



PENSION COMMITTEE

MINUTES of the meeting of the Pension Committee held on Friday 18 June 2021 commencing at 10.00 am.

PRESENT MEMBERSHIP:

Cllr Matt Babbage	Cllr Lynden Stowe
Cllr Mark Mackenzie-Charrington	Cllr David Brown
Cllr Alan Preest	Peter Clark
Cllr Wendy Thomas	Cllr David Gray
Cllr Colin Hay	

In Attendance: Matthew Trebilcock (Head of Pensions), Paul Blacker (Director of Finance), John Arthur (Independent Adviser), Thanos Pappasavvas (Independent Adviser: MJ Hudson) Julie West (Hymans) Daniel Kanaris (AON), Scott Campbell (AON) and Andrea Griffiths (DSU).

1. APPOINTMENT OF CHAIRPERSON

Resolved

That Cllr Stowe was duly elected as Chairperson for the ensuing civic year.

2. APPOINTMENT OF VICE CHAIRPERSON

Resolved

That Cllr Babbage was duly elected as Vice Chairperson for the ensuing civic year.

3. DECLARATIONS OF INTEREST -

The following declarations of interest were made:

- Cllr Stowe declared he was GCC Representative on UBICO
- Cllr Brown declared he was a member of Gloucester City Council
- Cllr Babbage declared he was a member of Cheltenham Borough Council
- Cllr Gray declared he member of Tewkesbury Borough Council
- Cllr Preest declared he was a member of Forest of Dean District Council
- Cllr Mackenzie-Charrington declared he was a member of Little Rissington Parish Council

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- Cllr Thomas declared she was a member of Dursley Town Council.

4. PUBLIC QUESTIONS -

No Public questions were received.

5. MEMBERS' QUESTIONS -

No Members' questions were received.

6. MINUTES -

Resolved

That the public minutes of the meeting held on the 5th March 2021 be approved as a correct record.

7. GLOUCESTERSHIRE PENSION FUND QUARTERLY UPDATE - PART 1

The Head of Pensions presented an overview of market valuations and an update on the performance of the Fund, as at 31 March 2021.

Members noted that by the end of the quarter the market value had increased by £55.378m, to £2.898bn. It was reported that performance for the fund over three years to March 2021 was 7.6%, and was slightly behind the benchmark by 0.2%. Members were advised that the last twelve months provided a return of 3.5% ahead of the benchmark of 26.6%.

In response to a question, members were advised that Officers were monitoring Brunel's performance over a longer period, as a three year period gave a true reflection of performance. It was noted that Brunel was still relatively early in its performance history but Officers would continue to closely monitor the situation.

During the discussion, it was noted that the picture quality of the voting record was difficult to read. Members requested a future training session on benchmarks and performance.

The Chairman referred to the £16m quarterly under performance by Brunel Pension Partnership (Brunel) and requested the Head of Pensions advice Brunel that it would be closely monitored by the Committee.

In response to a question, it was explained that the Fund partake in a performance benchmarking exercise against other Local Authorities funds. The Head of Pension advised Members once the data was available it would be presented to Committee. It was noted that although useful as a comparison, this benchmarking needs to be reviewed in the context of what the Gloucestershire Pension Fund is looking to deliver based upon its Funds demographics, membership profile, liability, etc, which will be different to the other Funds being benchmarked.

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The Independent Advisor informed Members that Pensions & Investments Research Consultants (PIRC) provide this benchmarking analysis for the Fund. The draft report received recognised the Gloucestershire's fund was performing at 7.7% (37th) and over a ten year period its return was 8.5% (36th), which meant Gloucestershire's performance was in the top third of the Funds that partake in the benchmarking. Members requested in the future this information be reported to Committee on an annual basis.

In response to a question, it was explained that the majority of investments, approximately 98%, were now managed by Brunel with the exception of the legacy private debt and private equity investments. The Head of Pensions explained specific investment issues would be discussed in more detail at agenda item 13 during the exempt session.

The Committee noted the administration performance of the fund had decreased due to Covid. The Head of Pensions told the Committee there were a number of issues staff had faced during the pandemic but overall the administration team were doing a sterling job in challenging times. It was recognised that the payment of member's benefits, such as retirements and death grants had been given priority and there were currently remain challenges to recruiting and the training of staff.

