



## PENSION COMMITTEE

**MINUTES of the meeting of the Pension Committee held on Thursday 13 June 2024 commencing at 10.00 am.**

### **PRESENT MEMBERSHIP:**

|                                 |                   |
|---------------------------------|-------------------|
| Cllr Matt Babbage               | Cllr David Gray   |
| Cllr Mark Mackenzie-Charrington | Cllr Chloe Turner |
| Cllr Colin Hay (Chair)          | Cllr John Bloxson |
| Cllr Lynden Stowe               | Julia Atkinson    |
|                                 | Peter Clarke      |

### **76. APPOINTMENT OF CHAIR**

On calling for nominations for the Chair, Cllr Hay was nominated by Cllr Brown and seconded by Cllr Turner. Cllr Stowe was nominated by Cllr Mackenzie-Charrington and seconded by Cllr Babbage.

On being put to the vote, Councillor Hay was duly appointed as Chair for the ensuing civic year.

**Resolved**

**That Councillor Colin Hay was elected as Chair for the ensuing civic year.**

### **77. APPOINTMENT OF VICE CHAIR**

**Resolved**

**Councillor Babbage was elected as Vice Chair for the ensuing civic year.**

### **78. APPOINTMENT OF BRUNEL OVERSIGHT BOARD REPRESENTATIVE**

**Resolved**

**That Councillor Hay was appointed as the Brunel Oversight Board representative for the civic year.**

### **79. DECLARATIONS OF INTEREST -**

No declarations of interest were made.

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

**80. PUBLIC QUESTIONS -**

No public questions were received.

**81. MEMBERS' QUESTIONS -**

No member questions were received.

**82. PENSION COMMITTEE MINUTES -**

**Resolved**

**That the Committee approved the minutes of the meeting held on the 29<sup>th</sup> February 2024.**

**83. PENSION BOARD DRAFT MINUTES**

**Resolved**

**That the Committee noted the draft Pension Board minutes of the meeting held on the 30<sup>th</sup> April 2024.**

**84. 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 March 2024.

The Committee noted the Fund's total market value had increased by £155.384m, to £3,418.525m. Over the quarter, total Fund assets outperformed the strategic benchmark by 0.3%, with a return of 4.8%. Performance over the 3 years to 31 March 2024 was 5.3% annualised which was 0.4% behind the strategic benchmark.

**Resolved**

**That the Committee noted the Fund's position as at 31 March 2024, including the investment performance as detailed in the report.**

**85. 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.

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It was reported that 90% of committee members had completed the knowledge and skills assessment, whereas the board had 100% completion, the results were available at appendix 1 of the report which detailed the current knowledge levels of the individuals responsible for running the Fund, aiding the development of more appropriately targeted and tailored training plans for both groups in the future.

It was reported The Pensions Regulator (TPR) new General Code of Practice came into force on the 27 March 2024. The new Code covered all governance (including investment governance) and administration conduct and practices required of an LGPS fund. Members were advised the code provided Funds with a strong framework to assess existing fund compliance levels concerning the running of the Fund, managing advisers and service providers, risk management and, importantly, the administration of the scheme for members.

The Head of Pensions explained the Fund carried out a high-level review of each module which was deemed to be relevant, utilising a model created by AON, who have supported the Fund previously in governance related activities and was detailed at appendix 2 of the report. Members were advised the initial results indicated against the essential modules; overall compliance was good. The specific questions that the Fund were deemed red related to the outstanding activities of the governance workplan, and it would be reported back to Committee in September 2024, but overall compliance was deemed positive.

It was noted the key performance indicators (KPI's), were based on the revised interim targets as agreed by Committee in June 2023. The Committee recognised that there was a marked increase and progress continued to be made in improving the individual KPI performance levels, with all KPIs for the quarter achieving the revised target.

The Committee were advised that the resilience of the team was still being developed and the focus was on upskilling and onboarding new members of the administration team, with c38% of the team having less than 18 months service. It was reported there had been successful recruitment in another 3 posts across different aspects of the team over the last quarter.

## **Resolved**

**That the Committee noted the update report.**

## **86. RISK REGISTER**

The Head of Pensions explained that in accordance with the Risk Management policy, progress and activity in managing risks would 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.

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Members wondered if there was anyway of incorporating the direction of travel into the risk register, officers agreed to take this point away.

**Resolved**

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

**87. AUDIT PLAN 2023/24**

Paul Thomsson (KPMG) explained the report sets out the External Audit Plan for the financial year ending 31 March 2024, which would be undertaken by KPMG in their capacity as external auditor of the Gloucestershire Pension Fund. The External Audit Plan sets out KPMG's approach to the audit and the 2023-24 audit cycle timeframe and associated fees.

