



PENSION COMMITTEE

MINUTES of the meeting of the Pension Committee held on Friday 2 June 2017 commencing at 10.00 am.

Present:

Cllr Nigel Cooper	Cllr Shaun Parsons
Cllr David Brown	Cllr Lynden Stowe
Cllr Colin Hay	Cllr Ray Theodoulou
Cllr Brian Oosthuysen	

27. ELECTION OF CHAIRPERSON

Cllr Ray Theodoulou was elected as Chairman for the 2017/18 year.

Cllr Colin Hay suggested appointing a Vice Chairman of the Committee, to facilitate at meetings in the absence of the Chairman. The committee noted the suggestion and agreed to consider at the next meeting.

Action by – Andrea Griffiths

28. APOLOGIES

Apologies were received from co-opted member, Peter Clark, (Staff and Trade Union representative).

29. DECLARATIONS OF INTEREST -

Cllr Brian Oosthuysen informed members of a small pension received from Gloucestershire County Council and enquired if it would be necessary to make a declaration of interest at the meeting. Cllr Oosthuysen was advised it would not be necessary to make a declaration of interest.

Cllr Lynden Stowe stated he was no longer a share holder of UBICO.

Cllr Ray Theodoulou confirmed he was a UBICO shareholder, but was advised it would not be necessary to declare an interest on this position.

30. MINUTES -

The non-exempt minutes of the meeting held on 29 March 2017 were agreed and signed as a correct record of that meeting.

Referring to point 20.6 of the minutes, it was confirmed that the fund was subject to audits undertaken by the County Council Internal Audit and Risk Section, who also had an agreement with the Gloucestershire Counter Fraud Unit to provide additional services, if required, regarding the risk of loss of funds through fraud or misappropriation.

31. PUBLIC QUESTIONS -

No public questions were considered at the meeting.

32. MEMBERS' QUESTIONS -

No member questions were submitted for consideration at the meeting.

33. MARKET VALUATIONS AND QUARTERLY PERFORMANCE REVIEW OF THE FUND Q1 2017

Head of Pension Fund, Mark Spilsbury, presented an overview of market valuations and an update on the performance of the Gloucestershire Local Government Pension Scheme, (LGPS), as at 31 March 2017. It was reported that, given the phased implementation of the new strategic asset allocation from 1 April 2017, this would be the last report to use the old strategic asset allocation.

The report was sub-divided into four areas, detailing information on i) Manager Performance; ii) Asset Allocation; iii) Market Values, and iv) Cash Position.

The Head of Pension Fund informed members that performance was slightly below benchmark targets for Quarter 1 but that there had been positive returns during the past 12 months. Overall, the outlook looked positive.

It was agreed to consider the introduction of the phased implementation of the new strategic asset allocation in the exempt part of the meeting.

The performance report was noted, (pending the potential impact of the forthcoming general election on 8 June 2017), including proposed minor changes to future reports.

34. BUSINESS PLAN 2017/18

Head of Pension Fund, Mark Spilsbury, gave an update on the Gloucestershire Local Government Pension Fund Business Plan 2017-18.

Prepared in accordance with the Department of Communities and Local Government best practice guidance for the governance of pension funds, the business plan confirmed that, at 31 December 2016, the Gloucestershire Local Government Pension Scheme (LGPS) had approximately 52,100 members, consisting of 18,700 active, 18,800 deferred and 14,600 retired, (pensioner/dependent), members.

Of the 256 employer bodies within the fund, 187 of these were active contributing members. The value of the investment assets being managed at 31 March 2017 was £2.08 billion. The committee was advised the fund was making good progress under the Brunel Pension Partnership.

Outlining the operating costs of the Gloucestershire Pension Fund, the Head of Pension Fund clarified that the costs were borne by the Fund and not by the County Council. Estimated costs within the proposed budget for 2017/18 were slightly down at £7,531 million, mainly attributed to the reduction in external finance manager fees. It was agreed Brunel costs would be shown separately on future budget updates and details of budgeted Brunel costs for 2017/18 would be provided to the Committee. **Action by – Head of Pension Fund.**

Highlighting the importance of training for committee members and officers, it was suggested members with an interest in attending external training events and seminars notify the Head of Pension Fund.

