilities and net current assets.*

## Interest rate risk

GMPF invests in financial assets for the primary purpose of obtaining a return on investments whilst recognising that there is a risk that returns will not be as expected. Changes in the level of interest rates will contribute to the volatility of returns in all asset classes. The table in the section on market risk shows the expected volatility over one year for GMPF's investment portfolio. One area directly affected by interest rate changes is the level of income expected from floating rate cash instruments. As at 31 March 2019, GMPF had £323,363,000 (2017/18 £360,925,000) invested in this asset via pooled investment vehicles. Therefore, a 1% change in interest rates will increase or reduce GMPF's return by £3,234,000 (2017/18 £3,609,000) on an annualised basis.

## Currency risk

GMPF invests in financial assets for the primary purpose of obtaining a return on investments whilst recognising that there is a risk that returns will not be as expected. Changes in the level of foreign exchange rates will contribute to the overall volatility of overseas assets. GMPF's approach is to consider these risks in a holistic nature. The table in the section on market risk shows the expected volatility over one year for GMPF's investment portfolio including overseas assets which are separately identified.

## Credit risk

Credit risk represents the risk that the counterparty to a transaction or a financial instrument will fail to discharge an obligation and cause GMPF to incur a financial loss. The market values of investments generally reflect an assessment of credit risk in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of GMPF's financial assets and liabilities. The volatility of credit risk is encapsulated within the overall volatility of assets detailed in the table showing market risk.

In essence, GMPF's entire investment portfolio is exposed to some form of credit risk. However, the selection of high quality counterparties, brokers and financial institutions minimises the credit risk that may occur through the failure to settle a transaction in a timely manner.

Contractual credit risk is represented by the net payment or receipt that remains outstanding, and the cost of replacing the derivative positions in the event of counterparty default. The residual risk is minimal due to the various insurance policies held by the exchanges to cover defaulting counterparties.

Deposits are not made with banks and financial institutions unless they are rated independently and meet Tameside MBC's (TMBC), as administering authority, credit criteria. TMBC has also set limits as to the maximum percentage of the deposits placed with any one class of financial institution. In addition, TMBC invests an agreed percentage of its funds in the money market funds to provide diversification. Money market funds chosen all had a "AAA" rating from a leading ratings agency.

TMBC believes it has managed its exposure to credit risk, and has had no experience of default or uncollectable deposits. GMPF's cash holding under its treasury management arrangements at 31 March 2019 was £724,524,000 (31 March 2018 £484,072,000). This was held with the following institutions:

| Summary                        | Rating | Balance at<br>31 March 2018<br>£000 | Balance at<br>31 March 2019<br>£000 |
|--------------------------------|--------|-------------------------------------|-------------------------------------|
| <b>Money market Funds</b>      |        |                                     |                                     |
| Fidelity                       | AAA    | 1,800                               | 0                                   |
| Aberdeen Assets                | AAA    | 0                                   | 41,400                              |
| Federated                      | AAA    | 0                                   | 75,000                              |
| Insight                        | AAA    | 9,100                               | 0                                   |
| J P Morgan                     | AAA    | 0                                   | 75,000                              |
| IGNIS                          | AAA    | 75,000                              | 0                                   |
| Morgan Stanley                 | AAA    | 75,000                              | 75,000                              |
| Invesco                        | AAA    | 0                                   | 75,000                              |
| <b>Banks</b>                   |        |                                     |                                     |
| Heleba                         | A+     | 10,000                              | 0                                   |
| Bank of Scotland               | A+     | 0                                   | 20,000                              |
| Close Brothers                 | A+     | 0                                   | 10,000                              |
| Barclays                       | AA-    | 50,000                              | 50,000                              |
| Commonwealth Bank of Australia | A      | 10,000                              | 0                                   |
| RBS                            | A+     | 6,672                               | 4,124                               |

| Summary                                      | Rating | Balance at<br>31 March 2018<br>£000 | Balance at<br>31 March 2019<br>£000 |
|----------------------------------------------|--------|-------------------------------------|-------------------------------------|
| <b>Local authorities &amp; public bodies</b> |        |                                     |                                     |
| Salford Council                              | N/A    | 5,000                               | 5,000                               |
| Cambridgeshire County Council                | N/A    | 10,000                              | 0                                   |
| Telford & Wrekin Council                     | N/A    | 3,500                               | 0                                   |
| Medway Council                               | N/A    | 10,000                              | 0                                   |
| Surrey Heath Borough Council                 | N/A    | 15,000                              | 7,000                               |
| Eastleigh Council                            | N/A    | 18,000                              | 48,000                              |
| West Dunbartonshire Council                  | N/A    | 10,000                              | 0                                   |
| Highland Council                             | N/A    | 5,000                               | 0                                   |
| Doncaster Council                            | N/A    | 0                                   | 5,000                               |
| Birmingham City Council                      | N/A    | 0                                   | 25,000                              |
| London Borough of Enfield                    | N/A    | 10,000                              | 10,000                              |
| North Tyneside Council                       | N/A    | 5,000                               | 0                                   |
| Gloucester City Council                      | N/A    | 5,000                               | 0                                   |
| Fife Council                                 | N/A    | 5,000                               | 0                                   |
| GM Combined Authority                        | N/A    | 75,000                              | 30,000                              |
| Northamptonshire Council                     | N/A    | 18,000                              | 10,000                              |
| Stockport Council                            | N/A    | 27,000                              | 0                                   |
| Leeds City Council                           | N/A    | 25,000                              | 10,000                              |
| Eastbourne Council                           | N/A    | 0                                   | 5,000                               |
| Thurrock Council                             | N/A    | 0                                   | 5,000                               |
| Ashford Council                              | N/A    | 0                                   | 15,000                              |
| Kingston Upon Hull Council                   | N/A    | 0                                   | 10,000                              |
| Lancashire PCC                               | N/A    | 0                                   | 5,000                               |
| Rotherham Council                            | N/A    | 0                                   | 20,000                              |
| Tewkesbury Council                           | N/A    | 0                                   | 11,000                              |
| Northumbria PCC                              | N/A    | 0                                   | 6,000                               |
| Redcar Council                               | N/A    | 0                                   | 7,000                               |
| Slough Council                               | N/A    | 0                                   | 15,000                              |
| Surrey Council                               | N/A    | 0                                   | 10,000                              |
| Plymouth Council                             | N/A    | 0                                   | 10,000                              |
| Aberdeenshire Council                        | N/A    | 0                                   | 10,000                              |
| Blackpool Council                            | N/A    | 0                                   | 5,000                               |
| Suffolk Council                              | N/A    | 0                                   | 5,000                               |
| Northumberland Council                       | N/A    | 0                                   | 10,000                              |
| <b>Totals</b>                                |        | <b>484,072</b>                      | <b>724,524</b>                      |

### Liquidity risk

Liquidity risk represents the risk that GMPF will not be able to meet its financial obligations as they fall due. TMBC therefore take steps to ensure that GMPF has adequate cash resources to meet its commitments. This will particularly be the case for cash from the liability matching mandates from the main investment strategy to meet the pensioner payroll cost; and also cash to meet investment commitments.

TMBC has immediate access to the GMPF cash holdings, with the exception of investments placed with other local authorities – where periods are fixed when the deposit is placed. GMPF had in excess of £724 million cash balances at 31 March 2019.

All financial liabilities at 31 March 2019 are due within one year. The majority of GMPF assets are liquid - their value could be realised within one week. The table below shows GMPF investments in liquidity terms:

| <b>31 March 2018</b><br><b>£000</b> | <b>Liquidity terms</b>                     | <b>31 March 2019</b><br><b>£000</b> |
|-------------------------------------|--------------------------------------------|-------------------------------------|
| 18,527,448                          | Assets realisable within 7 days            | 18,677,471                          |
| 165,000                             | Assets realisable in 8 - 30 days           | 101,000                             |
| 28,500                              | Assets realisable in 31- 90 days           | 75,000                              |
| 3,795,987                           | Assets taking more than 90 days to realise | 5,012,471                           |
| <b>22,516,935</b>                   | <b>Total</b>                               | <b>23,865,942</b>                   |

Management prepares periodic cash flow forecasts to understand and manage the timing of GMPF's cash flows. The appropriate strategic level of cash balances to be held is a central consideration when preparing GMPF's annual investment strategy.

The effects of reductions in public expenditure are expected to result in a significant maturing of GMPF's liabilities, with fewer employee members and more pensioner and deferred members. However, when income from investments is taken into account, GMPF is expected to continue to be cash flow positive for the foreseeable future and it will not be a forced seller of investments to meet its pension obligations.

## 5. Contributions

### By Category

| <b>31 March 2018</b><br><b>£000</b> |                                | <b>31 March 2019</b><br><b>£000</b> |
|-------------------------------------|--------------------------------|-------------------------------------|
| (140,493)                           | Employees contributions        | (145,922)                           |
|                                     | Employers:                     |                                     |
| (578,028)                           | Normal contributions           | (427,822)                           |
| (21,573)                            | Deficit recovery contributions | (19,618)                            |
| (599,601)                           | Total employer contributions   | (447,440)                           |
| <b>(740,094)</b>                    | <b>Total contributions</b>     | <b>(593,362)</b>                    |

### By Authority

| <b>31 March 2018</b><br><b>£000</b> |                                    | <b>31 March 2019</b><br><b>£000</b> |
|-------------------------------------|------------------------------------|-------------------------------------|
| (502,662)                           | Part 1 Schedule 2 Scheme Employers | (351,231)                           |
| (107,758)                           | Designating bodies                 | (119,325)                           |
| (111,873)                           | Community admission bodies         | (106,582)                           |
| (17,801)                            | Transferee admission bodies        | (16,224)                            |
| <b>(740,094)</b>                    |                                    | <b>(593,362)</b>                    |

Scheme employers can be split into those listed in Part 1 of Schedule 2 of the Local Government Pension Scheme (Administration) Regulations 2013 (as amended) (such as local authorities) which participate automatically, and those listed in Part 2 (such as town councils) which can only participate if they choose to do so by designating employees or groups of employees as eligible. Part 2 employers are called designating bodies. Community admission bodies provide a public service in the United Kingdom otherwise than for the purposes of gain and have sufficient links with a Scheme employer. Transferee admission bodies are commercial organisations carrying out work for local authorities under a best value or other arrangement. Further analysis by employer is contained in Note 20 of these statements.

At the 2016 Actuarial Valuation, GMPF was assessed as 93% funded. Some employers will make contributions in excess of their future service rate in order to help repay the deficit over a period of time.

The contribution rates specified in the Actuarial Valuation are minimum contribution rates. Some employers have made voluntary payments in excess of these minimum rates. In addition, a small number of employers were required to make explicit lump sum deficit payments – details of these can be found in the 2016 Actuarial Valuation report located at [www.gmpf.org.uk](http://www.gmpf.org.uk).

## 6. Benefits Payable

### By Category

| 31 March 2018<br>£000 |                                            | 31 March 2019<br>£000 |
|-----------------------|--------------------------------------------|-----------------------|
| 624,569               | Pensions                                   | 670,179               |
| 108,343               | Commutation & lump sum retirement benefits | 115,419               |
| 15,169                | Lump sum death benefits                    | 18,016                |
| <b>748,081</b>        |                                            | <b>803,614</b>        |

### By Authority

| 31 March 2018<br>£000 |                                    | 31 March 2019<br>£000 |
|-----------------------|------------------------------------|-----------------------|
| 577,299               | Part 1 Schedule 2 Scheme Employers | 602,643               |
| 30,634                | Designating bodies                 | 33,659                |
| 125,445               | Community admission bodies         | 151,301               |
| 14,703                | Transferee admission bodies        | 16,011                |
| <b>748,081</b>        |                                    | <b>803,614</b>        |

Scheme employers can be split into those listed in Part 1 of Schedule 2 of the Local Government Pension Scheme (Administration) Regulations 2008 (as amended) (such as local authorities) which participate automatically, and those listed in Part 2 (such as town councils) which can only participate if they choose to do so by designating employees or groups of employees as eligible. Part 2 employers are called designating bodies. Community admission bodies provide a public service in the United Kingdom otherwise than for the purposes of gain and have sufficient links with a Scheme employer. Transferee admission bodies are commercial organisations carrying out work for local authorities under a best value or other arrangement. Further analysis of contributions by employer is contained in Note 20 of these statements.

## 7. Payments to and on account of leavers

| 31 March 2018<br>£000 |                                           | 31 March 2019<br>£000 |
|-----------------------|-------------------------------------------|-----------------------|
| 5,922                 | Group transfers to other schemes          | 1,526                 |
| 41,305                | Individual transfers to other schemes     | 39,784                |
| 670                   | Payments for members joining state scheme | 48                    |
| (70)                  | Income for members from state scheme      | (18)                  |
| 1,542                 | Refunds to members leaving service        | 1,627                 |
| <b>49,369</b>         |                                           | <b>42,967</b>         |

## 8. Management Expenses

The costs of administration and investment management are met by the employers through their employer contribution rate. In June 2016, CIPFA published guidance on Accounting for LGPS Management Costs. The aim of this guidance is to assist in the improvement of consistent and comparable data across LGPS funds. GMPF Scheme management costs have been categorised in accordance with this guidance in the tables below.

### Investment management expenses

| 31 March 2018<br>£000 |                                      | 31 March 2019<br>£000 |
|-----------------------|--------------------------------------|-----------------------|
| 905                   | Employee costs                       | 1,311                 |
| 256                   | Support services including IT        | 292                   |
| 5,656                 | Transaction costs (public managers)* | 5,520                 |
| 17,424                | Management fees                      | 17,683                |
| 357                   | Custody fees                         | 238                   |
| <b>24,598</b>         |                                      | <b>25,044</b>         |

\* Transaction costs are incremental costs directly attributable to the sale and purchase of UK and Overseas equities. They fall into three distinct categories:

|                     |            |                      |
|---------------------|------------|----------------------|
| Tax (UK stamp duty) | £3,695,000 | (2017/18 £2,487,000) |
| Market levies       | £224,000   | (2017/18 £537,000)   |
| Commissions         | £1,601,000 | (2017/18 £2,632,000) |

## Administrative costs

| 31 March 2018<br>£000 |                               | 31 March 2019<br>£000 |
|-----------------------|-------------------------------|-----------------------|
| 3,703                 | Employee costs                | 3,889                 |
| 2,277                 | Support services including IT | 1,674                 |
| 142                   | Printing and publications     | 186                   |
| <b>6,122</b>          |                               | <b>5,749</b>          |

## Oversight and Governance costs

| 31 March 2018<br>£000 |                                         | 31 March 2019<br>£000 |
|-----------------------|-----------------------------------------|-----------------------|
| 488                   | Employee costs                          | 559                   |
| 327                   | Support services including IT           | 402                   |
| 152                   | Governance and decision making costs    | 167                   |
| 40                    | Investment performance monitoring       | 27                    |
| 62                    | External audit fees*                    | 67                    |
| 106                   | Internal audit fees                     | 108                   |
| 151                   | Actuarial fees - investment consultancy | 130                   |
| 145                   | Actuarial fees                          | 252                   |
| <b>1,471</b>          |                                         | <b>1,712</b>          |

The above costs include set up costs for Northern LGPS Pool - see note 8a for further details of the set up costs to date.

\* Total fee paid to external auditors in 2018/19 is £67,383 (2017/18 £62,337) of which £24,000 (2017/18 £5,996) was paid in relation to work carried out on behalf of GMPF's admitted scheme employers

## 8a. Costs related to the Northern LGPS Pool

| Set up costs:                     | At 31 March 2019 |                  |               |                    |
|-----------------------------------|------------------|------------------|---------------|--------------------|
|                                   | Direct<br>£000   | Indirect<br>£000 | Total<br>£000 | Cumulative<br>£000 |
| Recruitment                       | 0                | 0                | 0             | 0                  |
| Legal                             | 65               | 0                | 65            | 65                 |
| Procurement                       | 30               | 0                | 30            | 30                 |
| Other support costs               | 0                | 0                | 0             | 0                  |
| Share purchase/subscription costs | 0                | 0                | 0             | 0                  |
| Other working capital provided    | 0                | 0                | 0             | 0                  |
| Staff costs                       | 0                | 0                | 0             | 0                  |
| Other costs                       | 82               | 0                | 82            | 82                 |
| <b>Total set up costs</b>         | <b>177</b>       | <b>0</b>         | <b>177</b>    | <b>177</b>         |

## 9. Investment income

| 31 March 2018<br>£000 |                                                 | 31 March 2019<br>£000 |  |
|-----------------------|-------------------------------------------------|-----------------------|--|
| (48,535)              | Fixed interest (corporate and government bonds) | (41,777)              |  |
| (261,775)             | Equities                                        | (281,532)             |  |
| (4,419)               | Index linked                                    | (2,259)               |  |
| (64,014)              | Pooled investment vehicles                      | (70,730)              |  |
| (34,426)              | Investment property (gross)                     | (41,166)              |  |
| 4,188                 | Investment property non-recoverable expenditure | 6,233                 |  |
| (2,399)               | Interest on cash deposits                       | (4,760)               |  |
| (697)                 | Stock lending                                   | (711)                 |  |
| (15)                  | Underwriting                                    | 0                     |  |
| <b>(412,092)</b>      |                                                 | <b>(436,702)</b>      |  |

In accordance with IAS 12 Income Taxes, investment income includes withholding taxes and irrecoverable withholding tax is analysed separately as a tax charge. Income received by Legal and General pooled funds is automatically reinvested within the relevant sector fund and thus excluded from the above analysis. Similarly, UBS pooled funds for Emerging Market Equities, Stone Harbor pooled funds for global credit, Aviva Investors Property Fund, Standard Life Pooled Property Pension Fund, Standard Life Investments UK Property Development Fund, EID Unit Fund, Darwin Leisure Property Fund and J.P.Morgan Strategic Property Fund Asia in which GMPF invest have income automatically reinvested with that fund.

## 10. Taxation

GMPF is exempt from UK income tax on interest and from capital gains tax on the profits resulting from the sale of investments. GMPF is exempt from United States withholding tax on dividends and can recover all or part of the withholding tax deducted in some other countries. The amount of withholding tax deducted from overseas dividends which GMPF is unable to reclaim in 2018/19 amounts to £5,192,000 (2017/18 £3,964,000) and is shown as a tax charge.

As Tameside MBC is the Administering Authority for GMPF, VAT input tax was recoverable on all GMPF activities including expenditure on investment and property expenses.

## 11. Investments at fair value

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investment during the year.

Change in fair value is reconciled in the table below:

|                                                                                    | <b>31 March 2019</b> |                  |
|------------------------------------------------------------------------------------|----------------------|------------------|
|                                                                                    | <b>£000</b>          | <b>£000</b>      |
| Unrealised losses at 31 March 2019                                                 | 157,270              |                  |
| Unrealised (profits) at 31 March 2019                                              | (2,346,455)          | (2,189,185)      |
| Realised losses 1 April 2018 to 31 March 2019                                      | 40,906               |                  |
| Realised (profits) 1 April 2018 to 31 March 2019                                   | (579,114)            | (538,208)        |
| Less:                                                                              |                      |                  |
| Unrealised (profits) at 31 March 2018                                              | 2,193,939            |                  |
| Unrealised losses at 31 March 2018                                                 | (334,712)            | 1,859,227        |
| <b>Reduction/(Increase) in fair value of investments year ending 31 March 2019</b> |                      | <b>(868,166)</b> |

|                                                                                    | <b>31 March 2019</b> |                  |
|------------------------------------------------------------------------------------|----------------------|------------------|
|                                                                                    | <b>£000</b>          | <b>£000</b>      |
| Unrealised losses at 31 March 2018                                                 | 334,712              |                  |
| Unrealised (profits) at 31 March 2018                                              | (2,193,938)          | (1,859,226)      |
| Realised losses 1 April 2017 to 31 March 2018                                      | 28,697               |                  |
| Realised (profits) 1 April 2017 to 31 March 2018                                   | (3,804,186)          | (3,775,489)      |
| Less:                                                                              |                      |                  |
| Unrealised (profits) at 31 March 2017                                              | (102,485)            |                  |
| Unrealised losses at 31 March 2017                                                 | 5,242,994            | 5,140,509        |
| <b>Reduction/(Increase) in fair value of investments year ending 31 March 2018</b> |                      | <b>(494,206)</b> |

The following tables analyse the carrying amounts of the financial assets and liabilities by category.

| Value at<br>1 April 2018<br>£000                           |                                  | Purchases<br>£000 | Sales<br>£000      | Change in<br>fair value<br>£000 | Value at<br>31 March 2019<br>£000 |
|------------------------------------------------------------|----------------------------------|-------------------|--------------------|---------------------------------|-----------------------------------|
| <b>Classified as at fair value through profit and loss</b> |                                  |                   |                    |                                 |                                   |
| 6,751,242                                                  | Equities                         | 2,612,587         | (2,133,183)        | (41,454)                        | 7,189,192                         |
| 1,325,276                                                  | Bonds                            | 34,995            | (388,050)          | 31,144                          | 1,003,365                         |
| 492,859                                                    | Index linked                     | 129,307           | (285,710)          | 33,458                          | 369,914                           |
| 755,145                                                    | Investment property              | 140,665           | (32,218)           | 18,399                          | 881,991                           |
| 6,344                                                      | Derivatives                      | 14,494            | (29,587)           | 8,749                           | 0                                 |
| 12,491,416                                                 | Managed and unitised funds       | 2,044,387         | (1,900,174)        | 817,870                         | 13,453,499                        |
| <b>21,822,282</b>                                          |                                  | <b>4,976,435</b>  | <b>(4,768,922)</b> | <b>868,166</b>                  | <b>22,897,961</b>                 |
| <b>Loans and receivables</b>                               |                                  |                   |                    |                                 |                                   |
| 587,141                                                    | Cash                             |                   |                    |                                 | 755,437                           |
| 87,122                                                     | Other investments and net assets |                   |                    |                                 | 190,225                           |
| <b>22,496,545</b>                                          | <b>Total</b>                     |                   |                    |                                 | <b>23,843,623</b>                 |

| Value at<br>1 April 2017<br>£000                           |                                  | Purchases<br>£000 | Sales<br>£000       | Change in<br>fair value<br>£000 | Value at<br>31 March 2018<br>£000 |
|------------------------------------------------------------|----------------------------------|-------------------|---------------------|---------------------------------|-----------------------------------|
| <b>Classified as at fair value through profit and loss</b> |                                  |                   |                     |                                 |                                   |
| 8,500,608                                                  | Equities                         | 2,130,354         | (4,111,749)         | 232,029                         | 6,751,242                         |
| 1,517,437                                                  | Bonds                            | 707,401           | (837,695)           | (61,867)                        | 1,325,276                         |
| 514,037                                                    | Index linked                     | 144,273           | (123,560)           | (41,891)                        | 492,859                           |
| 552,470                                                    | Investment property              | 200,162           | (20,575)            | 23,088                          | 755,145                           |
| 121                                                        | Derivatives                      | 8,598             | (12,749)            | 10,374                          | 6,344                             |
| 9,192,482                                                  | Managed and unitised funds       | 12,680,491        | (9,714,029)         | 332,472                         | 12,491,416                        |
| <b>20,277,155</b>                                          |                                  | <b>15,871,279</b> | <b>(14,820,357)</b> | <b>494,206</b>                  | <b>21,822,282</b>                 |
| <b>Loans and receivables</b>                               |                                  |                   |                     |                                 |                                   |
| 868,391                                                    | Cash                             |                   |                     |                                 | 587,141                           |
| 125,514                                                    | Other investments and net assets |                   |                     |                                 | 87,122                            |
| <b>21,271,060</b>                                          | <b>Total</b>                     |                   |                     |                                 | <b>22,496,545</b>                 |

## Bonds

| <b>31 March 2018</b><br><b>£000</b> |                               | <b>31 March 2019</b><br><b>£000</b> |
|-------------------------------------|-------------------------------|-------------------------------------|
| 272,343                             | UK public sector quoted       | 43,590                              |
| 287,324                             | Overseas public sector quoted | 180,358                             |
| 695,157                             | UK corporate quoted           | 704,702                             |
| 70,452                              | Overseas corporate quoted     | 74,715                              |
| <b>1,325,276</b>                    |                               | <b>1,003,365</b>                    |

## Investment property

| <b>31 March 2018</b><br><b>£000</b> |                                               | <b>31 March 2019</b><br><b>£000</b> |
|-------------------------------------|-----------------------------------------------|-------------------------------------|
| 636,435                             | UK - main investment property portfolio       | 756,645                             |
| 118,710                             | UK - Greater Manchester Property Venture Fund | 125,346                             |
| <b>755,145</b>                      |                                               | <b>881,991</b>                      |

All investment property is located in England, Wales or Scotland and, in order to reduce risk, is diversified over several sectors that include high street retail, offices, industrial/retail warehousing, leisure, healthcare and student accommodation. Gross and net rental income is shown in Note 9 of these accounts.

With the sole exception of two investment properties, where a rent sharing agreement is in place with the freeholder, no directly held investment property has restrictions on its realisation, remittance of income or disposal proceeds.

Committed expenditure in relation to investment property can be found at Note 17.

In accordance with the Investment Property Strategy, decisions have been taken to sell fifteen investment properties. These were either being prepared for sale, six properties were being marketed or prices had been agreed at 31 March 2019 (combined prices totalled £35,585,000).

The following tables summarise the movement in the fair value of investment properties over the year:

| <b>Movement in the fair value of investment properties in 2018/19</b> | <b>£000</b>    |
|-----------------------------------------------------------------------|----------------|
| Balance at 1 April 2018                                               | 755,145        |
| Purchases                                                             | 136,893        |
| Expenditure during year                                               | 3,772          |
| Disposals                                                             | (32,218)       |
| Net gains/(losses) from fair value adjustments                        | 18,399         |
| <b>Balance at 31 March 2019</b>                                       | <b>881,991</b> |

*\* Of which £35,585,000 relates to properties being marketed at 31 March 2019*

| <b>Movement in the fair value of investment properties in 2017/18</b> | <b>£000</b>    |
|-----------------------------------------------------------------------|----------------|
| Balance at 1 April 2017                                               | 552,470        |
| Purchases                                                             | 189,734        |
| Expenditure during year                                               | 10,428         |
| Disposals                                                             | (20,575)       |
| Net gains/ (losses) from fair value adjustments                       | 23,088         |
| <b>Balance at 31 March 2018</b>                                       | <b>755,145</b> |

### **Future operating lease rentals receivable**

| <b>31 March 2018<br/>£000</b> |                                               | <b>31 March 2019<br/>£000</b> |
|-------------------------------|-----------------------------------------------|-------------------------------|
| 29,481                        | Not later than 1 year                         | 35,455                        |
| 116,166                       | Later than 1 year, but not later than 5 years | 124,811                       |
| 152,099                       | Later than 5 years                            | 167,099                       |
| <b>297,746</b>                | <b>Total</b>                                  | <b>327,365</b>                |

The future minimum lease payments due to GMPF under non-cancellable operating leases are stated above.

Where a lease contains a "tenant's break" clause, it is only up to this point that the aggregation is made.

## Derivatives

| 31 March 2018<br>£000 |                                | 31 March 2019<br>£000 |
|-----------------------|--------------------------------|-----------------------|
|                       | <b>Investment assets:</b>      |                       |
| 1,196                 | Forward currency contracts     | 0                     |
| 5,941                 | Financial futures              | 0                     |
| 7,137                 |                                | 0                     |
|                       | <b>Investment liabilities:</b> |                       |
| (416)                 | Forward currency contracts     | 0                     |
| (377)                 | Financial futures              | 0                     |
| <b>6,344</b>          | <b>Net (liability)/asset</b>   | <b>0</b>              |

Derivative receipts and payments represent the realised gains and losses on futures contracts and forward currency contracts. GMPF's objective in entering into derivative positions is to decrease risk in the portfolio.

GMPF had no investments in futures contracts or forward currency contracts at 31 March 2019.

## Pooled investment vehicles

Pooled investment vehicles aggregate capital from multiple investors to pursue specified investment strategies. The table below analyses, by type and underlying asset class, funds in which GMPF invests.

| 31 March 2018<br>£000 |                                                | 31 March 2019<br>£000 |
|-----------------------|------------------------------------------------|-----------------------|
| 467,982               | UK property                                    | 460,915               |
| 154,417               | Overseas property                              | 207,827               |
| 1,117,960             | Global credit                                  | 1,119,969             |
| 430,573               | Overseas equity                                | 388,939               |
| 539,426               | UK private equity, infrastructure & debt*      | 741,607               |
| 1,056,474             | Overseas private equity, infrastructure & debt | 1,645,978             |
| 272,477               | UK special opportunities portfolio             | 311,634               |
| 53,445                | Overseas special opportunities portfolio       | 51,876                |
| <b>4,092,754</b>      | <b>Managed funds</b>                           | <b>4,928,745</b>      |
| 351,470               | Property                                       | 490,085               |
| 224                   | Overseas private equity                        | 4                     |
| <b>351,694</b>        | <b>Unit trusts</b>                             | <b>490,089</b>        |
| 41,927                | Property                                       | 47,553                |
| 608,478               | UK quoted equity                               | 321,378               |
| 723,957               | UK fixed interest                              | 687,844               |
| 554,454               | UK index linked securities                     | 811,389               |
| 508,106               | UK corporate bonds                             | 487,389               |
| 360,925               | UK cash instruments                            | 323,363               |
| 4,750,280             | Overseas quoted equity                         | 4,655,924             |
| 390,210               | Overseas fixed interest                        | 369,292               |
| 47,171                | Overseas corporate bonds                       | 63,818                |
| 33,140                | Overseas index linked securities               | 22,318                |
| 0                     | Global credit                                  | 214,774               |
| 28,320                | Inflation funds                                | 29,623                |
| <b>8,046,968</b>      | <b>Insurance policies</b>                      | <b>8,034,665</b>      |
| <b>12,491,416</b>     | <b>Total pooled investment vehicles</b>        | <b>13,453,499</b>     |

\*includes £477,439,000 GLIL investment via the Northern LGPS vehicle (2018 £262,450,000)

## Cash

| 31 March 2018<br>£000 |                  | 31 March 2019<br>£000 |
|-----------------------|------------------|-----------------------|
| 533,208               | Sterling         | 729,702               |
| 53,933                | Foreign currency | 25,735                |
| <b>587,141</b>        |                  | <b>755,437</b>        |

## Other investments balances and net assets

| 31 March 2018<br>£000 |                                                       | 31 March 2019<br>£000 |
|-----------------------|-------------------------------------------------------|-----------------------|
| 27,180                | Amounts due from broker                               | 69,612                |
| 40,884                | Outstanding dividends and recoverable withholding tax | 57,385                |
| 17,165                | Gross accrued interest on bonds                       | 15,078                |
| 289                   | Gross accrued interest on loans                       | 1,044                 |
| 20,684                | Investment loans                                      | 67,730                |
| 1,310                 | Other accrued interest and tax reclaims               | 1,695                 |
| <b>107,512</b>        | <b>Other investment assets</b>                        | <b>212,544</b>        |
| (36,552)              | Amounts due to broker                                 | (72,572)              |
| (5,563)               | Variation margin                                      | 0                     |
| (347)                 | Irrecoverable withholding tax                         | (707)                 |
| <b>(42,462)</b>       | <b>Other investment liabilities</b>                   | <b>(73,279)</b>       |
| 33,770                | Employer contributions - main scheme                  | 44,958                |
| 353                   | Employer contributions - additional pensions          | 418                   |
| 5,508                 | Property                                              | 19,054                |
| 0                     | Admin & investment management expenses                | 142                   |
| 6,058                 | Other                                                 | 8,984                 |
| <b>45,689</b>         | <b>Current assets</b>                                 | <b>73,556</b>         |
| (10,179)              | Property                                              | (10,032)              |
| (40)                  | Employer contributions - main scheme                  | (5)                   |
| (1,795)               | Employer contributions - additional pensions          | (1,487)               |
| (5,378)               | Admin & investment management expenses                | (4,180)               |
| (6,225)               | Other                                                 | (6,892)               |
| <b>(23,617)</b>       | <b>Current liabilities</b>                            | <b>(22,596)</b>       |
| <b>22,072</b>         | <b>Net current assets</b>                             | <b>50,960</b>         |
| <b>87,122</b>         | <b>Other investment balances and net assets</b>       | <b>190,225</b>        |

## 11a. Transaction and management costs not charged directly to the Fund account

### Public managers

Since 1 April 2016 transaction costs in respect of the purchase and sale of equities have been respectively excluded or included in the prices reported in the Net Assets Statement and charged to the Fund Account. Details may be seen at Note 8.

### Directly held property

Transaction costs continue to be capitalised and are implicit within the value of the assets concerned. These amounted to £7,397,000 for 2018/19 (2017/18 £1,389,000).

The CIPFA Code of Practice (and guidance related to the Code) does not require 'bid-offer spread' to be reported as a transaction cost.

### Management Costs

Certain investments in pooled vehicles predominantly in private markets, alternatives and property have investment costs met within the vehicle rather than an explicit charge paid by GMPF. Thus, costs are not charged directly to the Fund Account nor analysed in Note 8. They are included in the fair value adjustments applied to assets concerned within the Fund Account and corresponding notes. The performance is reported on a net basis.

The table below shows estimates made for these costs during the current and previous financial year using methodology agreed with external advisers on private assets and include potential accrued performance fees.

| 31 March 2018<br>£000 |                                                                       | 31 March 2019<br>£000 |
|-----------------------|-----------------------------------------------------------------------|-----------------------|
| 42,924                | Private market and alternative investments (performance related)      | 59,542                |
| 47,377                | Private market and alternative investments (non-performance related)* | 58,981                |
| 9,283                 | Indirect investment property                                          | 16,756                |
| <b>99,584</b>         |                                                                       | <b>135,279</b>        |

\*Includes Northern LGPS costs of £2,569,000.

