

Greater Manchester Combined Authority

Date: 24th March 2023

Subject: Hallé Pension Fund

Report of: Councillor David Molyneux, Portfolio Lead for Investment and Resources and
Eamonn Boylan, Chief Executive Greater Manchester Combined Authority &
Transport for Greater Manchester

Purpose of Report

This report seeks Greater Manchester Combined Authority (“Combined Authority” and “GMCA”) approval in principle to support the potential transfer of some of the Hallé pension fund members to the Greater Manchester Pension Fund (“GMPF”), with the ongoing liabilities to be funded from the GMCA.

Further details regarding the proposal are included in the accompanying Part B report to be considered in the confidential part of the agenda due to the commercially sensitive nature of the information.

Recommendations

The GMCA is requested to:

Approve in principle to support the potential transfer of some of the Hallé pension fund members to GMPF, recognising that this will require the GMCA to accept responsibility for the liabilities on an ongoing basis. The agreement to be subject to the detailed work confirming that there is a commercial benefit to the GMCA from the transfer.

Contact Officers

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Equalities Impact, Carbon and Sustainability Assessment

A) Insert impact questionnaires.

Recommendation - Key points for decision-makers		
Insert text		
Impacts Questionnaire		
Impact Indicator	Result	Justification/Mitigation
Equality and Inclusion		
Health		
Resilience and Adaptation		
Housing		
Economy	G	Initial work indicates that this option would improve the financial stability of the Hallé and generate an overall financial saving in terms of contributions to the pension fund, which could be passed back to the GMCA
Mobility and Connectivity		
Carbon, Nature and Environment		
Consumption and Production		
Contribution to achieving the GM Carbon Neutral 2038 target		
Further Assessment(s):	N/A	
G Positive impacts overall, whether long or short term.	A Mix of positive and negative impacts. Trade-offs to consider.	R Mostly negative, with at least one positive aspect. Trade-offs to consider.
		RR Negative impacts overall.

Risk Management

Risk implications are set out in section 1.2 and 1.3 of this report.

Legal Considerations

Initial legal advice has been received confirming that the transfer is technically feasible.

Financial Consequences – Revenue

There are no revenue implications.

Financial Consequences – Capital

Initial work indicates there to be a financial benefit to the GMCA from the proposal.

Number of attachments to the report

None.

Comments/recommendations from Overview & Scrutiny Committee

None.

Background Papers

None.

Tracking/ Process

Does this report relate to a major strategic decision, as set out in the GMCA Constitution?

No.

Exemption from call in

Are there any aspects in this report which means it should be considered to be exempt from call in by the relevant Scrutiny Committee on the grounds of urgency?

No.

GM Transport Committee

N/A

Overview and Scrutiny Committee

N/A

1.1 Introduction/Background

1.1.1. The Hallé has a historic defined benefit pension scheme, which at the last valuation showed a deficit of £15.3m. The size of the deficit in proportion to the overall Hallé balance sheet (£4.6m of reserves) represents a financial strain on the organisation and results in a very prudent investment strategy for the pension scheme assets, which subdues the returns.

1.2 Options analysis

1.2.1 A number of options have been considered to reduce the financial impact of the pension scheme on the Hallé, and its funders.

1.2.2 This options analysis included i) transferring the scheme into the GMPF ii) transferring the scheme onto a Local Authority/GMCA balance sheet iii) the GMCA or a Local Authority providing a guarantee to underpin the deficit.

1.2.3 Following discussion on the options it was agreed to explore the transferring of the scheme to the GMPF and determine whether this i) would have a financial benefit to the GMCA (in terms of reduced expected support required for the Hallé) and ii) whether this option is technically feasible.

1.3 Financial benefit

1.3.1 Initial work indicates that this option would improve the financial stability of the Hallé and generate an overall financial saving to the GMCA. However, the proposal requires the GMCA to be comfortable with accepting the ongoing liability for the scheme. This should be balanced alongside the likely risk that if left as is, the Hallé's pension contributions would increase resulting in a potential increased ask of its funders, of which the GMCA is one.

1.4 Technical feasibility

1.4.1 GMPF have sought legal advice confirming that the transfer is technically possible, for some but not all members of the pension scheme.

1.4.2 Further details regarding the proposal are included in the accompanying Part B report to be considered in the confidential part of the agenda.

1.5 Recommendations

The recommendations are set out at the front of this report.