Members were advised the TCFD reporting requirements were not set in regulation for LGPS funds as yet, but Brunel were an early adopter of the expected requirements as were the Fund and therefore, we were in a good position.

**Resolved**

**That the report be noted.**

**88. PENSION FUND DRAFT FINANCIAL STATEMENTS 2023/24**

Nigel Gabb, The Pensions, Investment & Accounting Manager advised the Committee that the report provided the opportunity to consider the draft year-end financial statements of the Gloucestershire Pension Fund. It was explained once the audit had concluded they would be presented to the Audit Committee for approval as part of Gloucestershire County Council's Accounts.

It was noted that the Pension Fund Annual Report would be published on or before the 1st December, the Committee noted the process for the approval of GCC Accounts and the publication of the Pension Fund Annual Report.

In response to a question, the Pensions, Investment & Accounting Manager explained that further management fees were now being included due to greater overall transparency provided by the Cost Transparency Initiative. This would be an area of focus for the external auditor in relation to good governance. The management fees would continue to be monitored internally and externally by Brunel. The Committee were advised that more detail would be presented to the September meeting.

It was also noted the Cllr Turner was a Stroud District Council representative and the report (Page 14) needed to be amended accordingly. **(Action NG)**

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Some members felt the report was misleading as the positives were reported as negatives and questioned the reporting format. Officers explained the report was compiled in accordance with CIPFA guidance but they would ask if the reporting format could be amended. **(Action NG)**

## **Resolved**

**That the Committee noted the Fund's draft financial statements for 2023-24, which had been prepared in accordance with accounting regulations and subject to external audit review.**

## **89. RESPONSIBLE INVESTMENT POLICY**

The Head of Pension presented the report in detail. The Committee were asked to consider the results of the employer and member engagement process which had recently been undertaken, as requested by Committee following approval of the draft policy in December 2023.

The Policy sets out the Committee's approach to Responsible Investment and details the actions the Committee, Brunel Pension Partnership ("Brunel") and other external providers take on behalf of the Fund's members and other stakeholders, to enhance long-term risk adjusted returns and protect the Fund from ESG and reputational risks.

It was noted that only 3 responses had been received, therefore it was not representative of the fund. Members were disappointed that the feedback was limited and suggested that perhaps a workshop in the future would increase engagement. Officers explained that the self-service dashboard would enable the fund to reach out directly to its members once implemented.

The Head of Pensions explained that the activity based exclusions policy had not yet been fully implemented by Brunel, as they were waiting for agreement by the partner funds and the situation would continue to be monitored.

The Committee discussed the yields of the social affordable housing investment, as a member continued to be sceptical regarding the proposed returns. The Independent Advisor explained that the fund was taking a cautious view compared to the fund managers, but it would take time to see what the outcome was.

The Head of Pensions explained that the policy would continue to be reviewed on a yearly basis and would be presented to the December committee meeting.

## **Resolved**

**That the Committee approved the Responsible Investment Policy and approved the Funds affiliation with Pensions for Purpose.**

**90. ANNUAL REVIEW OF ANALYTICS FOR CLIMATE TRANSITION**

The Head of Pensions summarised that the Pension Committee, at its meeting in December 2023 approved a number of net zero commitments for the Fund. It was noted the report provided Committee with an update on the progress on those commitments. The Committee proceeded to receive a detailed presentation from Hill Gaston from Mercers.

**Resolved**

**That the Committee noted the progress on the Funds net zero commitments**

**That the Committee requested quarterly reporting on the engagement activity on the holdings identified on the Climate Target List contained within the report.**

**91. 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.**

**92. PENSION COMMITTEE EXEMPT MINUTES**

**Resolved**

**That the Committee approved the exempt minutes of the meeting held on the 29<sup>th</sup> February 2024.**

**93. PENSION BOARD DRAFT MINUTES**

**Resolved**

**That the Committee noted the draft Pension Board exempt minutes of the meeting held on the 30<sup>th</sup> April 2024.**

**94. BRUNEL SUSTAINABLE & EMERGING MARKET EQUITY PORTFOLIO REVIEWS**

The report provided the Committee with a comprehensive review, undertaken by the Independent Investment Advisor, of the Sustainable and Emerging Market

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Equity portfolios, provided by the Brunel Pension Partnership, because of concerns raised by Committee on the performance of the portfolio at their meeting in February 2024.

**Resolved**

**The Committee agreed that a review of Funds Strategic Asset Allocation, with a specific focus on the relative equity allocations is undertaken ahead of the 2025 actuarial valuation.**

**The Committee requested Brunel to attend the following Committee meeting, when changes to the underlying manager roster within either the Sustainable or Emerging Market equity portfolios were made.**

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

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 March 2024.

**Resolved**

**That the Committee noted the investment activities and performance as at 31 March 2024.**

**CHAIRMAN**

Meeting concluded at 12.37 pm