## 12. Local investments

GMPF invests within the North West of England with a focus on the Greater Manchester conurbation in property development and redevelopment opportunities. This programme of investments is delivered through Greater Manchester Property Venture Fund

| 31 March 2018<br>£000 |                                          | 31 March 2019<br>£000 |
|-----------------------|------------------------------------------|-----------------------|
| 118,710               | Greater Manchester Property Venture Fund | 125,346               |

### 13. Designated funds

A small number of employers within GMPF have a materially different liability profile. Some earmarked investments are allocated to these employers. The investments of the designated fund incorporated in the Net Asset statement are as follows:

| 31 March 2018<br>£000 |                           | 31 March 2019<br>£000 |
|-----------------------|---------------------------|-----------------------|
| 23,610                | UK Equities               | 38,900                |
| 38,705                | Overseas equities         | 57,787                |
| 50,594                | UK corporate bonds        | 77,389                |
| 315,391               | Index linked gilts        | 458,378               |
| 12,589                | Cash instruments          | 18,633                |
| 57,239                | Cash                      | 57,483                |
| 28,192                | Inflation funds           | 29,622                |
| 0                     | High yield debt           | 214,774               |
| 1,288                 | Other investment balances | 0                     |
| <b>527,608</b>        |                           | <b>952,966</b>        |

### 14. Summary of managers' portfolio values at 31 March

| 2018               |        |                                        | 2019   |        |
|--------------------|--------|----------------------------------------|--------|--------|
| £m                 | %      |                                        | £m     | %      |
| Externally managed |        |                                        |        |        |
| 8,190              | 36.4%  | UBS Asset Management                   | 8,351  | 35.0%  |
| 8,005              | 35.6%  | Legal & General                        | 7,987  | 33.5%  |
| 1,123              | 5.0%   | Investec                               | 1,250  | 5.2%   |
| 1,118              | 5.0%   | Stone Harbor                           | 1,120  | 4.7%   |
| 810                | 3.6%   | LaSalle                                | 1,044  | 4.4%   |
| 119                | 0.5%   | Avison Young (advisory mandate)        | 125    | 0.5%   |
| 19,365             | 86.1%  |                                        | 19,877 | 83.3%  |
| Internally managed |        |                                        |        |        |
| 2,033              | 9.0%   | Alternatives                           | 2,896  | 12.2%  |
| 182                | 0.8%   | Designated funds                       | 58     | 0.2%   |
| 731                | 3.3%   | Property (indirect)                    | 774    | 3.3%   |
| 186                | 0.8%   | Cash, other investments and net assets | 239    | 1.0%   |
| 3,132              | 13.9%  |                                        | 3,967  | 16.7%  |
| 22,497             | 100.0% | Total                                  | 23,844 | 100.0% |

## 15. Concentration of investment

As at 31 March 2019, GMPF held, respectively, 11.9%, 5.1% and 11.8% of its net assets in insurance contracts MF32950, MF36558 and MF37010 with Legal & General Assurance (Pensions Management) Limited. They are linked long term contracts under Class III of Schedule 1 of the Insurance Companies Act 1982 and not “with profits” contracts.

The policy documents have been issued and the values are incorporated in the Net Asset statement within pooled investment vehicles. The policies' underlying asset classes are as follows:

### Policy MF32950

| 31 March 2018<br>£000 |                         | 31 March 2019<br>£000 |
|-----------------------|-------------------------|-----------------------|
| 1,442,580             | Overseas equities       | 1,624,228             |
| 386,046               | UK fixed interest       | 381,111               |
| 190,058               | UK corporate bonds      | 186,556               |
| 95,216                | Overseas fixed interest | 89,088                |
| 290,540               | UK index linked         | 306,773               |
| 235,318               | UK cash instruments     | 247,081               |
| <b>2,639,758</b>      |                         | <b>2,834,837</b>      |

### Policy MF36558

| 31 March 2018<br>£000 |                          | 31 March 2019<br>£000 |
|-----------------------|--------------------------|-----------------------|
| 584,868               | UK equities              | 282,478               |
| 993,091               | Overseas equities        | 584,460               |
| 109,691               | UK fixed interest        | 71,317                |
| 147,028               | UK corporate bonds       | 96,561                |
| 70,006                | Overseas fixed interest  | 45,429                |
| 72,025                | UK index linked          | 46,237                |
| 113,018               | UK cash instruments      | 57,649                |
| 33,141                | Overseas index linked    | 22,318                |
| 17,428                | Overseas corporate bonds | 12,424                |
| <b>2,140,296</b>      |                          | <b>1,218,873</b>      |

### Policy MF37010

| 31 March 2018<br>£000 |                          | 31 March 2019<br>£000 |
|-----------------------|--------------------------|-----------------------|
| 2,059,050             | Overseas equities        | 2,157,631             |
| 228,219               | UK fixed interest        | 235,416               |
| 120,426               | UK corporate bonds       | 126,883               |
| 224,989               | Overseas fixed interest  | 234,776               |
| 29,744                | Overseas corporate bonds | 51,394                |
| <b>2,662,428</b>      |                          | <b>2,806,100</b>      |

## 16. Notifiable interests

As at 31 March 2018 GMPF had holdings of 3% or over in the ordinary share capital of the following quoted companies:

| UK Equity<br>31 March 2018<br>% |                     | UK Equity<br>31 March 2019<br>% |
|---------------------------------|---------------------|---------------------------------|
| 5.2                             | Brown (N) Group PLC | 7.7                             |
| 7.9                             | Mothercare PLC      | 7.4                             |
| 6.1                             | STV Group PLC       | 5.7                             |
| 5.3                             | TT Electronics PLC  | 5.2                             |
| 5.4                             | Chemring Group PLC  | 5.0                             |
| 5.4                             | SIG PLC             | 5.0                             |
| 4.0                             | RPS Group PLC       | 5.0                             |
| 4.6                             | Serco Group PLC     | 4.0                             |
| 3.8                             | Balfour Beatty PLC  | 3.7                             |
| 3.6                             | Volution GRP PLC    | 3.7                             |
| 0.0                             | Intu Properties PLC | 3.3                             |

## 17. Undrawn commitments

| 31 March 2018<br>£000 | Asset type                                    | Nature of commitment                                   | 31 March 2019<br>£000 |
|-----------------------|-----------------------------------------------|--------------------------------------------------------|-----------------------|
| 1,166                 | Directly held investment property             | Commitments regarding demolition or refurbishment work | 508                   |
| 95,000                | Directly held investment property             | Commitments regarding purchases                        | 70,608                |
| 1,664,617             | Indirect private equity and infrastructure    | Commitments to fund                                    | 2,032,516             |
| 369,372               | Special Opportunities portfolio               | Commitments to fund                                    | 295,168               |
| 343,054               | Property managed funds                        | Commitments to fund                                    | 243,333               |
| 40,975                | Property unit trusts                          | Commitments to fund                                    | 6,289                 |
| 32,685                | Commercial/domestic based property unit trust | Commitments to fund                                    | 9,225                 |
| 9,230                 | Local Investment 4 Growth Fund                | Commitments to fund                                    | 12,039                |
| 126,528               | Local Impact Portfolio                        | Commitments to fund                                    | 204,806               |
| 18,531                | Greater Manchester Property Venture Fund      | Commitments to lend                                    | 31,137                |
| 0                     | Private debt portfolio                        | Commitments to fund                                    | 600,010               |
| <b>2,701,158</b>      |                                               |                                                        | <b>3,505,639</b>      |

## 18. Related party transactions

In the course of fulfilling its role as administering authority to GMPF, Tameside MBC incurred costs for services (e.g. salaries and support costs) of £7,429,000 on behalf of GMPF and paid to HMRC VAT (net) of £973,000. Total payments due to Tameside MBC therefore, amounted to £8,402,000 (2017/18 £4,821,000). GMPF reimbursed Tameside MBC £6,184,000 for these charges and there is a creditor of £2,218,000 owing to Tameside MBC at the year-end (2017/18 £1,283,000 within Creditors). This creditor has been settled since the year end.

There is no direct charge to GMPF for the services of the Director of Governance & Pensions. This is also the case for the Chief Executive and the Director of Finance but a contribution towards their cost is included in the recharge as detailed above. They receive no additional salary or remuneration for undertaking these roles. Details of the total remuneration of these officers will be published on the Tameside MBC website. The remuneration of the Chair of the Management Panel can be found by accessing the following link:

<http://www.tameside.gov.uk/constitution/part6>

Other key management personnel full time and total remuneration and employer's pension contributions are as shown below:-

|                                                                 | <b>Salary Entitlement (Full Time Equivalent)</b> | <b>Salary, Fees &amp; Allowances (Paid in year)</b> | <b>Compensation for Loss of Office</b> | <b>Employers Pensions Contributions</b> | <b>Total</b>   |
|-----------------------------------------------------------------|--------------------------------------------------|-----------------------------------------------------|----------------------------------------|-----------------------------------------|----------------|
|                                                                 | <b>£</b>                                         | <b>£</b>                                            | <b>£</b>                               | <b>£</b>                                | <b>£</b>       |
| Assistant Director of Pensions (Special Projects) *             | 90,510                                           | 40,227                                              | 0                                      | 28,448                                  | <b>68,675</b>  |
| Assistant Director of Pensions (Investments)                    | 90,510                                           | 90,510                                              | 0                                      | 19,007                                  | <b>109,517</b> |
| Assistant Director of Pensions (Funding & Business Development) | 90,510                                           | 90,510                                              | 0                                      | 19,007                                  | <b>109,517</b> |
| Assistant Director of Pensions (Local Investments & Property)   | 90,510                                           | 90,510                                              | 0                                      | 19,007                                  | <b>109,517</b> |
| Assistant Director of Pensions (Administration)                 | 79,897                                           | 79,897                                              | 0                                      | 16,778                                  | <b>96,675</b>  |

\* working hours changed during the year

Paragraph 3.9.4.3 of the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom exempts Local Authorities on the Key Management Personnel disclosure requirements of IAS 24, on the basis that the disclosure requirements for officer remuneration and members' allowances detailed in Section 3.4 of the code (which are derived from the requirements of Regulation 7(2)-(4) of the Accounts and Audit (England) Regulations 2011 and Regulation 7A of the Accounts and Audit (Wales) Regulations (2005) satisfy the Key Management Personnel disclosure requirements of paragraph 16 of IAS 24.

The disclosures required by regulation 7(2)-(4) of the Accounts and Audit (England) Regulations can be found in the main accounts of the administering authority - Tameside MBC.

No senior officers responsible for the administration of GMPF have entered into any contract (other than their contract of employment) with Tameside MBC (administering authority).

A number of officers responsible for the administration of GMPF have directorships in companies which have been incorporated for the sole purpose of the investment administration and management of GMPF's assets and other assets which GMPF has a joint interest with other LGPS funds. These are:

| <b>Name</b>            | <b>Position in GMPF 2018/19</b>                               | <b>Company in which directorship is held</b>                             | <b>Company Registration Number</b> |
|------------------------|---------------------------------------------------------------|--------------------------------------------------------------------------|------------------------------------|
| <b>Steven Pleasant</b> | Chief Executive                                               | Airport City (General Partner) Limited                                   | 08723477                           |
| <b>Sandra Stewart</b>  | Director of Governance & Pensions                             | Northern Pool GP (No1) Limited                                           | 11360203                           |
| <b>Patrick Dowdall</b> | Assistant Director of Pensions (Local Investments & Property) | Matrix Homes (General Partner) Limited                                   | 08980059                           |
|                        |                                                               | Hive Bethnal Green Limited                                               | 09362438                           |
|                        |                                                               | GLIL Corporate Holdings Limited                                          | 10046509                           |
|                        |                                                               | Plot 5 First Street Nominee Limited                                      | 09919396                           |
|                        |                                                               | Plot 5 First Street GP Limited                                           | 09904743                           |
|                        |                                                               | GMPF UT (Second Unit Holder) Limited                                     | 08725454                           |
|                        |                                                               | Airport City (Asset Manager) Limited                                     | 08723467                           |
|                        |                                                               | Manchester Charles Street Residential (ELP GP) Limited                   | 10977358                           |
|                        |                                                               | Manchester Charles Street Residential (SLP GP) Limited                   | SC576947                           |
|                        |                                                               | Manchester New Square (General Partner) Limited                          | 11082473                           |
|                        |                                                               | Semperian PPP Investment Partners Holdings Limited (Jersey Registration) | 98327                              |
| <b>Daniel Hobson</b>   | Senior Investment Manager (Head of Infrastructure)            | GLIL Corporate Holdings Limited                                          | 10046509                           |
|                        |                                                               | GLIL Corporate Holdings 2 Limited                                        | 10824179                           |
|                        |                                                               | Rock Rail East Anglia (Holdings) 1 Limited                               | 10266130                           |
|                        |                                                               | Rock Rail East Anglie (Holdings) 2 Limited                               | 09918883                           |
|                        |                                                               | Rock Rail East Anglia PLC                                                | 10360543                           |
|                        |                                                               | Clyde Windfarm (Scotland) Limited                                        | SC281105                           |
|                        |                                                               | Camulodunum Investments Limited                                          | 11108175                           |

| Name                  | Position in GMPF 2018/19 | Company in which directorship is held                  | Company Registration Number |
|-----------------------|--------------------------|--------------------------------------------------------|-----------------------------|
| <b>Andrew Hall</b>    | Investment Manager       | GMPF UT (Second Unit Holder) Limited                   | 08725454                    |
|                       |                          | Matrix Homes (General Partner) Limited                 | 08980059                    |
|                       |                          | Plot 5 First Street GP Limited                         | 09904743                    |
|                       |                          | Plot 5 First Street Nominee Limited                    | 09919396                    |
|                       |                          | Manchester Charles Street Residential (ELP GP) Limited | 10977358                    |
|                       |                          | Manchester Charles Street Residential (SLP GP) Limited | SC576947                    |
|                       |                          | Island Site (General Partner) Limited                  | 11532059                    |
|                       |                          | Island Site (Nominee) Limited                          | 11532379                    |
|                       |                          | Manchester New Square (General Partner) Limited        | 11082473                    |
| <b>Kevin Etchells</b> | Investment Manager       | Island Site (General Partner) Limited                  | 11532059                    |
|                       |                          | Island Site (Nominee) Limited                          | 11532379                    |
| <b>Neil Charnock</b>  | Head of Legal Services   | Hive Bethnal Green Limited                             | 09362438                    |

The above receive no remuneration for these directorships.

Under legislation introduced in 2003/04, Councillors were entitled to join the pension scheme. However, separate legislation came into effect from 2014 rescinding this and all Councillors in the LGPS had their benefits deferred on expiry of their terms of office.

The following members of the Management and Advisory Panels are consequently deferred pensioners.

| Name                      | Position          |
|---------------------------|-------------------|
| <b>Cllr J Fitzpatrick</b> | Councillor member |
| <b>Cllr S Quinn</b>       | Councillor member |
| <b>Cllr D Ward</b>        | Councillor member |
| <b>Cllr C Patrick</b>     | Councillor member |
| <b>Cllr T Halliwell</b>   | Councillor member |

In addition, the following Members of the Management and Advisory Panels, having attained the appropriate age or other criterion, are in receipt of pension benefits:

| Name                   | Position          |
|------------------------|-------------------|
| <b>Cllr G Cooney</b>   | Councillor member |
| <b>Cllr M Smith</b>    | Councillor member |
| <b>Cllr S Quinn</b>    | Councillor member |
| <b>Cllr J Lane</b>     | Councillor member |
| <b>Cllr J Taylor</b>   | Councillor member |
| <b>Cllr A Mitchell</b> | Councillor member |
| <b>Cllr J Pantall</b>  | Councillor member |

The following Members of the Management and Advisory Panel and the Local Board are deferred pensioners by virtue of their membership of GMPF in current or previous employments:

| <b>Name</b>           | <b>Position</b>   |
|-----------------------|-------------------|
| <b>Cllr M Smith</b>   | Councillor member |
| <b>Cllr C Patrick</b> | Councillor member |

The following Members of the Management and Advisory Panel and the Local Board, by virtue of their membership of GMPF in previous employments and attaining the appropriate age, are in receipt of pension benefits:

| <b>Name</b>         | <b>Position</b>              |
|---------------------|------------------------------|
| <b>Cllr V Ricci</b> | Council member               |
| <b>R Paver</b>      | Employer representative      |
| <b>F Llewellyn</b>  | Employee representative      |
| <b>M Fulham</b>     | Employee representative      |
| <b>J Thompson</b>   | Employer representative      |
| <b>P Catterall</b>  | Scheme member representative |

Each member of the Local Board, the GMPF Management and Advisory Panels and Working Groups formally considers declarations of interest at each meeting. In addition, an annual return of all declarations of interest is obtained from the Members by their respective Councils. Those relevant to GMPF Management Panel or Board membership, i.e. where the organisation is a GMPF contributing employer, are listed below:

| <b>Name</b>               | <b>Position &amp; Organisation</b>                                                                                    | <b>Organisation relationship with GMPF</b> |
|---------------------------|-----------------------------------------------------------------------------------------------------------------------|--------------------------------------------|
| <b>Cllr B Warrington</b>  | Member of Greater Manchester Combined Authority                                                                       | Contributing employer                      |
| <b>Cllr G Cooney</b>      | Employee of Manchester City Council                                                                                   | Contributing employer                      |
|                           | Director of Jigsaw Homes Group (Reg No 29433R)                                                                        | Contributing employer                      |
|                           | Director of Ashton Pioneer Homes Limited (Reg.No. 03383565)                                                           | Contributing employer                      |
|                           | Director of Pioneer Homes Services Limited (subsidiary of Ashton Pioneer Homes Limited) (Reg.No. 06546606)            | Contributing employer                      |
|                           | Director of Ashton Pioneer Homes Developments Limited (subsidiary of Ashton Pioneer Homes Limited) (Reg.No. 03989251) | Contributing employer                      |
|                           | Director of Mechanics' Centre Limited (Reg.No. 01983373)                                                              | Contributing employer                      |
| <b>Cllr M Smith</b>       | Employee of Manchester Working Ltd                                                                                    | Contributing employer                      |
| <b>Cllr B Fairfoull</b>   | Member of Manchester Airport Consultative Committee                                                                   | Contributing employer                      |
| <b>Cllr J Fitzpatrick</b> | Trustee of Homestart                                                                                                  | Contributing employer                      |
| <b>Cllr J Taylor</b>      | Chairman of Tameside Sports Trust (Reg.No. 03531443)                                                                  | Contributing employer                      |
| <b>Cllr S Quinn</b>       | Member of North West Employers Association                                                                            | Contributing employer                      |
| <b>Cllr S O'Neill</b>     | Member of Greater Manchester Combined Authority                                                                       | Contributing employer                      |
| <b>Cllr M Barnes</b>      | Employee of University of Salford                                                                                     | Contributing employer                      |
| <b>Cllr C Ball</b>        | Substitute Member Greater Manchester Combined Authority Health Scrutiny Committee                                     | Contributing employer                      |
| <b>Cllr P Andrews</b>     | Director of Manchester Working Limited                                                                                | Contributing employer                      |
|                           | Member of Manchester Airport Consultative Committee                                                                   | Contributing employer                      |
|                           | Director of Mechanics' Centre Limited (Reg.No. 01983373)                                                              | Contributing employer                      |
| <b>P Herbert</b>          | Employee of Ministry of Justice                                                                                       | Contributing employer                      |
| <b>K Drury</b>            | Employee of University of Manchester                                                                                  | Contributing employer                      |
| <b>A Flatley</b>          | Employee of Bolton MBC                                                                                                | Contributing employer                      |
| <b>P McDonagh</b>         | Employee of Manchester City Council                                                                                   | Contributing employer                      |
| <b>M Fulham</b>           | Employee of Bury MBC                                                                                                  | Contributing employer                      |
| <b>R Paver</b>            | Employee of Greater Manchester Combined Authority                                                                     | Contributing employer                      |
|                           | Member of the Executive Board of Transport for Greater Manchester                                                     | Contributing employer                      |
|                           | Director of MIDAS limited (Reg.No. 03323710)                                                                          | Contributing employer                      |
|                           | Director of Education and Leadership Trust (Reg.No. 08913502)                                                         | Contributing employer                      |
| <b>M Rayner</b>           | Employee of Stockport MBC                                                                                             | Contributing employer                      |
| <b>D Schofield</b>        | Employee of Manchester City Council                                                                                   | Contributing employer                      |
| <b>J Hammond</b>          | Employee of Bury MBC                                                                                                  | Contributing employer                      |
| <b>C Lloyd</b>            | Employee of Tameside MBC                                                                                              | Contributing employer                      |
| <b>C Goodwin</b>          | Employee of University of Manchester                                                                                  | Contributing employer                      |
| <b>P Taylor</b>           | Employee of LTE Group                                                                                                 | Contributing employer                      |

The administering authority, Tameside MBC, falls under the influence of The United Kingdom Ministry of Housing, Communities and Local Government. GMPF may have significant holdings of UK Government bonds depending on investment decisions.

## 19. Employer related investment

As at 31 March 2019 GMPF had amounts on short-term loan to two contributing employers: Salford City Council £5,000,000 (2018 £5,000,000) and Greater Manchester Combined Authority £30,000,000 (2018 £75,000,000). The investments were made by GMPF as part of its day-to-day treasury management activities.

As at 31 March 2018 GMPF had £27,000,000 on short-term loan to Stockport MBC. This was repaid during 2018/19. There was £nil on loan to this employer at 31 March 2019.

As part of its normal investment activities conducted through its investment fund managers, GMPF owns shares with a market value of £11,046,090 (2018 £10,717,000) in First Group PLC, which is the ultimate parent company of three subsidiaries who are contributing employers to GMPF.

GMPF has a minor holding in the Airport City joint venture, which is developing land adjacent to Manchester Airport for commercial use. The main stakeholder at Airport City being Manchester Airport Group, which is a contributing employer to GMPF.

GMPF has formed a joint venture with Manchester City Council, a contributing employer to GMPF, known as Matrix Homes, to develop residential property for both sale and to rent, at sites across Manchester.

## 20. Contributions received and benefits paid during the year ending 31 March

| Contributions received from employers 2018 £m | Contributions received from employees 2018 £m | Benefits Paid 2018 £m |                                                    | Contributions received from employers 2019 £m | Contributions received from employees 2019 £m | Benefits Paid 2019 £m |
|-----------------------------------------------|-----------------------------------------------|-----------------------|----------------------------------------------------|-----------------------------------------------|-----------------------------------------------|-----------------------|
| (24)                                          | (7)                                           | 39                    | Bolton Borough Council                             | (23)                                          | (7)                                           | 41                    |
| (16)                                          | (5)                                           | 27                    | Bury Borough Council                               | (16)                                          | (5)                                           | 27                    |
| (42)                                          | (15)                                          | 95                    | Manchester City Council                            | (45)                                          | (15)                                          | 101                   |
| (43)                                          | (5)                                           | 32                    | Oldham Borough Council                             | (2)                                           | (5)                                           | 34                    |
| (19)                                          | (5)                                           | 34                    | Rochdale Borough Council                           | (19)                                          | (6)                                           | 35                    |
| (18)                                          | (6)                                           | 39                    | Salford City Council                               | (20)                                          | (6)                                           | 40                    |
| (52)                                          | (6)                                           | 32                    | Stockport Borough Council                          | (2)                                           | (7)                                           | 32                    |
| (44)                                          | (5)                                           | 31                    | Tameside Borough Council (administering authority) | (1)                                           | (5)                                           | 34                    |
| (37)                                          | (4)                                           | 25                    | Trafford Borough Council                           | (1)                                           | (4)                                           | 25                    |
| (26)                                          | (8)                                           | 40                    | Wigan Borough Council                              | (27)                                          | (8)                                           | 42                    |
| (176)                                         | (47)                                          | 214                   | Other scheme employers*                            | (194)                                         | (52)                                          | 226                   |
| (103)                                         | (27)                                          | 140                   | Admitted bodies*                                   | (97)                                          | (26)                                          | 167                   |
| <b>(600)</b>                                  | <b>(140)</b>                                  | <b>748</b>            |                                                    | <b>(447)</b>                                  | <b>(146)</b>                                  | <b>804</b>            |

\* A full list of all scheme and admitted bodies can be found in the Employer contribution rates section of this report.

## 21. Investment Strategy Statement and Funding Strategy Statement

GMPPF has published an Investment Strategy Statement and a Funding Strategy Statement. Both documents can be found on its website - [www.gmpf.org.uk](http://www.gmpf.org.uk)

## 22. Actuarial Review of GMPPF

GMPPF's last Actuarial valuation was undertaken as at 31 March 2016. A copy of the valuation report can be found on the GMPPF website –

<http://www.gmpf.org.uk/documents/policies/actuarialvaluation/2016.pdf>

The funding policy is set out in the Funding Strategy Statement (FSS) dated March 2017. The key funding principles are as follows:

- to ensure the long-term solvency of GMPPF as a whole and the solvency of each of the notional sub-funds allocated to individual employers;
- to ensure that sufficient funds are available to meet all benefits as they fall due for payment;
- to ensure that employers are aware of the risks and the potential returns of the investment strategy;
- to help employers recognise and manage pension liabilities as they accrue, with consideration as to the effect on the operation of their business where the Administering Authority considers this to be appropriate;
- to try to maintain stability of employer contributions;
- to use reasonable measures to reduce the risk to other employers, and ultimately to the Council Tax payer, from an employer ceasing participation or defaulting on its pension obligations;
- to address the different characteristics of the disparate employers or groups of employers to the extent that this is practical and cost-effective; and
- to maintain the affordability of GMPPF to employers as far as is reasonable over the longer term.

The valuation revealed that GMPPF's assets, which at 31 March 2016 were valued at £17,325 million, were sufficient to meet 93% of the present value of promised retirement benefits earned. The resulting deficit was £1,371 million. The present value of promised retirement benefits at 31 March 2019 can be found in Note 25

The key financial assumptions adopted for the 2016 valuation were:

| Financial Assumptions             | 31 March 2016  |             |
|-----------------------------------|----------------|-------------|
|                                   | % p.a. Nominal | % p.a. Real |
| Discount rate                     | 4.20%          | 2.10%       |
| Pay Increases *                   | 2.20% / 2.90%  | 0.1% / 0.8% |
| Price Inflation/Pension increases | 2.10%          | -           |

*\* A salary increase assumption of 2.2% p.a. was adopted for the Metropolitan Borough Councils, National Probation Service and the Police and Crime Commissioner. For all other employers a salary increase assumption of 2.9% p.a. was used.*

The liabilities were assessed using an accrued benefits method that takes into account pensionable membership up to the valuation date. It also makes an allowance for expected future salary growth to retirement or expected earlier date of leaving pensionable membership.

## 23. Stock lending

GMPF's custodian, J.P. Morgan, is authorised to release stock to third parties under a stocklending agreement. Under the agreement, GMPF does not permit J.P. Morgan to lend UK or US equities.

At the year end the value of stock on loan was £163,500,000 (31 March 2018: £134,900,000) in exchange for which the custodian held collateral at fair value of £176,700,000 (31 March 2018: £139,800,000), which consisted exclusively of UK, US, and certain other government bonds.

## 24. AVC Investments

GMPF provides an Additional Voluntary Contributions (AVC) scheme for its contributors, the assets of which are invested separately from GMPF. Therefore, these amounts are not included in the GMPF accounts in accordance with regulation 4(2)(b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 (SI 2009 No 3093).

GMPF's main AVC provider is Prudential where the sums saved are used to secure additional benefits on a money purchase basis for those contributors electing to pay additional voluntary contributions. The funds are invested in a range of investment products including with profits, fixed interest, equity, cash, deposit, property, and socially responsible funds, as follows:

|                                       |                    |
|---------------------------------------|--------------------|
| Contributions paid                    | £9,053,814         |
| Units purchased                       | 1,944,669          |
| Units sold                            | 1,293,012          |
| <b>Fair value as at 31 March 2019</b> | <b>£73,182,280</b> |
| Fair value as at 31 March 2018        | £71,672,439        |

## 25. Actuarial present value of promised retirement benefits

CIPFA's Code of Practice on Local Authority Accounting 2018/19 requires administering authorities of LGPS funds to disclose the actuarial present value of promised retirement benefits in accordance with IAS26 Accounting and Reporting by Retirement Benefit Plans.

No allowance has been made for the potential impact of the recent legal proceedings relating to the equalisation of Guaranteed Minimum Pensions between men and women or the findings of the Court of Appeal in relation to claims of age discrimination in the Firefighters' and Judges' pension schemes. These rulings may have an impact for the LGPS but the timescales and financial impact are not yet clear. In particular Government may appeal the age discrimination findings and any remediation required could impact the outcome of the LGPS cost cap process set out in the Public Service Pensions Act 2013. The Government Actuary's Department (GAD) is currently undertaking an assessment of the potential financial impact across the LGPS as a whole, but the outcomes will likely differ at the LGPS fund and individual employer level.

This value has been calculated by GMPF's Actuary, Hymans Robertson LLP, using the assumptions below.

### Assumptions used

The assumptions used are those adopted for the administering authority's IAS19 Employee Benefits report at each year end as required by the CIPFA Code of Practice on Local Authority Accounting 2018/19.

### Financial Assumptions

| 31 March 2018<br>% p.a. | Year ended:                     | 31 March 2019<br>% p.a. |
|-------------------------|---------------------------------|-------------------------|
| 2.4%                    | Inflation/pension increase rate | 2.5%                    |
| 2.5%                    | Salary increase rate            | 2.6%                    |
| 2.7%                    | Discount rate                   | 2.4%                    |

## Mortality

Life expectancy is based on GMPF's VitaCurves with improvements in line with the CMI 2013 model, assuming the current rate of improvements has reached a peak and will converge to a long term rate of 1.25% p.a. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

|                    | Males      | Females    |
|--------------------|------------|------------|
| Current pensioners | 21.5 years | 24.1 years |
| Future pensioners* | 23.7 years | 26.2 years |

\* future pensioners are assumed to be currently aged 45

## Commutation

An allowance is included for future retirements to elect to take 55% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 80% of the maximum tax-free cash for post-April 2008 service.

## Value of promised retirement liabilities

| 31 March 2018<br>£m |                                               | 31 March 2019<br>£m |
|---------------------|-----------------------------------------------|---------------------|
| 27,281              | Present value of promised retirement benefits | 30,555              |

Liabilities have been projected using a roll forward approximation from the latest formal funding valuation as at 31 March 2016.

## Sensitivity analysis

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below.

| 31 March 2018                                                      |                                        | Change in assumptions at<br>year ended 31 March | 31 March 2019                                                      |                                        |
|--------------------------------------------------------------------|----------------------------------------|-------------------------------------------------|--------------------------------------------------------------------|----------------------------------------|
| Approximate<br>% increase<br>to promised<br>retirement<br>benefits | Approximate<br>monetary<br>amount (£m) |                                                 | Approximate<br>% increase<br>to promised<br>retirement<br>benefits | Approximate<br>monetary<br>amount (£m) |
| 8%                                                                 | 2,182                                  | 0.5% increase in the Pension Increase rate      | 8%                                                                 | 2,444                                  |
| 2%                                                                 | 546                                    | 0.5% increase in the Salary Increase rate       | 2%                                                                 | 611                                    |
| 3%                                                                 | 818                                    | 1 year increase in member life expectancy       | 3%                                                                 | 917                                    |
| 10%                                                                | 2,728                                  | 0.5% decrease in Real Discount rate             | 11%                                                                | 3,361                                  |

It should be noted that the above figures are only appropriate for the preparation of the accounts of GMPF. They should not be used for any other purpose.



# Actuarial statement

This statement has been prepared in accordance with Regulation 57(1)(d) of the Local Government Pension Scheme Regulations 2013. It has been prepared at the request of GMPF's Administering Authority for the purpose of complying with the aforementioned regulation.

## Description of Funding Policy

The funding policy is set out in the Administering Authority's Funding Strategy Statement (FSS), dated March 2017. In summary, the key funding principles are as follows:

- to ensure the long-term solvency of GMPF as a whole and the solvency of each of the notional sub-funds allocated to individual employers;
- to ensure that sufficient funds are available to meet all benefits as they fall due for payment;
- to ensure that employers are aware of the risks and potential returns of the investment strategy;
- to help employers recognise and manage pension liabilities as they accrue, with consideration as to the effect on the operation of their business where the Administering Authority considers this to be appropriate;
- to try to maintain stability of employer contributions;
- to use reasonable measures to reduce the risk to other employers and ultimately to the Council Tax payer from an employer ceasing participation or defaulting on its pension obligations;
- to address the different characteristics of the disparate employers or groups of employers to the extent that this is practical and cost-effective; and
- to maintain the affordability of GMPF to employers as far as is reasonable over the longer term.

The FSS sets out how the Administering Authority seeks to balance the conflicting aims of securing the solvency of GMPF and keeping employer contributions stable.

## Funding Position as at the last formal funding valuation

The most recent actuarial valuation carried out under Regulation 62 of the Local Government Pension Scheme Regulations 2013 was as at 31 March 2016. This valuation revealed that GMPF's assets, which at 31 March 2016 were valued at £17,325 million, were sufficient to meet 93% of the liabilities (i.e. the present value of promised retirement benefits) accrued up to that date. The resulting deficit at the 2016 valuation was £1,371 million.

Each employer had contribution requirements set at the valuation, with the aim of achieving full funding within a time horizon and probability measure as per the FSS. Individual employers' contributions for the period 1 April 2017 to 31 March 2020 were set in accordance with GMPF's funding policy as set out in its FSS.

## Principal Actuarial Assumptions and Method used to value the liabilities

Full details of the methods and assumptions used are described in the 2016 valuation report.

### Method

The liabilities were assessed using an accrued benefits method which takes into account pensionable membership up to the valuation date, and makes an allowance for expected future salary growth revaluation to retirement or expected earlier date of leaving pensionable membership.

### Assumptions

A market-related approach was taken to valuing the liabilities, for consistency with the valuation of GMPF assets. The key financial assumptions adopted for the 2016 valuation were as follows:

| Financial Assumptions             | 31 March 2016 |
|-----------------------------------|---------------|
| Discount Rate                     | 4.2%          |
| Salary increase assumption        | 2.2%/2.9%*    |
| Benefit increase assumption (CPI) | 2.1%          |

\* A salary increase assumption of 2.2% per annum was adopted for Metropolitan Borough Councils, National Probation Service and the Police and Crime Commissioner for Greater Manchester. For all other employers, we have adopted a salary increase assumption of 2.9% per annum.

The key demographic assumption was the allowance made for longevity. The life expectancy assumptions are based on GMPF's VitaCurves with improvements in line with the CMI 2013 model, assuming the current rate of improvements has reached a peak and will converge to long term rate of 1.25% p.a. Based on these assumptions, the average future life expectancies at age 65 are as follows:

|                    | <b>Males</b> | <b>Females</b> |
|--------------------|--------------|----------------|
| Current Pensioners | 21.5 years   | 24.1 years     |
| Future Pensioners* | 23.7 years   | 26.2 years     |

\* Aged 45 at the 2016 valuation.

The 2016 valuation report can be accessed via the following link: <https://www.gmpf.org.uk/documents/policies/actuarialvaluation/2016.pdf>. The Funding Strategy Statement is included within GMPF's Annual Report in the Policy Statement section.

### Experience over the period since 31 March 2016

Since the last formal valuation, real bond yields have fallen placing a higher value on the liabilities. However, there have been strong asset returns over the period leading to an overall improvement in the funding level to around 99% as at 31 March 2019.

The next actuarial valuation will be carried out as at 31 March 2019. The Funding Strategy Statement will also be reviewed at that time.



Steven Law FFA

For and on behalf of Hymans Robertson LLP

3 April 2019



Hymans Robertson LLP  
20 Waterloo Street  
Glasgow  
G2 6DB



The background is a dark, abstract composition featuring several vertical, glowing lines in shades of red, orange, and blue. These lines are overlaid with faint, semi-transparent digital data patterns, including numbers and text fragments, creating a sense of depth and technological complexity. A bright, out-of-focus light source on the left side creates a horizontal lens flare effect across the middle of the image.

# SCHEME ADMINISTRATION

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# Scheme administration

## Background to GMPF and LGPS

GMPF is the largest fund in the statutory Local Government Pension Scheme for England and Wales, Scotland and Northern Ireland. Tameside MBC is the administering authority for GMPF.

Employees of all local and joint authorities in the Greater Manchester area and many other public bodies have automatic access to the LGPS (unless they are eligible to be a member of another public service pension scheme, such as the teachers, police officers, firefighters, Civil Service or NHS pension schemes). Employees of a wide range of other bodies that provide a public service can also join the LGPS if they are covered by a relevant resolution or by an admission agreement.

