



PENSION COMMITTEE

MINUTES of the meeting of the Pension Committee held on Friday 9 November 2018 commencing at 10.00 am.

**PRESENT
MEMBERSHIP:**

Cllr Colin Hay	Cllr Lynden Stowe
Cllr Ray Theodoulou	Cllr Nigel Cooper
Cllr David Brown	Peter Clark

Apologies: Cllr Brian Oosthuysen & Cllr Shaun Parsons

In Attendance: Cllr Nigel Moor, Jo Walker, Mark Spilsbury, Alex Bull, John Arthur (Independent Advisor) & Andrea Griffiths.

1. DECLARATIONS OF INTEREST -

Councillor Theodoulou & Stowe declared they were members of Cotswold District Council.

2. PUBLIC QUESTIONS -

No public questions were received.

3. MEMBERS' QUESTIONS -

No Members' questions were received.

4. MINUTES -

The public minutes of the meeting held on the 7th September 2018 were approved as a correct record and signed by the Chairman.

Resolved

That the public minutes of the meeting held on the 7th September 2018 be approved as a correct record.

5. PENSION FUND RISK REGISTER

Mark Spilsbury, Head of Pensions introduced the risk register explaining that it had been reviewed in September 2018. It was noted that the risk register was a live document and therefore it was important for it to reflect the discussion carried out by the committee.

Following feedback from the pension board an additional risk had been included on the risk register. Members were informed that since the risk register was last considered by the Committee, the following changes had been made:

- F8: New Risk Description: Employers without a guarantor fail financially leaving a deficit with the Fund.

Previous Description: Orphaned employers give rise to added costs for the Fund

- F9: New Risk (requested by Pension Board): Financial loss experienced during the transitioning of Assets to the new Brunel Portfolio's.

Period Comments: £510m has been transitioned to the BPP passive portfolios and a full reconciliation has confirmed that all assets transitioned as expected.

During the discussion, it was suggested that the risk in relation to the under resourcing of administrative staff should be included on the risk register. Officers explained that staffing had been increased, however the Committee agreed it was a valid risk and should be included on the risk register. (Action MS)

Resolved

That the committee noted the Risk Register, subject to the inclusion of the agreed amendments.

6. PENSION ADMINISTRATION PERFORMANCE

Mark Spilsbury, Head of the Pension Fund, gave a detailed presentation of the Pension Administration Performance.

In response to a question, it was noted that four new members of staff had been recruited with the agreement of the Pension Committee to administer the fund, which had contributed to the increased performance. The Head of the Pension Fund explained that it took time to train staff and naturally this had impacted on performance targets.

It was noted that in terms of death grants this usually occurred within 8 days after the receipt of the legal paperwork. However, the team would ensure the funds were paid to the right person, regardless of the time factor. In response to a question, it was explained that, on occasion some people attempted to claim a death grant to

Minutes subject to their acceptance as a correct record at the next meeting

which they were not entitled too. The Committee were advised that it took a lot of resources to clarify the situation to ensure that death grants are always paid to the correct person(s)..

During the discussion, members referred to the national fraud initiative for those people who were still claiming a pension, when the pensioner had passed away. It was explained that, where actions were felt to be fraudulent, the matter would be referred to the Police. A member suggested that perhaps the anti-fraud unit could become involved in this area. Officers agreed to seek advice and clarify the position. (Action – MS)

The Committee were pleased to note the improving performance and remarked on the positive efforts made by the team. The Head of the Pension Fund explained there was further work required, in order to achieve all of the six targets in 2019/20.

Members requested to know what the shortest and longest timeframe was in relation to “Transfers Out” paid, officers agreed to clarify the position for all KPI’s in future reports.. (Action – MS)

Resolved

That the report be noted.

7. PENSION BOARD MINUTES

Councillor Moor presented the update. He informed the Committee that the Board were pleased with the important level of scrutiny conducted by the Committee.

In response to a question, members requested to know if the Chair of Pension Board (Sean Collins) would like to present the Pension Board Annual Report to full council. Officers agreed to liaise with the Chair of the Pension Board. (Action MS)

Resolved

That the draft minutes be noted.

