



Julia

PENSION COMMITTEE

MINUTES of the meeting of the Pension Committee held on Thursday 29 February 2024 commencing at 10.00 am.

PRESENT MEMBERSHIP:

Julia Atkinson	Cllr Lynden Stowe (Chair)
Cllr Dr Andrew Miller	Cllr David Gray
Cllr Matt Babbage	Cllr Chloe Turner
Cllr Colin Hay	Cllr John Bloxsom

Substitute: Cllr David Brown

Apologies: Cllr David Brown, Peter Clark and Paul Blacker

In Attendance:

60. DECLARATIONS OF INTEREST -

No declarations of interest were made.

61. PUBLIC QUESTIONS -

The public questions and responses are available to view on the GCC website:
<https://glostext.gloucestershire.gov.uk/documents/s97987/Public%20Questions%20Response%2029th%20Feb%2024.pdf>

62. MEMBERS' QUESTIONS -

No member questions were received.

63. MINUTES OF THE PREVIOUS MEETING

Resolved

That the minutes of the meeting held on the 7th December 2023 be approved as a correct record.

64. DRAFT PENSION BOARD MINUTES

Resolved

That the draft Pension Board minutes of the meeting held on the 24th January 2024 were noted.

65. GLOUCESTERSHIRE PENSION FUND BUSINESS UPDATE - PART 1 - FUNDING & INVESTMENT

The Head of Pensions updated the Committee on matters relating to the funding and investment performance of the Fund and provided details of ongoing and future business operational issues. Members were advised of the Fund's funding position, market value, asset allocation, investment performance for the quarter ending 31 December 2023.

The Committee noted the Fund's total market value had increased by £147.2m to £3,263.141m. Over the quarter, total Fund assets outperformed the strategic benchmark by 0.4%. It was reported that performance over the 3 years to 31 December 2023 was 4.3% annualised which is 0.6% behind the benchmark.

The Head of Pensions explained the Schroder's Greencoat investment, the Wessex Gardens Fund was launched in October 2023 with total commitments of £330m from 6 partner funds within Brunel. It was noted the mandate would make long-term investments in renewable infrastructure and energy transition assets across the South West of England.

It was reported the first investment had been completed and involved the Wessex Garden Fund acquiring a stake in the Toucan Energy portfolio, investing c.£230m to acquire predominately local solar assets. It was noted that Wessex Gardens would hold, after the restructuring, predominantly South West assets consistent with the ambitions around place-based/local investing.

The Committee were advised that specifically, for the Gloucestershire Pension Fund, this investment represented a drawdown of c£42m of the £60m commitment to the Fund, and the resultant portfolio would have assets held within Gloucestershire.

In response to a question, it was noted there was a percentage within the mandate to create new solutions. Members were advised that more detail would be provided in part 2 of the meeting.

The Independent Advisor explained when the Fund transferred to Brunel there was a rapid change in the environment and various factors were affecting the markets. He added that Brunel needed to improve, although he accepted there were global factors that had impacted the markets (Invasion of Ukraine, Inflation, etc) over the last three years.

Members were informed that the fund did not have a strategic allocation to cash but needed to retain small amounts for operational purposes.

Resolved

That the Committee noted the Fund's position as at 31 December 2023, including the investment performance as detailed in the report.

66. GLOUCESTERSHIRE PENSION FUND BUSINESS UPDATE - PART 1 - GOVERNANCE & OPERATIONS

The Head of Pensions updated the Committee on matters relating to the governance of the Fund and provided details of ongoing and future business operational issues.

The Committee noted the General Code of Practice was published in January 2024 and covered all governance (including investment governance), administration conduct and practices required of an LGPS fund. A gap analysis would be undertaken and the results would be presented to the June Committee meeting.

In terms of the key performance indicators (KPI's), it was noted overall that the performance had improved. On a quarter v quarter basis, overall case volumes had increased by 38% from 624 to 862.

Members were informed that progress continued to be made in improving the individual KPI performance levels, as staff were upskilled and on boarding new members of the administration team it was anticipated the KPI's would continue to improve with the introduction of the remaining additional resources. It was noted the vacancy rate within the administration team was currently c25% (8 posts).

During the discussion in relation to the budget projected outturn, the committee requested that a column be included to compare the previous years budget, in order to give context to the figures. Action - NG

It was requested that the employer update on page 24 of the report include analysis of the information, in terms of the number employees who left, cessation, etc. Officers agreed to include the information but advised it would need to be included in Part 2 of the report given the confidential details.

In response to a question, it was noted that staff morale within the team had improved considerably and there had been considerable internal movement which had offered career progression.