GMPF also provides the pension service for present and former probation employees in England and Wales. This includes those who were employed by the former Probation Trusts, plus those who have been or are employed by the National Probation Service or were transferred to a community rehabilitation company. There are also some councillors who are GMPF members, although as a result of a change in the LGPS Regulations they have all now stopped contributing to the Scheme.

A list of employers who contribute to GMPF can be found later in this report.

The LGPS is a defined benefit scheme. Benefits up to 31 March 2014 are worked out on a final salary basis, whereby membership up to that date and pay on or near retirement is used to work out members' pension benefits.

Benefits from 1 April 2014 are worked out on a career average basis (sometimes known as a pension build up). Members who have chosen to be in the main section of the career average scheme build up a pension of 1/49th of their pay each year. These benefits are then rolled forward each year and adjusted in line with Consumer Price Inflation. Alternatively, members can opt for the 50/50 section of the career average scheme, whereby they pay 50% of the standard contribution and in return build up 50% of the standard pension for themselves.

Statutory regulations define the benefits to be paid to members. Benefits are not affected by GMPF's investment performance or market conditions. A summary of the LGPS rules can be found later in this report.

Standard employee contributions vary according to levels of pay, ranging from 5.5% to 12.5% of pensionable pay. Employers meet the balance of the cost of the LGPS through variable employer contributions. The employer contribution rates are set by GMPF's actuary every three years following a valuation.

Employer contribution rates can rise or fall depending on the funding position of GMPF and the estimated cost of providing benefits for future membership. The employer contribution rates for 2018/19 are shown later in this report. These were determined for the three years from 1 April 2017 by the valuation that took place as at 31 March 2016. The LGPS is registered with Her Majesty's Revenue and Customs, giving rise to various tax benefits, including tax relief on employee contributions.

GMPF pension administration is carried out by an in-house team, reporting primarily to the Administration, Employer Funding and Viability Working Group.

## Value for money

Our vision is to administer GMPF successfully, in a cost effective way, whilst meeting member expectations and ensuring our statutory duties are met.

We believe that by delivering this vision we will provide a service that is value for money for all pension fund stakeholders.

## Meeting our Statutory Duties



We constantly strive to meet all the duties that are required of us as set out in the LGPS regulations and other statutory legislation. Some of the ways in which we do this include:

- Being aware of our requirements and any anticipated changes by subscribing to industry news updates, having representation on national boards, attending peer user groups and by taking part in consultation processes
- Having regularly audited compliance and checking procedures in place
- Following the Pension Regulator's Code of Practice and ensuring our procedures highlight any potential breaches of the law
- Taking part in National Fraud Initiative checks and by carrying out mortality screening

## Meeting our Members' Expectations

We aim to put our members at the centre of everything we do. We look to meet member expectations by:

- Having clear and achievable targets for all the administrative tasks and projects that we undertake
- Regularly reviewing what we do and asking for feedback to help us to make continual improvements
- Ensuring we review all complaints, compliments, disputes and all other feedback to ensure any learning points are identified
- Carrying out research, benchmarking and peer review programmes to ensure we are adopting policies and processes that are best practice within our industry

## Ensuring Service Delivery is Cost Effective

We manage and monitor our costs by:

- Setting an expected expenditure plan each year in line with setting business plans
- Regularly monitoring spending and reporting details of this to the appropriate Working Group
- Benchmarking our costs by taking part in an annual CIPFA benchmarking exercise
- Reviewing other cost and benchmarking data and making comparisons to identify learning opportunities

## Ensuring Success

We look to ensure success in a number of different ways, including:

- Having clear and measurable business plans in place
- Using project management tools and techniques and squad working methodology when undertaking projects and improvement tasks
- Regularly reviewing resource, workloads and planning for the impact of future changes
- Holding regular service update meetings for all teams and managers
- Submitting comprehensive reports and information to the appropriate Working Groups and the Local Pension Board to enable effective scrutiny to take place
- Taking part in peer user groups
- Analysing our performance by using benchmarking exercises and measuring against the Pension Regulator's Code of Practice
- Outlining expected service standards between GMPF and GMPF employers in the Pensions Administration Strategy
- Monitoring the performance of GMPF's employers against service standards, in particular the timeliness of data submissions

We measure value for money in a number of different ways. Below are some examples of how we measure our success in this area:

### Internal Audit opinions

A comprehensive risk based Internal Audit Plan is agreed annually. It covers the main administration, finance and investment systems on a cyclical basis and provides management with assurance that adequate internal controls are in place.

The table below summarises the levels of assurance given for the Internal Audit reports issued in 2018/19 relating to GMPF administration. Each report is given a rating, being a high, medium or low level of assurance. Recommendations for improvements are given and are worked on over the next six months.

| Audit undertaken                    | Level of assurance given |
|-------------------------------------|--------------------------|
| Contributions Income                | High                     |
| Calculation and payment of benefits | High                     |
| ICT Device Management               | High                     |

### Data quality

The table below shows the quality of the member data held by GMPF. The Pensions Regulator sets a target of 100% accuracy for new common data received after June 2010.

|                   |         |
|-------------------|---------|
| Forename          | 100.00% |
| Surname           | 100.00% |
| Membership status | 100.00% |
| Date of birth     | 100.00% |
| NI number         | 99.91%  |
| Postcode          | 99.93%  |
| Address           | 94.75%  |

Work continues to be undertaken to improve address data and this work will continue over the next twelve months and beyond.

### Compliance checks

The table below shows the number of cross-checks that have been completed to ensure benefits are being paid correctly or that pensions are ceased as soon as possible in order to prevent overpayments.

|                                  |      |
|----------------------------------|------|
| National fraud initiative checks | 1885 |
| Mortality screening checks       | 1695 |

### Complaints, compliments, feedback and formal disputes received

The table below shows a summary of the data collected from GMPF's online Feedback Zone and associated procedures since 1 October 2018, together with the number of formal disputes received where a member is appealing against a decision made by the administering authority during the year.

|                                            |    |
|--------------------------------------------|----|
| Compliments received                       | 38 |
| Formal recorded complaints received        | 40 |
| General feedback, suggestions and comments | 3  |
| Formal disputes received                   | 17 |

### Administration cost per member

**GMPF cost** £18.46 per year

**LGPS average** £20.14 per year

*These figures are taken from the LGPS CIPFA benchmarking reports for 2018.*

### The number of people working in GMPF Administration

|                                             |                         |
|---------------------------------------------|-------------------------|
| Total number and full time equivalent (fte) | 124 / 115.62 (fte)      |
| Employee to GMPF fund member ratio          | 1:3,042 / 1:3,263 (fte) |

### Our commitment to enhancing the level of value for money provided

We believe the level of service we provide for the cost gives all our stakeholders excellent value for money. However, we are committed to looking at ways to further enhance service delivery and to ensure we review and reduce costs wherever this is viable.

# Key activities carried out during the year

Some of the key projects and areas of work undertaken during the year include the following:

## Service redesign

The team and management structure of the administration service was reviewed and updated during the year to reflect the changes and demands of the service to be provided both now and in the near future.

## Guaranteed Minimum Pension (GMP) Reconciliation

Work on this project, which was to reconcile GMP data held by HMRC with that held by all contracted out pension schemes, continued during the year. The work to reconcile GMPF data was undertaken in-house during 2017 and 2018. In line with target dates, the vast majority of the work was concluded by December 2018, with the exception of only a small number of queries where a response from HMRC was still awaited. Over 450,000 records were reviewed and reconciled.

## My Pension

GMPF's online service, known as My Pension was upgraded during the year. Access was made available to all contributing members and those with deferred benefits as well as pensioner members. A number of enhancements have been made throughout the year to improve functionality and ease of use. All these changes will provide members with an enhanced service, being able to access their pension information at any time and update their own personal details. This will have the additional benefit of improving the quality of the data that we hold.

## Death Grant and Complaints boards

The Death Grants Board, chaired by the Director of Pensions, considers procedures to enable effective decision making as well as individual cases where a death grant is payable. During the year, the Board has continued to build on learning and look to improve all documentation and policies linked to this area. A separate Complaints Board was established in January 2019 to consider all disputes lodged and formal complaints received, also with the aim of improving outcomes and capturing learning.

## Transition to monthly data collection

To date, details of member pay and contributions for contributing members have been submitted annually by employers. However, in February 2019 we began the transition to monthly data collection. Moving from annual to monthly collection will lead to GMPF holding more up-to-date values and thus will provide members with the ability to access information about their current benefit entitlements.

## New feedback zone

A new 'Feedback Zone' was created on the GMPF website to help improve the collection and quality of feedback we gather. The main aim is to ensure that we are capturing as many learning points as we can and are feeding them back into improving our processes, policies and procedures. We have been able to capture feedback on all key areas of administration work since the new zone went live on 1 October 2018.

## Our performance data

The pension administration section uses a number of performance standards to assess whether it is meeting its statutory duties. Indicators are also used to identify changes in key workloads and highlight performance.

The table in the next section provides information regarding some of the key indicators used and performance against these during the year, in line with CIPFA guidance.

## Our membership

The overall number of members accounts we administer continues to grow. Figures at the end of March 2019 and those for the two previous years are as follows:

|                        | March 2017     | March 2018     | March 2019     |
|------------------------|----------------|----------------|----------------|
| Employees              | 109,446        | 110,100        | 111,618        |
| Deferreds (all types)  | 130,533        | 134,181        | 136,466        |
| Pensioners (all types) | 118,132        | 125,861        | 129,140        |
| <b>TOTALS:</b>         | <b>358,111</b> | <b>370,142</b> | <b>377,224</b> |

The current membership figures broken down according to benefit type are:

|                                                  |         |
|--------------------------------------------------|---------|
| Contributors                                     | 111,618 |
| Undecided leavers / Leaver awaiting notification | 1,601   |
| Deferred pensioners                              | 116,179 |
| Pensioner                                        | 110,584 |
| Spouse / dependant                               | 18,556  |
| Frozen refund                                    | 18,649  |
| Pensioner deferred benefit                       | 37      |

The grounds for retirement of new pensioners with a retirement date during the year were:

| Retirement Types                    | Contributors retiring | Deferred benefits into payment | Total       |
|-------------------------------------|-----------------------|--------------------------------|-------------|
| Voluntary early                     | 915                   | 2713                           | 3628        |
| Late (after normal retirement date) | 519                   | 29                             | 548         |
| Redundancy                          | 303                   | n/r                            | 303         |
| Ill health                          | 219                   | 66                             | 285         |
| Flexible                            | 188                   | n/r                            | 188         |
| Efficiency                          | 93                    | n/r                            | 93          |
| Normal (at normal retirement date)  | 19                    | 332                            | 351         |
| <b>Total</b>                        | <b>2256</b>           | <b>3140</b>                    | <b>5396</b> |

## Our employers

The number of employers contributing to GMPF continues to grow. The number of employers with members who have contributed during the year as at the end of March 2019 and for the two previous years are:

|                                     | March 2017 | March 2018 | March 2019 |
|-------------------------------------|------------|------------|------------|
| Employers with contributing members | 515        | 560        | 585        |

There are two main types of employers. There are those who in general are required to enrol all new employees into the LGPS, such as Local Authorities. These are generally known as 'Scheme employers'. Some employers can ask to join in order to admit some or all employees into the LGPS. These are generally known as 'Admission bodies'.

A summary of the number of employers in GMPF analysed by these categories and split between those with contributing members and those with no current contributors but who retain pension liabilities is below:

|                  | With current contributors | With no current contributors but retaining liabilities | Total |
|------------------|---------------------------|--------------------------------------------------------|-------|
| Scheme bodies    | 332                       | 112                                                    | 444   |
| Admission bodies | 253                       | 204                                                    | 457   |

## How we deliver our service

All GMPF administration is carried out in-house. We work with a number of partners who help us to deliver our service, including a print and mailing house, overseas pensions payment service and a number of Additional Voluntary Contribution (AVC) providers.

Teams within the GMPF administration section are split into four service units, as follows:

### Member Services

Teams within this service focus on delivering tasks for all contributing, leaving and pensioner members of GMPF. This includes work such as calculating retirement benefits and making payments.

### Employer Services

Our Employer Services teams assist GMPF employers and ensure any monthly or annual data returns are processed. This includes work such as admitting new employers into GMPF and facilitating training for those staff at employers who deal with LGPS pensions.

### Communications & Engagement

Our Customer Service team is the first port of call for all stakeholders and leads on all areas of engagement. This includes our member Helpline, website and face-to-face events such as pre-retirement presentations and My Pension drop-in sessions. Communications focus on all written communications, such as leaflets, newsletters and bulletins.

### Developments & Technologies

Teams within this service focus on ensuring the systems and technology that we currently use is being used as effectively and efficiently as possible. They review and appraise potential new technologies or systems that could be adopted, bring

in new technology and are also responsible for ensuring all existing systems are maintained and are compliant.

## Governance and effective decision-making

The GMPF Administration section reports directly to the Administration, Employer Funding and Viability Working Group and the Pension Fund Management Panel, who take key decisions on how pension administration is delivered.

The Local Pensions Board provides support and guidance to officers and carries out an effective scrutiny role. This includes reviewing how decisions are taken and ensuring that the requirements of the Pensions Regulator are met.

# Achieving our objectives

## Business Planning

A number of business plan objectives are set each year. These are reviewed by the administration leadership team each month and progress against them is recorded. Quarterly updates are provided to the Working Group and Local Pension Board.

A number of business plan objectives were set for 2018/19, which were either completed or were started during the year and will be carried forward into the next year.

## Communications

We communicate with our members in a variety of different ways. In addition to all of the information provided for members on GMPF's website, members can access information about their own pension through the My Pension secure portal. The enhancement of this service for members will remain a focus for GMPF in the coming year.

The Customer Service team continues to provide a high quality helpline service for all our members with over 67,000 calls being answered during the year. The team have also held a number of face to face events such as roadshows and drop-in sessions to meet with individuals or small groups of members. 30 events have been held during the year with over 700 members attending.

A number of communications for members have been produced, including annual benefit statements, a deferred members newsletter and Pension Grapevine magazine, providing important news and updates for all categories of GMPF members.

## Data Management

We continue to take steps to ensure that the data that we hold remains confidential. All GMPF colleagues have undertaken mandatory data protection training and procedures are in place to ensure that any confidential data that we are required to send or receive is done so securely.

Any near-miss data breaches are reported and investigated immediately to identify whether any procedural reviews are required or whether any additional training is needed.

# How stakeholders can contact us or find out more

There are a number of ways to get in touch with us and to find out more.

You can visit our website at [www.gmpf.org.uk](http://www.gmpf.org.uk). Information about what we do, our feedback zone, how to call our Helpline and what engagement events are currently planned is all available.

You can also find out more by reading our Communications Policy.

For more information about AVCs, you can visit our website or contact the funds main AVC provider, Prudential, directly on 0800 032 6674 or at LGAVC Department, Prudential, Lancing, BN15 8GB.

## Scheme Administration – Key Performance Information

### Key Indicators (as specified within CIPFA guidance)

| Process                                                                                                                | Total number of cases                                | GMPF's target | % completed within target |
|------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------|---------------|---------------------------|
| Deaths – Initial letter acknowledgement                                                                                | 4,132                                                | 5 days        | 78.78%                    |
| Deaths – Letter notifying amount of dependant's benefit                                                                | 1,531                                                | 5 days        | 98.17%                    |
| Retirements – Letter notifying estimate of retirement benefits (contributing members)                                  | 2,509                                                | 10 days       | 82.30%                    |
| Retirements – Letter notifying estimate of retirement benefits when requested by the member (deferred members)*        | 1,144                                                | 5 days**      | 14.00%                    |
| Retirements – Letter notifying actual retirement benefits (contributing members)                                       | 2,434                                                | 5 days        | 96.75%                    |
| Retirements – Letter notifying actual retirement benefits (deferred members)                                           | 3,551                                                | 5 days        | 98.99%                    |
| Retirements – Processed and lump sum retirement grant paid (contributing and deferred members)                         | 5,802                                                | 5 days        | 99.93%                    |
| Deferment – Calculate and notify deferred benefits                                                                     | 9,527                                                | 10 days       | 85.14%                    |
| Transfers in – Letter detailing transfer in quote                                                                      | 284                                                  | 10 days       | 94.72%                    |
| Transfers in – Letter detailing transfer in                                                                            | 119                                                  | 15 days       | 100.00%                   |
| Transfers out – Letter detailing transfer out quote                                                                    | 1,310                                                | 10 days       | 99.54%                    |
| Transfers out – Letter detailing transfer out                                                                          | 255                                                  | 10 days       | 100.00%                   |
| Refund – Processed and paid                                                                                            | 1,915                                                | 10 days       | 95.40%                    |
| Divorce quote – Letter detailing cash equivalent value and other benefits                                              | 546                                                  | 10 days       | 98.35%                    |
| Divorce settlement – Letter detailing implementation of cash equivalent value and application of pension sharing order | 22                                                   | 25 days       | 68.18%                    |
| Member estimates / projections                                                                                         | Members perform their own estimates using My Pension |               |                           |
| Joiners – Notification of joining                                                                                      | 19,228                                               | 10 days       | 100.00%                   |
| Aggregation – Notification of aggregation options                                                                      | 3,396                                                | 10 days       | 78.30%                    |

\*We will have written to over 2000 members in addition to these requests where a member is approaching their 55th, 60th or 65th birthday to provide them with information about how to elect to bring their deferred benefits into payment

\*\*The normal target for this work is 5 days and performance against that target is shown here. However, a significant increase in requests received due to a change in the LGPS regulations that allowed deferred members to access their benefits at an earlier age means this target was temporarily extended during the year to 44 days (2 months).

# EMPLOYER CONTRIBUTION RATES

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| Scheme employers                                                            | Contribution rate |              |
|-----------------------------------------------------------------------------|-------------------|--------------|
|                                                                             | 2017-18<br>%      | 2018-19<br>% |
| <b>Academies Pool</b>                                                       |                   |              |
| Middleton Academy Limited (St Anne's Academy)                               | 17.0              | 17.0         |
| Great Academies Education Trust                                             | 17.0              | 17.0         |
| Oasis Community Learning (MediaCityUK Academy)                              | 17.0              | 17.0         |
| Essa Foundation Academies Trust                                             | 17.0              | 17.0         |
| Droylsden Academy                                                           | 17.0              | 17.0         |
| The Bishop Fraser Trust (Bolton St Catherines Academy)                      | 17.0              | 17.0         |
| Northern Education Trust (Kearsley Academy)                                 | 17.0              | 17.0         |
| St Bede Church of England Primary Academy                                   | 17.0              | 17.0         |
| Audenshaw School Academy Trust                                              | 17.0              | 17.0         |
| Urmston Grammar                                                             | 17.0              | 17.0         |
| Park Road Academy Primary School                                            | 17.0              | 17.0         |
| Lever Edge Primary Academy                                                  | 17.0              | 17.0         |
| Wellacre Technology Academy Trust                                           | 17.0              | 17.0         |
| Wellington School                                                           | 17.0              | 17.0         |
| The Hamblin Education Trust (Altrincham Grammar School Boys)                | 17.0              | 17.0         |
| Sale Grammar School                                                         | 17.0              | 17.0         |
| Fairfield High School for Girls                                             | 17.0              | 17.0         |
| Yesoiday Hatorah School                                                     | 17.0              | 17.0         |
| Sodexo Limited (Oasis MediaCityUK)                                          | 17.0              | 17.0         |
| <b>Ashton Pioneer Homes Pool</b>                                            |                   |              |
| Ashton Pioneer Homes Ltd [Trfd Staff]                                       | 23.0 + £14k       | 23.0 + £15k  |
| <b>AQA Pool</b>                                                             |                   |              |
| AQA Education                                                               | 20.5 + £714k      | 20.5 + £714K |
| <b>Bamford Academy Pool</b>                                                 |                   |              |
| Bamford Academy                                                             | 15.1              | 15.1         |
| <b>Base Academy Trust Pool</b>                                              |                   |              |
| BASE Academy Trust (Red Lane Primary) [from 01.08.16]                       | 30.2              | 30.2         |
| BASE Academy Trust (Masefield Primary) [from 01.08.16]                      | 30.2              | 30.2         |
| <b>Better Choices Pool</b>                                                  |                   |              |
| Employment & Regeneration Partnership Ltd                                   | 16.9              | 19.9         |
| <b>Big Life Schools Pool</b>                                                |                   |              |
| Big Life Schools (Longsight Community Primary)                              | 17.2              | 17.2         |
| Big Life Schools (Unity Community Primary)                                  | 17.2              | 17.2         |
| <b>Bishop Fraser Trust Pool</b>                                             |                   |              |
| The Bishop Fraser Trust (St James CE High School) [from 01.12.17]           | 20.8              | 20.8         |
| The Bishop Fraser Trust (Canon Slade CE School) [from 01.12.17]             | 20.8              | 20.8         |
| <b>Bolton &amp; Farnworth CoE Primary MAT Pool</b>                          |                   |              |
| Bolton & Farnworth C of E Primary MAT (Bishop Bridgeman) [from 01.08.16]    | 29.8              | 29.8         |
| Bolton & Farnworth C of E Primary MAT (St James CE Primary) [from 01.08.16] | 29.8              | 29.8         |

| Scheme employers                                                                                     | Contribution rate |              |
|------------------------------------------------------------------------------------------------------|-------------------|--------------|
|                                                                                                      | 2017-18<br>%      | 2018-19<br>% |
| <b>Bolton At Home Pool</b>                                                                           |                   |              |
| Bolton at Home Ltd [Trfd Staff]                                                                      | 17.3              | 17.3         |
| Bolton at Home Ltd [New Staff]                                                                       | 17.3              | 17.3         |
| <b>Bolton MBC Pool</b>                                                                               |                   |              |
| Bolton MBC                                                                                           | 20.8              | 20.8         |
| Canon Slade C of E School [to 30.11.17]                                                              | 20.8              | n/a          |
| Bolton Community Leisure Limited                                                                     | 20.8              | 20.8         |
| Monument Café Limited (Bolton)                                                                       | 20.8              | 20.8         |
| JW Cleaning Services Ltd (Bolton 1) [to 30.06.17]                                                    | 20.8              | n/a          |
| The Bolton Multi Academy Trust (Smithills School) [Formerly Concerted Academies Trust]               | 20.8              | 20.8         |
| Agilisys Limited (Ex Bolton)                                                                         | 20.8              | 20.8         |
| Bolton Cares (A) Ltd                                                                                 | 20.8              | 20.8         |
| <b>Bolton Sixth Form College Pool</b>                                                                |                   |              |
| Bolton Sixth Form College                                                                            | 18.2              | 19.3         |
| <b>Borough Care Pool</b>                                                                             |                   |              |
| Borough Care Ltd                                                                                     | 29.0              | 29.0         |
| <b>Bright Futures Educational Trust Pool</b>                                                         |                   |              |
| Bright Futures Educational Trust (Altrincham Grammar School)                                         | 19.1              | 19.1         |
| Bright Futures Educational Trust (Cedar Mount Academy)                                               | 19.1              | 19.1         |
| Bright Futures Educational Trust (Rushbrook Primary Academy) [Formerly Gorton Mount Primary Academy] | 19.1              | 19.1         |
| Bright Futures Educational Trust (Melland High School)                                               | 19.1              | 19.1         |
| Bright Futures Educational Trust (Stanley Grove Primary Academy)                                     | 19.1              | 19.1         |
| Bright Futures Educational Trust (Connell 6th Form College)                                          | 19.1              | 19.1         |
| Sodexo - AGGS                                                                                        | 19.1              | 19.1         |
| Bulloughs Cleaning Services Ltd - BFET                                                               | 19.1              | 19.1         |
| Taylor Shaw (BFET)                                                                                   | 19.1              | 19.1         |
| <b>Bury College Pool</b>                                                                             |                   |              |
| Bury College                                                                                         | 22.2              | 22.2         |
| <b>Bury College Education Trust Pool</b>                                                             |                   |              |
| Bury College Education Trust (Radcliffe Primary School)                                              | 20.2              | 20.2         |
| Bury College Education Trust (Elton Community Primary School)                                        | 20.2              | 20.2         |
| <b>Bury MBC Pool</b>                                                                                 |                   |              |
| Bury MBC                                                                                             | 20.5              | 20.5         |
| Six Town Housing Limited                                                                             | 20.5              | 20.5         |
| Persona Care and Support Ltd                                                                         | 20.5              | 20.5         |
| <b>CQC Pool</b>                                                                                      |                   |              |
| Care Quality Commission                                                                              | 29.6 + £486k      | 29.6 + £500K |
| <b>Carillion Academies Trust Pool</b>                                                                |                   |              |
| Carillion Academies Trust (Inspire Academy) [to 16.01.18]                                            | 17.2              | n/a          |
| Carillion Academies Trust (Discovery Academy) [to 16.1.18]                                           | 17.2              | n/a          |

| Scheme employers                                                                              | Contribution rate |              |
|-----------------------------------------------------------------------------------------------|-------------------|--------------|
|                                                                                               | 2017-18<br>%      | 2018-19<br>% |
| <b>CRC Pool</b>                                                                               |                   |              |
| Northumbria CRC                                                                               | 14.0              | 14.0         |
| Durham Tees Valley CRC                                                                        | 14.0              | 14.0         |
| Humberside, Lincolnshire and North Yorkshire CRC                                              | 14.0              | 14.0         |
| West Yorkshire CRC                                                                            | 14.0              | 14.0         |
| Cheshire and Greater Manchester CRC                                                           | 14.0              | 14.0         |
| Merseyside CRC                                                                                | 14.0              | 14.0         |
| South Yorkshire CRC                                                                           | 14.0              | 14.0         |
| Staffordshire and West Midlands CRC                                                           | 14.0              | 14.0         |
| Derbyshire, Leicestershire, Nottinghamshire and Rutland CRC                                   | 14.0              | 14.0         |
| Warwickshire and West Mercia CRC                                                              | 14.0              | 14.0         |
| Bristol, Gloucestershire, Somerset and Wiltshire CRC [to 14.02.19]                            | 14.0              | 14.0         |
| Dorset, Devon and Cornwall CRC [to 14.02.19]                                                  | 14.0              | 14.0         |
| Hampshire and Isle of Wight CRC                                                               | 14.0              | 14.0         |
| Thames Valley CRC                                                                             | 14.0              | 14.0         |
| Bedfordshire, Northamptonshire, Cambridgeshire and Hertfordshire CRC                          | 14.0              | 14.0         |
| Norfolk and Suffolk CRC                                                                       | 14.0              | 14.0         |
| Essex CRC                                                                                     | 14.0              | 14.0         |
| London CRC                                                                                    | 14.0              | 14.0         |
| Kent, Surrey and Sussex CRC                                                                   | 14.0              | 14.0         |
| Cumbria and Lancashire CRC                                                                    | 14.0              | 14.0         |
| Wales CRC [to 14.02.19]                                                                       | 14.0              | 14.0         |
| RISE Mutual CIC (Ex London CRC) [to 01.02.18]                                                 | 14.0              | n/a          |
| Third Sector Consortia Management LLP (Trading As 3SC)                                        | 14.0              | 14.0         |
| <b>Christ Church CofE MAT Pool</b>                                                            |                   |              |
| Christ Church C Of E Multi Academy Trust [from 01.06.17]                                      | 18.3              | 18.3         |
| Christ Church C Of E Multi Academy Trust (St Johns Primary) [from 01.03.18]                   | 18.3              | 18.3         |
| <b>City South Manchester Pool</b>                                                             |                   |              |
| City South Manchester Housing Trust Limited [Trfd Staff]                                      | 21.6              | 21.6         |
| City South Manchester Housing Trust Limited [New Staff]                                       | 21.6              | 21.6         |
| <b>Connexions Cumbria Pool</b>                                                                |                   |              |
| Inspira Cumbria Limited                                                                       | 24.1 + £137k      | 24.1 + £137k |
| <b>Denton West End Primary School Pool</b>                                                    |                   |              |
| Mellors Catering Services Ltd (Ex Denton West End) [from 16.04.18]                            | n/a               | 16.6         |
| <b>The Dean Trust Pool</b>                                                                    |                   |              |
| The Dean Trust Wigan [from 01.04.17]                                                          | 16.0              | 16.0         |
| The Dean Trust (Ashton On Mersey School)                                                      | 16.0              | 16.0         |
| The Dean Trust (Broadoak School)                                                              | 16.0              | 16.0         |
| The Dean Trust (Forest Gate Academy)                                                          | 16.0              | 16.0         |
| The Dean Trust (Rose Bridge Academy) [from 01.02.19] [Formerly Community First Academy Trust] | n/a               | 16.0         |
| The Dean Trust (Ardwick)                                                                      | 16.0              | 16.0         |
| The Dean Trust (Partington Central Academy)                                                   | 16.0              | 16.0         |

| Scheme employers                                                                   | Contribution rate |               |
|------------------------------------------------------------------------------------|-------------------|---------------|
|                                                                                    | 2017-18<br>%      | 2018-19<br>%  |
| <b>The Dunham Trust Pool [Formerly Elmridge Academy Trust Pool]</b>                |                   |               |
| The Dunham Trust (Elmridge Primary School)                                         | 20.8              | 20.8          |
| The Dunham Trust (Acre Hall Primary School)                                        | 20.8              | 20.8          |
| The Dunham Trust (The Orchards) [from 01.09.16]                                    | 20.8              | 20.8          |
| The Dunham Trust (Lime Tree Primary Academy) [from 01.07.17]                       | 20.8              | 20.8          |
| The Dunham Trust (Barton Clough Primary) [from 01.03.18]                           | 20.8              | 20.8          |
| <b>Eastlands Homes Partnership Pool</b>                                            |                   |               |
| Eastlands Homes Partnership Ltd                                                    | 16.3              | 16.3          |
| <b>Education Learning Trust Pool</b>                                               |                   |               |
| Education Learning Trust (Gatley Primary School) [from 01.09.17]                   | 21.4              | 21.4          |
| Education Learning Trust (Bredbury Green Primary School) [from 01.09.17]           | 21.4              | 21.4          |
| Education Learning Trust (Meadowbank Primary School) [from 01.04.18]               | n/a               | 21.4          |
| <b>Enquire Learning Trust Pool</b>                                                 |                   |               |
| The Enquire Learning Trust (Hawthorns School) [to 28.02.18]                        | 24.3              | n/a           |
| The Enquire Learning Trust (Lime Tree Primary Academy) [to 30.06.17]               | 16.6              | n/a           |
| The Enquire Learning Trust (Manchester Road Primary Academy)                       | 24.3              | 24.3          |
| The Enquire Learning Trust (Linden Road Primary Academy)                           | 24.3              | 24.3          |
| The Enquire Learning Trust (Moorside Primary School)                               | 24.3              | 24.3          |
| The Enquire Learning Trust (Godley Primary)                                        | 24.3              | 24.3          |
| The Enquire Learning Trust (Oakfield Primary School)                               | 24.3              | 24.3          |
| The Enquire Learning Trust (Flowery Field Primary)                                 | 24.3              | 24.3          |
| The Enquire Learning Trust (Bradley Green Primary Academy)                         | 24.3              | 24.3          |
| The Enquire Learning Trust (Dowson Primary Academy)                                | 24.3              | 24.3          |
| The Enquire Learning Trust (Endeavour Primary Academy) [from 01.11.17]             | 24.3              | 24.3          |
| <b>First Choice Homes Pool</b>                                                     |                   |               |
| FCHO Ltd (I & P) [Trfd Staff]                                                      | 18.7              | 19.7          |
| FCHO Ltd (I & P) [New Staff]                                                       | 18.7              | 19.7          |
| <b>First Group Pool</b>                                                            |                   |               |
| First Manchester Ltd                                                               | 31.4 + £5.17m     | 30.3 + £5.17m |
| First West Yorkshire Ltd [from 01.11.17]                                           | 30.2              | 30.3 + £2.55m |
| First South Yorkshire Ltd [from 01.11.17]                                          | 29.5              | 30.3 + £3.5m  |
| <b>Greater Manchester Combined Authority Pool</b>                                  |                   |               |
| Police and Crime Commissioner for Greater Manchester (Ex Salford CC) [to 07.05.17] | 21.2              | n/a           |
| Greater Manchester Combined Authority                                              | 21.2              | 21.2          |
| Greater Manchester Fire and Rescue Service [to 07.05.17]                           | 21.2              | n/a           |
| <b>Greater Manchester Waste Pool</b>                                               |                   |               |
| Greater Manchester Waste Disposal Authority [to 31.03.2018]                        | 19.8 + £535k      | n/a           |
| <b>Inspiring Learners Multi Academy Trust Pool</b>                                 |                   |               |
| Inspiring Learners MAT (Tyntesfield Primary School) [from 01.02.18]                | 20.4              | 20.4          |
| Inspiring Learners MAT (Bollin Primary School) [from 01.06.18]                     | n/a               | 20.4          |

| Scheme employers                                                                                                     | Contribution rate |                |
|----------------------------------------------------------------------------------------------------------------------|-------------------|----------------|
|                                                                                                                      | 2017-18<br>%      | 2018-19<br>%   |
| <b>The Laurus Trust Pool</b>                                                                                         |                   |                |
| The Laurus Trust                                                                                                     | 16.7              | 16.7           |
| Compass Contract Services (UK) Ltd (Laurus Trust)                                                                    | 16.7              | 16.7           |
| <b>Leverhulme Academy of CofE &amp; Community Trust Pool</b>                                                         |                   |                |
| Leverhulme Academy C Of E & Community Trust (Rivington & Blackrod High School)                                       | 17.0              | 17.0           |
| Leverhulme Academy C Of E & Community Trust (Harper Green)                                                           | 17.0              | 17.0           |
| <b>Loreto Grammar School Pool</b>                                                                                    |                   |                |
| Loreto Grammar School (Academy)                                                                                      | 17.1              | 17.1           |
| <b>Manchester Airport Pool</b>                                                                                       |                   |                |
| Manchester Airport plc                                                                                               | 22.2 + £1.646m    | 22.2 + £1.646m |
| Manchester Airport Aviation Services Ltd                                                                             | 22.2              | 22.2           |
| <b>Manchester City Council Pool</b>                                                                                  |                   |                |
| Manchester City Council                                                                                              | 19.1              | 19.1           |
| National Car Parks Manchester Ltd                                                                                    | 19.1              | 19.1           |
| G4S Security Services (UK) Limited [Formerly Group 4 Total Security Limited]                                         | 19.1              | 19.1           |
| Eastlands Homes Partnership Ltd [Trfd Staff]                                                                         | 19.1              | 19.1           |
| Amey Highways Limited                                                                                                | 19.1              | 19.1           |
| Peak Valley Housing Association Ltd                                                                                  | 19.1              | 19.1           |
| Manchester Working Limited                                                                                           | 19.1              | 19.1           |
| Adactus Housing Association Limited                                                                                  | 19.1              | 19.1           |
| SPIE FS Northern UK Limited (Wright Robinson)                                                                        | 19.1              | 19.1           |
| Enterprise Manchester Partnership Limited [to 21.12.17]                                                              | 19.1              | n/a            |
| Mosscares Housing Limited                                                                                            | 19.1              | 19.1           |
| Jacobs Engineering UK Limited [to 31.03.18]                                                                          | 19.1              | n/a            |
| Community Integrated Care                                                                                            | 19.1              | 19.1           |
| Inspirit Care Limited                                                                                                | 19.1              | 19.1           |
| The Altius Trust (MEA)                                                                                               | 19.1              | 19.1           |
| Manchester Health Academy                                                                                            | 19.1              | 19.1           |
| The Cooperative Academies Trust (North Manchester) [Formerly MCMA]                                                   | 19.1              | 19.1           |
| Education & Leadership Trust (East Manchester Academy)                                                               | 19.1              | 19.1           |
| Greater Manchester Academies Trust (MCA)                                                                             | 19.1              | 19.1           |
| The Cooperative Academies Trust (CAM)                                                                                | 19.1              | 19.1           |
| Greater Manchester West Mental Health NHS Foundation Trust [Formerly Manchester Mental Health and Social Care Trust] | 19.1              | 19.1           |
| One Education Limited                                                                                                | 19.1              | 19.1           |
| The King David High School                                                                                           | 19.1              | 19.1           |
| Cheetham Church of England Community Academy                                                                         | 19.1              | 19.1           |
| Trinity Church of England High School                                                                                | 19.1              | 19.1           |
| Greater Manchester Arts Centre Limited                                                                               | 19.1              | 19.1           |
| SS Simon & Jude C Of E Multi Academy Trust (St Barnabas)[Formerly St Barnabas C of E Primary Academy Trust]          | 19.1              | 19.1           |
| Wise Owl Trust (Briscoe Lane Academy)                                                                                | 19.1              | 19.1           |
| E-ACT (Blackley Academy)                                                                                             | 19.1              | 19.1           |