8. PENSION FUND INVESTMENT PERFORMANCE

Alex Bull, Finance Manager presented the report in detail. Members were advised that Blackrock Emerging Markets and Blackrock Global Equity had provided 18.5% and 20.3% annualised returns over the 3 years to 30 September 2018.

In response to a question, members were informed that the main legal & General mandate that the Fund is investing in is a Developed Equities Mandate (i.e. excludes Emerging Markets). The Committee requested that in future the class of equity be included within the report. (Action – AB)

Minutes subject to their acceptance as a correct record at the next meeting

In response to a question, it was noted that WAMCO ran two mandates for the Gloucestershire LGPS, these being global fixed interest and global multi sector credit. The Independent Advisor explained that yields on UK Government Bonds were low, as inflation had been falling, therefore the portfolio was only going to generate a low return.

Resolved

That the report be noted.

9. EXCLUSION OF THE PRESS AND PUBLIC

It was resolved

That in accordance with Section 100 A (4) of the Local Government Act 1972 the public be excluded from the meeting for the following agenda items, because it is likely that if members of the public were present there would be disclosure to them of exempt information as defined in paragraph 3 & 5 of Part 1 of Schedule 12 A to the Act and the public interest in withholding the information outweighs the public interest in disclosing the information to the public.

10. INDEPENDENT ADVISOR REPORT

Independent Advisor, John Arthur, provided members with an update on current investments. It was reported that the Pension Fund underperformed against its performance target in Q3 2018. The level of underperformance was within risk tolerances, it was reported that the fund was close to achieving its performance target over the medium and longer term. The Committee were referred to the detailed Performance and Executive Summaries contained within the report.

Resolved

That the report be noted.

11. EXEMPT MINUTES

The exempt minutes of the meeting held on the 7th September 2018 were approved as a correct record and signed by the Chairman.

Resolved

That the exempt minutes of the meeting held on the 7th September 2018 be approved as a correct record.

12. EXEMPT PENSION BOARD MINUTES

Resolved

Minutes subject to their acceptance as a correct record at the next meeting

That the exempt minutes be received.

13. ADMISSION BODY REQUESTS

The committee received a report from the Director of Strategic Finance.

Resolved

That the Committee approved the Officer's recommendation.

14. PROPOSED CHANGE TO FIXED INTEREST MANDATE

The Independent Advisor, John Arthur presented the report in detail. During the discussion it was agreed that a delegated decision could be made by Officers in consultation with the Chairperson and the independent Advisor. (Action MS)

Resolved

That the report be noted.

15. BRUNEL PENSION PARTNERSHIP – PASSIVE MANDATES TRANSITION REPORT

Mark Mansley (Chief Investment Officer) and Chris Crozier (Client Relationship Officer), BPP gave a detailed presentation to the committee.

The purpose of the report was to inform the Committee of the outcome of the passive transition and the cost allocations to individual funds within the BPP.

Resolved

That the report be received.

16. BRUNEL PENSION PARTNERSHIP - UK EQUITIES AND LOW VOLATILITY EQUITIES MANAGER SELECTION REPORT

Mark Mansley and Chris Crozier, BPP presented the report to the committee. It was explained that a full and thorough search for managers for BPP UK Equity portfolio had been undertaken and three managers had been appointed. The Committee discussed and questioned the BPP officers on the manager appointments.

Resolved

That the report be noted

17. BRUNEL PENSION PARTNERSHIP BUSINESS PLAN 2019/20

Minutes subject to their acceptance as a correct record at the next meeting

Mark Spilsbury, Head of the Pension Fund presented the report in detail. The Committee were advised that the Business Plan had already been discussed and was fully supported by Brunel Oversight Board (BOB) and the Client Group.

Resolved

That the Committee supported the draft Business Plan and Budget proposal for 2019/20.

17. ANY OTHER BUSINESS

The Committee was advised that the actuary was due to attend to the next meeting of Pension Committee, however as the procurement process was underway it was not appropriate for them to attend, therefore the Committee agreed to cancel the meeting scheduled for the 7th December 2018. (Action – AG)

The Chair wished to extend his thanks to the Director of Strategic Finance for all her hard work, effort and support. He congratulated her on behalf of the Pension Committee in her new role and wished her every success.

CHAIRMAN

Meeting concluded at 13:45pm