Resolved

That the Committee noted the update report.

67. POLICY REVIEW

Nigel Gabb, Pensions, Investment & Accounting Manager explained that the Fund recognised the importance of having robust governance arrangements in place to facilitate informed decision making, supported by the appropriate advice, policies and strategies.

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

Members were advised that it is essential that the Fund's strategies and policies were regularly reviewed and updated to ensure that the Fund continued to comply with regulatory requirements and industry best practices.

It was noted that in accordance with the ongoing review and update of the Fund's Governance arrangements, the report provided the opportunity for the Pensions Committee to consider and approve proposed updates to the following specific policies:-

- Cash Management Strategy
- Administering Authority Discretions Policy

In response to a question, it was confirmed that the majority of cash was held overnight in money market funds and would be considered as part of the Responsible Investment Policy. Members requested a report on this concept to a future meeting. (Action - NG)

The Pension Administration Manager explained the amendment to the Administering Authority Discretions Policy would help to reduce administration and enable the team to offer one off payments in respect of small pensions. Members were advised there was no discretion to increase the limit as it was set by regulations. The Committee welcomed the amendment to the policy.

Resolved

That the Committee approved the Cash Management Strategy and the Administering Authority Discretions Policy.

68. CASHFLOW UPDATE

The Head of Pensions explained the report provided the Committee with analysis on the future projections of the Funds cash flows under a range of different scenarios. The analysis and projections would assist the Committee its current and potential future cash flow position and was part of the Committees management of risk in this area.

Resolved

That the Committee noted the report.

That the Committee requested officers and advisors to continue to monitor the cash flow position and report periodically to Committee and that the cash flow modelling exercise should be repeated as part of the 2025 actuarial valuation.

69. BUSINESS PLAN 2024/25

The Head of Pensions advised the Committee that good governance of the Pension Fund was critical for long-term sustainability for its members and the participating

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Employer. The purpose of the Business Plan for 2024/25 was to provide details on the Fund's objectives, key areas of activity and operational budget for 2024/25.

It was noted that the Business Plan included a budget for expected payments from the Gloucestershire Pension Fund over the period, including the resources required to manage the Fund.

During the discussion, members questioned the uplift for Brunel, it was noted that a lot of the costs had been pre-agreed. The Chair explained he sat on the Brunel Oversight Board (BOB) and the Board had challenged Brunel on the increased costs and would closely monitor the costs.

Members asked about the use of Artificial Intelligence (AI), it was explained that AI could be used for some of the analytical work but a person would still be needed to be accountable for the decision.

The Chair referred to the training plan at page 133 of the report and suggested that timings may need to be amended in 2025 ahead of the Council elections.

Resolved

That the Committee approve the Business Plan and operational budget for 2024/25.

70. RISK REGISTER

The Head of Pensions explained that in accordance with the Risk Management policy, progress and activity in managing risks will continue to be monitored and recorded on a risk register and key information will 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 the knowledge and skills assessment would need to be completed by all members of the Pension Committee & Board in due course.

Resolved

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

71. 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

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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.

72. EXEMPT MINUTES

Resolved

That the exempt minutes of the meeting held on the 7th December 2023 be approved as a correct record.

73. DRAFT PENSION BOARD EXEMPT MINUTES

Resolved

That the draft Pension Board exempt minutes of the meeting held on the 24th January 2024 were noted.

74. SOCIAL AFFORDABLE HOUSING PORTFOLIO

It was noted that Cllr Babbage left the meeting at this point, due to a conflict of interests.

The Head of Pensions explained the report provided information on the process followed in constructing the Social and Affordable Housing Portfolio and recommendations of the investment funds that would fulfil the agreed portfolio specification.

It was noted that a Strategic Asset Allocation (SAA) to Social/Affordable Housing (SAH) was agreed by Committee at its meeting on 8 December 2022, based on the following recommendations agreed in September 2022.

Resolved

That the Committee approved the report recommendation.

75. GLOUCESTERSHIRE PENSION FUND BUSINESS UPDATE - PART 2 - FUNDING & INVESTMENT

Cllr Babbage returned to the meeting.

The Head of Pensions and the IA presented the report which was designed to be read in conjunction with the Part 1 report, as it provided more detailed analysis and commentary on the Fund's future activities, participating employer activities and a summary of the operational aspects of the Brunel Pension Partnership, for the quarter ending 31 December 2023.

Resolved

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That the Committee noted the investment activities and performance as at 31 December 2023.

That the Committee agreed to send their feedback to Officers in due course.

CHAIRMAN

Meeting concluded at 12.58 pm