

# PENSION BOARD

**MINUTES of the meeting of the Pension Board held on Thursday 7 March 2019 commencing at 10.00 am at the Meeting Room 5 - Shire Hall, Gloucester.**

## **PRESENT MEMBERSHIP:**

Annette Benson  
Sean Collins

Cllr Nigel Moor  
Jon Topping

**Apologies:** Owen Shaw

## **1. MINUTES OF THE PREVIOUS MEETING**

### **Resolved**

**The public minutes of the Pension Board meeting held on 17th October 2018 were agreed as a correct record of the meeting.**

## **2. PENSION FUND RISK REGISTER**

Mark Spilsbury, Head of Pensions introduced the risk register explaining that the risk register was a live document and it reflected the Committee discussion.

Members were informed that since the risk register was last considered by the Committee, the following changes had been made:

- A new risk A/R 1.2 has been added, which related to the resourcing of the Pension Administration Team, as requested at the November meeting.
- F1; The likelihood of this residual risk had now been increased from a 2 to 3
- F4; The period comment had changed to a three year period
- F5; The likelihood of this residual risk had now been increased from a 2 to 3
- F8; Two of the high risk employers without guarantors have left the fund. One had repaid its cessation deficit of around £6m in full. The cessation deficit for the other employer (who left in January 2019) is currently being calculated. Once paid the scores relating to this risk would be reviewed again.
- F9; £510m has been transitioned to the BPP passive portfolio's and £350m to the BPP UK Equities active portfolio and a reconciliation has confirmed that all assets transitioned as expected.
- A/R5; Detailed reconciliation process completed and results returned to HMRC which has resulted in a significant reduction in potential liabilities. It was explained that the Pension Committee would be asked to remove this risk as its next meeting.

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

- G6; This risk has slightly increased with the departure of the previous S151 Officer who had accumulated significant expertise in this area, having had limited knowledge prior to her appointment. The acting S151 officer now takes up this role and is already increasing his knowledge in this area after discussions with the Head of Pensions, Actuary, and Independent Advisor to the Fund.

In relation to A/R1.2, officers explained that a short business case for the recruitment of additional staff would be presented at the next Committee meeting in May. The Board fully endorsed the need for additional staff and requested that this be view be relayed to the Pension Committee. (Action – MS / Cllr Moor)

The Board felt there understanding of the risks was now far greater and welcomed the highlighted risk register in order to focus attention on all changes made.

### **Resolved**

**That the committee noted the Risk Register**

## **3. PENSIONS CONTRACT DECISIONS**

Mark Spilsbury, Head of the Pension Fund, presented the contract decisions report.

It was explained that, under delegated powers approved by Cabinet, the Director of Strategic Finance had awarded a seven year contract to Hymans Robertson for the provision of actuarial services to the Gloucestershire Pension Fund. The contract was for an initial term of four years with an option to extend for a further three years at an estimated total value of £1.3 million.

The Board were interested to learn why other parties had not tendered for this contract, the Head of the Pension Fund explained that the tender process had been adhered to and it was up to the individual companies to submit a bid.

Members were advised the amended Funding Strategy would be circulated in October 2019 and the appropriate group meetings with employers would be arranged in due course. It was noted that officers planned to recommend to the Pension Committee slightly higher asset out-performance assumptions, which would have a positive impact on employer contributions.

The Board requested there next meeting is held in November, in order to discuss the Funding Strategy. (Action – MS/AG)

The second contract awarded referred to Heywood Limited for the period from the 1<sup>st</sup> April 2019 to 16<sup>th</sup> June 2023 for the provision of hosting services for the Altar Pension Administration System, the contract had an estimated value of £480,000.

### **Resolved**

**That the Board noted the contract decision reports.**

#### **4. PENSIONS ADMINISTRATION PERFORMANCE**

The Board were pleased to note the improving performance and remarked on the positive efforts made by the team. The Head of the Pension Fund explained that further work was required, in order to achieve all of the six targets in 2018/19, it was noted that four of the targets had been achieved to date.

The Board were advised that if a hardship case was submitted in the event of a death grant, then it would be prioritised accordingly. The Board recognised the challenge and felt the Performance Indicators were doing there job.

##### **Resolved**

**That the report be noted.**

#### **5. DRAFT GUIDANCE ON LGPS ASSET POOLING**

The Head of the Pension Fund presented the report. Members were advised that the Department for Communities and Local Government (DCLG) had issued draft guidance on asset pooling, and were inviting views on this draft guidance.

The Board noted that this would be an informal consultation with interested parties only, including the Scheme Advisory Board, Pensions Committees, Local Pension Boards, the pool Joint Committees or equivalent, the Cross Pool Collaboration Group, the pool operating companies where owned by participating funds, and CIPFA.

It was intended that a Client Group workshop will be held with representatives of the Brunel Pension Partnership with a view of submitting a joint response to this consultation. However, all Funds were also free to consider whether they wished to submit a fund response to the consultation.

The Board discussed the report and felt that the wording in some areas needed to be tightened up. Members felt that paragraph 7.2 could give the Government the opportunity to comeback on infrastructure investments in the future. In response to a question, members were advised the Pension Fund had a small allocation invested in infrastructure.

##### **Resolved**

**That the Committee noted the draft statutory guidance on asset pooling.**

#### **6. BRUNEL ANNUAL REPORT**

The Head of the Pension Fund informed the Board that the Annual Report was for information purposes.

In response to a question, the Head of the Pension Fund explained the funds which had transitioned to Brunel in detail. Members were advised that the transition was never going to be a low cost process, however the Brunel budget had increased from 2019/20 onwards and the Client Group had agreed to this increase in the context of the level of work needed to deliver all of the investment portfolio's. The Board noted that Brunel would be judged on there investment performance, in addition to the level of fee savings achieved.

**Resolved**

**That the report be noted.**

**7. QUARTERLY PERFORMANCE TO END OF DECEMBER 2018**

The head of the Pension Fund presented the report. Members were advised there was an overall fall in the fund value of around £175million in the last quarter of 2018, with all equity classes falling in value. However, during January 2019 there had been a recovery with around 50% of the fund reduction being recovered. The Board appreciated there was still a lot of volatility in the market. However, long term the fund was still delivering against the benchmark.

**Resolved**

**That the performance report was noted.**

**8. EXCLUSION OF THE PRESS & PUBLIC**

**Resolved**

**That In accordance with Section 100 A (4) of the Local Government Act 1972, it was resolved that the public should be excluded from the meeting for the following agenda items because it was likely that if members of the public were present at the meeting for these items there would be disclosure to them of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12 A to the Act and that the public interest in withholding the information outweighed the public interest in disclosing the information to the public.**

**9. EXEMPT MINUTES**

The Board requested that the Client Assurance Process be presented at its next meeting, in order to give the Board a view. (Action – MS/AG)

**Resolved**

**The exempt minutes of the Pension Board meeting held on 17th October 2018 were agreed as a correct record of the meeting.**

**10. REPORT OF INDEPENDENT ADVISOR TO THE FUND**

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

Mark Spilsbury, Head of the Pension Fund gave an overview of the report, which was tailored for the Pension Committee by the Independent Advisor, John Arthur.

It was reported that the Pension Fund underperformed against its performance target in Q4 2018. The level of underperformance was within risk tolerances, and 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.

The Board requested that in the future they also receive the Pension Committee minutes for information.

**Resolved**

**That the report be noted.**

**11. ANY OTHER BUSINESS**

Members were requested to email officers if they had any items to be included on future agendas.

**CHAIRPERSON**

Meeting concluded at 11.22 am