



PENSION COMMITTEE

MINUTES of the meeting of the Pension Committee held on Thursday 16 June 2022 commencing at 10.00 am.

**PRESENT
MEMBERSHIP:**

Cllr Wendy Thomas	Peter Clark
Cllr Colin Hay	Cllr David Gray
Cllr Lynden Stowe	Cllr Dr Andrew Miller
Cllr David Brown	

Apologies: Cllr Matt Babbage and Cllr Mark Mackenzie-Charrington

In Attendance: Matthew Trebilcock (Head of Pensions), Alastair Rush (Head of Finance), John Arthur (independent Advisor) and Andrea Griffiths.

58. APPOINTMENT OF CHAIR

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

59. APPOINTMENT OF VICE-CHAIR

Councillor Brown was duly elected as Vice-Chairperson for the ensuing civic year.

60. DECLARATIONS OF INTEREST -

No declarations of interest were made.

61. PUBLIC QUESTIONS -

One public question had been received and the response was tabled at the meeting.

62. MEMBERS' QUESTIONS -

No member questions were received.

63. PENSION COMMITTEE MINUTES

Resolved

That the minutes of the 3rd March 2022 were approved as a correct record.

64. PENSION BOARD DRAFT NOTES

It was noted that the Pension Board meeting was not quorate, so notes of the meeting were taken.

The Committee received the notes of the meeting held on the 27th April 2022.

65. GLOUCESTERSHIRE PENSION FUND QUARTERLY UPDATE - PART 1

The Head of Pensions presented the report which summarised the Fund's funding position, market value, asset allocation, investment performance for the quarter ending 31 March 2022.

Members noted that by the end of the quarter to 31 March 2022, the Fund's total market value had decreased by £120.655m, to £3,106.093m and over the quarter, total Fund assets produced a negative return of -3.8%, compared to a target of -1.5%, underperforming the strategic benchmark by 2.3%. It was reported that performance over the 3 years to 31 March 2022 was 8.3% annualised slightly behind the benchmark by 0.2%.

The Head of Pensions explained that Fund Administration remained challenging and he explained that two Group Pension Leader posts had been appointed to internal candidates, providing career progression. Their posts will now require backfilling, so currently no actual additional resources have been introduced into the team.

Members were also advised that the Pensions Administration Manager had applied for and been granted flexible retirement as of November 2022 and he would be actively working on the triennial valuation from now until November 2022. The Head of Pensions explained it was vital in retaining the Manager's knowledge at this time within the service. It was noted that currently the performance statistics were not meeting their targets. The Head of Pensions advised that the team current focus was on delivering an equal service to all members of the fund and this can be seen by the average case time only being marginally outside of the performance target. This situation will improve with the addition of the new resources agreed by Committee, but it was advised that the onboarding and upskilling of new recruits into the technical nature of the work of the team and LGPS regulations will take time, before it will result in improvements in the key performance indicators.

The Committee noted the Taskforce for Climate related Financial Disclosure (TCFD) consultation document is now due in the Autumn 2022. It was explained there a number of core projects were tracking the 2022/23 business plan and these were detailed within the report.

During the discussion it was noted that an Employer Representative had been recruited to the Pension Board and the appointment process for the Employer Representative position on the Committee was currently underway.

Members raised concerns regarding the Pension Fund Administration figure of 90%, they felt this figure was unrealistic as it hadn't been achieved for over six years. The Committee wondered if agile working had impacted this figure. The Head of Pensions referred to year prior to the pandemic and he explained that the service had been under resourced for a considerable amount of time and it would undoubtedly take time to bring in staffing resources as individual's knowledge needed to be built upon as it was a complex area of work. He advised the committee that the issues cannot be resolved just by appointing new staff as it would take six to 12 months to see these additional resources being in a position to aide improvement due to the training and upskilling required This is a key area of focus for the Head of Pensions He did also advise that currently no breaches of the statutory requirements

It was noted there would also be upcoming additional pressures on the administration team in terms of the McCloud ruling and this would require a considerable amount of manual intervention at times. Officers explained he was aware of other funds who were operating at similar KPI levels, however many had taken the decision to reduce their targets in response to the pandemic and these remain at reduced levels.

The Chair sought reassurance that newly appointed staff would receive direct training on a one to one in person basis. The Head of Pensions confirmed that would be the case, he reiterated that the pension administration team had worked on a rota basis in the office throughout the pandemic and they continued to do so.

In response to a question, the Head of Pensions confirmed that all statutory timeframes as prescribed by regulation were being met. Some member felt there were no point of the KPI as they were aspirational targets and unrealistic in the current climate.

During the discussion it was suggested that IT software could help mitigate some of the issues. It was noted there were a small number of pension software suppliers nationally and GCC currently used the services of one of the main provider. Members were informed that staff manually checked the calculations for accuracy and didn't just rely on the output from the software and they should be commended on their efforts and accuracy, as this reduces the scope for errors and potential complaints. The Committee were advised that an IT procurement exercise was currently being undertaken as is one of the key core projects contained in the Business Plan for 2022/23.

Members referred to Brunel's poor performance on equities compared to the benchmarks. The IA agreed it was a fair point and that oil, gas and commodities had performed well this quarter while the majority of our sectors fell. It was noted that the vast majority of portfolios hadn't performed very well this quarter, as given the drive to reduce carbon emissions many of Brunel's managers had reduced exposure to oil and gas and this should be recognised as a result of the outcome of the responsible investment approach taken. The market position was compounded by Russia's invasion of Ukraine, hence the underperformance.

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

Resolved

That the Committee noted the funding and investment position and governance activities as at 31 March 2022 and supported the revised timeline on the governance work plan activities.

66. RISK REGISTER

The Head of Pensions explained that in accordance with the Risk Management policy agreed by Committee on 3 December 2021, progress and activity in managing risks would be monitored and recorded on a risk register and key information would be provided on a quarterly basis to the Pension Committee and the Pension Board, as part of the regular update reports on governance, investments and funding, and administration and communications. The Committee were advised that there were no major changes and the next version of the risk register would be brought to the September Committee meeting.

In response to a question, it was confirmed that statutory risks were graded as amber. Members also sought assurance that pension fund cyber security was tested regularly, this was confirmed by the Head of Pensions.

Resolved

That the Committee noted the risk register and the current elevated risks and the new risks as outlined in the report.

67. 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.

68. EXEMPT MINUTES

The exempt minutes of the meeting held on 3rd March 2022 were agreed as a correct record.

69. QUARTERLY INVESTMENT REPORT AND STRATEGY ASSET ALLOCATION PORTFOLIO MODELLING

The Independent Advisor presented the report in detail and advised members of the Fund Asset Allocation and investment performance for the quarter ending 31 March 2022.

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

Resolved

That the Committee noted the report.

70. GLOUCESTERSHIRE PENSION FUND QUARTERLEY UPDATE - PART 2

The Head of Pensions presented the report in conjunction with the Independent Adviser and explained that the report was designed to be read in conjunction with the Part 1 report, which provided more detailed analysis and commentary on the Fund's asset allocation, investment performance for the quarter ending 31 March 2022.

Resolved

That the Committee noted the detailed performance reports for the quarter ending 31 March 2022 and the employer, Brunel and future investment activities of the Fund.

The Committee also approved the change to the actuarial assumption, as stated within the report.

CHAIRMAN

Meeting concluded at 12.32 pm