Some members felt the Brunel outcomes report was exceptionally long and should be more succinct and tailored to Gloucestershire's situation. Members were advised that the Fund had committed itself to the Brunel responsible investment policy.

The Committee discussed carbon emissions and disclosure rates in detail and referred to the chart on page 40 and page 43 of the report. Members felt that Brunel should be more specific and address the issues of engagement. The Independent Advisor explained that there was a dilemma involving engagement as if one disinvested, and then someone else takes the opportunity to invest. The Committee requested further feedback from Brunel.

The Committee were advised that the Fund was in a positive funded position at the quarter end.

Julie West, Hymans Actuary gave a detailed explanation of the funding position calculation. Members were informed that the funding position had improved since the formal valuation, liabilities had grown as the Actuary would expect with the accrual of new benefits. The Actuary reminded the Committee that it was worth noting that this was very much a snapshot in time and in effect a backward looking position. Members felt the fund was in an encouraging position.

Resolved

That the Committee noted the market value and quarterly performance of the Gloucestershire Pension Fund as at 31 March 2021.

8. RISK REGISTER

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The Head of Pensions explained that the risk register was a live document and therefore it was important for it to reflect the discussion carried out by the Committee.

Members were informed that since the risk register was last considered by the Pension Committee in March 2021, there had been no substantial movement in the overall risk levels faced by the fund.

Resolved

That the Committee noted the risk register.

9. GOVERNANCE REVIEW

The Head of Pensions referred the Committee to the recommendations on page 97 of the report.

Daniel Kanaris (AON) presented the report in detail and advised the Committee that it was a question of how things got done, policies, practices, etc. AON had undertaken the review and had made comparisons against National best practice, AON governance framework and other LGPS in order to highlight areas that require improvement.

It was noted that AON Officers had previously observed the Pension Committee, Pension Board and had undertaken in-depth discussions with the Head of Pensions.

During the discussion it was noted that the Pension Committee should be non-political and it was evident that all members' opinions were valued. AON recognised that the Pension Committee was required to have the right level of separation from the Council, they felt that there should be a separate conflict of interest policy moving forward.

The Employee representative welcomed the report and felt that governance and administration arrangements had improved. Members welcomed the review and concurred the Fund should have appropriate separation and a separate identity from the Council to reflect the constituent parts of the Fund as a whole.

It was explained that the scheme of delegation was at a high level and needed to be more transparent and specific.

At this point during the discussion it was noted that there was no further feedback in accordance with recommendation one.

Members received a potential structure presentation from AON. In response to a question, the Head of Pensions explained that any changes to the committee structure would have to be approved by the Constitution Committee. The Chair remarked that it was not reasonable to expect new members to approve the

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recommendations at this stage and more time was required to consider the structure proposals to allow an informed decision to be made. The Chair requested a report that dealt specifically with the reformation of the Committee and the membership of the Pension Board be presented to the September Committee meeting.

It was suggested that the terms of office for individuals also required consideration, as the recruitment of co-opted members had its own challenges. Some members felt that it was necessary to avoid a large membership, as this often became fraught with its own challenges and could prove to be dysfunctional. The Chair noted that Peter Clarke as the Employee representative on the Committee had been a long serving member of the Committee and was diligent in his role.

Resolved

That a report be presented to the September Committee meeting for further consideration before a recommendation can be made to the Constitution Committee.

10. EXCLUSION OF THE PRESS AND PUBLIC

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 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.

At this juncture the Committee took a brief adjournment.

The Committee reconvened at 12:10pm.

11. EXEMPT MINUTES

Resolved

That the exempt minutes of the meeting held on the 5th March 2021 be approved as a correct record.

12. GLOUCESTERSHIRE PENSION FUND QUARTERLY UPDATE - PART 2

The Head of Pensions presented the report in conjunction with the Independent Adviser and gave an overview of market valuations and an update on the performance of the Fund, as at 31st March 2021.

Resolved

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That the Committee noted the market value and quarterly performance of the Gloucestershire Pension Fund as at 31st March 2021.

CHAIRMAN

Meeting concluded at 1.00 pm