| Scheme employers                                                                    | Contribution rate |              |
|-------------------------------------------------------------------------------------|-------------------|--------------|
|                                                                                     | 2017-18<br>%      | 2018-19<br>% |
| Wise Owl Trust (Seymour Road Academy)                                               | 19.1              | 19.1         |
| Prospere Learning Trust (Chorlton High School)                                      | 19.1              | 19.1         |
| Wythenshawe Catholic Academy Trust (St Anthony's)                                   | 19.1              | 19.1         |
| Children of Success Schools Trust (Haveley Hey)                                     | 19.1              | 19.1         |
| Children of Success Schools Trust (The Willows)                                     | 19.1              | 19.1         |
| Webster Primary School                                                              | 19.1              | 19.1         |
| Wythenshawe Catholic Academy Trust (St Paul's)                                      | 19.1              | 19.1         |
| Oasis Community Learning (Harpur Mount)                                             | 19.1              | 19.1         |
| Manchester Central Convention Complex Limited [to 10.11.17]                         | 19.1              | n/a          |
| Wythenshawe Catholic Academy Trust (St John Fisher)                                 | 19.1              | 19.1         |
| The King David Primary School                                                       | 19.1              | 19.1         |
| Oasis Community Learning (Academy Aspinal)                                          | 19.1              | 19.1         |
| Kingsway Community Trust (Green End Primary School)                                 | 19.1              | 19.1         |
| Kingsway Community Trust (Ladybarn Primary School)                                  | 19.1              | 19.1         |
| M20 Learning Trust (Beaver Road Primary School)[Formerly Beaver Road Academy Trust] | 19.1              | 19.1         |
| Contour Homes Limited                                                               | 19.1              | 19.1         |
| Wythenshawe Catholic Academy Trust (St Elizabeth's Primary)                         | 19.1              | 19.1         |
| Burnage Academy for Boys                                                            | 19.1              | 19.1         |
| Crossacres Primary Academy                                                          | 19.1              | 19.1         |
| Dataspire Solutions Ltd (Our Lady's Catholic High)                                  | 19.1              | 19.1         |
| Education and Leadership Trust (Levenshulme High School)                            | 19.1              | 19.1         |
| Education and Leadership Trust (Whalley Range High School)                          | 19.1              | 19.1         |
| Prospere Learning Trust (Piper Hill Special Support School)                         | 19.1              | 19.1         |
| Greater Manchester Academies Trust (MCPA)                                           | 19.1              | 19.1         |
| Taylor Shaw - Cavendish Primary                                                     | 19.1              | 19.1         |
| Dolce Limited (MCC)                                                                 | 19.1              | 19.1         |
| SS Simon and Jude C of E Multi Academy Trust (St James CE Primary)                  | 19.1              | 19.1         |
| Prospere Learning Trust (Newall Green High School)                                  | 19.1              | 19.1         |
| St James & Emmanuel Academy Trust (Didsbury CE Primary)                             | 19.1              | 19.1         |
| St James & Emmanuel Academy Trust (West Didsbury CE Primary)                        | 19.1              | 19.1         |
| The Cherry Tree Trust (Newall Green Primary School)                                 | 19.1              | 19.1         |
| KGB Cleaning & Support Services Ltd (Enterprise Academy) [to 31.05.17]              | 19.1              | n/a          |
| Catering Academy - Beaver Road Academy [to 31.08.17]                                | 19.1              | n/a          |
| Greenwich Leisure Ltd (Manchester Sports) [to 30.11.18]                             | 19.1              | 19.1         |
| Greenwich Leisure Ltd (Wythenshawe Forum)                                           | 19.1              | 19.1         |
| Biffa Municipal Ltd.                                                                | 19.1              | 19.1         |
| Wise Owl Trust (Old Hall Drive Academy)                                             | 19.1              | 19.1         |
| St James & Emmanuel Academy Trust (St Wilfrids CE Primary)                          | 19.1              | 19.1         |
| Trinity Sport Services Ltd [to 07.01.18]                                            | 19.1              | n/a          |
| Essential Hygiene Ltd - Cavendish School                                            | 19.1              | 19.1         |
| Taylor Shaw - St Aidans Primary School                                              | 19.1              | 19.1         |
| Career Connect (Ex Better Choices/ MCC)                                             | 19.1              | 19.1         |
| Prospere Learning Trust (Pioneer House High School)                                 | 19.1              | 19.1         |

| Scheme employers                                                            | Contribution rate |              |
|-----------------------------------------------------------------------------|-------------------|--------------|
|                                                                             | 2017-18<br>%      | 2018-19<br>% |
| Sodexo (Harpur Mount)                                                       | 19.1              | 19.1         |
| Greater Manchester Learning Trust (Parrs Wood High School)                  | 19.1              | 19.1         |
| CLIC Educational Trust (Chorlton Park Primary School)                       | 19.1              | 19.1         |
| CLIC Educational Trust (Old Moat Primary School)                            | 19.1              | 19.1         |
| Link Learning Trust (Barlow Hall Primary School)                            | 19.1              | 19.1         |
| Link Learning Trust (Brookburn Primary School)                              | 19.1              | 19.1         |
| Time Out Services Limited (Ex MCC)                                          | 19.1              | 19.1         |
| The Altius Trust (MEA Central) [from 01.09.17]                              | 19.1              | 19.1         |
| CLIC Educational Trust (Rolls Crescent Primary School) [from 01.09.17]      | 19.1              | 19.1         |
| Sodexo Limited (Oasis Aspinall Academy)                                     | 19.1              | 19.1         |
| Caterlink Limited - Newall Green                                            | 19.1              | 19.1         |
| Caterlink Ltd - Chorlton High (Ex MCC)                                      | 19.1              | 19.1         |
| Integral - Plymouth Grove (Ex MCC)                                          | 19.1              | 19.1         |
| Mears Group Plc (Northwards Housing MCC) [from 03.04.17]                    | 19.1              | 19.1         |
| Bulloughs Cleaning Services Ltd - Barlow RC (Ex MCC)                        | 19.1              | 19.1         |
| Dolce Ltd - Pike Fold School (Ex MCC) [from 01.01.18]                       | 19.1              | 19.1         |
| Dolce Ltd - St Bernards (Ex MCC)                                            | 19.1              | 19.1         |
| Caterlink Ltd - Heald Place (Ex MCC) [from 01.09.17]                        | 19.1              | 19.1         |
| Taylor Shaw Ltd - St Ambrose School (Ex MCC) [from 01.04.16]                | 19.1              | 19.1         |
| Oasis Community Learning (Temple Primary School) [from 01.07.18]            | n/a               | 19.1         |
| Jacobs UK Ltd [from 01.04.18]                                               | n/a               | 19.1         |
| T(N)S Catering Management Ltd - Mcr Health Academy (Ex MCC) [from 01.04.18] | n/a               | 19.1         |
| Prospere Learning Trust (CHS South) [from 01.09.18]                         | n/a               | 19.1         |
| Schools Plus Ltd (Ex MCC) [from 01.10.17]                                   | 19.1              | 19.1         |
| SS Simon & Jude C Of E Multi Academy Trust (Gorton Primary) [from 01.09.18] | n/a               | 19.1         |
| Bulloughs Cleaning Services - Levenshulme High (EL Trust) [from 21.08.17]   | 19.1              | 19.1         |
| The Cooperative Academies Trust (Broadhurst Primary School) [from 01.11.18] | n/a               | 19.1         |
| Dolce Ltd - Ashgate Specialist Support School (Ex MCC) [from 29.10.18]      | n/a               | 19.1         |
| Essential Hygiene - Holy Name RC Primary School [from 01.06.18]             | n/a               | 19.1         |
| Manchester Creative Digital Assets Ltd (Ex MCC) [from 01.02.19]             | n/a               | 19.1         |
| Catering Academy Ltd - St Andrews CE Primary (Ex MCC) [from 01.09.18]       | n/a               | 19.1         |
| Essential Hygiene Ltd - Our Ladys (Ex MCC) [from 01.08.18]                  | n/a               | 19.1         |
| Greenwich Leisure Ltd (GLL) (Ex Manchester CC) [from 01.12.18]              | n/a               | 19.1         |
| Totally Local Company Ltd - Birchfield School (EX MCC) [from 23.07.17]      | 19.1              | 19.1         |
| Aspens Services Ltd (Ex MCC Cheetham Comm Ac) [from 01.08.17]               | 19.1              | 19.1         |
| <b>Museum of Science and Industry Pool</b>                                  |                   |              |
| National Museum of Science and Industry                                     | 22.3 + £153k      | 22.3 + £153k |
| <b>NPS Pool</b>                                                             |                   |              |
| National Probation Service                                                  | 29.6              | 29.6         |

| Scheme employers                                                                              | Contribution rate |              |
|-----------------------------------------------------------------------------------------------|-------------------|--------------|
|                                                                                               | 2017-18<br>%      | 2018-19<br>% |
| <b>Oasis Community Learning Pool</b>                                                          |                   |              |
| Oasis Community Learning (Broadoak Primary School) [from 01.07.17]                            | 16.7              | 16.7         |
| Sodexo - Broadoak (Oasis Community Learning) [from 01/07/17]                                  | 16.7              | 16.7         |
| <b>Other Local Authorities Pool</b>                                                           |                   |              |
| Saddleworth Parish Council                                                                    | 21.9              | 20.9         |
| Manchester Port Health Authority                                                              | 21.9              | 20.9         |
| Horwich Town Council                                                                          | 21.9              | 20.9         |
| Shevington Parish Council                                                                     | 21.9              | 20.9         |
| <b>Oldham MBC Pool</b>                                                                        |                   |              |
| Oldham MBC                                                                                    | 20.0 **           | 20.6 **      |
| Oldham Community Leisure Limited                                                              | 20.0              | 20.6         |
| The Villages Housing Association Limited                                                      | 20.0              | 20.6         |
| Housing & Care 21                                                                             | 20.0              | 20.6         |
| Kier Facilities Services Limited                                                              | 20.0              | 20.6         |
| The Unity Partnership Limited                                                                 | 20.0              | 20.6         |
| Allied Publicity Services (Manchester) Limited                                                | 20.0              | 20.6         |
| Bullough Cleaning Services Limited                                                            | 20.0              | 20.6         |
| Oasis Community Learning (Oldham Academy)                                                     | 20.0              | 20.6         |
| E-ACT (The Oldham Academy North)                                                              | 20.0              | 20.6         |
| NSL Limited                                                                                   | 20.0              | 20.6         |
| The Pinnacle Learning Trust (The Hathershaw College)                                          | 20.0              | 20.6         |
| Crompton House Church of England School                                                       | 20.0              | 20.6         |
| Sodexo Limited (Oasis Oldham)                                                                 | 20.0              | 20.6         |
| Cranmer Education Trust (The Blue Coat School)                                                | 20.0              | 20.6         |
| Oasis Community Learning (Limeside Academy)                                                   | 20.0              | 20.6         |
| Wates Construction Limited                                                                    | 20.0              | 20.6         |
| Great Places Housing Association                                                              | 20.0              | 20.6         |
| Taylor Shaw Limited (Kier)                                                                    | 20.0              | 20.6         |
| SMC Premier Cleaning Limited [to 09.02.18]                                                    | 20.0              | n/a          |
| Sodexo Limited (Limeside Academy)                                                             | 20.0              | 20.6         |
| New Bridge Multi Academy Trust (New Bridge School)                                            | 20.0              | 20.6         |
| Oldham Care and Support Limited                                                               | 20.0              | 20.6         |
| Focus Academy Trust (UK) Ltd (Roundthorn Primary Academy)                                     | 20.0              | 20.6         |
| Focus Academy Trust (UK) Ltd (Coppice Primary Academy)                                        | 20.0              | 20.6         |
| Sola Fide C of E Trust (St Chad's Church of England Primary School)                           | 20.0              | 20.6         |
| The Harmony Trust Ltd (Greenhill Academy)                                                     | 20.0              | 20.6         |
| The Pinnacle Learning Trust (Werneth Primary) [Formerly Bright Tribe Trust (Werneth Primary)] | 20.0              | 20.6         |
| The Oak Trust (North Chadderton School)                                                       | 20.0              | 20.6         |
| The Harmony Trust Ltd (Alt Academy)                                                           | 20.0              | 20.6         |
| The Harmony Trust Ltd (Westwood Academy)                                                      | 20.0              | 20.6         |
| The Harmony Trust Ltd (Richmond Academy)                                                      | 20.0              | 20.6         |
| Catering Academy Ltd (Waterhead Academy) [to 31.08.18]                                        | 20.0              | 20.6         |
| Engie Services Limited                                                                        | 20.0              | 20.6         |

| Scheme employers                                                      | Contribution rate |              |
|-----------------------------------------------------------------------|-------------------|--------------|
|                                                                       | 2017-18<br>%      | 2018-19<br>% |
| Focus Academy Trust (UK) Ltd (Freehold Community Primary)             | 20.0              | 20.6         |
| Cranmer Education Trust (East Crompton St George CE Primary)          | 20.0              | 20.6         |
| New Bridge Multi Academy Trust (Hollinwood)                           | 20.0              | 20.6         |
| Wolseley UK Ltd                                                       | 20.0              | 20.6         |
| Cranmer Education Trust (Mayfield Primary School)                     | 20.0              | 20.6         |
| SMC Premier Cleaning Ltd (Broadfield Primary)                         | 20.0              | 20.6         |
| Bulloughs Cleaning Services Ltd                                       | 20.0              | 20.6         |
| The Harmony Trust (Northmoor Academy)                                 | 20.0              | 20.6         |
| Kingfisher Learning Trust                                             | 20.0              | 20.6         |
| New Bridge Multi Academy Trust (Springbrook)                          | 20.0              | 20.6         |
| Focus Academy Trust (UK) Ltd (Lyndhurst Primary School)               | 20.0              | 20.6         |
| Sola Fide C Of E Trust (St Annes CofE Lydgate Primary School)         | 20.0              | 20.6         |
| The Cooperative Academies Trust (Failsworth School) [from 01.09.17]   | 20.0              | 20.6         |
| Essential Hygiene Ltd - St Edwards (Ex OMBC)                          | 20.0              | 20.6         |
| Servest Food Co Ltd (Ex Royton & Crompton)                            | 20.0              | 20.6         |
| Sola Fide C Of E Trust (St Johns CE Primary School) [from 01.12.18]   | n/a               | 20.6         |
| Oasis Community Learning (Clarksfield Primary School) [from 01.01.19] | n/a               | 20.6         |
| The Oak Trust (Fir Bank Primary School) [from 01.02.19]               | n/a               | 20.6         |
| The Oak Trust (Thorp Primary School) [from 01.02.19]                  | n/a               | 20.6         |
| <b>Parkway Green Housing Trust Pool</b>                               |                   |              |
| Parkway Green Housing Trust [Trfd Staff]                              | 22.7              | 22.7         |
| Parkway Green Housing Trust [New Staff]                               | 22.7              | 22.7         |
| <b>Prestolee MAT Pool</b>                                             |                   |              |
| Prestolee Multi Academy Trust (Prestolee Primary School)              | 24.3              | 24.3         |
| Prestolee Multi Academy Trust (Bowness Primary School)                | 24.3              | 24.3         |
| Prestolee Multi Academy Trust (Waterloo Primary School) [01.09.17]    | 24.3              | 24.3         |
| Prestolee Multi Academy Trust (Barton Moss Primary School) [01.09.17] | 24.3              | 24.3         |
| <b>Rochdale Boroughwide Housing Pool</b>                              |                   |              |
| Rochdale Boroughwide Housing Limited (I & P) [Trfd Staff]             | 18.0              | 18.0         |
| Rochdale Boroughwide Housing Limited (I & P) [New Staff]              | 18.0              | 18.0         |
| <b>Rochdale MBC Pool</b>                                              |                   |              |
| Rochdale MBC                                                          | 20.5              | 20.5         |
| Crossgates School                                                     | 20.5              | 20.5         |
| Smithy Bridge Foundation Primary School                               | 20.5              | 20.5         |
| St James' C of E Primary School [to 31.08.17]                         | 20.5              | n/a          |
| Healey Primary School                                                 | 20.5              | 20.5         |
| Rochdale Boroughwide Cultural Trust                                   | 20.5              | 20.5         |
| Alternative Futures Group Limited                                     | 20.5              | 20.5         |
| E.ON UK plc                                                           | 20.5              | 20.5         |
| Grosvenor Facilities Management Limited                               | 20.5              | 20.5         |
| Carillion Services Limited (Hollingworth) [to 28.02.18]               | 20.5              | n/a          |
| Great Academies Education Trust (Middleton Tech School)               | 20.5              | 20.5         |
| Hollingworth Academy Trust                                            | 20.5              | 20.5         |
| Carillion AMBS Ltd (Falinge) [to 28.02.18]                            | 20.5              | n/a          |

| Scheme employers                                                                   | Contribution rate |              |
|------------------------------------------------------------------------------------|-------------------|--------------|
|                                                                                    | 2017-18<br>%      | 2018-19<br>% |
| Carillion AMBS Ltd (Wardle) [to 28.02.18]                                          | 20.5              | n/a          |
| Rochdale Boroughwide Housing                                                       | 20.5              | 20.5         |
| PossAbilities CIC                                                                  | 20.5              | 20.5         |
| Future Directions                                                                  | 20.5              | 20.5         |
| Bulloughs Cleaning Services Ltd [to 13.04.18]                                      | 20.5              | 20.5         |
| Balfour Beatty Living Places Ltd                                                   | 20.5              | 20.5         |
| The Pennine Acute Hospitals NHS Trust                                              | 20.5              | 20.5         |
| St Teresa Of Calcutta Catholic Academy Trust (St Patricks) [from 01.10.17]         | 20.5              | 20.5         |
| St Teresa Of Calcutta Catholic Academy Trust (Alice Ingham) [from 01.10.17]        | 20.5              | 20.5         |
| N Compass Northwest Ltd (Ex RMBC) [from 01.05.17]                                  | 20.5              | 20.5         |
| Mellors Catering Svs Ltd - St Gabriels (Ex Rochdale MBC) [from 01.09.17]           | 20.5              | 20.5         |
| The Big Life Company Ltd                                                           | 20.5              | 20.5         |
| Mellors Catering Services Ltd - St Thomas Moore (Ex RMBC) [from 12.05.18]          | n/a               | 20.5         |
| <b>Roch Valley CE Multi Academy Trust Pool</b>                                     |                   |              |
| Roch Valley CE Multi Academy Trust (Holy Trinity Primary)[from 01.09.18]           | n/a               | 20.5         |
| Roch Valley CE Multi Academy Trust (St Thomas Primary) [from 01.09.18]             | n/a               | 20.5         |
| <b>Salford Academy Trust Pool</b>                                                  |                   |              |
| Salford Academy Trust (Albion High School) [to 31.01.19]                           | 21.5              | 21.5         |
| Salford Academy Trust (Dukesgate Primary School) [to 31.01.19]                     | 21.5              | 21.5         |
| Salford Academy Trust (Marlborough Road Primary School) [to 31.01.19]              | 21.5              | 21.5         |
| Salford Academy Trust (Irlam & Cadishead College) [from 01.07.17 to 31.01.19]      | 21.5              | 21.5         |
| <b>Salford City College Pool</b>                                                   |                   |              |
| Salford City College                                                               | 19.6              | 19.6         |
| <b>Salford City Council Pool</b>                                                   |                   |              |
| Salford City Council                                                               | 19.7 ***          | 19.7 ***     |
| St Ambrose Barlow RC High School                                                   | 19.7              | 19.7         |
| The Salfordian Trust Company Limited                                               | 19.7              | 19.7         |
| Salford Community Leisure Limited                                                  | 19.7              | 19.7         |
| The Working Class Movement Library                                                 | 19.7              | 19.7         |
| Mitie PFI Limited                                                                  | 19.7              | 19.7         |
| Compass Contract Services (UK) Limited                                             | 19.7              | 19.7         |
| SPIE FS Northern UK Ltd (Salford)                                                  | 19.7              | 19.7         |
| City West Housing Trust Limited                                                    | 19.7              | 19.7         |
| Inspirit Care Limited                                                              | 19.7              | 19.7         |
| RM Education plc                                                                   | 19.7              | 19.7         |
| SPIE FS Northern UK Limited (Salford 2)                                            | 19.7              | 19.7         |
| The Landing at MediaCityUK Limited                                                 | 19.7              | 19.7         |
| Together Housing Association Limited [Formerly Chevin Housing Association Limited] | 19.7              | 19.7         |
| Salix Homes Limited                                                                | 19.7              | 19.7         |

| Scheme employers                                                                         | Contribution rate |              |
|------------------------------------------------------------------------------------------|-------------------|--------------|
|                                                                                          | 2017-18<br>%      | 2018-19<br>% |
| Career Connect                                                                           | 19.7              | 19.7         |
| SPIE FS Northern UK Ltd (St Ambrose & St Patrick)                                        | 19.7              | 19.7         |
| SPIE FS Northern UK Ltd (Moorside)                                                       | 19.7              | 19.7         |
| Salford Royal NHS Foundation Trust (ASC Contract)                                        | 19.7              | 19.7         |
| Salford Royal NHS Foundation Trust (Equipment Contract)                                  | 19.7              | 19.7         |
| Absolutely Catering Ltd (Graysons Restaurants) [to 24.07.17]                             | 19.7              | n/a          |
| Aspens Services Ltd                                                                      | 19.7              | 19.7         |
| Aspire For Intelligent Care & Support (CIC) (2) [from 01.07.16]                          | 19.7              | 19.7         |
| Salford Royal NHS Foundation Trust - The Limes [from 03.07.17]                           | 19.7              | 19.7         |
| <b>St Ambrose Academy Trust Pool</b>                                                     |                   |              |
| St Ambrose College Edmund Rice Academy Trust [Formerly St Ambrose College Academy Trust] | 17.0              | 17.0         |
| <b>Salford University Pool</b>                                                           |                   |              |
| Salford University                                                                       | 21.1              | 21.1         |
| <b>Shaw Education Trust Pool</b>                                                         |                   |              |
| The Shaw Education Trust (Castlebrook High School)                                       | 17.4              | 17.4         |
| The Shaw Education Trust (The Westleigh School) [from 01.08.18]                          | n/a               | 17.4         |
| The Shaw Education Trust (Tottington High School) [from 01.11.18]                        | n/a               | 17.4         |
| <b>Small Admitted Bodies Pool</b>                                                        |                   |              |
| National Museum of Labour History                                                        | 21.6              | 23.0         |
| Wigan Metropolitan Development Co (Inv) Ltd                                              | 21.6              | 23.0         |
| Groundwork Oldham & Rochdale                                                             | 21.6              | 23.0         |
| APSE                                                                                     | 21.6              | 23.0         |
| Greater Manchester Immig Aid Unit                                                        | 21.6              | 23.0         |
| Birtenshaw Hall School                                                                   | 21.6              | 23.0         |
| North West Local Auth Empl Orgn                                                          | 21.6              | 23.0         |
| Rochdale CAB                                                                             | 21.6              | 23.0         |
| Chethams School Of Music                                                                 | 21.6              | 23.0         |
| Oldham CAB                                                                               | 21.6              | 23.0         |
| Manchester CAB                                                                           | 21.6              | 23.0         |
| Centre For Local Economic Strategies Ltd (CLES)                                          | 21.6              | 23.0         |
| UNIAC                                                                                    | 21.6              | 23.0         |
| Manchester Centre For The Deaf                                                           | 21.6              | 23.0         |
| Rochdale Development Agency                                                              | 21.6              | 23.0         |
| Salford Foundation Ltd                                                                   | 21.6              | 23.0         |
| Sparth Community Centre                                                                  | 21.6              | 23.0         |
| Marketing Manchester                                                                     | 21.6              | 23.0         |
| Council For Voluntary Service Rochdale [to 31.01.18]                                     | 21.6              | n/a          |
| Mechanics Centre Ltd                                                                     | 21.6              | 23.0         |
| Midas Limited                                                                            | 21.6              | 23.0         |
| Greater Manchester Sports Partnership                                                    | 21.6              | 23.0         |
| Rochdale Law Centre [to 06.10.17]                                                        | 21.6              | n/a          |
| Metro Rochdale Employees Credit Union Limited                                            | 21.6              | 23.0         |
| Shopmobility Manchester [to 30.11.17]                                                    | 21.6              | n/a          |

| Scheme employers                                                       | Contribution rate |              |
|------------------------------------------------------------------------|-------------------|--------------|
|                                                                        | 2017-18<br>%      | 2018-19<br>% |
| Dance Manchester Ltd [Formerly Dance Initiative Greater Manchester]    | 21.6              | 23.0         |
| Cash Box Credit Union Ltd                                              | 21.6              | 23.0         |
| Groundwork MSSTT                                                       | 21.6              | 23.0         |
| Caritas Diocese Of Salford                                             | 21.6              | 23.0         |
| <b>South Pennine Academies Pool</b>                                    |                   |              |
| South Pennine Academies (Waterhead Academy)                            | 20.0              | 19.6         |
| South Pennine Academies (Willowpark Primary Academy)                   | 20.0              | 19.6         |
| South Pennine Academies (Woodlands Primary Academy)                    | 20.0              | 19.6         |
| South Pennine Academies (Greenacres Primary Academy) [from 01.03.18]   | 20.0              | 19.6         |
| <b>Southway Housing Trust Pool</b>                                     |                   |              |
| Southway Housing Trust (Manchester) Limited [Trfd Staff]               | 19.9              | 21.2         |
| Southway Housing Trust (Manchester) Limited [New Staff]                | 19.9              | 21.2         |
| <b>Stagecoach Manchester Pool</b>                                      |                   |              |
| Greater Manchester Buses South Ltd                                     | 30.4+£2.4m        | 30.4+£2.4m   |
| Stagecoach Services Limited                                            | 30.4              | 30.4         |
| <b>Stamford Park Trust [Ashton Under Lyne Sixth Form College Pool]</b> |                   |              |
| Stamford Park Trust [Ashton-Under-Lyne 6th Form College]               | 17.0              | 17.0         |
| BaxterStorey Ltd                                                       | 17.0              | 17.0         |
| <b>Stockport College Pool</b>                                          |                   |              |
| Stockport College Of Further & Higher Education [to 05.04.18]          | 21.9              | 21.9         |
| <b>Stockport MBC Pool</b>                                              |                   |              |
| Stockport MBC                                                          | 19.3 *            | 19.5 *       |
| Life Leisure                                                           | 19.3              | 19.5         |
| Pure Innovations Ltd                                                   | 19.3              | 19.5         |
| Stockport Homes Ltd                                                    | 19.3              | 19.5         |
| Totally Local Company Limited [Formerly Solutions SK Limited]          | 19.3              | 19.5         |
| Marple Hall School                                                     | 19.3              | 19.5         |
| Carillion (AMS) Ltd (Ex NPS Stockport)                                 | 19.3              | 19.5         |
| <b>Tameside College Pool</b>                                           |                   |              |
| Tameside College                                                       | 18.8              | 18.8         |
| <b>Tameside MBC Pool</b>                                               |                   |              |
| Tameside MBC                                                           | 21.0 *            | 21.0 *       |
| Carillion Services Limited                                             | 21.0              | 21.0         |
| Carillion LGS Limited                                                  | 21.0              | 21.0         |
| Carillion AMBS Ltd                                                     | 21.0              | 21.0         |
| Mellors Catering Svs Ltd - Poplar St [from 29.05.17]                   | 21.0              | 21.0         |
| <b>The Manchester College Pool</b>                                     |                   |              |
| LTE Group (formerly The Manchester College)                            | 18.1              | 18.1         |
| <b>Trafford College Pool</b>                                           |                   |              |
| Trafford College                                                       | 23.8              | 22.9         |
| Caterlink (Trafford College)                                           | 23.8              | 23.8         |
| <b>Trafford MBC Pool</b>                                               |                   |              |
| Trafford MBC                                                           | 20.4 *            | 20.4 *       |

| Scheme employers                                                                                         | Contribution rate |              |
|----------------------------------------------------------------------------------------------------------|-------------------|--------------|
|                                                                                                          | 2017-18<br>%      | 2018-19<br>% |
| Sale High School                                                                                         | 20.4              | 20.4         |
| Blessed Thomas Holford Catholic College                                                                  | 20.4              | 20.4         |
| Go Plant Fleet Services Ltd [Formerly Essential Fleet Services Ltd]                                      | 20.4              | 20.4         |
| Market Operations                                                                                        | 20.4              | 20.4         |
| Amey LG Ltd                                                                                              | 20.4              | 20.4         |
| Trafford Leisure Community Interest Company                                                              | 20.4              | 20.4         |
| Floorbrite Cleaning Contractors Ltd (Springfield Primary)                                                | 20.4              | 20.4         |
| <b>Transport for Greater Manchester Pool</b>                                                             |                   |              |
| Transport for Greater Manchester                                                                         | 18.8              | 18.8         |
| <b>United Learning Trust Pool</b>                                                                        |                   |              |
| United Learning Trust (Manchester Academy)                                                               | 15.6              | 15.6         |
| United Learning Trust (Salford Academy)                                                                  | 15.6              | 15.6         |
| United Learning Trust (Stockport Academy)                                                                | 15.6              | 15.6         |
| United Learning Trust (William Hulme's Grammar School)                                                   | 15.6              | 15.6         |
| United Learning Trust (Abbey Hey Primary)                                                                | 15.6              | 15.6         |
| United Learning Trust (Cravenwood Community Primary)                                                     | 15.6              | 15.6         |
| Caterlink (Ex United Learning Trust Stockport Academy)                                                   | 15.6              | 15.6         |
| United Learning Trust (Albion High School) [from 01.02.19] [Formerly Salford Academy Trust]              | n/a               | 21.5         |
| United Learning Trust (Dukesgate Primary School) [from 01.02.19] [Formerly Salford Academy Trust]        | n/a               | 21.5         |
| United Learning Trust (Marlborough Road Primary School) [from 01.02.19] [Formerly Salford Academy Trust] | n/a               | 21.5         |
| United Learning Trust (Irlam and Cadishead College) [from 01.02.19] [Formerly Salford Academy Trust]     | n/a               | 21.5         |
| <b>The University of Manchester Pool</b>                                                                 |                   |              |
| The University of Manchester                                                                             | 22.9 + £729k      | 22.9 + £750k |
| <b>Victorious Academies Pool</b>                                                                         |                   |              |
| Victorious Academies Trust (Inspire Academy) [from 16.01.18] [Formerly Carillion Academies]              | 17.2              | 17.2         |
| Victorious Academies Trust (Discovery Academy) [from 16.01.18] [Formerly Carillion Academies]            | 17.2              | 17.2         |
| Victorious Academies Trust (Poplar Street Primary School) [from 01.04.18]                                | n/a               | 17.2         |
| Victorious Academies Trust (Greenside Primary School) [from 01.11.18]                                    | n/a               | 17.2         |
| Victorious Academies Trust (Yew Tree Primary School) [from 01.11.18]                                     | n/a               | 17.2         |
| <b>Vision MAT Pool</b>                                                                                   |                   |              |
| Vision Multi Academy Trust (Higher Lane Primary) [from 01.07.17]                                         | 18.0              | 18.0         |
| Vision Multi Academy Trust (East Ward Primary) [from 01.07.17]                                           | 18.0              | 18.0         |
| Vision Multi Academy Trust (Sunny Bank Primary) [from 01.07.17]                                          | 18.0              | 18.0         |
| <b>Wardle Academy Trust Pool</b>                                                                         |                   |              |
| Wardle Academy                                                                                           | 19.7              | 19.7         |
| Wardle Academy (Kentmere Primary School)                                                                 | 19.7              | 19.7         |
| Wardle Academy (St Andrews C of E Primary School) [from 01.09.17]                                        | 19.7              | 19.7         |
| Wardle Academy (St James C of E Primary School) [from 01.09.17]                                          | 19.7              | 19.7         |

