



PENSION COMMITTEE

MINUTES of the meeting of the Pension Committee held on Friday 12 August 2016 commencing at 10.00 am.

Present:

Cllr David Brown	Cllr Ray Theodoulou (Chairman)
Cllr Jasminster Gill	Cllr Nigel Cooper
Cllr Colin Hay	Peter Clark (Staff and Trade Union Representative)
Cllr Lynden Stowe	

Officers in Attendance:

- Jo Walker – Director: Strategic Finance
- Mark Spilsbury - Joint Head of Pension Fund
- Graham Burrow – Joint Head of Pension Fund
- Jo Moore – Democratic Services
- Steve Tyson (Independent Investment Advisor)

59. APOLOGIES

Apologies were received from Cllr Shaun Parsons.

60. MINUTES

The public minutes of the meeting held on Friday 1 July 2016 were agreed as a correct record of that meeting.

61. DECLARATIONS OF INTEREST -

No declarations of interest were made at the meeting.

62. PUBLIC QUESTIONS -

No questions were received.

63. MEMBERS' QUESTIONS -

No questions were received.

64. TRAINING UPDATE

Graham Burrow, Joint Head of the Pension Fund, updated members on forthcoming training events.

Members were advised that a briefing on the business case for the Brunel Pension Partnership would be held at Oxford on Monday 17th October. While this briefing

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was primarily for the Buckinghamshire, Gloucestershire and Oxfordshire Funds the briefing would also be open to other participating funds.

The event on 17 October 2016 will give members an opportunity to provide input on the full business case before it is submitted to the Pension Committee on 2 December 2016.

Noting concerns about the date and location of the event, members were advised that similar sessions would be held on: -

7 October 2016 – Exeter racecourse (Cornwall, Devon, Dorset, Somerset)

14 October 2016 - Keynsham (Avon/Wiltshire/Environment Agency)

65. MARKET VALUATIONS AND QUARTERLY PERFORMANCE REVIEW OF THE FUND, QUARTER 2 2016

Mark Spilsbury, Joint Head of the Pension Fund, gave a short overview on the market values for each fund manager and an update on the performance of the funds for the period 1 April to 30 June 2016. The report was noted.

66. PENSION FUND ANNUAL REPORT

The Gloucestershire Local Government Pension Fund is managed and administered by Gloucestershire County Council on behalf of all Gloucestershire local authorities and other local bodies providing public services as part of the Local Government Pension Scheme (LGPS) Regulations. The Annual Pension Fund Report is prepared in accordance with Local Government Pension Scheme Regulations 2013, and the requirement to publish an annual report before 1 December.

Graham Burrow, Joint Head of the Pension Fund, presented the 2015/16 Annual Report for the year ending 31 March 2016. The committee was informed that the external auditor's report would not be available until mid September 2016 and that any amendments or necessary changes would be added prior to final publication of the report.

Having considered the report, the committee **RESOLVED** to note the Gloucestershire Pension Fund Annual Accounts and agreed the contents of the Annual Report.

67. STOCK LENDING REPORT

Joint Head of the Pension Fund, Graham Burrow, presented the council's annual Stock Lending Review Report, including details of the current list of active approved borrowers, as detailed in Appendix A to the report.

Outlining the stock lending year end position as of 31 March 2016, Graham informed the committee that the stock lending is carried out by the Fund's custodian, BNY Mellon and this had resulted in income for the Fund of £34,000 in 2015/16.

Members were advised that, at the request of the Pension Fund, BNY Mellon had been asked to produce a list of additional borrowers from which to increase income generation. Responding to the request, BNY Mellon had proposed extending the list of borrowers, (outlined at Appendix B), to create the most positive impact on the fund's lending opportunities. It was anticipated that this, in addition to other changes to the fund's stock lending arrangements, would increase the fund's annual stock lending income by a further £32,000 per annum.

The committee noted the report, and

RESOLVED to agree the changes to the Pension Fund's list of approved borrowers and collateral arrangements.

