

PENSION BOARD

MINUTES of the meeting of the Pension Board held on Tuesday 9 March 2021 commencing at 1.00 pm at the .

PRESENT MEMBERSHIP:

John Abbott	Jones
Annette Benson	Cllr Nigel Moor
Sean Collins	Jon Topping
Hunt	

1. MINUTES OF THE PREVIOUS PENSION BOARD

The minutes of the meeting held on the 22nd October 2020 were approved as a correct record.

Cllr Moor referred the Board to page 6 of minutes, the final paragraph, relating to Gloucestershire's Infrastructure and advised the Board that GCC Cabinet would be considering a report at it's March meeting relating to Infrastructure improvements in Gloucestershire.

Resolved

That the public minutes of the meeting held on the 22nd October 2020 be approved as a correct record.

2. PENSION COMMITTEE MINUTES

Resolved

That the Board noted the Pension Committee minutes of the 4th December 2020 and the 29th January 2021.

3. ANNUAL REPORT

The Board received the Pension Fund Annual report, it was noted that in accordance with the regulations the Annual Report had been published on the website on the 1st December 2020.

It was noted that the external auditors had certified that the Pension Fund Accounts gave a true and fair view of the financial transactions of the Fund.

Resolved

That the Board noted the Annual Report.

4. GLOUCESTERSHIRE PENSION FUND UPDATE - PART 1

The Head of Pensions presented an overview of market valuations and an update on the performance of the Fund, as at 31 December 2020.

The Board noted that by the end of the quarter the market value had increased by £193.4m in the quarter, to £2.842bn, which is back above pre-Covid levels. It was reported that performance for the fund for the quarter was 7.2%, and the benchmark was 6.4%, therefore the fund had outperformed the benchmark by 0.8%. It was noted that Appendix 1 provided the full performance figures.

Appendix 2 on page 35 detailed the strategic asset allocation of the Fund as at the end of December 2020. The Board were advised that the Committee had approved a new strategic asset allocation at its January 2021 meeting, however these changes were not reflected in this analysis.

The Board noted that Pages 25 to 28 of the report gave an overview of the voting statistics and the engagement that Hermes EOS actually undertook with companies on the Funds behalf. It was noted that they had engaged with 368 companies in the quarter, over a range of issues, including ESG related matters. The Board were pleased to note that the Fund was currently in a very healthy position at 106.9% funded at the quarter end.

The Head of Pensions referred the Board to page 29 of the report, which gave an update on the administration performance. It was recognised that the Covid pandemic had obviously impacted on working practices, however the Pensions Administration Team were still performing well. In terms of the targets there was a slight reduction in some of the activities in terms of the number of estimates and number of leavers but this was an effect of the pandemic situation. The Head of Pensions anticipated numbers would increase when organisations return to normal. Board Members recognised the efforts the Administration Team were making in the current situation by adapting their working practices and felt they should be commended for their efforts, given the year on year improvement.

The Board were notified that the 95k Cap had been revoked by Government at this point in time. It was noted that the Government still intended to apply a cap on exit payments and it was anticipated that new regulations would come forward in the summer of 2021.

The Chairman recapped for the benefit on those watching the You Tube footage that the role of the Board was to scrutinise the work of the Committee.

The Board welcomed the new report format and thanked the Head of the Pension Fund and his team for making the report more accessible but requested more clarity in terms of the graphs and voting statistics.

In terms of voting, officers explained that the majority of votes against or abstaining referred to resolutions like board structure and executive remuneration, etc. In response to a question, it was

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

explained that it related to direct communication with members of the board and the senior management team, in addition discussions were followed up with correspondence. In essence it was activity outside of the Annual General Meeting (AGM) and would be a meeting with an agenda including areas of concern.

Resolved

That the Committee noted the market value and quarterly performance of the Gloucestershire Pension Fund as at 31 December 2020.

5. RISK REGISTER

The Head of Pensions explained that the risk register was a live document and therefore it was important for it to reflect the discussion carried out by the Committee. A number of changes had been made, these were highlighted in yellow and the new narrative was shown in bold red. It was noted that the Committee had approved the Risk Register at its March Meeting.

The Board requested that the Risk Register be shared with them on a more regular basis, so they could monitor the evolving situation in terms of risk.

In response to a question, it was confirmed that the residual risk rating for F6 had also been increased, as this related to pay and inflation exposure. The Head of Pensions explained that inflation exposure was one of the greatest risks that the Fund faced.

Resolved

That the Board noted the risk register and the recommendations as approved by the Pension Committee: the increase and proposed review in relation to F6 and the reduction in residual risk ratings for risks F1, F2 & F4 and the continued increased position relating to residual risk ratings for risks G5, A/R 1.1 & 1.2.

6. REGULATORY STATEMENTS

The Head of Pensions presented the report in detail. Board Members were advised that the main proposed revisions to the Funding Strategy Statement (FSS) were based on the new Employer discretions that had been introduced and must be captured to enable the Fund and Employers to utilise these discretions. The new regulations now gave more flexibility for the Fund moving forward.

In response to a question, the FSS was part of a suite of policy statements which the fund was required to have and took account of ESG for long term investment stability.

Resolved

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That the Board noted the Funding Strategy Statement and the Investment Strategy Statement.

7. TRAINING STRATEGY

The Head of Pensions explained that the training strategy had been developed in conjunction with the Actuary, Hymans Robertson to ensure that good practice had been identified and incorporated into the strategy.

The Head of Pensions explained that the aim of the strategy was to look at multiple ways of delivering training both internally and externally. The Board felt it was a positive step to put a training strategy in place, especially with a new council being elected in May 2021. Board Members felt that periodic refresher training would also be beneficial for all members and fully endorsed the report.

The Board welcomed the opportunity to have greater interaction with the Pension Committee and Officers. It was agreed that Board Members would be invited to the Pension Committee training session which was being arranged for newly elected members in May 2021.

In addition, it was suggested that perhaps joint training sessions with the Pension Committee could be held before the formal meeting and embraced the opportunity to train.

The Head of Pensions advised the Board that he would in conjunction with the Hymans Robertson undertake a review of individual training needs once the strategy had been formally adopted.

Resolved

That the Board fully endorsed the training strategy and noted the associated training plan.

8. GLOUCESTERSHIRE PENSION FUND BUSINESS PLAN 2021/22

The Head of Pensions presented the report in detail and it was noted that a work plan would now be developed for the Board, to reflect activities at a high level.

The Board commended the Pensions team on their efforts, it was evident that a huge amount of work was being undertaken in order to give a clear direction of travel going forward.

Resolved

That the Board noted the Business Plan for 2021/22 and noted the current outturn position of the 2020/21.

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That a work plan be established for the Board to support activities contained in the Business Plan for 2021/22.

9. EXCLUSION OF 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.

10. EXEMPT PENSION COMMITTEE MINUTES

Resolved

That the Board noted the exempt Pension Committee minutes of the 4th December 2020 and the 29th January 2021.

11. GLOUCESTERSHIRE PENSION FUND UPDATE - PART 2

The Head of Pensions presented the report and gave an overview of market valuations and an update on the performance of the Fund, as at 31st December 2020.

Resolved

That the Board noted the market value and quarterly performance of the Gloucestershire Pension Fund as at 31st December 2020.

CHAIRPERSON

Meeting concluded at 2.43 pm