| Scheme employers                                                      | Contribution rate |              |
|-----------------------------------------------------------------------|-------------------|--------------|
|                                                                       | 2017-18<br>%      | 2018-19<br>% |
| <b>West Hill School Pool</b>                                          |                   |              |
| West Hill School                                                      | 16.8              | 16.8         |
| <b>Wigan MBC Pool</b>                                                 |                   |              |
| Wigan MBC                                                             | 19.6              | 19.6         |
| Wigan Leisure & Culture Trust                                         | 19.6              | 19.6         |
| NPS North West Limited                                                | 19.6              | 19.6         |
| Western Skills Centre Limited [to 31.08.17]                           | 19.6              | n/a          |
| Always There Homecare Limited                                         | 19.6              | 19.6         |
| Proco NW Limited                                                      | 19.6              | 19.6         |
| Leigh Sports Village Ltd                                              | 19.6              | 19.6         |
| Lateral Academy Trust                                                 | 19.6              | 19.6         |
| Leading Learners MAT (Tyldesley Primary School)                       | 19.6              | 19.6         |
| The Rowan Learning Trust (Hawkey Hall High School)                    | 19.6              | 19.6         |
| Wigan and Leigh Carers Centre                                         | 19.6              | 19.6         |
| Makerfield Academy Trust (Byrchall High School)                       | 19.6              | 19.6         |
| Community First Academy Trust (Platt Bridge)                          | 19.6              | 19.6         |
| Agilisys Limited                                                      | 19.6              | 19.6         |
| Acorn Trust                                                           | 19.6              | 19.6         |
| The Learning Together Trust                                           | 19.6              | 19.6         |
| Monument Café                                                         | 19.6              | 19.6         |
| Community First Academy Trust (Rose Bridge Academy) [to 31.01.19]     | 19.6              | 19.6         |
| The Keys Federation                                                   | 19.6              | 19.6         |
| The Rowan Learning Trust (3 Towers Alternative Provision)             | 19.6              | 19.6         |
| Mellors Catering Services (Hindley High School)                       | 19.6              | 19.6         |
| Premier Care Limited                                                  | 19.6              | 19.6         |
| Change Grow Live (CGL) [to 19.01.18]                                  | 19.6              | n/a          |
| The Rowan Learning Trust (Marus Bridge)                               | 19.6              | 19.6         |
| Greengate Academy Trust (Orrell Holgate)                              | 19.6              | 19.6         |
| Greengate Academy Trust (Orrell Lamberhead Green)                     | 19.6              | 19.6         |
| The Wings CE Trust (Atherton St Georges CE Primary)                   | 19.6              | 19.6         |
| The Wings CE Trust (St Marks)                                         | 19.6              | 19.6         |
| Mosaic Academy Trust (Standish Community High School) [from 01.12.17] | 19.6              | 19.6         |
| Mellors Catering Svs Ltd - Our Ladys Primary (Ex Wigan)               | 19.6              | 19.6         |
| The Wings CE Trust (Leigh CE Primary)[from 01.12.18]                  | n/a               | 19.6         |
| <b>Willow Park Housing Trust Pool</b>                                 |                   |              |
| Willow Park Housing Trust                                             | 23.4              | 23.4         |
| Willow Park Housing Trust [2nd Agreement]                             | 23.4              | 23.4         |
| <b>Woodbridge Trust Pool</b>                                          |                   |              |
| Woodbridge Trust (Firwood High School) [from 01.10.18]                | n/a               | 20.8         |
| Woodbridge Trust (Ladywood School) [from 01.10.18]                    | n/a               | 20.8         |
| <b>Individual Employers</b>                                           |                   |              |
| The Chief Constable of Greater Manchester                             | 18.7              | 18.7         |
| The University of Bolton                                              | 23.2              | 23.2         |

| Scheme employers                                                              | Contribution rate |              |
|-------------------------------------------------------------------------------|-------------------|--------------|
|                                                                               | 2017-18<br>%      | 2018-19<br>% |
| Manchester Metropolitan University                                            | 21.4              | 21.4         |
| Liverpool Hope University                                                     | 19.1              | 19.1         |
| Royal Northern College Of Music                                               | 18.9              | 18.9         |
| Borough Care Services Ltd                                                     | 25.3 + £154k      | 25.3 + £154k |
| Bolton College                                                                | 18.0 + £244k      | 18.0 + £251k |
| Holy Cross College                                                            | 16.9              | 16.9         |
| Loreto Sixth Form College                                                     | 17.0              | 17.0         |
| Xaverian Sixth Form College                                                   | 16.4              | 16.4         |
| Oldham College                                                                | 16.8              | 16.8         |
| The Pinnacle Learning Trust (Oldham Sixth Form College)                       | 16.5              | 16.5         |
| Hopwood Hall College                                                          | 20.2              | 20.2         |
| Aquinas College                                                               | 18.0              | 18.0         |
| Cheadle & Marple 6th Form College                                             | 21.2 + £40k       | 21.2 + £41k  |
| Wigan & Leigh College                                                         | 22.7              | 22.7         |
| Winstanley College                                                            | 16.5              | 16.5         |
| St John Rigby College                                                         | 17.4              | 17.4         |
| Tameside Sports Trust                                                         | 19.2              | 21.1         |
| New Charter Housing Trust Limited                                             | 24.7              | 24.7         |
| Positive Steps Oldham                                                         | 16.4              | 18.4         |
| Manchester Active Ltd [Formerly Eastlands Trust/Formerly The Velodrome Trust] | 22.7              | 22.7         |
| Ace Centre (North)                                                            | 16.1              | 19.4         |
| Manchester & District Housing Association [to 31.05.17]                       | 27.5              | n/a          |
| Trafford Housing Trust Ltd                                                    | 22.5 + £706k      | 22.5 + £727k |
| Northwards Housing Limited                                                    | 17.6              | 17.6         |
| Viridor Waste (Greater Manchester) Limited                                    | 20.6              | 20.6         |
| Altus Education Partnership (Rochdale Sixth Form College)                     | 15.4              | 15.4         |
| The Cooperative Academies Trust (The Swinton High School)                     | 17.0              | 17.0         |
| Healthy Learning Trust (Flixton Girls School)                                 | 17.3              | 17.3         |
| Mellor Primary School                                                         | 16.7              | 16.7         |
| Broadoak Primary School                                                       | 18.3              | 18.3         |
| South Manchester Learning Trust (Reddish Vale Academy Trust)                  | 16.2              | 16.2         |
| Denton West End Primary School                                                | 16.6              | 16.6         |
| Hazel Grove High School                                                       | 17.0              | 17.0         |
| Eagley Infant School                                                          | 22.2              | 22.2         |
| Eagley Junior School                                                          | 24.0              | 24.0         |
| Harwood Meadows Primary School                                                | 24.2              | 24.2         |
| The Oakwood Academy Schools Trust                                             | 21.2              | 21.2         |
| Broughton Jewish Cassel Fox                                                   | 16.1              | 16.1         |
| South Manchester Learning Trust (Altrincham College of Arts)                  | 18.1              | 18.1         |
| Forward As One Church Of England Multi Academy Trust                          | 19.0              | 19.0         |
| SS Simon and Jude C of E Multi Academy Trust                                  | 17.9              | 17.9         |
| Chapel Street Community Schools Trust (Atherton Community School)             | 16.6              | 16.6         |
| Northern Schools Trust (Wigan UTC)                                            | 18.6              | 18.6         |

| Scheme employers                                                                               | Contribution rate |              |
|------------------------------------------------------------------------------------------------|-------------------|--------------|
|                                                                                                | 2017-18<br>%      | 2018-19<br>% |
| Northern Education Trust (The Ferns)                                                           | 17.9              | 17.9         |
| St Anselms Catholic Multi Academy Trust                                                        | 21.9              | 21.9         |
| New Bridge Multi Academy Trust (Hawthorns School) [from 01.03.18]                              | 24.3              | 24.3         |
| The Olive Tree Primary Bolton Limited                                                          | 14.2              | 14.2         |
| New Islington Free School                                                                      | 15.0              | 15.0         |
| Park Road Sale Primary                                                                         | 18.3              | 18.3         |
| Beis Yaakov Jewish High School                                                                 | 26.0              | 26.0         |
| Chester Diocesan Academies Trust (St Matthew's C of E Primary)                                 | 16.1              | 16.1         |
| Focus Academy Trust (UK) Ltd (Manor Green Primary Academy)                                     | 32.9              | 32.9         |
| Manchester Creative Studio [to 30.06.18]                                                       | 16.7              | 16.7         |
| Collective Spirit Oldham [to 31.08.17]                                                         | 16.9              | n/a          |
| The Kirkstead Education Trust (Hursthead Junior School)                                        | 19.7              | 19.7         |
| Focus Academy Trust (UK) Ltd (Old Trafford Community Primary)                                  | 15.5              | 15.5         |
| Essa Foundation Academies Trust (The Essa Primary)                                             | 15.0              | 15.0         |
| Taylor Shaw Ltd (Moorfield Primary School)                                                     | 28.9              | 28.9         |
| Taylor Shaw Ltd (Romiley Primary School)                                                       | 30.2 + £1k        | 30.2 + £1k   |
| Kingsway Community Trust (Cringles Brook Primary)                                              | 13.7              | 13.7         |
| The Eddie Davies Educational Trust (Bolton Wanderers FS) [to 31.08.17]                         | 14.5              | n/a          |
| Gatley Academy Trust (Gatley Primary School) [to 31.08.17]                                     | 21.4              | n/a          |
| Greater Manchester Sustainable Engineering UTC [to 31.08.17]                                   | 16.2              | n/a          |
| Focus Academy Trust (UK) Ltd (Deeplish Primary Academy)                                        | 24.5              | 24.5         |
| Taylor Shaw Ltd (Kingsway High School)                                                         | 27.6              | 27.6         |
| Ashton West End Primary                                                                        | 26.5              | 26.5         |
| Addiction Dependency Solutions                                                                 | 19.1              | 19.1         |
| Sharples School A Multi Academy Trust                                                          | 29.6              | 29.6         |
| Lever Academy Trust (Little Lever School)                                                      | 24.8              | 24.8         |
| Bolton UTC                                                                                     | 15.9              | 15.9         |
| Aldridge Education (UTC At MediaCityUK) [Formerly Creative Industries UTC (UTC@MediaCityUK)]   | 17.2              | 17.2         |
| Prosper Multi Academy Trust (Bolton Muslim Girls School)[Formerly Bolton Muslim Academy Trust] | 20.2              | 20.2         |
| The Sovereign Trust MAT (Formerly Pictor Academy & Manor Academy)                              | 25.9              | 25.9         |
| Taylor Shaw (St Simon's Primary)                                                               | 29.1              | 29.1         |
| Taylor Shaw (St Mary's) [to 15.09.17]                                                          | 33.2              | n/a          |
| Taylor Shaw (Marple Hall High School)                                                          | 28.7 + £13k       | 28.7 + £13k  |
| Taylor Shaw (Fairway)                                                                          | 29.0 + £1k        | 29.0 + £1k   |
| Abney Trust (The Kingsway School)                                                              | 26.0              | 26.0         |
| KGB Cleaning & Support Services Ltd (Ex Trafford College)                                      | 30.3 + £6k        | 30.3 + £6k   |
| Bolton Impact Trust                                                                            | 25.6              | 25.6         |
| Career Connect (Achieve North West Contract)                                                   | 30.0              | 30.0         |
| Catering Academy (Ex Bolton College)                                                           | 28.4 + £1k        | 28.4 + £1k   |
| Chester Diocesan Academies Trust (St Pauls C Of E Primary)                                     | 19.6              | 19.6         |
| Taylor Shaw Ltd (Harrytown High School)                                                        | 29.3 + £7k        | 29.3 + £7k   |
| Consilium Academies (Buile Hill)                                                               | 20.0              | 21.5         |

| Scheme employers                                                             | Contribution rate |              |
|------------------------------------------------------------------------------|-------------------|--------------|
|                                                                              | 2017-18<br>%      | 2018-19<br>% |
| The Hamblin Education Trust (North Cestrian School)                          | 17.2              | 17.2         |
| Taylor Shaw (Stockport College)                                              | 24.3              | 24.3         |
| Churchill Contract Services Ltd (Harper Green School)                        | 33.9              | 33.9         |
| Elite Cleaning & Environmental Services Ltd                                  | 24.8              | 24.8         |
| Chatsworth Multi Academy Trust                                               | 17.7              | 17.7         |
| Aspireplus Educational Trust (Longdendale High School) [from 01.07.17]       | 17.9              | 17.9         |
| Aspireplus Educational Trust (Rayner Stephens High School) [from 01.07.17]   | 16.5              | 16.5         |
| SS Simon & Jude C Of E Multi Academy Trust (St Augustines) [from 01.09.17]   | 19.7              | 19.7         |
| Consilium Academies (Ellesmere Park High School) [from 01.07.17]             | 16.6              | 16.6         |
| Mulberry Tree CE Multi Academy Trust (St Catherines Primary) [from 01.01.18] | 20.8              | 20.8         |
| T(N)S Catering Management Ltd [from 01.01.18]                                | 31.9              | 31.9         |
| Capita Secure Information Solutions Ltd (Ex GMP) [from 15.12.16 to 31.01.18] | 31.6              | n/a          |
| Champion Cleaning Services Ltd - Ex Bury MBC [from 01.10.17]                 | 33.0              | 33.0         |
| Liverpool Diocesan Schools Trust (St James CE Primary) [from 01.04.18]       | n/a               | 19.6         |
| Consilium Academies (Moorside High School) [from 01.04.18]                   | n/a               | 19.7         |
| Transport for the North [from 01.04.18]                                      | n/a               | 18.8         |
| The Aspire Educational Trust (Wilbraham Primary School) [from 01.04.18]      | n/a               | 19.1         |
| Compass Contract Services (Ex NET - Kearsley Academy)                        | 34.7              | 34.7         |
| Compass Contract Svs (NET - The Ferns)                                       | 17.9              | 17.9         |
| The Sovereign Trust MAT (New Park School) [from 01.06.18]                    | n/a               | 19.7         |
| Bolton & Farnworth C Of E Primary MAT (St Maxentius Primary) [from 01.09.18] | n/a               | 20.8         |
| Oasis Community Learning (Leesbrook Academy) From [ 01.09.18]                | n/a               | 16.7         |
| E ACT (Royton & Crompton School) [from 01.09.18]                             | n/a               | 20.6         |
| Liverpool Diocesan Schools Trust (St Pauls CE Primary) [from 01.10.18]       | n/a               | 19.6         |
| Taylor Shaw - Didsbury Road Primary School [from 01.09.17]                   | 35.5              | 35.5         |
| Taylor Shaw - St Annes [from 06.06.16]                                       | 29.6              | 29.6         |
| St Ralph Sherwin Catholic MAT (St Marys CV Academy) [from 01.09.18]          | n/a               | 19.5         |
| St Bede Church Of England Primary Academy (Tonge Moor PS) [from 01.11.18]    | n/a               | 20.8         |
| Liverpool Diocesan Schools Trust (Highfield St Matthews CE) [from 01.11.18]  | n/a               | 19.6         |
| The Wesley Trust (Rosehill Methodist School) [from 01.12.18]                 | n/a               | 21.0         |
| The Cooperative Academies Trust (Walkden High School) [from 01.12.18]        | n/a               | 19.7         |

(Stockport MBC, Trafford MBC and Tameside MBC)\* These employers chose to pay their contributions covering the period 1 April 2017 to 31 March 2020, three years in advance, in April 2017. For these employers the contribution rates shown were multiplied by a factor of 0.9434 to reflect the early payment. The employers pre-agreed with the Administering Authority and the GMPF actuary an estimate of pensionable pay for each year of the three year period; where actual pensionable pay was higher than the estimated amount a balancing payment was made the following year-end.

(Oldham MBC)\*\* This employer chose to pay their contributions covering the period 1 April 2017 to 31 March 2020 in advance in May 2017. For this employer the contribution rates shown were multiplied by a factor of 0.9449 to reflect the early payment. This employer pre-agreed with the Administering Authority and the GMPF actuary an estimate of pensionable pay for each year of the three year period; where actual pensionable pay was higher than the estimated amount a balancing payment was made the following year-end.

(Salford CC)\*\*\* This employer chose to pay its annual contributions in advance for each scheme year in April of that year. For this employer the contribution rates shown were multiplied by a factor of 0.9804 to reflect the early payment. This employer pre-agreed with the Administering Authority and the GMPF actuary an estimate of pensionable pay for each financial year; where actual pensionable pay was higher than the estimated amount a balancing payment was made the following year-end.

# The LGPS at a glance

**The information below describes the LGPS as it was during 2018/19.**

For information as it is now and other general information, please see our website [www.gmpf.org.uk](http://www.gmpf.org.uk)

## Eligibility for membership

Membership is generally available to employees of participating employers who have contracts of employment of three months or more, are under the age of 75 and who are not eligible for membership of other statutory pension schemes. Membership of the LGPS is therefore not open to police officers, firefighters, civil servants and others who have their own pension schemes. Employees of admission bodies and designating bodies such as a town or parish council can only join if their employer nominates them for membership of the LGPS.

## Employee contributions

The rate of contribution payable by members of the main scheme varies according to pay, ranging from 5.5% to 12.5%. The pay ranges to which each contribution rate applies are adjusted each April in line with changes in the cost of living. Members of the 50/50 option pay half the main scheme contributions and build up half the normal main scheme pension.

## Extra benefits

Members can pay additional pension contributions (APCs) to increase their pension. They can also pay money purchase additional voluntary contributions (AVCs) into a scheme operated in conjunction with the Prudential, to provide extra pension, extra lump sum, extra death benefits or a combination of these. Both APCs and AVCs attract tax relief in most cases.

## Retirement benefits

For each year of membership in the main scheme, an employee member builds up a pension of a 49<sup>th</sup> of the pay received during that year. This pension is then increased each year in line with inflation, to maintain its value in real terms. Someone in the 50/50 option builds up a pension of a 98<sup>th</sup> of the pay received during that year, which is again protected against inflation. Ill health pensions can also be awarded, based on one of three tiers, for those that satisfy the Scheme's criteria for permanent incapacity. Those in the 50/50 option have full ill health and death cover. Membership that was built up before 1 April 2014 continues to provide benefits as it did at the time. Membership from 1 April 2008 to 31 March 2014 therefore provides final salary benefits based on 60<sup>th</sup>s. Membership before that also provides final salary benefits, based on 80<sup>th</sup>s. Members can normally exchange some annual pension for a larger lump sum at a rate of 1:12, in other words, every £1 of annual pension foregone produces £12 of lump sum. HMRC limits apply.

*Generally a minimum of two years membership is required to give entitlement to retirement benefits.*

## Age of retirement

Normal pension age is age 65 or State pension age, whichever is the later, but:

- Pension benefits are payable at any age if awarded due to ill health;
- Members may retire with unreduced benefits from age 55 onwards if their retirement is on the grounds of redundancy or business efficiency;
- Members may retire early at their own choice from 55 onwards and employer approval is not required. But early retirement reductions will generally apply;
- Members who have left employment can request payment of benefits from age 55 onwards, but actuarial reductions will apply where benefits come into payment before normal pension age;
- Members who remain in employment may also ask to retire flexibly from age 55 onwards if they reduce their hours of work or grade. Employer consent is required and actuarial reductions may apply;
- Payment of benefits may be delayed beyond normal pension age but only up to age 75.

There are also various protections regarding membership that are linked to earlier normal retirement ages that applied in earlier versions of the Scheme.

### Benefits on death in service

A lump sum death grant is payable, normally equivalent to three years assumed pay. The administering authority has absolute discretion over the distribution of this lump sum among the deceased's relatives, dependants, personal representatives or nominees. Pensions may also be payable to the member's spouse, civil partner, eligible cohabiting partner and eligible dependent children.

### Benefits on death after retirement

A death grant is payable if less than ten years pension has been paid and the pensioner is under age 75 at the date of death, in which case the balance of ten years pension is paid as a lump sum. Pensions are also normally payable to the member's spouse, civil partner, eligible cohabiting partner and any eligible dependent children.

### Cost of living increases

Career average pensions that are being built up, and pensions in payment, are increased annually to protect them from inflation. Pensions increases are currently in line with the Consumer Prices Index.



# GLOSSARY

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# Glossary

## 50/50 Scheme

In the LGPS, active members are given the option of earning half of the standard LGPS benefits and paying half the standard member contribution rates.

## Actuarial Valuation

An investigation by an actuary into the ability of a pension fund to meet its liabilities. At the actuarial valuation, GMPF's actuary will assess the funding level of each participating employer and agree contribution rates with the administering authority to fund the cost of new benefits and make good any existing deficits.

## Ad-valorem

A payment or rate which is calculated according to the price of a product or service, rather than at a fixed rate. External asset managers usually have an ad-valorem component as part of their fees.

## Administering Authority

A body listed in Part 1 of Schedule 3 of the LGPS Regulations who maintains a fund within the LGPS. Administering Authorities are typically councils based in England and Wales. GMPF's Administering Authority is Tameside MBC.

## Admission Body

An admission body is an employer admitted to the LGPS by way of an admission agreement. Admission bodies have to primarily work in areas related to local government to be admitted.

## Additional Voluntary Contributions ('AVCs')

Additional Voluntary Contributions are additional contributions made on top of the main Local Government Pension Scheme member contributions with the aim of building up an additional pension pot separate to the main LGPS benefits.

## Benchmark

A measure against which fund performance is to be judged.

## Bonds

Loans made to an issuer (often a government or a company) which promises to repay the loan at an agreed later date. The term refers generically to corporate bonds or government bonds (gilts).

## Career Average Revalued Earnings ('CARE') Scheme

With effect from 1 April 2014, benefits accrued by members in the LGPS take the form of CARE benefits. Every year members will accrue a pension benefit equivalent to 1/49th of their pensionable pay in that year. Each annual pension accrued receives inflationary increases (in line with the annual change in the Consumer Prices Index) over the period to retirement.

## Consumer Prices Index ('CPI')

CPI is an abbreviation standing for 'Consumer Prices Index'. CPI is a measure of inflation with a basket of goods that is assessed on an annual basis. Pension increases in the LGPS are linked to the annual change in CPI.

## Deficit

A fund has a deficit when its actuary calculates that it does not currently have enough assets to pay all future commitments. Deficits are typically corrected over periods of time by the payment of additional contributions by employers.

## Discount Rate

The rate of interest used to estimate the amount of money needed to be held now to meet a benefit payment occurring in the future.

## Employer Covenant

The degree to which an employer participating in the LGPS is able to meet the funding requirements of the scheme.

## Employer's Future Service Contribution Rate ('Primary Rate')

The contribution rate payable by an employer, expressed as a % of pensionable pay, as being sufficient to meet the cost of new benefits being accrued by active members in the future. The cost will be net of employee contributions and will include an allowance for the expected level of administrative expenses.

## Environmental, Social and Governance ('ESG')

ESG criteria are a set of standards for a company's operations that socially conscious investors use to understand their environmental, social and governance facets. GMPF has a Working Group which monitors the ESG issues of GMPF's investments.

## Funding Level

The ratio of a fund's assets to the estimated value of its past service liabilities. This is expressed as a percentage. If a fund has a funding level of 110% it owns 10% more assets than it currently requires to meet its liabilities.

## Funding Strategy Statement

This is a key governance document that outlines how the Administering Authority will determine employers' contributions to the Fund and manage its funding risks.

## Funding Target

An assessment of the assets required to be held now in order to meet the benefits to be paid in the future. The desired funding target is to achieve a funding level of a 100% i.e. assets equal to the past service liabilities assessed using appropriate actuarial assumptions.

## Government Actuary's Department ('GAD')

The GAD is responsible for providing actuarial advice to public sector clients. GAD is a nonministerial department of HM Treasury.

## Investment Strategy

The long-term distribution of assets among various asset classes; it takes into account the Fund's objectives and attitude to risk.

## Local Government Pension Scheme ('LGPS')

An occupational pension scheme for Local Government workers and other related workers made up of 88 individual funds located across England and Wales. The Greater Manchester Pension Fund is 1 of the 88 individual funds. GMPF administers the LGPS on behalf of the 10 Greater Manchester councils and their related public sector bodies.

## Past Service Liabilities

This is the total amount of benefits that the fund is required to pay to its members in the future. The actuary places a value on this at the actuarial valuation.

## Private Equity

Private equity is the ownership of companies that are not listed on a public stock exchange.

## Public Equity

Public equity is an asset class where individuals and/or organisations can buy ownership in the shares of companies that are recorded on a public market such as the London Stock Exchange.

## Prudent Assumption

An assumption where the outcome has a greater than 50% chance of being achieved. Legislation requires the assumptions (when considered collectively) adopted for an actuarial valuation to be prudent.

## Real Return or Real Discount Rate

A rate of return or discount rate net of inflation.

## Scheme Employer

A Scheme Employer is an employer that is legally obliged to take part in the LGPS by virtue of the LGPS Regulations. This includes councils of all types, academy schools and certain other public sector bodies.

## Section 13 Valuation

Section 13 of the Public Service Pensions Act 2013 requires that all public service pension schemes, like the LGPS, undertake an actuarial valuation that ensures their solvency and their long-term cost-efficiency.



# POLICY STATEMENTS

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**2017**  
to date

## FUNDING STRATEGY STATEMENT



**Tameside**  
Metropolitan Borough

# Funding strategy statement

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## 1. Introduction

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This is the Funding Strategy Statement (FSS) of the Greater Manchester Pension Fund (GMPF), which is administered by Tameside MBC (*the Administering Authority*).

It has been prepared by the Administering Authority in collaboration with the GMPF Actuary, Hymans Robertson LLP, and after consultation with GMPF's employers and investment advisors. It is effective from 1 April 2017.

### 1.1 Regulatory framework

Members' accrued benefits are guaranteed by statute and defined by the LGPS Regulations. Members' contributions are fixed in the Regulations at a level which covers only part of the cost of accruing benefits. Employers currently pay the balance of the cost of delivering the benefits to members. The FSS focuses on how employer liabilities are measured, the pace at which these liabilities are funded and, insofar as is practical, the measures to ensure that employers or pools of employers pay for their own liabilities.

The FSS forms part of a framework which includes:

- The Local Government Pension Scheme Regulations 2013 and other LGPS Regulations;
- The Rates and Adjustments Certificate, which can be found appended to GMPF's triennial Actuarial Valuation report;
- Actuarial factors for valuing early retirement costs and the cost of buying extra service;
- GMPF's policy on admissions; and
- The Investment Strategy Statement (formerly the Statement of Investment Principles).

Operating within this framework, the Actuary carries out triennial valuations to set employers' contributions and provides recommendations to the Administering Authority when other funding decisions are required, for example when employers join or leave GMPF. The FSS applies to all employers participating in GMPF.

The key requirements relating to the FSS are that:

- After consultation with all relevant interested parties, the administering authority will prepare and publish its funding strategy.
- In preparing the FSS, the administering authority must have regard to:
  - FSS guidance produced by CIPFA in 2004, 2012 and 2016.
  - Its Investment Strategy Statement (formerly Statement of Investment Principles).
- The FSS must be revised and published whenever there is a material change in either the policy on the matters set out in the FSS, or the Investment Strategy Statement.
- The revised FSS should be completed and approved by the pensions committee prior to the completion of each valuation.
- The actuary must have regard to the FSS as part of the fund valuation process.

### 1.2 Reviews of FSS

The FSS is reviewed in detail at least every three years in line with triennial valuations being carried out, with the next full review due to be completed by 31 March 2020.

The FSS is a summary of GMPF's approach to funding liabilities. It is not an exhaustive statement of policy on all issues. If you have any queries please contact the GMPF Employers team in the first instance at [employersupport@gmpf.org.uk](mailto:employersupport@gmpf.org.uk)

## 2. Purpose

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### 2.1 Purpose of FSS

The statutory requirement to have an FSS was introduced in 2004. The then Office of the Deputy Prime Minister (ODPM) [now the Ministry of Housing, Communities and Local Government (MHCLG)] stated that the purpose of the FSS is:

- To establish a clear and transparent fund-specific strategy which will identify how employers' pension liabilities are best met going forward and reflect the different characteristics of different employers in determining contribution rates;
- To support the regulatory framework to maintain as nearly constant employer contribution rates as possible and to set contributions so as to ensure the solvency and long-term cost efficiency of GMPF are met; and
- To take a prudent longer-term view of funding those liabilities.

These objectives are desirable individually, but may be mutually conflicting.

This statement sets out how the Administering Authority has balanced the conflicting aims of affordability of contributions, transparency of processes, stability of employers' contributions, and prudence in the approach to funding the liabilities across the range of employers participating in GMPF.

### 2.2 Purpose of GMPF

GMPF is a vehicle by which scheme benefits are delivered. GMPF:

- Receives and invests contributions, transfer payments and investment income;
- Pays scheme benefits, transfer values and administration costs.

One of the objectives of a funded scheme is to reduce the variability of pension costs over time for employers compared with an unfunded (pay-as-you-go) alternative.

The roles and responsibilities of the key parties involved in the management of the LGPS are summarised in the Annex.

### 2.3 Aims of the Funding Policy

The objectives of GMPF's funding policy include the following:

- To ensure the long term solvency of GMPF as a whole and the solvency of each of the notional sub-funds allocated to individual employers;
- To ensure that sufficient funds are available to meet all benefits as they fall due for payment;
- To ensure that employers are aware of the risks and potential returns of the investment strategy;
- To help employers recognise and manage pension liabilities as they accrue, with consideration as to the effect on the operation of their business where the Administering Authority considers this to be appropriate;
- To try to maintain stability of employer contributions;
- To use reasonable measures to reduce the risk to other employers and ultimately to the Council Tax payer from an employer ceasing participation or defaulting on its pension obligations;
- To address the different characteristics of the disparate employers or groups of employers to the extent that this is practical and cost-effective; and
- To maintain the affordability of GMPF to employers as far as is reasonable over the longer term.

## 3. Target Funding Levels & Calculation of Contribution Rates

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### 3.1 Target funding levels

GMPF's funding target for most ongoing employers is a *funding level* of 100%, calculated using the Actuary's ongoing funding basis (see section 3.2 below). The funding level is the ratio of the market value of assets compared to the present value of the expected cost of meeting the accrued benefits.

### 3.2 Ongoing funding basis

#### 3.2.1 Demographic assumptions

The demographic assumptions are intended to be best estimates of future outcomes within GMPF as advised by the Actuary, based on past experience of GMPF and other pension funds. It is acknowledged that future life expectancy and, in particular, the allowance for future improvements in longevity, is uncertain. Employers should be aware that their contributions are likely to increase in future if longevity exceeds the funding assumptions.

The approach taken is considered reasonable in light of the long term nature of GMPF and the statutory guarantee underpinning members' benefits. The demographic assumptions vary by type of member and so reflect the different member profiles of employers.

#### 3.2.2 Financial assumptions

The key financial assumption is the anticipated return on GMPF's investments. The investment return assumption makes allowance for anticipated returns in excess of UK Government Bonds ('gilts') from growth-seeking assets such as equities. There is, however, no guarantee that growth-seeking assets will out-perform gilts. The risk of under-performance is greater when measured over short periods such as the three years between formal actuarial valuations, when the actual returns and assumed returns can deviate sharply.

Given the long-term nature of the liabilities, a long term view of prospective returns from growth-seeking assets is taken. For the 2016 valuation, the assumption is that GMPF's investments will deliver an average additional return of 2.0% a year in excess of the return available from investing in long-dated UK gilts at the time of the valuation.

The same investment return assumptions are adopted for the majority of employers. The anticipated future return on investments may vary between employers who follow different investment strategies. In general, only variations which reduce the anticipated returns compared to the position of the majority of employers are allowed.

Pensions in payment, deferment and the pensions of active members accrued since 1 April 2014 increase in line with the Consumer Price Index ('CPI'). The assumption for future increases in CPI is set with reference to market estimates for increases in the Retail Prices Index ('RPI'), less 1% per annum to reflect the differences in the calculation of the two measures of inflation.

Following the introduction of the 2014 Scheme, salary growth has become a less material assumption. At the 2016 valuation, long-term salary growth is assumed to be equal to the future increase in RPI less 0.25% per annum.

There are some employer-specific short-term salary growth assumptions, reflecting known Government policy on public sector pay awards.

### 3.3 Funding targets for non-typical employers

For admission agreements that have no guarantor and are closed to new entrants, liabilities may be valued on a more prudent basis (i.e. using a discount rate that has a lower allowance for potential investment outperformance relative to UK Government bonds). The target in setting contributions for any employer in these circumstances is to achieve full funding on an appropriate basis by the time the agreement terminates or the last active member leaves in order to protect other GMPF employers. This policy will increase regular contributions and reduce, but not entirely eliminate, the possibility of a final deficit payment being required when a cessation valuation is carried out. *Please refer to Section 4 for the treatment of departing employers.*

GMPF may also adopt the above approach in respect of admission bodies with no guarantor and where the strength of covenant is considered to be weak but there is no immediate expectation that the admission agreement will cease. The Actuary agrees the financial and demographic assumptions to be used for each such employer with the Administering Authority.

### 3.4 Asset Share Calculations for Individual Employers

The Administering Authority does not formally account for each employer's assets separately. However, with effect from 31 March 2013, GMPF has operated a system of 'unitisation' where GMPF's assets are apportioned between employers on a monthly basis using contribution and benefit expenditure figures for each employer. This process also adjusts for transfers of assets and liabilities between employers participating in GMPF. The methodology adopted means that there will still be some difference between the asset shares calculated for individual employers and those that would have resulted had they participated in their own ring-fenced section of GMPF. However, this is greatly reduced compared to the *analysis of surplus* method that was used previously. As part of the valuation process, the Administering Authority's internal audit function has provided assurance on the operation of the unitisation system.

### 3.5 Derivation of Employer Contributions

Employer contributions are normally made up of two elements:

- the estimated cost of future benefits being accrued, referred to as the *future service rate*; plus
- an adjustment for the funding position of accrued benefits at the valuation date relative to GMPF's target funding level for that employer (*past service adjustment*). If there is a surplus of assets there may be a contribution reduction. However, if there is a deficit then additional contributions may be required. Any surplus or deficit contributions will be spread over an appropriate period.

The introduction of the LGPS Regulations 2013 has required contributions to be expressed in a prescribed manner, although the principles behind setting contribution rates are largely similar to before. Under the Regulations the Actuary is required to prepare a **rates and adjustment certificate** specifying:

- the primary rate of the employer's contribution; and
- the secondary rate of the employer's contribution,

for each year of the period of three years beginning with the 1st April in the year following that in which the valuation date falls (i.e. 1 April 2017 to 31 March 2020 in the case of the 2016 actuarial valuation).

The primary rate of an employer's contribution is equivalent to a future service rate. The primary rate is calculated separately for all employers participating in GMPF. This is expressed as a percentage of the pay of their employees who are active members of GMPF.

The secondary rate of an employer's contributions is any percentage or amount by which, in the Actuary's opinion, contributions at the primary rate should be increased or reduced by reason of any circumstances specific to that employer, for example any past service adjustment. The sorts of specific factors which are considered are discussed in Section 3.6.

It is the adjusted contribution rate which employers are actually required to pay. In effect, separate future service rates are calculated for each employer, and together with individual past service adjustments reflecting employer-specific spreading and phasing periods, these constitute the *adjusted contribution rate*.

In calculating this adjusted rate the actuary must have regard to -

- the existing and prospective liabilities arising from circumstances common to all those employers;
- the desirability of maintaining as nearly constant a common rate as possible;
- the current version of the administering authority's funding strategy statement; and
- the requirement to secure the solvency of the pension fund and long term cost efficiency.

It is noted that securing solvency and long term cost efficiency is a regulatory requirement whereas a constant contribution rate remains only a desirable outcome.

For some employers it may be agreed by all relevant parties to pool contributions (see section 3.9.5.)

A breakdown of each employer's contribution rates following the 2013 valuation for the financial years 2014/15, 2015/16 and 2016/17 can be found in the 31 March 2013 Actuarial Valuation report (finalised in 2014). It also identifies which employers' contribution rates have been pooled with others.

### 3.6 Risk-based Contribution Rates

Recent actuarial valuations of GMPF involved calculating contribution rates using a *deterministic* approach. It was assumed that the assumptions made at the valuation would be borne out in practice.

The disadvantage of a deterministic approach is that it does not allow GMPF, the Actuary or the employers to assess the risk associated with the proposed contribution rate. Risk in this context means the likelihood that the employer will not achieve their funding target over an appropriate time period with regard to the characteristics of the employer.

At this valuation, the GMPF Actuary is adopting a *risk-based* approach which allows for thousands of possible future economic scenarios when assessing the likelihood of contributions being sufficient to meet both the accrued and future liabilities over a given time horizon for each employer.

