



PENSION COMMITTEE

MINUTES of the meeting of the Pension Committee held on Friday 14 February 2020 commencing at 10.00 am.

**PRESENT
MEMBERSHIP:**

Cllr Rachel Smith	Cllr Ray Theodoulou
Cllr Colin Hay	Cllr David Brown
Cllr Shaun Parsons	Peter Clark
Cllr Lynden Stowe	

Apologies: Cllr Nigel Cooper

In Attendance:

1. PUBLIC QUESTIONS -

No public questions were received.

2. MEMBERS' QUESTIONS -

No Members' questions were received.

3. MINUTES -

The minutes of the meeting held on the 8th November 2019 were approved as a correct record and signed by the Chairperson.

Resolved

That the public minutes of the meeting held on the 8th November 2019 be approved as a correct record.

4. PENSION FUND RISK REGISTER

Mark Spilsbury, Head of Pensions introduced the risk register explaining 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 Committee, a number of changes had been made and were highlighted in yellow.

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

As agreed at the last meeting, a new risk had now been added as risk G11, in relation to Environmental, Social and Governance (ESG) factors, including Climate Change. The Committee discussed the wording in detail, including the dangers of stranded assets. After a lengthy discussion the Committee approved the wording in relation to the G11 risk.

The Head of the Pension Fund explained that Faith Ward from BPP would attend the next meeting of the Pension Committee to give a detailed presentation on Climate Change. It was agreed that an invitation to attend the presentation would be extended to all GCC Councillors, District Cabinet Members with a responsibility for Climate Change and/or other relevant officers from the District Council's and Section 151 Officers.

In response to a question, relating to F/D5 risk, it was explained that large employers, for example GCC, had opted out of the scheme. The Committee requested the wording be amended to state 'large employers'.

Resolved

That the committee noted the Risk Register and approved the detail in relation to the new risk G11.

5. FUNDING STRATEGY STATEMENT

The Head of the Pension Fund presented the report. Members were advised that the proposed Funding Strategy Statement (FSS) was attached as Appendix 1 to the report and, if approved by the Committee it would be effective from 1 April 2020.

It was explained that the Funding Strategy Statement (FSS) had been prepared in conjunction with Fund's Actuary Hymans Robertson, in accordance with Regulation 58 (4) (a) of the Local Government Pension Scheme (LGPS) Regulations 2013, guidance published by CIPFA, "Preparing and Maintaining a funding strategy statement", and with regard to the Investment Strategy Statement.

The Committee were informed that the Funding Strategy Statement was an important document since it sets out, in detail, all of the key assumptions which the actuary used in preparing the 2019 actuarial valuation, together with the Administering Authority's policies in the areas where the Administering Authority has discretion to manage the Funding position of the Fund. It was explained that these all had a direct impact on the employer contributions set under the valuation.

Officers explained the FSS was reviewed in detail at least every three years as part of the triennial valuation process, unless there were any regulatory or general changes required. The Head of Pensions informed the Committee that the FSS had been circulated to all of the employers within the fund for consultation, and that no responses were received.

Resolved

That the Committee approved the Funding Strategy Statement.

6. PENSION BOARD - TERMS OF REFERENCE

Mark Spilsbury, Head of the Pension Fund, presented the report and highlighted the proposed key changes, which included the increasing the membership of the board.

Members were advised that for the first time since the establishment of the Board in 2015, the Boards' last meeting was not quorate, because both of the employee representatives were unable to attend. One of whom had subsequently stepped down from the Board. To prevent a repeat of this situation, it was proposed to increase the membership of the Board to seven members (3 employer, 3 employee and the chair), with the formal quorum remaining as three members, to include one employer representative and one employee representative.

In response to a question, it was explained that employee representatives would be released from duties to attend meetings without being penalised. After some discussion, the Committee agreed the revised terms of reference and agreed that they be submitted to the Constitution Committee for approval.

Resolved

That the Committee approved the proposed amendments to the terms of reference of the Gloucestershire Local Pension Board and noted the appointments to be made in accordance with the amended terms of reference. It was agreed that the revised terms of reference be submitted to the Constitution Committee for approval.

7. PENSION FUND - AUDIT FRAMEWORK AND ASSURANCE

Mark Spilsbury advised the Committee that the Gloucestershire Pension Fund was audited by both External and Internal Auditors. In the case of the Gloucestershire Fund external audit was currently provided by Grant Thornton, whilst Internal Audit was provided by the GCC Internal Audit, Risk Assurance Team.

It was noted that reports emanating from both sets of auditors were currently reported to the Audit and Governance Committee and had not been previously reported to the Pension Committee.

However following discussion at the last meeting of the Audit and Governance Committee, it was felt to be appropriate to determine whether the Committee was content with current arrangements, or whether it would wish to receive summary reports from the auditors to the Fund.

The Director of Corporate Resources suggested the Chief Internal Auditor be invited to attend the next meeting of the Committee to provide a briefing session on the Audit Plan to develop members understanding. The Committee welcomed this suggestion and requested Officers to make the necessary arrangements.

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

After some discussion, it was agreed that the Head of Pensions would be tasked with reporting any limited assurance internal audit findings, when they arise to the next meeting of the Pension Committee. It was also agreed that the full reports would be submitted to the Pension Board for overview.

Resolved

That the Committee agreed that the Head of Pensions would be required to report any limited assurance internal audit findings, when they arose to the next meeting of the Pension Committee.

The Committee also agreed that External Audit Reports should be reviewed by the Pension Board.

8. MARKET VALUATIONS AND QUARTERLY PERFORMANCE REVIEW OF THE PENSION FUND: QUARTER 4

Mark Spilsbury, Head of Pension Fund presented an overview of market valuations and an update on the performance of the Gloucestershire Local Government Pension Scheme, (LGPS), as at 30 December 2019.

The Committee discussed the report in detail.

During the discussion members referred to the performance report layout and felt that there was no historical data to judge performance against. It was explained that it was difficult during the transition period, with assets having only been managed by the Brunel Pension Partnership for a short period..

It was noted, in terms of asset classes, the Independent Advisors Report would contain more detail. The Independent Advisor agreed, wherever possible, to include the return per annum over a ten and twenty year period in his future reports, in relation to each asset class, in order to give some perspective.

Resolved

That the performance report was noted.

9. EXCLUSION OF THE PRESS AND PUBLIC

It was 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 & 5 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.

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10. EXEMPT MINUTES

The exempt minutes of the meeting held on 8th November 2019 were agreed as a correct record and signed by the Chairman.

Resolved

That the exempt minutes of the meeting held on the 8th November 2019 be approved as a correct record.

11. REPORT FROM THE INDEPENDENT ADVISOR TO THE FUND

Independent Advisor, John Arthur, provided members with an update on current investments. It was reported that the Pension Fund overperformed against its performance target in Q4 2019. The level of overperformance was within risk tolerances, and it was reported that the fund was also 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.

Resolved

That the report be noted.

12. REVIEW OF THE PENSION FUND STRATEGIC ASSET ALLOCATION AND INVESTMENT STRATEGY STATEMENT

The Independent Advisor presented the report in detail.

Resolved

That the Committee considered the Strategic Asset Allocation in association with the draft Investment Strategy Statement and agreed to adopt option 3 in the long term.

13. BRUNEL PENSION PARTNERSHIP - PROPERTY UPDATE

The Committee received a detailed presentation by Vanessa Jacca & Chris Crozier from BPP.

Resolved

That the Committee received a presentation.

CHAIRMAN

Meeting concluded at 1.35 pm

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