68. PENSION FUND RISK REGISTER

As Administrative Authority, Gloucestershire County Council is required to maintain, (and keep under review), a Funding Strategy Statement (FSS) for the Gloucestershire Pension Fund. The Council is also required to identify any risks associated with the Pension Fund and the measures or controls taken to counter such risks. The Risk Register was last reviewed by the Pension Committee in February 2016.

Mark Spilsbury, Joint Head of the Pension Fund, informed members that, since the last committee meeting, a new risk (G8) had been identified; relating to Cyber Security and the possible 'failure to protect key information and data as a result of exploited technological vulnerabilities facilitated through malicious attack'.

In addition Risks F1 and F5 would be monitored during 2016/17 to check whether their risk ratings might need to be changed from 'low' to 'medium' following the decision to leave the EU.

The committee noted and agreed the amendments to the Risk Register, as highlighted by the published report.

69. THE ACTUARY'S REPORT ON THE FUND AT 30 JUNE 2016

Graham Burrow, Joint Head of Pension Fund, presented the Gloucestershire Funding Update Report as at 30 June 2016. The Funding Update Report represents a 'point in time' measurement of the funding position, including making comparisons and assumptions between funding levels and financial market data reported by Hymans Robertson, (as Fund Actuary), at 31 March 2013; 31 March 2016 and 30 June 2016..

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Members were informed that the funding level at the March 2013 valuation had been 70.1 per cent. The estimated funding level at 31 March 2016 had increased to 79.7 per cent, dropping slightly to 77.9 per cent at 30 June 2016. The estimated change in the deficit as at 30 June 2016 was largely due to a drop in gilt yields.

It was noted that as part of the 31 March 2016 Triennial Fund valuation a number of , the Fund had reviewed and changed some of the financial assumptions used during the Triennial valuation.

The Funding Update Report was noted.

70. EXCLUSION OF THE PRESS AND PUBLIC

As Chairman of the Pension Committee, Cllr Ray Theodoulou proposed and members,

RESOLVED that

In accordance with Section 100 A (4) of the Local Government Act 1972 the public should be excluded from the meeting for the following agenda items, because it was 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 outweighed the public interest in disclosing the information to the public.

71. EXEMPT MINUTES

The exempt minutes of the meeting held on Friday 1 July 2016 were agreed as a correct record and signed by the Chairman.

72. MINUTES OF SHADOW OVERSIGHT BOARD

Following the Government's requirement for Local Government Pension Scheme (LGPS) Pension Funds to prepare proposals for pooling investments, the Gloucestershire Pension Fund, along with 9 other Funds in the South West, agreed to create the Brunel Pension Partnership (BPP).

Although the proposals have yet to be agreed, the BPP have put a number of shadow arrangements in place to help develop pooling proposals and instil good governance arrangements. The Shadow Oversight Board is a key part of this process.

The minutes of the Brunel Shadow Oversight Board Meeting on 23 June 2016 were noted.

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73. FUND POOLING PROPOSALS

Mark Spilsbury, Joint Head of the Pension Fund, updated members on the Fund's Pooling proposals. In noting the information, members welcomed the opportunity to provide input at the forthcoming briefing sessions to be held in October and requested further updates on progress at future meetings.

74. GMO MANDATE

The Committee received a report from Graham Burrow, Joint Head of the Pension Fund relating to the performance of the Fund's Investment Manager, GMO.

75. CWPT

Joint Head of the Pension Fund, Mark Spilsbury, gave an update on the Pension Fund's position in relation to the Cotswold Water Park.

76. ADMISSION BODY REQUESTS

The committee received a report from the Director: Strategic Finance.

77. INVESTMENT UPDATE

Steve Tyson, Independent Pension Advisor, gave a detailed update on the Pension Fund's long-term investment strategy.

78. INVESTMENT REPORT - WESTERN ASSET

Catherine Matthews and Marek Siwicki from Western Asset gave a detailed overview of the Investment Company's portfolio.

CHAIRMAN

Meeting concluded at 13.45 pm