Setting contribution rates using a risk-based approach requires GMPF and the Actuary to consider for each employer:

- The employer's funding target (see sections 3.1-3.3 above)
- How long the employer has to reach the funding target (the *time horizon* – see Section 3.9.2 below)
- An appropriate likelihood of meeting the funding target within the time horizon (*likelihood of success*) e.g. 2/3rds or 75%.

Setting an appropriate likelihood for each employer requires an analysis of the risk posed to GMPF. Factors considered include:

- Liability profile including funding level, net cashflow (i.e. contributions received less benefits paid) and whether new members are being admitted;
- Security provided to GMPF in the form of a guarantee or an additional asset;
- The sector in which the employer operates, which may influence an employer's ability to make good any deficit which may arise in future.

More detail on the calculation of contribution rates is provided in the Actuary's report on the valuation.

Contribution rates will include expenses of administration to the extent that they are borne by GMPF.

### 3.7 Presentation of Employer Contribution Rates

Contribution rates are expressed as a % of pensionable salary for most employers. The Administering Authority may choose to specify that part of the contributions are payable as periodic lump sum cash amounts. This approach is generally applied for employers where the workforce/payroll is expected to decline in order to ensure sufficient contributions are made towards repaying any deficit.

Employers' contributions are expressed as minima, with employers able to pay additional contributions should they wish to do so. In addition, some employers may be permitted to pay contributions in advance of the date on which they would otherwise be due. Employers should discuss with the Administering Authority before electing to make one-off capital payments.

### 3.8 Allowance for early retirements

Many employers and employer pools have *early retirement allowances* built into their employer contribution rate as early retirements give rise to expected additional cost. Initially these allowances are used to fund any such costs. Costs in excess of the aggregate of the allowances are generally required to be met by separate lump sum employer contributions. Any unspent allowances are added to the employer's sub-fund at the next actuarial valuation.

Some employers have an allowance for ill health early retirements but do not have any allowance for non ill health early retirements built into their contribution rates. For these employers the costs of all non ill health early retirements are met by separate lump sum employer contributions.

Employers are able to take out an insurance policy from a third-party to protect against the cost of ill health early retirements. However, as the insurance policy is a contract between the employer and insurer, any allowance for ill health early retirements will still be included in the employer's contribution rate.

## 3.9 Solvency and Long-Term Cost Efficiency

### 3.9.1 Solvency issues & target funding levels

Under Section 13(4)(c) of the Public Service Pensions Act 2013, The Government Actuary's Department ('GAD') (as the person appointed by the responsible authority) must, following an actuarial valuation, report on whether the rate of employer contributions to the pension fund is set at an appropriate level to ensure the solvency of the pension fund and long term cost efficiency. The definitions of these terms in the CIPFA guidance are provided in Section 6.

In developing the funding strategy, and in particular, the level of solvency being targeted for each employer, the Administering Authority has had regard to the potential outcomes of the subsequent review under Section 13(4) (c) and has considered the implications for its Key Performance Indicators as determined by the Scheme Advisory Board in England and Wales.

A key challenge for the Administering Authority is to balance the need for stable, affordable employer contributions with the requirement to take a prudent, longer-term view of funding and ensure the solvency of the GMPF. With this in mind, there are a number of prudential strategies that the Administering Authority may deploy in order to maintain employer contribution rates at as nearly a constant rate as possible. These include -

- Use of extended time horizons; [3.9.2]
- Phasing in of contribution increases / decreases; [3.9.3 – 3.9.4]
- The pooling of contributions amongst employers with similar characteristics and/or a community of interest [3.9.5]

In addition to these strategies for improving the stability of employer contributions, the Administering Authority may, at its absolute discretion, permit greater *flexibility* around the employer's contributions provided that the employer has provided additional *security* to the satisfaction of the Administering Authority. Such greater flexibility may include setting contribution rates assuming a reduced likelihood of meeting the target funding position and/or an extended time horizon/deficit recovery period, or permission to join a pool with another body (e.g. a relevant and agreeable Local Authority). Additional security may include, but is not limited to, provision of a suitable financial bond, a legally-binding guarantee from an appropriate third party, or security over an employer owned asset of sufficient value.

The degree of greater flexibility extended to a particular employer is likely to take into account factors such as:

- The extent of the employer's deficit;
- The amount and quality of the security offered;
- The employer's financial security and business plan;
- Whether the admission agreement is likely to be open or closed to new entrants.

After including investment income, GMPF currently has positive net cash flow. Therefore, GMPF can take a medium to long term view on determining employer contribution rates to meet future liabilities through operating an investment strategy that reflects this long term view. This allows short term investment markets volatility to be managed in order to reduce volatility in employer contribution rates.

### 3.9.2 Appropriate Time Horizons

Following discussion with the Administering Authority, the actuary adopts specific time horizons for employers to achieve their funding target when calculating their contributions.

The time horizon starts at the commencement of the revised contribution rate (1 April 2017 for the 2016 valuation). For employers that continue to admit new entrants, the Administering Authority would normally expect the same time horizon to be used at successive triennial valuations, but would reserve the right to propose alternative periods, for example to improve the stability of contributions.

The Administering Authority normally targets an employer's sub-fund within GMPF to be fully funded over a period not exceeding 20 years. However, these are subject to the maximum lengths set out in the table.

| Type of employer                                                                                                                                                                   | <i>Maximum</i> length of time horizon                                                                                                                                    |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Employers listed under Part 1 or Part 2 of Schedule 2 to the 2013 LGPS Regulations (generally Statutory Bodies with tax raising powers and other Government 'supported' employers) | A period not exceeding 20 years                                                                                                                                          |
| Community Admission Bodies with funding guarantees, subject to the approval of the guarantor and the agreement of the Administering Authority                                      | A period not exceeding 20 years                                                                                                                                          |
| Transferee (Best Value) Admission Bodies                                                                                                                                           | The period from the start of the revised contributions to the end of the employer's contract or as otherwise agreed with the parent Local Authority letting the contract |
| All other types of employer                                                                                                                                                        | A period equivalent to the expected future working lifetime of the remaining scheme members or such other period approved by the Administering Authority.                |

This *maximum* period is used in calculating each employer's minimum contributions. Employers may opt to pay higher regular contributions than these minimum rates.

### 3.9.3 Phasing in of Contribution Rises and Reductions

The Administering Authority may elect to phase in any material changes to contribution rates. Phasing in periods will be influenced by the perceived credit worthiness of the employer.

### 3.9.4 The Effect of Opting for Longer Spreading or Phasing-In

Employers in deficit that are permitted and elect to use a longer time horizon or to phase-in contribution changes will be assumed to incur a greater loss of investment returns due to the fact that their assets will build up at a slower rate by opting to defer repayment. Thus, deferring paying contributions is expected to lead to higher contributions in the long-term (depending on the actual financial and demographic performance of GMPF relative to valuation assumptions).

### 3.9.5 Pooled contributions

The Administering Authority allows employers of similar types to pool their contributions as a way of sharing experience and smoothing out the impact of experience on contribution rates.

Each of the ten Greater Manchester local authorities are the major employers in pools containing certain related employers. Upon a new employer joining GMPF, consideration is given by the Administering Authority and the relevant local authority on the appropriateness of joining a local authority pool.

Following GMPF becoming the sole Administering Authority for the Probation Service with effect from 1 June 2014, GMPF has also created a pool for the Community Rehabilitation Companies ('CRCs') and their sub-contractors.

In addition, separate pools are operated for some academy schools, colleges, town and parish councils and for smaller admission bodies. No new employers have been admitted to these pools for some time.

Those employers that have been pooled are identified in the Rates and Adjustment Certificate which is detailed in the 31 March 2016 Actuarial Valuation report (finalised in 2017).

Employers who do not wish to continue with current/historic pooling arrangements are requested to discuss the issue with the Administering Authority.

## 4. Other Aspects of Funding Strategy

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### 4.1 Background

In addition to the collection of regular contributions from employers, GMPF will seek additional contributions from employers in certain circumstances in order to maintain the solvency of GMPF and protect the interests of other employers.

### 4.2 Exiting employers

#### 4.2.1 Admission Bodies

An admission body is assumed to become an *exiting employer* under Regulation 64 of the 2013 LGPS Regulations on the termination of its admission agreement.

Admission agreements for transferee contractors are assumed to terminate at the end of the contract unless otherwise agreed by the relevant local authority and Administering Authority.

Admission agreements for other employers are assumed to terminate for any of the following reasons unless otherwise agreed by the relevant local authority and Administering Authority:

- Last active member ceasing active membership in GMPF;
- The insolvency, winding up or liquidation of the admission body;
- Any breach by the admission body of any of its obligations under the agreement that they have failed to remedy to the satisfaction of the Administering Authority;
- A failure by the admission body to pay any sums due to GMPF within the period required by the Administering Authority; or
- The failure by the admission body to renew or adjust the level of the bond or indemnity or to confirm appropriate alternative guarantor as required by GMPF.

In addition either party can voluntarily terminate the admission agreement by giving the appropriate period of notice as set out in the admission agreement to the other party (and the guarantor to the admission agreement where relevant).

#### 4.2.2 Other Employers

An employer that is not an admission body may also become an exiting employer, for example as a result of the employer's last active member ceasing active membership in GMPF. However, the Administering Authority has the discretion to suspend the requirement for an exit payment (see 4.2.3. below) in specific circumstances where the relevant employer is likely to subsequently employ an active member within a period of no more than 3 years.

### 4.2.3 Exit payments

If an employer becomes an exiting employer under Regulation 64 of the 2013 LGPS Regulations, the Administering Authority may instruct the Actuary to carry out a special valuation to determine whether an exit payment is required from the employer.

The Administering Authority must look to protect the interests of other ongoing employers and will adopt valuation assumptions which, to the extent reasonably practicable, protect the other employers from the likelihood of any material loss emerging in future.

The assumptions adopted to value the exiting employer's liabilities for this valuation will therefore depend upon the circumstances. For example:

- (a) Where there is no guarantor to the exiting employer's admission agreement (or no admission agreement exists), then in order to protect other employers in the Fund, the cessation liabilities and final deficit will normally be calculated using a "gilts cessation basis" with no allowance for potential future investment outperformance and with an allowance for further future improvements in life expectancy. This approach results in a higher value being placed on the liabilities than would be the case under a valuation on the ongoing funding basis and could give rise to significant payments being required.
- (b) Where there is a guarantor to the exiting employer's admission agreement, it is possible that any deficit could be transferred to the guarantor. In some cases, particularly for Transferee Admission Bodies, the admission agreement may specify that all of the assets and liabilities in the admission body's sub-fund within GMPF will return to the sub-fund of the guarantor without needing to crystallise any deficit.

In other cases, the admission agreement may require the Administering Authority to seek repayment of the termination deficit from the exiting employer with any unpaid amounts then falling due on the guarantor. In such cases, a discussion may be held with the guarantor to determine the most appropriate basis for calculation and the timing of any deficit payments.

In all cases, GMPF's default position is that any termination deficit would be levied on the exiting employer as a capital payment.

In the event that GMPF is not able to recover the required payment in full directly from the exiting employer or from any bond, indemnity or guarantor, then:

- (a) In the case of Transferee Admission Bodies the awarding authority will be liable. At its absolute discretion, the Administering Authority may agree to recover any outstanding amounts via an increase in the awarding authority's contribution rate over an agreed period;
- (b) In the case of employers that are not Transferee Admission Bodies and have no guarantor, the unpaid amounts fall to be shared amongst all of the employers in the Fund. This will normally be reflected in contribution rates set at the formal valuation following the cessation date.

As an alternative to (b) above, where the exiting employer is continuing in business, GMPF, at its absolute discretion, reserves the right to enter into an agreement with the exiting employer to accept appropriate alternative security to be held against any deficit and to carry out the exit valuation on a less prudent valuation basis or recover the deficit over an agreed period.

This approach would be monitored as part of each triennial valuation and GMPF reserves the right to revert to a *gilts cessation basis* and seek immediate payment of any funding shortfall identified.

## 4.3 Employers with no remaining active members

In general an employer exiting GMPF due to the departure of the last active member, will pay an exit debt on an appropriate basis and consequently have no further obligation to GMPF. Thereafter it is expected that one of two situations will eventually arise:

- The employer's asset share runs out before all its ex-employees' benefits have been paid. In this situation the other employers in GMPF will be required to contribute to pay all remaining benefits: this will be done by the

Actuary apportioning the remaining liabilities on a pro-rata basis at successive formal valuations;

- The last ex-employee or dependant dies before the employer's asset share has been fully utilised. In this situation the remaining assets would be apportioned pro-rata by the Actuary to the other GMPF employers.

#### 4.4 Early Retirement Costs

In the valuation process, it is assumed that active and deferred members' benefits on retirement will be payable from the earliest age that the member could retire without incurring a reduction to their benefit and without requiring their employer's consent to retire. Members receiving their pension unreduced before this age (or enhanced on ill health grounds) are deemed to have retired "early" and the expected cost of providing that member's benefits will increase.

Any additional lump sum contributions which are required to be made by the employer under Section 3.8 arising from early retirements become due immediately upon the award of an early retirement. The Administering Authority may in exceptional circumstances agree that an employer be permitted to spread the payment of ill health early retirement costs over a period of time.

GMPF monitors each employer's, or pool of employers', early retirement experience compared to the allowances described in section 3.8 on an ongoing basis. This information is used to determine any necessary lump sum employer contributions.

#### 4.5 Policies on bulk transfers

From time to time GMPF makes or receives a bulk transfer of members' accrued benefits from other LGPS funds or other occupational pension schemes ("external" transfer). GMPF also undertakes 'internal' bulk transfers, where the liabilities in respect of a group of members transfer from one employer to another. In the case of external transfers, the amount of assets transferred is determined in accordance with the LGPS Regulations. For internal transfers, the amount of assets is determined by the Actuary and Administering Authority in consultation with the ceding and receiving employer. Each case will be treated on its own merits, but in general:

- GMPF will seek the most cost effective method of transfer to keep professional and administration costs as low as possible;
- The maximum amount GMPF will pay on a bulk transfer is an amount equal to the asset share held by the transferring employee's employer and is capped at the value of the transferring employee's liabilities, measured on an appropriate actuarial basis;
- When a transfer takes place such that the transferring employer will no longer have any active membership then the transfer amount may be limited by the need for GMPF to meet the liabilities of any ex-employees of the employer;
- GMPF will not grant added benefits to members bringing in entitlements from another fund unless the asset transfer is sufficient to meet the added liabilities;
- GMPF may permit shortfalls to arise on bulk transfers if the employer has suitable strength of covenant and commits to meeting that shortfall in an appropriate period. This may require the employer's contributions to increase between valuations.

#### 4.6 Pay awards in excess of assumptions made by the Actuary

Some admission agreements state that GMPF reserves the right to seek additional contributions from admission bodies if pay awards have been in excess of the rate assumed by the Actuary at previous actuarial valuations. Prior to seeking any such payment GMPF will consult the relevant guarantor to the admission agreement.

#### 4.5 Policies on bulk transfers

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- The maximum amount GMPF will pay on a bulk transfer is an amount equal to the asset share held by the transferring employee's employer and is capped at the value of the transferring employee's liabilities, measured on an appropriate actuarial basis;
- When a transfer takes place such that the transferring employer will no longer have any active membership then the transfer amount may be limited by the need for GMPF to meet the liabilities of any ex-employees of the employer;
- GMPF will not grant added benefits to members bringing in entitlements from another fund unless the asset transfer is sufficient to meet the added liabilities;
- GMPF may permit shortfalls to arise on bulk transfers if the employer has suitable strength of covenant and commits to meeting that shortfall in an appropriate period. This may require the employer's contributions to increase between valuations.

#### 4.6. Pay awards in excess of assumptions made by the Actuary

Some admission agreements state that GMPF reserves the right to seek additional contributions from admission bodies if pay awards have been in excess of the rate assumed by the Actuary at previous actuarial valuations. Prior to seeking any such payment GMPF will consult the relevant guarantor to the admission agreement.

### 5. Links to investment strategy

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Funding and investment strategy are inextricably linked. Investment strategy is set by the Administering Authority, after consultation with the employers and after taking investment advice.

#### 5.1 Investment strategy

The investment strategies currently being pursued are described in GMPF's Investment Strategy Statement (formerly Statement of Investment Principles).

The investment strategies are set for the long-term, but the principal strategy (for the "Main Fund") is reviewed annually, to ensure that it remains appropriate to the relevant liability profile and takes account of major movements in market valuations. The Administering Authority has adopted a Main Fund benchmark, which sets the proportion of assets to be invested in key asset classes such as equities, bonds and property. As at 31 March 2016, the proportion to be held in equities and property was broadly 75% of the total Main Fund assets.

The investment strategy of lowest risk would be that which provides cashflows which replicate the expected benefit cashflows (i.e. the liabilities). Equity investment would not be consistent with this. This strategy informs policy for part of GMPF where liabilities are mature and employers have agreed such an approach.

The Main Fund's benchmark includes a significant holding in growth-seeking assets such as equities in the pursuit of long term higher returns than from a liability matching strategy. The Administering Authority's strategy recognises the relatively immature liabilities relevant to the Main Fund and the secure nature of most employers' covenants.

The same investment strategy is currently followed for all employers covered by the Main Fund. The Administering Authority can discuss with employers the feasibility of pursuing a more cautious investment strategy than the Main Fund norm.

## 5.2 Consistency with Funding Basis

For employers covered by the Main Fund, the funding basis adopts an asset outperformance assumption of 2.0% pa over and above the redemption yield on long term UK Government bonds. The Main Fund's current bespoke investment strategy is broadly 75% held in real assets and 25% in monetary assets. For employers pursuing a more cautious investment strategy than the Main Fund norm, a lower asset outperformance assumption may be adopted as appropriate. Both the Actuary and the investment adviser to GMPF consider that the funding basis fulfils the requirement to take a *prudent longer-term approach* to funding.

The Administering Authority is aware that in the short term – such as the three yearly assessments at formal valuations – the proportion of the assets invested in growth-seeking assets brings the possibility of considerable volatility and there is a material chance that in the short term, and even the medium term, asset returns will fall short of the outperformance target. The stability measures described in Section 3 will damp down, but not remove, the effect on employers' contributions.

GMPF does not hold a contingency reserve to protect it against the volatility of investments.

## 5.3 Balance between risk and reward

Prior to implementing its current investment strategies, the Administering Authority considered the balance between risk and reward by altering the level of investment in potentially higher returning, but more volatile asset classes, like equities. This process was informed by the use of asset-liability techniques to model the range of potential future solvency levels and contribution rates.

Being mindful of the sensitivity of individual employers' contributions to changes in investment returns, the Administering Authority continues to review the feasibility of implementing more bespoke investment strategies for individual employers or groups of employers. Enabling other investment strategies will require an increase in the number of investment mandates and potentially higher ongoing costs which would have to be borne by the employers. The potential benefits of multiple investment strategies need to be assessed against the costs.

## 5.4 Inter-valuation Monitoring of Funding Position

The Administering Authority monitors investment performance on a quarterly and annual basis. There is also detailed monitoring of additional liabilities arising from early and ill health retirements, the costs of which are met by employers. In addition, the Actuary routinely assesses the funding position, taking account of elements of actual experience compared to the financial assumptions underlying the valuation. Formally, the Administering Authority reports back to employers at the GMPF Annual General Meeting.

## 6. Key risks & controls

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### 6.1 Types of Risk

The Administering Authority has an active risk management programme in place. The measures that the Administering Authority has in place to control key risks are summarised below under the following headings:

- financial;
- demographic;
- regulatory; and
- governance

## 6.2 Financial risks

| Risk                                                                                                                               | Summary of control mechanisms                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Fund assets fail to deliver returns in line with the anticipated returns underpinning valuation of liabilities over the long term. | <p><i>Only anticipate long-term return on a relatively prudent basis to reduce risk of under-performing.</i></p> <p><i>Analyse progress at three yearly valuations for all employers.</i></p> <p><i>Use of interim valuations to monitor funding levels.</i></p>                                                                                                                                                                                                                                                       |
| Inappropriate long term investment strategy.                                                                                       | <p><i>Set GMPF-specific benchmark, informed by asset-liability modelling of liabilities.</i></p> <p><i>Examine scope for extending employer-specific investment strategies.</i></p> <p><i>Annual review of investment strategy incorporates consideration of alternative approaches.</i></p>                                                                                                                                                                                                                           |
| Fall in risk-free returns on Government bonds, leading to rise in value placed on liabilities.                                     | <p><i>Some investment in bonds helps to mitigate this risk and there is scope for employers to increase bond exposure.</i></p>                                                                                                                                                                                                                                                                                                                                                                                         |
| Active investment manager under-performance relative to benchmark.                                                                 | <p><i>Short term (quarterly) investment monitoring analyses market performance and active managers relative to their index benchmark.</i></p> <p><i>GMPF has implemented a manager monitoring framework.</i></p> <p><i>Regular reporting to employers describes Main Fund performance. If appropriate, the Actuary will be asked to evaluate the implications.</i></p>                                                                                                                                                 |
| Pay and price inflation significantly more than anticipated.                                                                       | <p><i>The focus of the actuarial valuation process is on real returns on assets, net of price and pay increases.</i></p> <p><i>Inter-valuation monitoring, as above, gives early warning.</i></p> <p><i>Some investment in bonds, particularly index-linked bonds, also helps to mitigate this risk.</i></p> <p><i>Employers pay for the impact of their own salary awards and are reminded of the geared effect on pension liabilities of any bias in pensionable pay rises towards longer-serving employees.</i></p> |

| Risk                                                                                                             | Summary of control mechanisms                                                                                                                                                                                                                                                                                                                                                                         |
|------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Effect of possible increase in employer's contribution rate on service delivery and admission/ scheduled bodies. | <p><i>Seek feedback from employers on scope to absorb short-term contribution rises.</i></p> <p><i>Mitigate impact through deficit spreading and phasing in of contribution rises.</i></p> <p><i>Consult employers on possibility of paying more (extra administration and higher regular contributions) to enable employer-specific investment strategies to give greater certainty of cost.</i></p> |
| Orphaned employers give rise to added costs for GMPF.                                                            | <p><i>GMPF seeks a cessation debt (or security/guarantor) to minimise the risk of this happening in the future.</i></p> <p><i>If it occurs, the Actuary calculates the added cost spread pro-rata among all employers.</i></p>                                                                                                                                                                        |

### 6.3 Demographic risks

| Risk                                                              | Summary of control mechanisms                                                                                                                                                                                                                                                       |
|-------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Pensioners living longer.                                         | <p><i>Set mortality assumptions with some allowance for future increases in life expectancy.</i></p> <p><i>Actuary monitors experience of a large sample of pension funds when setting assumptions and makes allowance for the location and lifestyle of GMPF's membership.</i></p> |
| Deteriorating patterns of ill health and other early retirements. | <p><i>Employer contribution rates include an allowance to help meet the strains that arise from ill health early retirement costs.</i></p> <p><i>Early retirement experience and its financial impact are measured on an ongoing basis.</i></p>                                     |

### 6.4 Regulatory risks

| Risk                                                                                                                         | Summary of control mechanisms                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Changes to regulations, e.g. more favourable benefits package.                                                               | <p><i>The Administering Authority is alert to the potential creation of additional liabilities and administrative difficulties for employers and itself.</i></p>                                                                                                                                                                                                                                                                                                                                                                     |
| Changes to national pension requirements and/or HM Revenue and Customs rules e.g. changes arising from Public Sector Reform. | <p><i>The Administering Authority considers all consultation papers issued by MHCLG/HM Treasury and comments where appropriate.</i></p> <p><i>It will consult employers where it considers that it is appropriate.</i></p> <p><i>Any changes to member contribution rates or benefit levels will be carefully communicated with members to minimise possible opt-outs or adverse actions.</i></p> <p><i>Copies of all submissions are available for employers to see at <a href="http://www.gmpf.org.uk">www.gmpf.org.uk</a></i></p> |

## 6.5 Governance risk

| Risk                                                                                                                                                                        | Summary of control mechanisms                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Administering Authority unaware of structural changes in an employer's membership (e.g. large fall in employee members, large number of retirements).                       | <p><i>The Administering Authority monitors membership movements on an annual basis, via a report from the administrator to the Pension Fund Management Panel.</i></p> <p><i>The Administering Authority and Actuary will be involved in actioning any bulk transfer of members from an employer's sub-fund and will consider any subsequent risks.</i></p>                                                                                                                                                                                                                                                                                                                                                                                                            |
| Administering Authority not advised of an employer closing to new entrants.                                                                                                 | <p><i>The Actuary may be instructed to consider revising the rates and Adjustments certificate to increase an employer's contributions (under Regulation 64) between triennial valuations.</i></p> <p><i>Deficit contributions may be expressed as monetary amounts (see Actuarial Valuation report).</i></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Administering Authority failing to commission the Actuary to carry out a termination valuation for a departing Admission Body and losing the opportunity to call in a debt. | <p><i>In addition to the Administering Authority monitoring membership movements on an annual basis, it requires employers with Admission Agreements to inform it of forthcoming changes.</i></p> <p><i>It also operates a diary system to alert it to the forthcoming termination of Transferee Admission Agreements.</i></p>                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| An employer ceasing to exist with insufficient funding or adequacy of a bond.                                                                                               | <p><i>The Administering Authority believes that it would normally be too late to address the position if it was left to the time of departure.</i></p> <p><i>The risk is mitigated by:</i></p> <ul style="list-style-type: none"> <li>● <i>Seeking a funding guarantee from another scheme employer, or external body, wherever possible.</i></li> <li>● <i>Alerting the prospective employer to its obligations and encouraging it to take independent actuarial advice.</i></li> <li>● <i>Vetting prospective employers before admission.</i></li> <li>● <i>Offering lower risk investment strategies – with higher employer contributions - to reduce the risk of investment under performance and a significant debt crystallising on termination.</i></li> </ul> |

## 7. Definitions

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### Solvency

The notes to the Public Service Pensions Act 2013 state that solvency means that the rate of employer contributions should be set at “such level as to ensure that the scheme’s liabilities can be met as they arise”. It is not regarded that this means that the pension fund should be 100% funded at all times. Rather, and for purposes of Section 13 of the Public Service Pensions Act 2013, the rate of employer contributions shall be deemed to have been set at an appropriate level to ensure solvency if:

- the rate of employer contributions is set to target a funding level for the whole fund (assets divided by liabilities) of 100% over an appropriate time period and using appropriate actuarial assumptions; and either
- employers collectively have the financial capacity to increase employer contributions, and/or the fund is able to realise contingent assets should future circumstances require, in order to continue to target a funding level of 100%; or
- there is an appropriate plan in place should there be, or if there is expected in future to be, a limited number of fund employers, or a material reduction in the capacity of fund employers to increase contributions as might be needed.

If the conditions above are met, then it is expected that the fund will be able to pay scheme benefits as they fall due.

### Long term cost efficiency

The notes to the Public Service Pensions Act 2013 state that “Long-term cost-efficiency implies that the rate must not be set at a level that gives rise to additional costs. For example, deferring costs to the future would be likely to result in those costs being greater overall than if they were provided for at the time.”

The rate of employer contributions shall be deemed to have been set at an appropriate level to ensure long term cost efficiency if the rate of employer contributions is sufficient to make provision for the cost of current benefit accrual, with an appropriate adjustment to that rate for any surplus or deficit in the fund.

In assessing whether the above condition is met, GAD may have regard to the following considerations:

- The implied average deficit recovery period.
- The investment return required to achieve full funding over different periods e.g. the recovery period.
- If there is no deficit, the extent to which the amount of contributions payable is likely to lead to a deficit arising in the future.
- The extent to which the required investment return is less than the administering authority’s view of the expected future return being targeted by a fund’s investment strategy taking into account changes in maturity/strategy as appropriate.

*End of main body of FSS*

*Adopted by the Pension Fund Management Panel: 10 March 2017*

## ANNEX - Responsibilities of key parties

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### The Administering Authority should:

- operate GMPF as per the LGPS Regulations;
- effectively manage any potential conflicts of interest arising from its dual role as Administering Authority and a GMPF employer;
- collect employer and employee contributions, and investment income and other amounts due;
- ensure that cash is available to meet benefit payments as and when they fall due;
- pay from GMPF the relevant benefits and entitlements that are due;
- invest surplus monies (i.e. contributions and other income which are not immediately needed to pay benefits) in accordance with GMPF's Investment Strategy Statement (formerly Statement of Investment Principles and LGPS Regulations);
- communicate appropriately with employers so that they fully understand their obligations to GMPF;
- take appropriate measures to safeguard GMPF against the consequences of employer default;
- manage the valuation process in consultation with GMPF's actuary;
- prepare and maintain a FSS and a ISS/SIP, after consultation;
- notify the Actuary of material changes which could affect funding; and
- monitor all aspects of GMPF's performance and funding and amend the FSS and ISS/SIP as necessary and appropriate.

### The Individual Employer should:

- deduct contributions from employees' pay correctly;
- pay all contributions, including their own as determined by the Actuary, promptly by the due date;
- exercise discretions within the regulatory framework;
- make additional contributions in accordance with agreed arrangements in respect of, for example, augmentation of scheme benefits, early retirement strain; and
- notify the Administering Authority promptly of all proposed material changes to membership or legal status which affect future funding.

### The Actuary should:

- prepare valuations, including the setting of employers' contribution rates. This will involve agreeing assumptions with the Administering Authority, having regard to the FSS and LGPS Regulations, and targeting each employer's solvency appropriately;
- provide advice relating to new employers in GMPF, including the level and type of bonds or other forms of security (and the monitoring of these);
- prepare advice and calculations in connection with bulk transfers and individual benefit related matters;
- assist the Administering Authority in considering possible changes to employer contributions between formal valuations, where circumstances suggest this may be necessary;
- advise on the termination of Admission Bodies' participation in GMPF; and
- fully reflect actuarial professional guidance and requirements in the advice given to the Administering Authority.

## Other parties:

- investment advisers (either internal or external) may be asked to assist in ensuring that GMPF's ISS/SIP remains appropriate, and consistent with this FSS;
- investment managers, custodians and bankers will typically all play their part in the effective investment (and dis-investment) of GMPF assets, in line with the ISS/SIP;
- auditors will comply with their auditing standards and sign off annual reports and financial statements as appropriate;
- the Local Pensions Board will review the valuation process and funding strategy and ensure they comply with the regulations and relevant guidance.
- The LGPS Scheme Advisory Board and the Government Actuary will also review GMPF's funding strategy as part of their monitoring of the LGPS as a whole.

A close-up of a white label with the word 'Policies' written in a black, typewriter-style font. The label is attached to a wooden clipboard. The background is a collage of images including a globe, a person in a lab coat, and a wind turbine.

Policies

A white circular label with the text '2014 to date' in a bold, sans-serif font. The background of the label is a collage of images including a person in a lab coat, a wind turbine, and a group of people.

**2014**  
to date

GOVERNANCE  
POLICY

The logo for Tameside Metropolitan Borough is located in the bottom right corner. It features a stylized graphic of three wavy lines to the left of the word 'Tameside' in a bold, sans-serif font, with 'Metropolitan Borough' in a smaller font below it.

**Tameside**  
Metropolitan Borough

# Governance Policy

## Greater Manchester Pension Fund (GMPF) – Governance Policy Statement

### 1. Constitution

The Administering Authority operates within the Council's Governance arrangements.

The statutory officer roles required are an integral part of GMPF's governance arrangements, these are:

- Head of Paid Service - *Chief Executive*
- Monitoring Officer - *Director of Governance and Pensions [Borough Solicitor]*, and
- Chief Finance Officer - *Director of Finance [S151 Officer]*

Further details of the Council's Governance arrangements can be found on the Council's website at [www.tameside.gov.uk/constitution](http://www.tameside.gov.uk/constitution).

### 2. Delegation

Tameside MBC delegates its function in relation to maintaining the GMPF to the following:

- Pension Fund Management Panel
- Pension Fund Advisory Panel
- Pension Fund Working Groups
- The Director of Governance and Pensions.

### 3. Frequency of meetings

The Pension Fund Management Panel, the Pension Fund Advisory Panel and the Pension Fund Working Groups meet at least quarterly.

### 4. Pension Fund Management Panel

#### Terms of Reference

Carries out a similar role to that of the trustees of a pension scheme. It is the key decision maker for:

- Investment Management
- Monitoring investment activity and performance
- Overseeing administrative activities
- Guidance to officers in exercising delegated powers.

The detailed terms of reference are reviewed annually by Tameside MBC and the current detailed delegations are contained in the Tameside MBC Constitution referred to below under the heading Access to Information.

#### Structure

Consists of local Councillors, plus a representative of the Ministry of Justice (following selection of the Fund as the sole administering authority for the probation service's LGPS interests).

The majority of the Councillors are drawn from Tameside MBC and the other Councillors nominated by the remaining 9 local authorities within Greater Manchester acting through the Association of Greater Manchester Authorities. Currently all local authorities are represented on the Management Panel.

All members have voting rights.

### 5. Pension Fund Advisory Panel

#### Terms of Reference

To work closely with the Pension Fund Management Panel and to advise on all matters.

The detailed terms of reference are reviewed annually by Tameside MBC and the current detailed delegations are contained in the Tameside MBC Constitution referred to below under the heading *Access to information*.

### **Structure**

Consists of 10 local Councillors one drawn from each of the 10 Greater Manchester local authorities, a representative of the Ministry of Justice and a minimum of 2 employee representatives nominated by the North West T.U.C. Current and long standing practice is to have 6 employee representatives.

All the elected members and employee representatives have voting rights.

## **6. Pension Fund Working Groups**

### **Terms of reference**

GMPF utilises Working Groups to consider in detail specific aspects of its activities and the monitoring of performance.

There are currently four Working Groups which consider particular areas of GMPF activities and make recommendations to the Pension Fund Management and Advisory Panels. The GMPF activities covered by the working groups are:

- Policy and Development
- Investment Monitoring and ESG
- Administration, Employer Funding and Viability
- Property

### **Structure**

Membership of the Working Groups is drawn from the members of the Management and Advisory Panels. Each Working Group is chaired by a Tameside MBC Councillor.

## **7. Director of Governance and Pensions**

### **Terms of Reference**

- Responsible for implementing the decisions of the Pension Fund Management Panel and for the day-to-day management of the affairs of the GMPF;
- The Director of Pensions is the administrator to GMPF and acts as the link for members, advisers and investment managers between meetings; and
- The delegated powers of the Executive Director of Pensions are reviewed annually and the current powers are contained in the Tameside MBC Constitution referred to below under the heading *Access to information*.

In addition GMPF also has the following governance arrangements in place

## **8. External advisers**

Four external advisers assist the Pension Fund Advisory Panel in particular regarding investment related issues.

## **9. Internal control**

Tameside MBC provide internal audit arrangements to GMPF both as a tool of management and with direct reporting to the relevant Working Group, Panel and the Local Board.

## **10. External review**

Tameside MBC including the GMPF is subject to external audit. The external auditors are appointed by Public Sector Audit Appointments Ltd (formerly the Audit Commission). This helps ensure that public funds are properly safeguarded and accounted for and are used economically, efficiently and effectively in accordance with the statutory and regulatory requirements. An audit opinion is given separately on the Fund's Annual Report and Accounts.

