

# ITEM NO: 1

## GREATER MANCHESTER PENSION FUND ANNUAL MEETING

12 SEPTEMBER 2008

Commenced: 1.45pm

Terminated: 2.25pm

Present: Councillor S R Oldham

Councillors: Baldwin (Wigan), Beeley, Buckley, Doubleday, Harrison, Heffernan, Hobhouse (Rochdale), Middleton, Mitchell (Trafford), Pantall, Sidebottom (Stockport), Walton (Bury), Wareing

Employee Representatives

Mr Mulryan (AMICUS UNITE), Mr Llewellyn (UNITE), Mr Rayner (UNISON)

Apologies for absence: Councillors: Bell, Cooney, Fairweather (Manchester), Morris (Bolton), Pennington, Quinn, Ricci, Sweeton, Whitley

### Other Representatives:

S Bottomley	Oldham Citizens Advice Bureau
P Brady	Stockport Sports Trust
A Brown	NPS Stockport
C Buckley	Bury MBC
D Charlesworth	Borough Care Ltd
C Cook	Fairfield High School
M Driver	Greater Manchester Waste Ltd
E Fritchley	William Hulme Grammar School
J Hilton	Winstanley College
S Jackson	Marketing Manchester
C John	Pure Innovations Ltd
K Jones	The Standards Board for England
J Lamb	Oldham MBC
D McMorrow	Manchester City Council
H Mawson	University of Manchester
R Nield	University of Salford
C O'Donnell	New Charter Academy & New Charter Housing
A Sever	Positive Steps Oldham
A Taylor	Wigan Council
I Taylor	Pure Innovations Ltd
M Thorley	GM Police
A Todd	Bury College
J Williams	Greater Manchester Waste Ltd
M Wilson	First Manchester
S Wright	Connexions Cumbria

## **1. MINUTES**

The Minutes of the annual meeting held on 7 September 2007 were approved as a correct record.

## **2. CHAIR'S INTRODUCTION**

The Chair welcomed the representatives of the various participating organisations to the meeting.

The Chair began by stating that the Fund had experienced a negative investment return of -3%. As a result the fund fell in value by £276m to £9,287m. Over 5 years, performance had been in line with the average local authority return. More importantly, the long term performance of the Fund remained excellent with a long term out performance of a little under 1% per annum over 10, 15 and 20 year durations.

With regard to funding issues, the Chair made reference to the 2007 actuarial valuation which had been concluded in February 2008. The outcome was in line with the forecasts, with the Fund returning in aggregate to a fully funded position (100% funded). Employer contributions needed to increase, because improvements in life expectancy were built into the valuation and the financial assumptions were adjusted to reflect changes in market conditions. The increases were being phased in and remained amongst the lowest nationally.

The Chair also reported on regulatory and legislative changes. He stated that the 'New Look LGPS' became operational in April 2008. It continued to be a final salary scheme with a normal retirement age of 65 and an accrual rate of 1/60ths. He commented that it had been a challenge for the Department of Communities and Local Government (CLG) to finalise the regulations with some important issues not being resolved until after the start date, such as the ill health retirement provisions.

The Chair concluded by stating that the current environment was very challenging. However, decisions continued to be taken from the long term perspective to maintain the success of the Fund. He thanked the Members of the Panel, the Advisors, Investment Managers and the staff for their work over the last 12 months.

## **3. REVIEW OF THE YEAR**

The Director of Pensions gave a presentation on the Fund's performance over the past year and outlined the key events, both financial and administrative. He commented on administrative arrangements, investment strategy and performance, stocktake and legislative change and administration/employer issues.

He examined performance highlighting the Fund's excellent relative long term investment performance and low unit costs that contributed to the Fund's employer contribution rates being relatively low.

With regard to regulatory and legislative changes, he made particular reference to the key features of the new Scheme and the outstanding issues; focussing on the requirement for cost sharing provisions that CLG need to introduce and resolving the issue of the duration of the rule of 85 protections.

In conclusion, the Director of Pensions reported that there had been a good relative outcome from the actuarial valuation. GMPF current investment performance was being carefully monitored but it had been excellent in the medium to long term. He concluded that long term liabilities required long term investments and reiterated the aim of the Fund which was to provide secure pensions, effectively administered at a low stable cost to employers.

Questions were then invited from the floor.

#### **4. FUNDING UPDATE**

Ms Murray of Hymans Robertson, Actuary to the Fund, gave a presentation which outlined the background to and the outcome of the 2007 valuation, the current position with regard to employer contribution rates and the outlook for the future.

She explained that the Fund, as at 2007 valuation, was 100% funded and had been successful in meeting its objectives and had the lowest contribution rate across all Funds advised by Hymans Robertson.

Ms Murray reviewed the factors that had influenced contribution rates including; inflation, changes in market conditions and the new Scheme benefit changes.

In conclusion, Ms Murray stated that the Fund was in a sound position in relative terms.

**CHAIR**