In noting key targets and major milestones for the Pension Fund for the remainder of 2017/18, member's attention was drawn to Appendix A of the report, outlining the schedule of committee meetings at which key topics, including the following targets would be considered: -

- i. Continued development of the Brunel Pooling Partnership, (to meet the operational deadline of 1 April 2018);
- ii. Confirm the contents of the 2016/17 Annual Report – 1 September 2017
- iii. Accounts agreed by the Audit and Governance Committee – 28 July 2017
- iv. Issue of Annual Benefit Statements to Fund Members – By 31 August 2017
- v. Annual Pension Fund Report printed by 31 October 2017 – to be considered at the Annual Meeting on 1 December 2017.

In response to feedback from a member of the committee, (who was not present at the meeting), it was agreed a new target would be added to the Business Plan as follows: -

To improve actual performance against service standards agreed by the Committee in 2017/18 for the administration of the Gloucestershire LGPS; striving to achieve high performance at all times.

The report was noted.

35. RISK REGISTER

Head of Pension Fund, Mark Spilsbury, gave an update on the Gloucestershire Fund Risk Register. It was confirmed that all of the issues raised at the Pension Committee and Pension Board meetings in March had been addressed following the recent review of the register.

Subject to minor amendment, (including editing risk reference FI to reflect concerns about the duration of the risk), the summary of key changes detailed at page 25 of the agenda were noted and agreed.

Expressing concerns about the potential threat to cyber security, the committee proposed investigating this element of risk in more depth, and this was agreed.

Action by – Director: Strategic Finance

36. EXCLUSION OF THE PRESS AND PUBLIC

In noting the confidential elements of the agenda, the committee -

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 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.

37. EXEMPT MINUTES

The exempt minutes of the meeting held on 29 March 2017 were agreed and signed as a correct record of the meeting.

Mark Spilsbury, Head of Pension Fund, updated members on issues relating to Cotswold Water Park.

38. PENSION BOARD MINUTES

The minutes of the Pension Board meeting held on 24 March 2017 were noted.

Invited to speak at the meeting, board member, Cllr Nigel Moor, commended the new arrangements that had been put in place for consideration of the Pension Fund Risk Register. Cllr Moor stated that the new arrangements created a more effective process of presenting the information.

Head of Pension Fund, Mark Spilsbury, informed members that Kate Walton had retired from the University of Gloucestershire in May 2017 and was no longer an employee member of the Board. John Wills, Head of Finance at the University had been appointed employee representative and would join the Pension Board in October 2017.

38.1 Investment Update

Independent Advisor, Steve Tyson, provided members with an update on current investments ahead of the discussions with investment managers. The committee noted updates on the long term investment strategy and other investment strategy

considerations, including comparisons with the position of the investments made pre the EU referendum.

References were made to investment proposals about to be considered under item 13 of the agenda, and the possible need for further changes to move towards the new strategic asset allocation, post the general election.

The committee noted the report and,

RESOLVED that: -

Post the general election, additional investment proposals be submitted to the Committee, designed to reduce risk and to continue to move towards the new strategic asset allocation.

39. PRIVATE DEBT MANDATE

To meet the requirements of a new private credit asset class allocation, (agreed by the committee on 29 March 2017), the Pension Committee was asked to consider the appointment of Blue Bay and Golub, as Fund Managers for the private debt mandate.

Cllr Ray Theodoulou declared a non-pecuniary declaration of interest in advance of the meeting, and agreed not to take part in the discussion nor vote on the recommendations included in the report. Cllr Theodoulou made the declaration due to a family member, (son), being employed by Blue Bay Asset Limited.

Based on the proposals circulated with the agenda, and taking into account information presented at the meeting, and following the meeting, the committee,

RESOLVED to approve the recommendations, (as amended), included within the exempt report, taking into account the information presented at the meeting, and following the meeting.

40. INVESTMENT REPORT - HERMES

Fund Director, Chris Matthew and Head of Client Relationship Management, Gareth Davies, gave a presentation on the performance of Hermes Property Unit Trust (HPUT), setting out the company strategy going forward. The committee considered the information and,

RESOLVED that the presentation be noted

41. INVESTMENT REPORT - STANDARD LIFE

Fund Manager, Andrew Millington and Investment Director, Fraser Macnair, gave a presentation on the performance of Standard Life Investments, setting out the company strategy going forward. The committee considered the information and,

RESOLVED that the presentation be noted

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

42. LGPS POOLING

Jo Walker, Director of Strategic Finance, gave a verbal update on the Brunel Pension Partnership.

Responding to questions, Director: Strategic Finance, Jo Walker sought the views of the committee.

The committee noted the update, and

Endorsed the proposal that the membership of the LGPS should be offered as part of a remuneration package for new employees. The committee expressed a view that the membership should close after 3 years and revisited after two years.

Meeting concluded at 2.20 pm