## 11. Annual Report and Accounts, Annual Employer Update Meeting and Bi Annual Pensioner Forum

Annually a Report and Accounts is produced for approval by the Pension Fund Management Panel at its meeting in July each year. The report currently includes the following sections:

- Chair's Introduction
- Management Structure
- Investment Report
- Statement of Accounts
- Scheme Administration
- Actuarial Statement and Employer Contributions
- Scheme at a glance

The Policy Statement comprising:

- Funding Strategy
- Investment Strategy Statement
- Governance Policy
- Governance Compliance Statement
- Core Belief Statement
- Communications Policy
- Pensions Administration Strategy

The Annual Report and Accounts is published on GMPF's website.

An Annual Employer Update Meeting, to which all employers are invited, is held within 7 months of the year end, usually July.

## 12. GMPF Local Board

The GMPF Local Pension Board has been established to assist the Management Panel. In particular to assist:

- secure compliance with the Regulations, any other legislation relating to the governance and administration of the Scheme, and requirements imposed by the Pensions Regulator in relation to the Scheme; and
- ensure the effective and efficient governance and administration of the Scheme.

## 13. Risk management

Risk awareness is embedded into the performance management process. Risk Management will continue to feature in the training planned for all GMPF managers. Working Groups, Panel and the Local Board consider risk management issues.

## 14. Communication with employers

Meetings are held with GMPF employers at which administrative matters are discussed and updates provided on funding, investment matters and other key issues. Training events are also provided for employers and support is also provided by the Pensions Office.

## 15. Access to information

The GMPF Annual Report and Accounts can be accessed via the GMPF website at: [www.gmpf.org.uk](http://www.gmpf.org.uk)

The Tameside MBC Constitution can be accessed via the website at [www.tameside.gov.uk](http://www.tameside.gov.uk) The Constitution contains GMPF's Terms of Reference and Scheme of Delegation.

All of the above mentioned documents are also available in hard copy form upon request.



**2017**  
to date

# GOVERNANCE COMPLIANCE STATEMENT



**Tameside**  
Metropolitan Borough

# GMPF Governance Compliance Statement

## Principle A - Structure

|                                                                                                                                                                                                                                                       | Fully compliant                                                                     |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|
| (a) The management of the administration of benefits and strategic management of fund assets clearly rests within the main committee established by the appointing council.                                                                           |  |
| (b) That representatives of participating LGPS employers, admitted bodies and scheme members (including pensioner and deferred members) are members of either the main or secondary committee established to underpin the work of the main committee. | <b>Partial</b>                                                                      |
| (c) That where a secondary committee or panel has been established, the structure ensures effective communication across both levels.                                                                                                                 |  |
| (d) That where a secondary committee or panel has been established, at least one seat on the main committee is allocated for a member from the secondary committee or panel.                                                                          |  |

### Principal A(b) – Structure

#### Reason for non-compliance:

In addition to the 10 local authorities within the Greater Manchester area the GMPF also has in excess of 550 non-local authority employers whose activities are diverse. It is considered impractical for each, or groups of the non-local authority organisations to be separately represented on the GMPF committee.

To compensate for the lack of direct participation, GMPF holds an AGM to which all employers are invited and they have the opportunity to ask questions, and to raise any issues regarding administrative, investment and funding matters.

Meetings can also be held with individual or groups of employers as required.

At the Advisory Panel, there are 6 representatives of Scheme Members appointed by the North West TUC. These representatives also participate in GMPF's Working Groups.

Additionally, non local authority employers and scheme members are represented on the Pension Board. All members of the Pension Board are invited to attend as observers at all decision making committees to ensure adequate oversight, scrutiny and challenge through the Pension Board.

## Principle B - Representation

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Fully compliant                                               |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------|
| <p>(a) That all key stakeholders are afforded the opportunity to be represented within the main or secondary committee structure. These include:</p> <ul style="list-style-type: none"> <li>(i) employing authorities (including non-scheme employers, eg, admitted bodies);</li> <li>(ii) scheme members (including deferred and pensioner scheme members;</li> <li>(iii) where appropriate, independent professional observers; and</li> <li>(iv) expert advisors (on an ad-hoc basis).</li> </ul> | <p><b>Partial</b></p> <p>✓</p> <p><b>Partial</b></p> <p>✓</p> |
| <p>(b) That where lay members sit on a main or secondary committee, they are treated equally in terms of access to papers and meetings, training and are given full opportunity to contribute to the decision making process, with or without voting rights.</p>                                                                                                                                                                                                                                     | <p>✓</p>                                                      |

### Principal B – Representation

#### Reason for non-compliance:

Principle B(a)(i) – see explanation provided previously at Principle A(b).

Principle B(a)(ii)&(iii) – GMPF considers that the roles envisaged by MHCLG for an independent professional observer are already adequately catered for within GMPF's current governance arrangements through the participation in the Advisory Panel of 4 expert external advisors from diverse professional backgrounds and the invitation and right of all Pension Board members who include non-scheme employers and pensioner representatives to attend all meetings to ensure adequate oversight, scrutiny and challenge through the Pension Board.

## Principle C - Selection and role of lay members

|                                                                                                                                                                                                                                                                                                                                                                            | Fully compliant |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|
| <p>(a) That committee or panel members are made fully aware of the status, role and function they are required to perform on either a main or secondary committee.</p>                                                                                                                                                                                                     | <p>✓</p>        |
| <p>(b) That at the start of any meeting, committee members are invited to declare any financial or pecuniary interest related to specific matters on the agenda.</p>                                                                                                                                                                                                       | <p>✓</p>        |
| <p>(c) Induction training is provided to new members. All members participate in mandatory training sessions and support is also provided for voluntary additional training. The induction of new members includes a copy of the Annual Report, that sets out the Management Arrangements and a summary of the responsibilities of the Management and Advisory Panels.</p> | <p>✓</p>        |

## Principle D - Voting

|                                                                                                                                                                                                                                                                                                              | Fully compliant |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|
| <p>(a) The policy of individual administering authorities on voting rights is clear and transparent, including the justification for not extending voting rights to each body or group represented on main LGPS committees.</p> <p>All members of the Management and Advisory Panels have voting rights.</p> | ✓               |

## Principle E - Training/facility/time/expenses

|                                                                                                                                                                                                                                                                           | Fully compliant |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|
| <p>(a) That in relation to the way in which statutory and related decisions are taken by the administering authority, there is a clear policy on training, facility time and reimbursement of expenses in respect of members involved in the decision-making process.</p> | ✓               |
| <p>(b) That where such a policy exists, it applies equally to all members of committees, sub-committees, advisory panels or any other form of secondary forum.</p>                                                                                                        | ✓               |
| <p>(c) That the administering authority considers the adoption of annual training plans for committee members and maintains a log of all such training undertaken.</p>                                                                                                    | ✓               |

## Principle F - Meetings (frequency/quorum)

|                                                                                                                                                                                                                                 | Fully compliant |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|
| (a) That an administering authority's main committee or committees meet at least quarterly.                                                                                                                                     | ✓               |
| (b) That an administering authority's secondary committee or panel meet at least twice a year and is synchronised with the dates when the main committee sits.                                                                  | ✓               |
| (c) That an administering authority who does not include lay members in their formal governance arrangements, must provide a forum outside of those arrangements by which the interests of key stakeholders can be represented. | ✓               |

## Principle G - Access

|                                                                                                                                                                                                                                                | Fully compliant |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|
| (a) That subject to any rules in the council's constitution, all members of main and secondary committees or panels have equal access to committee papers, documents and advice that falls to be considered at meetings of the main committee. | ✓               |

## Principle H - Scope

|                                                                                                                                     | Fully compliant |
|-------------------------------------------------------------------------------------------------------------------------------------|-----------------|
| (a) That administering authorities have taken steps to bring wider scheme issues within the scope of their governance arrangements. | ✓               |

## Principle I - Publicity

|                                                                                                                                                                                                                                                              | Fully compliant |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|
| (a) That administering authorities have published details of their governance arrangements in such a way that stakeholders with an interest in the way in which the scheme is governed, can express an interest in wanting to be part of those arrangements. | ✓               |





**2018**  
to date

CORE BELIEF  
STATEMENT



**Tameside**  
Metropolitan Borough

This is the Core Belief Statement (*the Statement*) of the Greater Manchester Pension Fund (GMPF), which is administered by Tameside MBC (*the Administering Authority*).

It has been prepared by the Administering Authority in collaboration with GMPF's Actuary, Hymans Robertson LLP, and after consultation with GMPF's investment Advisors and Managers.

The objective of the Statement is to set out GMPF's key investment beliefs. Strategic decisions are taken in the context of the relevant GMPF objectives. These beliefs will form the foundation of discussions, and assist decisions, regarding the structure of GMPF, strategic asset allocation and the selection of investment managers.

## 1. Investment governance

- 1.1 GMPF has the necessary skills, expertise, diversity and resources to internally manage some assets, such as infrastructure, private equity, local investments and cash.
- 1.2 Investment consultants, independent advisors and officers are a source of expertise and research to inform Management Panel decisions.
- 1.3 GMPF has a governance structure that enables it to implement tactical views readily, but acknowledges that market timing is very difficult.
- 1.4 There can be benefits from collaboration with other like-minded pension funds.

## 2. Long term approach

- 2.1 The strength of the employers' covenant allows a longer term deficit recovery period and for GMPF to take a long term view of investment strategy.
- 2.2 The most important aspect of risk is not the volatility of returns but the risk of absolute loss and of not meeting the objective of facilitating low, stable contribution rates for employers and taxpayers alike.
- 2.3 Illiquidity and volatility are shorter term risks which offer potential sources of additional compensation to the long term investor. Moreover, it is important to avoid being a forced seller in short term markets.
- 2.4 Participation in economic growth is a major source of long term equity return.
- 2.5 Over the long term, equities are expected to outperform other liquid assets, particularly government bonds.
- 2.6 Well governed companies that manage their business in a responsible and sustainable manner will produce higher returns over the long term.

## 3. Appropriate investments

- 3.1 Allocations to asset classes other than equities and government bonds (eg corporate bonds, private equity and property) offer GMPF other forms of risk premia (eg additional solvency risk/illiquidity risk).
- 3.2 Diversification across asset classes and asset types will tend to reduce the volatility of the overall GMPF return.
- 3.3 In general, allocations to bonds are made to achieve additional diversification. However, for a number of those scheme employers with mature liabilities, a bond allocation may have other benefits such as liability hedging.

## 4. Management strategies

- 4.1 Passive management provides low cost exposure to equities and bonds and is especially attractive in highly researched markets.
- 4.2 Active managers can add value over the long-term, particularly in relatively under researched markets and by following a rigorous approach it is possible to identify managers who are likely to add value.
- 4.3 The case for value investing is compelling, but it may result in prolonged periods of over and underperformance in comparison to a style neutral approach.
- 4.4 The fees paid to active managers should be aligned to the interests of GMPF rather than performance of the market, thereby ensuring the delivery of value for money to GMPF.
- 4.5 Active management performance should be monitored over multi-year rolling cycles and assessed to confirm that the original investment process on appointment is being delivered and that continued appointment is appropriate.
- 4.6 Employing a range of management styles can reduce the volatility of GMPF's overall returns but can also reduce overall outperformance.



**2019**

# INVESTMENT STRATEGY STATEMENT

 **Tameside**  
Metropolitan Borough

## 1) Background

- 1.1 This Statement has been prepared in accordance with the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 ("the Regulations"). The Regulations require administering authorities to prepare, publish, and when appropriate revise, a written statement recording the investment policy of the pension fund; they also stipulate certain key issues which must be covered in the Statement.
- 1.2 The terms of appointments of any external investment managers include a provision that the investment manager must take account of, and shall not contravene, this Statement in undertaking its management role. GMPF may terminate the appointment of any external investment manager by not more than one month's notice.
- 1.3 The Local Government Pension Scheme ("the Scheme") was established by statute to provide death and retirement benefits for all eligible employees. The Scheme is a contributory, defined benefit occupational pension scheme.
- 1.4 Tameside MBC ("the Council") became the administering authority of the Greater Manchester Pension Fund (GMPF) in 1987 after the abolition of the Greater Manchester County Council in 1986. GMPF covers all ten councils of Greater Manchester, the National Probation Service and numerous other smaller employers.
- 1.5 The Statement outlines the broad investment principles governing the investment policy of GMPF. In preparing the Statement, the Council has consulted those persons it considered appropriate.

## 2) Organisation and Management Arrangements of GMPF

- 2.1 The investment powers of the Council under the Scheme are given in the Regulations. Amongst other matters, the Regulations require the Council to have regard to both the suitability and diversification of its investments and to take proper advice in making decisions regarding the investment matters of GMPF.
- 2.2 The Council has delegated all its functions as administering authority of GMPF to the Pension Fund Management Panel ("the Management Panel" or "the Panel") which routinely meets on a quarterly basis and whose Terms of Reference are detailed in the Council's "Constitution". Amongst other matters, the Panel decides on the investment policy most suitable to meet the liabilities under the Scheme and has ultimate responsibility for the investment strategy.
- 2.3 The Management Panel has in turn appointed a Pension Fund Advisory Panel and external professional Advisors, and has dedicated internal Officers of GMPF to advise it on the exercise of its delegated powers. There are also a number of Working Groups which report quarterly to the Panel on specialist matters.
- 2.4 The Director of Pensions exercises certain delegated powers as specified in the Constitution and provides the link between the Panel, the external professional Advisors and GMPF's investment managers. Each year a GMPF "Business Plan" is submitted by the Director of Pensions to the Management Panel for consideration.
- 2.5 A primary objective of the Council is to maintain a low and stable employer contribution rate. This is to be achieved by attempting to maximise the long-term investment return whilst not exceeding an acceptable degree of risk.
- 2.6 The assets of GMPF are separated into two distinct parts – a Main Fund and a Designated Fund. This separation has been made in order to reflect a major difference in liability profiles between most of the employers of GMPF and that of a small number of other employers of GMPF.
- 2.7 Having taken appropriate advice, the Management Panel has decided that a bespoke benchmark, which is biased towards equity is a suitable investment benchmark for the management of the Main Fund. Detail on the Main Fund's bespoke benchmark is included in GMPF's Annual Report and Accounts. This benchmark will be reviewed annually and when appropriate in response to significant changes in the investment environment. The Designated Fund has a bespoke benchmark which is heavily orientated towards UK index linked stock.
- 2.8 The Management Panel has delegated the management of the majority of the Main Fund's securities portfolio, and the management of the Main Fund's direct property portfolio, to regulated, external, professional investment managers whose activities are defined and constrained by detailed Investment Management Agreements. The remainder of the Main Fund (including private equity, private debt, infrastructure, local investments, elements of the Special Opportunities Portfolio and UK cash), together with a proportion of the Designated Fund, is managed internally by Officers of GMPF. The 'Treasury Management' of all UK cash is undertaken by Officers of Tameside MBC.

- 2.9 The Main Fund is largely actively managed but has a significant element, which is passively managed on a pooled basis. One of the appointed external securities managers has been given an active multi-asset (ex property) discretionary benchmark reflecting its perceived skills and the relative efficiency of markets. The second appointed external securities manager has a single broad equity market benchmark reflecting its specialist mandate. The third appointed external securities manager has an absolute return benchmark reflecting its specialist multi-asset credit mandate. These individual benchmarks are detailed in the Investment Management Agreements and have been chosen so as to be consistent with the overall bespoke benchmark determined for the Main Fund.
- 2.10 Each of the Main Fund's external active securities managers has been set the target of achieving a rolling three year average performance which exceeds the average performance of their individual benchmark by at least 1% per annum. GMPF anticipates that in two years out of three the external active multi-asset securities managers' annual performance will be within 4½% of the annual performance of their individual benchmark. The equivalent range for the specialist global equity securities manager is +/- 7% and +/- 6% for the specialist multi-asset credit securities manager.
- 2.11 The fees of two of the external active securities managers consist of two elements: an ad-valorem base fee together with a performance element which is capped at a prudent level of outperformance. The fees for the remaining external active securities manager consist of a fixed base fee with no performance element. The fees of the Main Fund's external passive securities manager consists of an ad-valorem base fee with no performance element. The fees of the external property manager comprise of a combination of a fixed and ad-valorem base fee with no performance element.
- 2.12 The Designated Fund is predominantly passively managed.
- 2.13 The investment returns of the Main Fund, its underlying component portfolios and the Designated Fund are calculated quarterly by an external, third party professional performance measurement company appointed directly by the Council.
- 2.14 The Management Panel monitors the performance of the appointed external investments managers at each of its quarterly meetings. The performance of the specialist portfolios managed internally by Officers of the Fund is monitored annually by the Panel.

### 3) The Types of Investments to be Held

- 3.1 The Regulations require the Council to set out the maximum percentage of the total value of all investments of GMPF money that it will invest in particular investments or classes of investment. These maximum percentage limits are set out in an Appendix to this Statement, and are applicable only at the time the investment is made. Depending on market conditions, the allocations to specific investments or classes of investment may stray outside the maximum percentage limits before adjustments are made to rectify the situation. The Regulations also require that not more than 5% of the total value of all investments of GMPF money be invested in entities which are connected with the authority, within the meaning of section 212 of the Local Government and Public Involvement in Health Act 2007.
- 3.2 In addition to the Regulations, the Council has decided to further restrict the types of investment which the appointed external securities managers may hold and to restrict the type and extent of investment activity which they are permitted to undertake. These further detailed restrictions are extensive and are documented in a Schedule to each of the Investment Management Agreements.
- 3.3 GMPF assets currently include a UK and overseas spread of equity, fixed interest bonds (including those issued by Governments, companies and other entities), other debt securities (eg bank loans and securitised debt), index linked bonds, private equity, private debt, infrastructure and property. The Main Fund's external active multi-asset securities manager is permitted limited use of certain derivatives. The Main Fund's active specialist multi-asset credit manager is permitted use of certain derivatives for hedging, duration and currency management, asset allocation and security selection. GMPF supplements its investment income by participating in a Commission Recapture program.

## 4) The Balance between different Types of Investments

- 4.1 The Regulations require the Council to have regard to the diversification of its investments.
- 4.2 The overall bespoke benchmark of the Main Fund comprises a mix of different assets which is sufficient to provide adequate diversification for the Main Fund. GMPF's Annual Report and Accounts contains more detail on the overall Main Fund benchmark.
- 4.3 The strategic balance of investments takes account of the risk/return characteristics of each asset class and in particular the potential for enhanced long term returns from equity and the higher level of short term volatility associated with that asset class. In this context, risk in relation to any asset class is considered 'in the round' rather than being analysed into the specific components of risk (eg liquidity, foreign exchange, interest rate sensitivity etc). Allowance is also made for the benefits of diversification across the asset class mix within the Main Fund. The overall bespoke benchmark provides a reasonable long-term balance appropriate to the liabilities relevant to the Main Fund and its funding position.
- 4.4 For the Main Fund, tactical asset allocation is delegated to the appointed external multi-asset securities manager who must operate within asset class and country restrictions which are documented in a Schedule to the Investment Management Agreement.
- 4.5 The bespoke benchmark of the Designated Fund has also been specifically chosen in the context of the relevant liabilities and funding position.

## 5) Risk : Measurement and Management

- 5.1 The Management Panel recognises that risk is inherent in any investment activity. The overall approach is to seek to reduce risk to a minimum where it is possible to do so without compromising returns (eg in operational matters), and to limit risk to prudently acceptable levels otherwise (eg in investment matters).
- 5.2 Operational risk is minimised by :
  - Having custody of GMPF's financial assets provided by a regulated, external, third party, professional custodian appointed directly by the Council with control and liability issues thoroughly addressed in a Global Custody Agreement;
  - Having the deeds of direct property investments held securely by GMPF's Legal Section;
  - Documenting control and liability issues relating to the relationships with the appointed external investment managers in the Investment Management Agreements;
  - Having an external, third party, accounting provider independently maintain complete accounting records relating to the investment activity of the appointed external securities managers and to the entitlements (eg income) arising from GMPF's securities portfolios;
  - Officers of the Council's Internal Audit and of GMPF's Investments Group receiving reports on and reviewing the internal operating procedures of the appointed external custodian, securities managers and accounting provider; and
  - Subjecting internal investment management activity to close Internal Audit scrutiny.
- 5.3 Investment risk is constrained by :
  - Diversifying across investment managers;
  - Diversifying across types of investment;
  - Restricting external appointed investment manager activity as documented in a Schedule to or in relevant Clauses of the Investment Management Agreements;
  - Selecting appropriate investment benchmarks in order to control the risk that the assets will not be sufficient to meet the liabilities whilst also having a strong likelihood of achieving a good return;
  - Taking appropriate internal and external professional advice on the investment activity of both the externally managed securities portfolios and of the internally managed portfolios;
  - Quarterly, formal, Management Panel monitoring of asset allocation against the investment benchmarks and asset class restrictions; and

- Quarterly, formal, Management Panel monitoring of investment manager and overall Fund activity and performance.

5.4 Some risks lend themselves to being measured (eg using such concepts as 'Active Risk' and such techniques as 'Asset Liability Modelling') and where this is the case, GMPF employs the relevant approach to measurement. GMPF reviews new approaches to measurement as these continue to be developed.

## 6) The Expected Return on Investments

- 6.1 There is a broad expectation that in the longer term the return on equity will be greater than on other assets.
- 6.2 The overall Main Fund return is expected to be broadly in line with the overall bespoke benchmark. Over the last twenty years this benchmark has averaged a return which is comfortably ahead of both price and earnings inflation over the same period. However over any shorter period, such as one or five years, actual Main Fund returns may vary significantly from the benchmark and indeed benchmark returns may vary significantly from their long-term averages.
- 6.3 Over the long term appropriate to the liabilities of the Scheme it is expected that the investment returns of both the Main Fund and the Designated Fund will be at least in line with the assumptions underlying the actuarial valuations.

## 7) The Realisation of Investments

- 7.1 General investment principles require that issues of liquidity and marketability be considered in making any investment decision. Pension payments are expected to exceed employer and employee contributions by around £250 million per year over the coming three years. During this period, investment income, outwith that which is automatically reinvested within pooled vehicles, is anticipated to generate around £450 million per year of receipts to GMPF. Thus it is not expected that there will be any material need to realise investments in the near future other than to seek higher returns.
- 7.2 The vast majority of GMPF's assets are readily marketable. However some investments, such as property, and more so private market assets, are less easy to realise in a timely manner. Such relative illiquidity is not considered to have any significant adverse consequences for GMPF. However, over the coming couple of years, Officers of GMPF will be investigating options for dealing with the deteriorating cash-flow position of GMPF.
- 7.3 The Council informs the appointed external investment managers of any projected need to withdraw funds in order to enable the investment managers to plan an orderly realisation of assets when this proves necessary.

## 8) GMPF's Approach to Pooling Investments

- 8.1 The Council signed a memorandum of understanding with the administering authorities of the Merseyside Pension Fund and the West Yorkshire Pension Fund to create the Northern LGPS in order to meet the criteria for pooling investments released by Government on 25 November 2015. [Formally, this is achieved through the mechanism of a joint committee established under sections 101 and 102 of the Local Government Act 1972.]
- 8.2 The three funds submitted a pooling proposal to Government in July 2016 and DCLG (now MHCLG) provided its confirmation in January 2017 that it was content for the funds to proceed with the formation of the Pool as set out in the July 2016 proposal. A copy of the proposal is on GMPF's website.
- 8.3 Following the issue of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016, the plans for the Northern LGPS evolved from the July 2016 proposal.
- 8.4 The vast majority of the benefits of pooling for the funds in the Northern LGPS are in respect of alternative assets where there is greatest scope to generate further economies of scale and to combine resources to make increasingly direct investments. Following detailed discussions and consideration of professional advice, it was agreed in March 2017 by each of the participating funds that in order to meet the Reduced Costs and Excellent Value for Money criteria set by Government most effectively, the Northern LGPS should focus resource on making collective investments in alternative assets such as private equity and direct infrastructure. The private equity and direct infrastructure investments would initially be made via joint ventures and partnerships to enable pooled investments to be made and start generating material cost savings from an early stage. Such structures would in all cases be compliant with relevant financial services law.

- 8.5 The Scale and Strong Governance and Decision Making criteria are met by:
- the joint committee providing monitoring and oversight of the operations of the Northern LGPS with the Joint Committee constituted so as to separate elected members from any manager selection decisions and;
  - appointing a FCA regulated common custodian for the Pool, which has custody of all the pool's actively managed listed assets (i.e. internally and externally managed equities and bonds) and act as master record-keeper for all pool assets.
- 8.6 As at 31 March 2015, the total value of assets across the three participating funds was £35.4 billion, and as at 31 March 2018 £44.3 billion, which is in excess of the £25 billion criterion set by Government. Strategic asset allocation will continue to be set by each fund's pension committee with the selection of individual investments and investment managers for external mandates carried out on a pooled basis by appropriately qualified and experienced officers, operating under the legal framework of specialist investment vehicles where appropriate.
- 8.7 All public-market assets and new commitments to private equity and direct infrastructure will be monitored and overseen by the Northern LGPS Joint Committee with all assets other than day-to-day cash used for scheme administration purposes being held under the common custody agreement. Day-to-day cash is assumed to be 1% of total assets for each fund.
- 8.8 In accordance with the 2015 pooling criteria and guidance, legacy private market assets (i.e. those entered into prior to the formation of the Pool) will be run-off on a segregated basis.
- 8.9 At 31 March 2018, externally managed public-market assets and direct infrastructure made up 85% of GMPF's total assets. Over time, as private equity commitments are made via the Pool and legacy private-market assets run off it is expected that approximately 90% of GMPF assets will be invested via the Pool structure set out above.
- 8.10 It is intended that the Northern LGPS will procure the following services as required on behalf of the participating funds:
- External fund management for certain public-market mandates
  - Common custodian for Pool
  - Investment management systems
  - Performance analytics
  - Responsible Investment advisory services
  - Other professional advice
- 8.11 The Northern LGPS Joint Committee is created via the approval of an inter-authority agreement between the administering authorities to the participating funds. The role of the Joint Committee is to:
- provide monitoring and oversight of the Northern LGPS to ensure that the pool is effectively implementing the participating authorities' strategic asset allocation decisions;
  - to oversee reporting to the participating authorities' pension committees.
  - act as a forum for the participating authorities to express the views of their pension committees; and
  - ensure segregation of duties in investment decision making between elected members and officers.
  - Monitor performance of portfolios
  - Monitor the appointment of investment managers.
- 8.12 Reporting processes of the Northern LGPS include regular written reports on the performance of Northern LGPS investments to the Joint Committee, which are discussed at formal meetings. The Joint Committee will not be undertaking any regulated activities.
- 8.13 The Northern LGPS governing documentation grants the Joint Committee and each administering authority certain powers regarding the operation of the Northern LGPS, which can be used to ensure the effective performance of Northern LGPS. GMPF's approach to pooling set out above will be reviewed periodically going forwards to ensure this continues to demonstrate value for money, particularly following any changes to funds' strategic asset allocations, pool management arrangements or taxation policy in the UK or internationally. The reviews will take place no less than every 3 years.
- 8.14 A report on the progress of asset transfers will be made to the Scheme Advisory Board on at least an annual basis.

## 9) Socially Responsible Investment

- 9.1 GMPF holds a general policy of not interfering in the day to day investment decisions of its investment managers. However, GMPF may choose to actively invest in or disinvest from companies for social, ethical or environmental reasons, so long as that does not risk material financial detriment to GMPF.
- 9.2 As a responsible investor, GMPF wishes to promote corporate social responsibility, good practice and improved company performance amongst all companies in which it invests.
- 9.3 GMPF endeavours to be a socially responsible investor wherever possible but does so within the duties placed upon it under statute and under general trust law principles to manage the Scheme in the best financial interests of the Scheme members and beneficiaries.
- 9.4 From time to time GMPF will pursue certain specific issues direct with investee companies, either individually or, more usually, collectively with other institutional investors via its membership of the 'Local Authority Pension Fund Forum' (LAPFF), its membership of the 'Institutional Investors Group on Climate Change' (IIGCC), as a signatory to the 'UN Principles for Responsible Investment' or by means of other ad-hoc groupings.
- 9.5 Climate change is a key financially material environmental risk. The Panel believe that, over the expected lifetime of GMPF, climate-related risks and opportunities will be financially material to the performance of the investment portfolio. As such, the Panel will consider climate change issues across GMPF and specifically in areas such as Strategic Asset Allocation, Investment Strategy and Risk Management with the aim of minimising adverse financial impacts and maximising the opportunities for long-term economic returns on GMPF's assets.
- 9.6 GMPF's long-term goal is for 100% of assets to be compatible with the net zero emissions ambition by c2050 in line with the Paris Agreement. The decarbonisation goal will be regularly evaluated in line with GMPF's objective of maintaining long term financial performance.
- 9.7 GMPF has undertaken a number of initiatives to enhance its approach to managing this risk. Company engagement is a key element of GMPF's approach to climate change. GMPF wishes to promote and encourage compliance with its own UK Environmental Investment Code. GMPF's appointed external securities managers are encouraged to operate a policy of constructive shareholder engagement with companies. GMPF is a Tier 1 signatory of the UK Stewardship Code.
- 9.8 By joining forces with over 70 other LGPS funds within LAPFF, GMPF collectively has a very powerful voice in challenging companies to disclose their business models, and the assumptions that underpin their investment decisions, leading to greater capital discipline. This could have the dual success of enhancing shareholder value, whilst also reducing greenhouse gas emissions.
- 9.9 GMPF is a signatory to the Carbon Disclosure Project (CDP) which seeks information from major corporations world-wide on their Greenhouse Gas Emissions.
- 9.10 GMPF is a member of the IIGCC which is a forum for collaboration on climate change for European investors. The IIGCC seeks to promote a better understanding of the implications of climate change amongst its members and other institutional investors, and to encourage companies and markets in which its members invest to address any material risks and opportunities to their businesses associated with climate change and a shift to a lower carbon economy.
- 9.11 GMPF actively invests in low carbon and renewable energy technology and will seek to increase the scale of investment in this sector where suitable opportunities arise, in order to encourage a move toward a lower carbon economy. Within the strategic asset allocation to infrastructure, a key strategy is investments in low carbon and renewable energy opportunities.
- 9.12 The Panel has approved an allocation to Local Investments, which has the twin aims of generating a commercial return and delivering a positive social impact. GMPF's Annual Report and Accounts contains more detail on the specific investments within this allocation.

## 10) The Exercise of Investment Rights

- 10.1 The exercise of rights which are not voting rights (eg dividend entitlements, rights issues etc) are delegated by the Council to the investment managers of GMPF as part of their normal investment responsibilities.
- 10.2 GMPF wishes to exercise the voting rights attaching to its investments to promote and support good corporate governance principles. GMPF will report on its voting activity as part of its Annual Report.
- 10.3 GMPF implements its voting policy in partnership with a specialist advisor (currently PIRC Ltd) who provides appropriate research and vote execution services that cover the major markets in which shares with voting rights are held.
- 10.4 GMPF votes in line with the recommendations of its advisor, having judged that the advisor's voting guidelines promote high standards of corporate governance and responsibility and enable GMPF to exert a positive influence as shareholders concerned with value and values.
- 10.5 The appointed external passive securities manager votes in respect of GMPF at every opportunity in the UK and in respect of companies in the vast majority of overseas markets except where practicalities are a significant obstacle.
- 10.6 In casting votes in respect of GMPF in the UK, the appointed external passive securities manager normally implements its own 'Voting Policy'. However the passive securities manager will vote in respect of GMPF according to GMPF's instructions on a case by case basis should GMPF so require.

## 11) Stocklending

- 11.1 GMPF itself has participated in a prudently structured Stocklending program via its Custodian since March 2003. However, GMPF suspended its Stocklending program between September 2008 and May 2011 in the wake of the 2008 financial crisis.
- 11.2 GMPF does not lend UK and US Equities and does not take Cash as collateral. The maximum volumes of stock "on loan" are set at a prudent level. All loans must be pre-collateralised and be subject to recall upon demand.
- 11.3 Certain pooled vehicles within which GMPF invests may undertake an amount of Stocklending on behalf of the pooled vehicle investors. Where this occurs, the extent of the activity is disclosed by the pooled vehicle. GMPF considers this aspect of the pooled vehicle when making investment decisions.

*Version 1.2*

*Adopted by the Pension Fund Management Panel for Tameside MBC as administering authority of the Greater Manchester Pension Fund: 19 October 2018*

## APPENDIX TO INVESTMENT STRATEGY STATEMENT

### TABLE OF LIMITS ON INVESTMENTS

| MAIN FUND                       |                |
|---------------------------------|----------------|
| Asset class                     | Limit (%)      |
| <b>Total Equities</b>           | <b>40 – 85</b> |
| UK Equities                     | 10 – 30        |
| Overseas Equities               | 15 – 50        |
| Global Equities                 | 2 – 10         |
| <b>Total Bonds</b>              | <b>10 – 50</b> |
| Government Fixed Interest Bonds | 2 – 17         |
| Corporate Bonds                 | 2 – 17         |
| Government Index Linked Bonds   | 1 – 12         |
| Multi-Asset Credit              | 2 – 10         |
| <b>Total Alternatives</b>       | <b>5 – 45</b>  |
| Private Equity                  | 0 – 7          |
| Private Debt                    | 0 – 7          |
| Infrastructure                  | 0 – 15         |
| Special Opportunities           | 0 – 7          |
| Local Investments               | 0 – 5          |
| Property                        | 3 – 15         |
| <b>Total Cash</b>               | <b>0 – 10</b>  |

| DESIGNATED FUND                  |           |
|----------------------------------|-----------|
| Asset class                      | Limit (%) |
| Equities                         | 0 – 100   |
| Government Fixed Interest Bonds  | 0 – 100   |
| Corporate Bonds                  | 0 – 100   |
| Government Index Linked Bonds    | 0 – 100   |
| Other Liability Matching Assets* | 0 – 100   |
| Cash                             | 0 – 100   |

\*Other Liability Matching Assets include exposure to derivative instruments (eg interest rate and inflation swaps) used for liability matching purposes and are currently accessed via pooled funds.

There are a small number of employers whose liability profiles are significantly different from most of GMPF's employers. Investments in the Designated Fund reflect the specific liability profiles of these employers. The assets held in the Designated Fund have been specifically chosen in the context of the relevant liabilities and funding position. Given the nature and size of the Designated Fund, it is not considered appropriate to restrict the limits on Asset Classes. The proportion of assets within each asset class will change over time as GMPF develops its framework to meet the diverse needs of its employers.

*END OF APPENDIX (19 October 2018).*



**2019**

## RESPONSIBLE INVESTMENT POLICY



**Tameside**  
Metropolitan Borough

# Introduction

The assets of the Greater Manchester Pension Fund (GMPF) now stand at over £23bn. These assets are invested to fund the retirements of hundreds of thousands of beneficiaries who live both within Greater Manchester and beyond. GMPF will always act in accordance with the interests of those beneficiaries and we want our Responsible Investment activities to make a positive contribution to our region.

Environmental, social and governance (ESG) issues are important to GMPF for a number of reasons. ESG factors can be financially material and, as such, should be part of the assessment and monitoring of investments in all asset classes. Achieving sustainable, long-term financial returns underpins the ability to pay pensions. A focus on ESG issues helps reduce risks to GMPF and its beneficiaries. These risks might be financial, such as the underperformance or failure of an investee company, or reputational, resulting from poor corporate behaviour.

