

PENSION BOARD

MINUTES of the meeting of the Pension Board held on Tuesday 30 April 2024 commencing at 10.00 am at the Virtual Meeting - Web ex meeting.

PRESENT MEMBERSHIP:

John Abbott	Sean Collins
Gemma Bell	Cllr Mark Mackenzie-Charrington

Substitutes:

Apologies: Annette Benson and Michael Hunt

13. DECLARATIONS OF INTEREST

No declarations of interest were made.

14. PENSION BOARD MINUTES

Resolved

That the Board approved the minutes of the meeting held on the 24th January 2024.

15. PENSION COMMITTEE DRAFT MINUTES

Resolved

That the Board noted the Pension Committee minutes of the meeting held on the 29th February 2024

16. GLOUCESTERSHIRE PENSION FUND - PART 1 - FUNDING & INVESTMENT

The Head of Pensions updated the Board 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 Board 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.

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

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.

The Board were informed that Brunel had been announced as a Taskforce on Nature-related Financial Disclosures (TNFD) early adopter, with a commitment to adopt in financial year 2025-26. The TNFD had developed a set of disclosure recommendations and guidance for organisations to report and act on evolving nature-related dependencies, impacts, risks and opportunities.

Resolved

That the Board noted the Fund's position as at 31 December 2023, and the governance undertaken and subsequent recommendations agreed by the Pensions Committee at their meeting held on 29 February 2024.

17. GLOUCESTERSHIRE PENSION FUND - PART 1 - GOVERNANCE & OPERATIONS

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

It was noted the Committee had requested more detailed information on the employer update and officers agreed to the request but advised it would need to be included in Part 2 of the report given the confidential details.

The Board 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. The Board were thanked for completing the knowledge and skills assessment, with a 100% return. A gap analysis would be undertaken, and the results would be presented to the June Pension Committee and the July Pension Board 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. The Board questioned the increase in volumes, it was explained that it was due to new retirements and appeared to be a general trend moving forward.

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) and the service was in the process of recruiting to build further resilience within the team.

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

It was noted that the Responsible Investment Policy was being developed and would be brought back to the Pension Committee meeting in June for further discussion.

In response to a question, members were informed that roll out of McCloud had been postponed in an effort to ascertain what issues other funds were experiencing and learning from those lessons primarily. Officers noted that there appeared to be some factors missing from the draft statutory guidance and were being cautious in their approach.

It was clarified the fund was not in breach of any regulations, it was merely a question of when the most appropriate timeframe was to move forward. Officers explained overall the fund was in a good position, as many of those impacted had already been identified.

Resolved

That the Board noted the update provided and the governance undertaken, and subsequent recommendations agreed by the Pensions Committee at their meeting held on 29 February 2024.

18. 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. .

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.

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.

It was noted that both policies were approved by the Pension Committee at its February meeting.

Resolved

That the Board noted the Cash Management Strategy and the Administering Authority Discretions Policy.

19. CASHFLOW UPDATE

The Head of Pensions explained the report provided analysis on the future projections of the Funds cash flows under a range of different scenarios. The

analysis and projections would assist the fund in its current and potential future cash flow position and was part of the Committees management of risk.

It was noted that the fund was in a positive position and the exercise would be repeated in 2025.

Resolved

That the Board noted the report.

20. BUSINESS PLAN 2024/25

The Head of Pensions advised the Board that good governance of the Pension Fund was critical for long-term sustainability for its members and the participating 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 Committee approved the Business Plan at its February meeting and would be monitored by the Committee and the Board going forward.

The Board were informed that the Committee approve the budget and the 7.2% increase, as this would ensure appropriate resources were in place to deliver the service. Members also noted the substantial increase in the external auditor's fees.

In terms of the training plan, it was noted that the diary dates would be circulated in due course, officers aimed to offer online targeted bite size training sessions, once the knowledge and skills assessments results had been compiled.

The Board wondered if the committee were aware that extra resources may be required going forward, the Head of Pensions explained that quarterly report would be provided to the Committee/Board.

Resolved

That the Board noted the Business Plan and operational budget for 2024/25.

21. 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.

It was reported that Risk 6 had returned to target with the successful onboarding on the Pension Investment & Accounting Manager. A range of officers now attended all Brunel meetings, thereby reducing key person risk on the operational oversight of Brunel.

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It was noted Risk 2 was above risk target until the successful deployment of the training strategy/plan has been delivered and the assessment of knowledge repeated.

During the discussion, the Board requested that Contract Management be included as a risk going forward. Members were reminded that the risk register was a live document and would continue to evolve and be reviewed by the Board each quarter.

Resolved

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

22. EXCLUSION OF THE PRESS & 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.

23. EXEMPT PENSION BOARD MINUTES

Resolved

That the Board approved the minutes of the meeting held on the 24th January 2024

24. EXEMPT PENSION COMMITTEE DRAFT MINUTES

Resolved

That the Board noted the exempt minutes of the meeting held on the 29th February 2024

25. GLOUCESTERSHIRE PENSION FUND UPDATE - PART 2 - FUNDING & INVESTMENT

The Head of Pensions 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.

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During the discussion a member added he was sceptical regarding the predicted return on the social housing investment but was pleased with the fact that the risk was spread across the investments. The Head of Pensions explained that fund managers expectations varied.

It was noted that the Responsible Investment Policy would go back to Pension Committee in June for further discussion.

Resolved

The Board noted the investment activities and performance as at 31 December 2023 and the governance undertaken and subsequent recommendations agreed by the Pensions Committee at their meeting held on 29 February 2024.

The Board noted the recommendations in relation to the Social and Affordable Housing portfolio.

CHAIRPERSON

Meeting concluded at Time Not Specified