In addition, our beneficiaries live in a society that is affected by the behaviour of investee companies. Therefore we expect high standards from those businesses. Consistent with GMPF's fiduciary duty to our beneficiaries we will ensure that the businesses in which we invest are both financially and environmentally sustainable, have high standards of governance and are responsible employers. As far as possible GMPF will seek to invest in a way that is financially and socially beneficial for Greater Manchester.



# 1. About the Greater Manchester Pension Fund Responsible Investment policy

This policy sets out GMPF's approach to Responsible Investment activities. It provides an overview of themes that will form part of those activities in addition to information on how this policy is implemented and our commitments to reporting and accountability.

Our approach to responsible investment has been informed by a number of important initiatives. GMPF fully supports the aims and objectives of the Stewardship Code and we are signatories of the Code. We are also signatories of the Principles for Responsible Investment.

We have also considered guidance from the Law Commission, Department of Work and Pensions and Ministry of Housing, Communities and Local Government in developing this policy.

We consider our approach to Responsible Investment to be rooted in financial materiality and risk management. It will also be informed by our understanding of our beneficiaries' views, and by reference to international standards such as the UN Sustainable Development Goals. Therefore we have expectations of investee businesses that encompass more than financial considerations alone.

GMPF will seek to apply the RI policy to all asset classes over time. Our initial focus will be on listed equity, but we also see infrastructure as an asset class where progress can be made quickly given our leading role in this area. The policy applies to both internally and externally managed assets.

GMPF has appointed PIRC Ltd as its Responsible Investment adviser, to assist in the development and implementation of the RI policy.



## 2. Major ESG themes

Over time GMPF will publish policy positions on specific ESG issues in order to provide greater clarity about our expectations to both investee businesses and other stakeholders. Below we set out ESG themes that will be important areas of focus for our Responsible Investment activities, and our core positions in each area.

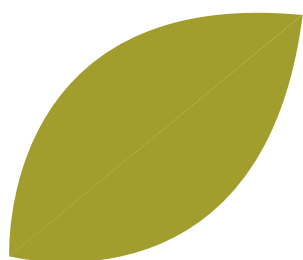
### Climate change

GMPF considers climate change risk as financially material to long-term performance of investments and shareholder value. We integrate climate change considerations in the overall investment strategy, with the aim of minimising adverse financial impacts and maximising opportunities for long-term economic returns in all asset classes.

GMPF's long-term goal is for 100% of assets to be compatible with the net zero-emissions ambition by c.2050 in line with the Paris agreement. This decarbonisation goal will be regularly evaluated in line with our objective of maintaining long-term financial performance.

In implementing our approach, GMPF:

- takes financially material climate change considerations into account as an integral part of its investment strategy and asset allocation;
- reviews a variety of research and analytical materials to encourage the use of scenario analysis to provide estimations of relative performances of asset classes and sectors under different scenarios which will be used where possible in asset allocation decisions;
- monitors and provides feedback to external investment managers in relation to incorporation of climate risk in the investment process;
- engages with companies on the resilience of their business strategies for a low-carbon economy;
- liaises with company boards in improving the governance, management and disclosure on climate risk;
- takes company approaches to climate risk and responsiveness to engagement into account in proxy voting;
- supports the filing of relevant climate related shareholder resolutions;
- interacts with policy makers and regulators on investment implications of climate change;
- collaborates with other investors and participates in investor initiatives to leverage outcomes of company and policy engagement;



**ZERO  
EMISSION**

- and will report on policy objectives and activities regularly.
- We have also included the Task Force on Climate-Related Financial Disclosures reporting in our annual report.
- GMPF also supports the objectives of a Just Transition to a low-carbon economy, and will actively engage with the social aspects of responding to climate change. We consider this fits well with our objective of seeking to ensure a regional dimension to our RI activities.

## Employment standards and human capital management

The assets of GMPF represent the combined savings of generations of public sector workers, without whom the pension fund would not exist. Therefore we have a responsibility to act in the best interests of those workers, and we actively promote decent work.

We consider effective management of people is a source of both value creation and competitive advantage. We support initiatives to improve corporate reporting and investor understanding in relation to employment practices and human capital management.

We expect all businesses in which GMPF invests to treat their workforce with respect and to employ and reward them fairly. Companies should offer secure, direct employment where possible, and should not interfere with the right of their workforce to seek representation through a trade union. We will consider whether the actions of investee businesses are in accordance with ILO Core Conventions both in relation to their directly employed workforce and in their supply chain.

GMPF looks favourably on opportunities to invest in ways that aid the creation of good jobs, and have other social benefits, particularly within Greater Manchester. We will also consider the potential impact of our investments on public service provision and public sector employment practices.



## Corporate governance and financial reporting

GMPF considers good corporate governance practices continue to provide protection to shareholders and to our beneficiaries. A full list of positions that GMPF takes is provided in the shareholder voting guidelines that we have adopted.

Division of responsibilities and board independence are fundamental principles of good governance. We seek separation of chair and chief executive positions and independent representation on boards in all markets. We fully support board diversity in its widest sense.

Diversity is desirable not only in its own right, but also because there is evidence that diverse boards make better decisions. In addition to supporting the 30% Club and recommendations of the Parker Review<sup>1</sup>, we actively encourage employee representation at board level. We also consider that diversity and equal pay is important throughout organisations, not simply at board level.

In relation to remuneration it is our view that executives must be appropriately rewarded for their contribution to the success of the businesses that they steward. Where performance-related reward is used this should be focused on long-term performance and take account of ESG factors. The reputational risk of overly generous pay including the comparison to average employee pay should be taken into consideration in remuneration packages. We also consider that excessive executive reward contributes to wealth and income inequality.

Beneficiaries' interests are well served by ensuring the highest standards in financial reporting and related issues. We take a robust position on audit quality and auditor independence as we view this as the first line of defence for shareholder interests. We encourage auditors not to undertake non-audit work for the same company, and support mandatory rotation of the audit firm. We also advocate reform of accounting standards.

## Tax

We consider certain corporate tax arrangements, whilst potentially beneficial to shareholders in the short term, can be a source of regulatory, financial and reputational risk to companies and their investors. Aggressive corporate tax avoidance may have a negative effect on public finances and by extension on public service provision. Therefore we seek to monitor the behaviour of investee companies in respect of tax planning and challenge where necessary.

<sup>1</sup> <https://www.gov.uk/government/publications/ethnic-diversity-of-uk-boards-the-parker-review>

# 3. Application of the policy

## Investment decisions

GMPPF employs a mixture of in-house and external asset managers. Where management is undertaken in-house, ESG factors will be considered as part of the assessment process both before and after investment decisions are made. This integration applies to both equity and other asset classes.

We do not typically divest from businesses unless ESG factors are likely to have a financially material negative impact. Instead we seek to use our influence as investors to address issues of concern. We recognise that our ability to act as effective stewards, and our responsibility to do so, is greater where our holdings are greater or more concentrated. Therefore we monitor sizeable investments closely and engage where necessary.

In addition, GMPPF is involved in impact investing. Whilst this is not synonymous with 'Responsible Investment' this is an area where the policy may have significant practical application.

Where external managers are appointed, we envisage analysis of their competence in relation to Responsible Investment to form part of the appointment process. Expectations in relation to incorporation of ESG factors are part of the manager agreement, and managers are monitored in relation to performance on these factors. Appointed managers are also expected to report back to GMPPF on their activities.



## Voting and engagement

Voting and engagement is a cornerstone of our RI activities. We take the legal right to vote seriously and exercise it in a way consistent with our publicly disclosed objectives and policy positions. How we vote is one way of providing investee companies with an indication of our views as shareholders, as well as to the wider market.

Therefore, in line with our commitment to transparency and democratic accountability, we ensure that our voting aligns with our engagement. For example, if we have informed a company we do not support a certain director, or consider the remuneration policy is inappropriate, we will not vote in favour.

GMPF retains the maximum possible authority to direct voting, rather than delegating authority to asset managers. We have dedicated voting guidelines that inform how our votes are cast. This combination of retained authority and a clear framework ensures both a consistent approach is taken across equity holdings and provides clarity to the businesses in which we invest about our expectations.

We can also recall stock that has been lent in order to be able to vote.

We are long-standing and active participants within the Local Authority Pension Fund Forum (LAPFF). Most engagement activity is undertaken through the Forum and representatives of GMPF take part in company engagements.

GMPF, as a member of the Northern LGPS also undertakes its own engagement, either on specific companies or sectors, and we envisage that this will increase particularly in relation to major and unique investments, such as in infrastructure assets.

## Shareholder resolutions

GMPF considers shareholder resolutions a useful tool to proactively raise issues of concern either where boards of investee businesses are resistant to dialogue or change, or to amplify the shareholder voice where engagement with boards has been positive. We have co-filed resolutions at different companies in recent years on issues ranging from climate change to employment practices.

GMPF will consider filing or co-filing resolutions in cases where engagement has not resulted in the achievement of change or as part of systemic engagement on issues such as climate change.

## Collaboration and partnerships

GMPF often has a significant ownership of particular businesses or other assets and therefore can be an influential voice. There are also many instances where it is advantageous to work in collaboration with other investors and investor initiatives. In addition to participating in existing investor groups, GMPF seeks to initiate collaboration where it believes it can play a useful role.

As well as being a LAPFF member we participate in, or are a member or signatory of, the following initiatives:

- The Stewardship Code
- The Principles for Responsible Investment
- The Institutional Investor Group on Climate Change
- The Carbon Disclosure Project
- The Transition Pathway Initiative
- Investing in a Just Transition
- The 2018 Global Investor Statement to Governments on Climate Change
- Climate Action 100+
- Workforce Disclosure Initiative
- Pensions For Purpose

Other collaborations will be reviewed in due course, following consideration of our interests in participation.

## Securities litigation

Given the focus on cost reduction, GMPF will be an active participant in securities litigation. Where there has been corporate wrongdoing that has resulted in a financial loss to GMPF as shareholders, we seek to recoup these losses where practical.

## Public policy advocacy

We recognise that regulatory intervention is sometimes necessary to address issues such as corporate disclosure requirements and shareholder rights. Where appropriate GMPF will participate in public policy consultations and engagement. This may be through LAPFF and other collaborative investor initiatives or by GMPF or the Northern LGPS on its own.

## Costs and charges

We recognise the growing interest in costs and charges incurred as part of local authorities' investment activities. GMPF supports the Transparency Code and expects all external managers to become signatories. We consider reducing unnecessary costs is part of our fiduciary duty, and is one of the core objectives of GMPF. We will closely monitor all investment costs to ensure that greatest possible benefits from our investment activities are returned to members.

## 4. Reporting and accountability

The importance of accountability to beneficiaries is a central element of our approach. Therefore, GMPF will make its voting record, and those of asset managers that have delegated voting authority, publicly available. In the case of the GMPF's own voting decisions, we will pre-disclose votes on all companies. GMPF, as a member of the Northern LGPS, will also produce a regular stewardship report on its broader activity.

In addition we intend to hold an annual stewardship event to provide an update on activities and for there to be open discussion of current or emerging ESG themes. This will form part of the GMPF's process for taking beneficiaries' views into account.

We meet quarterly to discuss the implementation of the RI policy, and as Northern LGPS will undertake an annual review of activities. The RI policy will be reviewed and updated as required.

For further information on the GMPF Responsible Investment policy please contact: [tom.harrington@gmpf.org.uk](mailto:tom.harrington@gmpf.org.uk)

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Administered by

 **Tameside**  
Metropolitan Borough



**2018**

# COMMUNICATIONS POLICY



**Tameside**  
Metropolitan Borough

# Communications Policy

## Introduction

The Greater Manchester Pension Fund (GMPF) is a regional pension fund administering the Local Government Pension Scheme (LGPS). It is the largest LGPS fund in England and Wales.

GMPF has a Communication and Engagement Strategy that has been developed based on the feedback we receive. The Strategy is used to drive changes to the communication work that we do. It outlines GMPF's aims and objectives when communicating and engaging with all its stakeholders.

This Communications Policy is a statement of how those aims and objectives are currently being delivered.

The LGPS Regulations require us to prepare, maintain and publish a statement setting out our policies on communications and this document has been prepared in line with these requirements. It covers our communications with:

- Pension fund members
- Representatives of members
- Prospective pension fund members
- Our employers and prospective employers

This document will be revised and re-published whenever there is a material change to the way we communicate or engage with any of these groups.

This Communications Policy and the Communications and Engagement Strategy are available on the GMPF website.

## Pension fund members

We communicate with our members in a variety of different ways.

### GMPF Website and My Pension

General information about GMPF and about being a member of the LGPS is held on the GMPF website at [www.gmpf.org.uk](http://www.gmpf.org.uk)

Members can also access information about their own pension through the My Pension area of the website. This is a secure area that allows members to see the personal details we hold about them, update information such as their death grant nomination and do their own pension estimates. It is also the area where contributing and deferred members will be able to see their annual pension statements going forward and where pensioner members can view their pension payment information.

All members who have registered for My Pension will receive e-mails to alert them to any key updates made to the GMPF website or My Pension area. News updates are also added here.

Members can send questions and queries to us using the online forms and we will respond to them by e-mail or other method as requested. The GMPF website also has a 'feedback zone' where members can leave feedback or register complaints or compliments about the service we provide. There is also a survey presented to members when they logout of My Pension, giving them the opportunity to provide feedback specifically about this online service.

All literature (such as GMPF's annual report and Guide for Members) and all statements and policies are also held on the website. Information about how to raise a formal dispute can also be found on the website. This includes contact details for the Pensions Advisory Service and the Pensions Ombudsman.

### Twitter

GMPF has a Twitter account and we regularly tweet information and updates that we believe our members may be interested about. You can follow us at: @GMPF\_LGPS

### Google

GMPF makes use of a feature in Google where members can ask us questions and receive answers back, see our opening times, access directions to our offices, see photos and write reviews on our performance.

### Helpline

We provide a helpline service for all our members to use if they need to contact us by telephone or e-mail. There are two helpline numbers for members; one for pensioner members to call being 0161 301 7100, and one for all other members to call being 0161 301 7000.

### **Roadshows, seminars, webinars and surgeries**

Each year, GMPF arranges a programme of face-to-face events in order to meet with individuals or small groups of members. These can vary depending on the requests and many are organised in conjunction with GMPF's employers. Information about these events will therefore be provided to members by their employer or advertised on the GMPF website where appropriate.

### **Individual letters, telephone calls and e-mails**

Whenever we are dealing with a specific request or processing a pension benefit, it is likely that we will communicate either by letter, telephone call or e-mail, depending on which is most appropriate.

### **What we do not do**

We never cold call our members about any aspect of their pension. If a member receives an unexpected call from someone claiming to be from GMPF then we suggest that they ring our Helpline to check whether the call was genuine.

### **Visits to our offices**

Members are welcome to visit our offices should they prefer to speak to us face-to-face. Ideally, an appointment should be made in advance to ensure someone is available. Private interview rooms are used in order to discuss matters confidentially. In addition, members can return documents or make general enquiries at our reception at any time during office hours. Confirmation of our opening hours and details of how to find us can be found on our website at <https://www.gmpf.org.uk/contact.htm>

### **Special requests and paper communications**

If any member requires us to provide information or communicate with them in a specific way (for example, requires letters to be in large print or on a different coloured background) then they should contact us and we can make arrangements for this.

If a member wishes to opt-out of receiving electronic communications and wishes to receive paper copies instead then we ask that they put this request in writing to us quoting their unique GMPF pension reference. This is so that we can identify the correct pension record and make the necessary arrangements.

If we are unable to communicate electronically with a member for whatever reason and we are required by law to provide information to them, then we will send that information in writing either to their home address or to their employer to forward on.

### **Consultations, surveys and focus groups**

GMPF also conducts various consultation events, surveys and focus groups from time to time in order to obtain feedback that might help to improve the service provided to members. All relevant results or feedback is published on the GMPF website.

## **Representatives of members**

### **General information about GMPF and the LGPS**

All general information and literature is available to the representatives of members on the GMPF website, as detailed in the section above.

### **Employee representatives who are members of the GMPF Management Panel, Local Board or Working Groups**

These representatives will receive information presented face-to-face at the relevant meetings, be provided with written reports for agenda items and will receive relevant training where identified or requested. News updates or alerts will also be circulated as and when required.

## **Prospective pension fund members**

### **General information about GMPF and the LGPS**

All general information and literature is available to prospective pension fund members on the GMPF website. Prospective members can contact us by using the 'Contact Us' option on the website.

### **Promoting the benefits of joining**

GMPF requires all its employers to provide prospective members with a link to or copy of its 'Guide for Members'. This guide highlights the benefits and costs of joining the LGPS. It should be provided as part of an employee's letter of appointment ideally.

GMPF also requires its employers to engage with any events that promote the benefits of the LGPS to prospective members.

### **Consultations and surveys**

GMPF also conducts various consultation events and surveys from time to time for prospective members, in order to obtain feedback that might help it to promote the LGPS to non-members.

## **GMPF employers**

We also communicate with our employers in a variety of different ways.

### **GMPF Website and Employers Website**

General information about GMPF and about becoming an employer in GMPF is held on the GMPF website.

In addition, employers can access a secure area of the website known as the 'Employers website'. This area holds procedure notes, training information, forms and guidance to assist employers to carry out successfully their employing authority responsibilities.

### **E-mail bulletins and newsletters**

We issue regular bulletins to our employers to provide news, updates and reminders. We also issue newsletters and ad-hoc alerts whenever there is specific or topical information that we believe employers need to be aware of.

### **Helpline**

We provide a helpline service for all our employers to use if they need to contact us by telephone. The number is 0161 301 7200.

### **Meetings, webinars, training events and surgeries**

GMPF arranges a number of different face-to-face events depending on the requirements of each employer.

GMPF will arrange face-to-face meetings with all its large employers, the frequency of which may depend on the agenda to be discussed. Conference calls may also take place in order to discuss specific matters.

We also arrange training events for employers to attend. These may be large-scale events providing general training on the LGPS or smaller events or webinars to provide training on a specific area or task (such as how to provide pay and contribution returns).

GMPF will also work with employers who have individual training needs, hosting in-house training sessions or visiting employers.

Each year GMPF hosts an Annual General Meeting (AGM) for employers, in order to present its accounts and provide employers with an update about the work of the fund over the previous twelve months.

### **Consultations, surveys and focus groups**

GMPF also conducts various consultation events, surveys and focus groups with its employers from time to time in order to obtain feedback that might help to improve the service provided to employers and their members. All relevant results or feedback is made available to all employers.



**2015**  
to date

# PENSION ADMINISTRATION STRATEGY

**Tameside**  
Metropolitan Borough

# Pension Administration Strategy

## 1: The Regulations

## 2: Review of the Pension Administration Strategy (PAS)

## 3: Scheme employer duties & responsibilities

## 4: Pensions Office duties & responsibilities

## 5: Unsatisfactory performance

Commencement date for this revised PAS: 1 April 2015.

***This PAS recognises that for administration costs to be minimised, and the mutual service to the member to be maximised, Scheme employers<sup>1</sup> and the administering authority must co-operate closely.***

## 1 The Regulations

1.1 This Strategy is made under regulation 59 of the Local Government Pension Scheme (LGPS) Regulations 2013. Related legislation includes:

- The LGPS (Benefits, Membership & Contributions) Regulations 2007
- The LGPS (Administration) Regulations 2008
- the LGPS (Transitional Provisions, Savings & Amendments) Regulations 2014
- the LGPS Regulations 1997
- the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2000
- the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 ("the Disclosure Regulations")
- the Pensions Act 1995
- the Pensions Act 2004
- the Pensions Act 2008
- the Data Protection Act 1998
- the Occupational Pension Schemes (Preservation of Benefit) Regulations 1991
- the Occupational Pension Schemes (Scheme Administration) Regulations 1996
- the Finance Act 2004
- the Automatic Enrolment (Miscellaneous Amendment) Regulations 2013
- the Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations 2014

including amendments to any of these Regulations.

This PAS is complemented by the *Pensions Office Guide to the Local Government Pension Scheme*<sup>2</sup>.

## 2 Review of the PAS

2.1 This PAS will be reviewed at least triennially and will be revised following any material change in policies that relate to the PAS.

<sup>1</sup> Scheme employer means a body listed in Schedule 2 of the LGPS Regulations 2013 employing an employee who is eligible to be a member and includes an admission body.

<sup>2</sup> A Pensions Office Guide 2014 will be developed.

### 3 Scheme employer Duties & Responsibilities

- 3.1 Each Scheme employer (*the employer*) shall nominate a person who will act as the Pensions Office's primary contact. There may be separate contact persons for Pension Fund Accountancy.
- 3.2 Authorised officers whose names and specimen signatures are held by the Pensions Office (the Office) must sign all documents and/or instructions received from an employer. In signing a document an authorised officer is not merely certifying that the form comes from the employer stated, but also that the information being provided is correct. Consequently if an authorised officer is certifying information that someone else has compiled, for example leaving information including a final salary pay, career average pay, assumed pay, (s)he should satisfy him/herself that the information is correct.
- 3.3 It is the employer's responsibility to ensure that details of the nominated representative and authorised signatures are correct, and to notify the Office of changes to either immediately.
- 3.4 The employer shall provide the Office with year-end information to 31 March each year in an approved format no later than 7 May or the next working day. Such information should be accompanied by a statement, duly signed by an authorised officer. This statement must show for each employment of each of the Scheme employers, employees who have been active members of Greater Manchester Pension Fund (GMPF) during the Scheme year (1 April to 31 March), the information needed for each employment, (for example, employee and employer contributions and additional contributions, cumulative pensionable pay etc.)<sup>3</sup>. The information should distinguish those amounts representing deductions for voluntary contributions, with those for ARCs and APCs/ SCAPCs being differentiated, and the employees paying those voluntary contributions.
- 3.5 During the year the employer should forward notifications to the Office, with 90% compliance or better (excluding retirements), as summarised in the table on the following page:

<sup>3</sup> This is to check the sum of the amounts on the statements provided during the scheme year tally with the amounts shown on the year-end statement. The information is also needed to ensure the member's pension record is correct and up to date and because the information may be needed to produce the annual benefit statements and pension savings statements.

## Summary of Scheme employer Duties & Responsibilities

|                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>New starters<br/>[P1, New starter validation spreadsheet]</b> | Within two months of the employee joining, or such shorter period as required by any auto-enrolment obligations (generally this tends to be before or within six weeks of the employee's automatic enrolment date).                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Change in member's details<br/>[FORM P5]</b>                  | Within 2 months of the event. Changes that are notified electronically, either on-line or via the P5s spreadsheet should also be made within two months of the event.                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Early leavers<br/>[FORM P48 &amp; EM48]</b>                   | Outside of 3 months of joining: within 2 months of the employee leaving their employment or opting out of the scheme.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Early leavers<br/>[Spreadsheet PF48s or P1 or form P48]</b>   | Within 3 months of joining: within 1 month of the employee opting out or if leaving their employment, within two months of the event.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Retirements generally</b>                                     | With retirements it is recognised that some members retire with little or no notice and so the 90% performance standard will not apply. Nonetheless where possible it is the mutual desire of employer and Office to pay the tax-free retirement lump sum (cleared funds), into the member's bank account on the first day of retirement. Consequently, retirement notifications (Forms P71, P71f, P71i and EM71e) should be received by the Office at least a month before the member's retirement date where possible. Where the statutory underpin applies, notifications should be received a further two weeks earlier. |
| <b>Ill health retirement</b>                                     | Regarding ill health retirements, some employers give notice whilst others make payments in lieu instead. With the latter it is understood that P71i or EM71e forms will be sent necessarily after the member has left. When a P71i or EM71e is not forwarded prior to retirement, it should be forwarded as soon as possible thereafter.                                                                                                                                                                                                                                                                                    |
| <b>Early retirement at member's choice</b>                       | Regarding early retirement at member's choice, if we receive a P71 for a member who has left their employment and is 55+ we will assume the employer has received an election on the Office's behalf from the member to receive immediate payment of benefits. This also applies for retirement after normal pension age (NPA) <sup>4</sup> .                                                                                                                                                                                                                                                                                |
| <b>Flexible retirement</b>                                       | Regarding flexible retirement, if we receive a P71f for a member where their employer has agreed, under their discretion policy, to flexible retirement, we will assume the employer has received an election on the Office's behalf from the member to receive immediate payment of all or part of that member's benefits <sup>5</sup> .                                                                                                                                                                                                                                                                                    |
| <b>Disclosure Regulations</b>                                    | Great care must also be taken to avoid breaking the Disclosure Regulations. Consequently when a retirement takes place before NPA the latest a P71, P71f, P71i or EM71e is to be received in the Office is no later than one month after the date of retirement. Where a retirement takes place on or after NPA, the Office must receive the P71, P71f, P71i or EM71e no more than ten working days after the date of retirement.                                                                                                                                                                                            |
| <b>Death in service<br/>[FORMS 74a to 74d]</b>                   | within 3 working days of all the information being gathered, for example birth and marriage certificates.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |

<sup>4</sup> Under Regulation 32 of the LGPS Regulations 2013, written notices to receive the immediate payment of benefits in these cases are to the administering authority. In the actuality however the member will usually sign to receive immediate benefits as part of the employer/employee retirement process.

<sup>5</sup> See footnote 4.

- 3.6 Regarding the Data Protection Act 1998, the employer will protect from improper disclosure any information about a member contained (where applicable) on Altair, and also notifications of a member's pension details and any other item sent from the Office. It will also only use information supplied or made available by the Office for the operation of the LGPS.
- 3.7 Regarding the Disclosure Regulations, the employer will issue to all new employees eligible to join GMPF, at the time of appointment, a copy of the members' guide to the pension scheme (*your pension – a simple guide for new members*). This may be in the form of:
- directing all new members to GMPF's Members' website, where the guide is available to view and/or download; or
  - issuing a booklet; or
  - issuing a PDF.

Text for inclusion in appointment emails/letters is referred to in section 2.17 of the Pensions Office Guide to the LGPS 2008<sup>6</sup>.

- 3.8 The employer will ensure that both employee and employer contributions are deducted at the correct rate, including any contributions that are due on leave of absence with reduced or no pay and any additional contributions GMPF request the employer to collect. Contributions (but not additional voluntary contributions) should be paid to GMPF on a monthly basis by BACS payment to GMPF's bank account. (Bank details are provided on the form P8 – Payment Advice). The P8 form should be completed (there are guidance notes on the form), certified by an authorised officer and emailed to [contributions@tameside.gov.uk](mailto:contributions@tameside.gov.uk) in advance of the payment. All contributions (but **not** additional voluntary contributions) should be paid to GMPF by the first working day of the month following the month of deduction. If a completed P8 is not provided for the payment then it cannot be allocated. This will register as a late payment and interest may be charged. If payment of contributions is overdue by more than one month the employer will be required to pay interest. Under the Pensions Act 2004 and the Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations 2014, the Pensions Regulator may be notified if contributions are not received by the 19th of the month (or 22nd of the month if paid electronically) following that in which they were deducted.
- 3.9 The employer will pay any additional voluntary contributions to the in-house additional voluntary contributions provider within one week of them being deducted. Under the Pensions Act 2004 and the Occupational Pension Schemes (Scheme Administration) Regulations 1996, the Pensions Regulator may be notified if contributions are not received by the 19th of the month (or 22nd of the month if paid electronically) following that in which they were deducted.
- 3.10 In the event of the Office being fined by the Pensions Regulator, this fine will be passed on to the relevant employer where that employer's action or inaction (for example the failure to notify a retirement within the time limits described above), caused the fine.
- 3.11 From time to time Tameside MBC auditors may request member data or may ask to attend at employer offices to carry out audits regarding, for example, the calculation of final salary pays, career average pays and assumed pays. Employers are requested to co-operate with these activities.
- 3.12 Employers' discretions policies: employers are required to formulate, publish and keep under review a policy statement in relation to the exercise of a number of discretions under the LGPS. The policies need to be in place and published at employers by 30 June 2014. A copy of the policies should be forwarded to GMPF as soon as possible thereafter and by no later than two months after 30 June 2014. Any subsequent revisions to the policies must be published and copied to GMPF within one month of the change in policy.
- 3.13 The employer will act on behalf of the administering authority regarding receiving elections for looking back in time pay figures. Ordinarily these elections should be made no later than one month prior to the date on which the member stops active membership. However, in the event of a member leaving with less than a month's notice, this requirement will be waived.

<sup>6</sup> This will be included in the 2014 Guide.

- 3.14 The employer will reply:
- (i) to postings queries raised by the Office by 6 July each year<sup>7</sup>;
  - (ii) to queries about pay (excluding retirements<sup>8</sup>), within 15 working days; and
  - (iii) other queries, especially those raised at the point of retirement, as soon as possible.
- 3.15 Employers with a link into Altair will be expected to use all of its features, for example, to calculate early retirement estimates and to answer queries that have been raised via *Work Flow* (formerly known as *Task Manager*).

## 4 Pensions Office Duties & Responsibilities

- 4.1 The Office will act for the employer regarding:
- the issue of notifications of a member's pension details, with the employer continuing to be responsible for employer decisions, and the Office for administering authority decisions;
  - the determination of benefits following the death of a deferred beneficiary or pensioner;
  - the payment of annual or spouses' compensation, and any adjustments due arising from, for example, re-employment;
  - asking the member, within 3 months of joining GMPF (or us being notified), for a statement in writing listing all the person's previous periods of membership of a public service pension scheme.
- 4.2 To issue forms, newsletters, booklets and such other materials as are necessary for the administration of the Scheme and compliance with disclosure requirements.
- 4.3 To support employers by way of:
- employer bulletins/alerts;
  - the *Pensions Office Guide to the Local Government Pension Scheme*;
  - technical notes;
  - the GMPF employers' website;
  - Pensions Officer Meetings, with employers being invited to submit agenda items;
  - day to day contact.
- 4.4 To provide technical guidance by way of an employer bulletin within 2 months of any Regulatory changes.
- 4.5 There is also an open invitation for employer Pensions Officers and other representatives to visit the Office, subject to notice, to discuss any aspect of co-operation.
- 4.6 To produce postings queries for employers within one month of the receipt of a complete and correct year-end return.
- 4.7 To produce annual benefit statements for despatch to contributors by 31 August each year (assuming receipt of accurate year-end information from the employer by 7 May).
- 4.8 Pension savings statements to be issued each year to members who have exceeded the annual allowance, within six months of the end of the tax year, by 6 October (assuming receipt of all information needed from the employer by 6 July), or if requested by the member, pension savings statements to be issued by the later of three months from the request and six months from the end of the tax year (6 October).
- 4.9 Annual benefit statements to be issued to deferred members by 31 May.
- 4.10 Regarding the standards shown on the following page, to operate at 90% (or better) performance for non-statutory standards and 100% for statutory standards. A day is a working day:

<sup>7</sup> This is derived from a HMRC requirement and is needed to enable GMPF to generate pension savings statements in relation to the annual allowance where members have exceeded the annual allowance in GMPF. This deadline is also needed to enable GMPF to issue annual benefit statements by the statutory deadline of 31 August.

<sup>8</sup> Pay queries in relation to retirements should be responded to as soon as possible from the date the query was made by GMPF and by no later than 15 working days.

| <b>Work flow</b>                                                                            | <b>Standard</b>                                  |
|---------------------------------------------------------------------------------------------|--------------------------------------------------|
| <b>1</b> Letters/emails from members (or member's representatives) answered or acknowledged | <b>5 days</b>                                    |
| <b>2</b> New starters processed                                                             | <b>10 days</b>                                   |
| <b>3</b> Changes in details processed                                                       | <b>10 days</b>                                   |
| <b>4</b> Calls to the Helpline answered in office hours                                     | <b>100%</b>                                      |
| <b>5</b> Annual benefit statements for deferred members issued                              | <b>By 31 May</b>                                 |
| <b>6</b> Annual benefit statements for active members issued                                | <b>By 31 August<sup>9</sup></b>                  |
| <b>7</b> Postings queries for employers issued                                              | <b>Within 1 month<sup>10</sup></b>               |
| <b>8</b> Technical guidance issued to employers via bulletins                               | <b>Within 2 months of any Regulatory changes</b> |
| <b>9</b> Pension savings statements issued                                                  | <b>By 6 October<sup>11</sup></b>                 |
| <b>10</b> Estimates for divorce processed                                                   | <b>10 days</b>                                   |
| <b>11</b> Non-LGPS transfers in processed                                                   | <b>15 days</b>                                   |
| <b>12</b> Non-LGPS transfer out quotations processed                                        | <b>10 days</b>                                   |
| <b>13</b> Non-LGPS transfer out payments processed                                          | <b>10 days</b>                                   |
| <b>14</b> Internal and concurrent transfers processed                                       | <b>10 days</b>                                   |
| <b>15</b> Refund payments made                                                              | <b>10 days</b>                                   |
| <b>16</b> Deferred benefits calculated                                                      | <b>10 days</b>                                   |
| <b>17</b> Annuity quotations calculated                                                     | <b>5 days</b>                                    |
| <b>18</b> APC/SCAPC illustrations calculated                                                | <b>10 days</b>                                   |
| <b>19</b> AVC amendments noted on Altair                                                    | <b>10 days</b>                                   |
| <b>20</b> New retirement benefit options sent                                               | <b>10 days<sup>12</sup></b>                      |
| <b>21</b> New retirements processed for payment                                             | <b>5 days<sup>13</sup></b>                       |
| <b>22</b> Deferred benefits processed for payment                                           | <b>5 days<sup>14</sup></b>                       |
| <b>23</b> Notification of a death processed                                                 | <b>5 days</b>                                    |
| <b>24</b> Dependants' pensions processed for payment                                        | <b>5 days</b>                                    |
| <b>25</b> Death grants processed for payment                                                | <b>5 days</b>                                    |
| <b>26</b> Tax-free retirement lump sum processed by Payroll                                 | <b>5 days</b>                                    |
| <b>27</b> Payments recalled due to death                                                    | <b>By noon on the eve of payday</b>              |
| <b>28</b> Changes to bank details made                                                      | <b>By payroll cut off date</b>                   |

## 5 Unsatisfactory performance

- 5.1 Where an employer materially fails to operate in accordance with the standards described in this PAS, which leads to extra costs being incurred by the administering authority, the administering authority may issue a written notice to the employer requiring that these extra costs be met by the employer.

<sup>9</sup> Where year-end returns have been received on time.

<sup>10</sup> Where complete and correct year-end returns have been received.

<sup>11</sup> Where the member has exceeded the annual allowance (limit currently £40,000) and information needed has been received on time, or where member has requested a statement, by the later of three months from the request and 6 October.

<sup>12</sup> Or within 20 days of the retirement date if the retirement notification is received sufficiently in advance.

<sup>13</sup> Or within 10 days of the retirement if the election is received sufficiently in advance.

<sup>14</sup> See footnote 13.

# Useful contacts

## General members' enquiries



Greater Manchester Pension Fund  
Guardsman *Tony Downes* House  
5 Manchester Road  
Droylsden, M43 6SF

*If calling in person please use M43 7UH for satnav.*



Visit [www.gmpf.org.uk](http://www.gmpf.org.uk) for general information or to send us a message.



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Administered by

**Tameside**  
Metropolitan Borough