

PENSION BOARD

MINUTES of the meeting of the Pension Board held on Wednesday 28 July 2021 commencing at 10.00 am at the .

**PRESENT
MEMBERSHIP:**

John Abbott	Michael Hunt
Sean Collins	Jon Topping
Stephen Hirst	

Substitutes:

Apologies: Annette Benson and Paul Jones

12. MINUTES OF THE PREVIOUS PENSION BOARD

It was noted that some members forenames had been omitted, subject to this being amended, the minutes were agreed as a correct record.

Resolved

That the minutes of the Pension Board held on the 9th March 2021 be approved as a correct record.

13. PENSION COMMITTEE DRAFT MINUTES

Resolved

That the Pension Committee draft minutes held on the 18th June 2021 be duly noted.

14. 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 March 2021.

Board Members were advised that the past service position of the Fund had improved since 31 March 2019 and based on a level of investment return of 4.1%, the fund currently had sufficient assets to pay all accrued benefits. In addition, the amount of additional assets had increased from £41m to £409m since the valuation in 2019.

Prudent expectations of future investment returns have fallen from 4.2% to 4.1% based on the Fund's current investment strategy.

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

Members noted that by the end of the quarter the market value had increased by £55.378m, to £2.898bn. It was reported that performance for the fund over three years to March 2021 was 7.6%, and was slightly behind the benchmark by 0.2%.

Members were informed that during the Quarter the rebalancing of the Strategic Asset Allocation had been undertaken to the Brunel Global High Alpha portfolio. In addition a top up allocation to Brunel Private Markets portfolios had also occurred and this was currently waiting to be called down.

In response to a question, it was explained that Committee had asked for a piece of work to be undertaken to look at the associated risks to the Fund in relation to inflation and also benchmarking overall performance against comparative funds. The Head of Pensions advised the Board that the valuation would take place in March 2022 and a strategic review would also be undertaken then.

The Head of Pensions told the Board there were a number of issues staff had faced during the pandemic but overall the administration team were doing a sterling job in challenging times. It was recognised that the payment of member's benefits, such as retirements and death grants had been given priority and there were currently remain challenges to recruiting and the training of staff. Members were advised that the team were still operating an office rota system.

The Board were advised that the Fund was in a positive funded position at the quarter end.

Resolved

That the Board noted the report.

15. 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 and Board.

Members were informed that since the risk register was last considered by the Pension Board in March 2021, there had been no substantial movement in the overall risk levels faced by the fund.

The Board noted that in relation to F1, F2 & F4, these risks had previously been increased due to the potential impact of the Covid pandemic and the Equity review. They were reduced back to original levels last quarter and would continue to be monitored by Pension Committee through ongoing reporting.

It was reported that F6 risk remained at an elevated level at this time. This risk would be reviewed once the inflation and interest rate risk exposure of the Fund had been reviewed, as part of the ongoing work plan.

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In terms of A/R 1.1, A/R 1.2 & G5, these risks remained at a medium residual risk as the recruitment plan for the agreed team resources was still ongoing. Risk G5 would be reviewed after the training needs analysis had been undertaken.

All of the remaining risk ratings within the risk register had been reviewed. It was anticipated that risk G8 and F9 would be removed from the risk register in the near future once the transition to Brunel has been completed.

Resolved

That the Board noted the risk register.

16. BOARD ANNUAL REPORT 2020-21

The Head of Pensions presented the report in detail.

It was noted that the Board's Annual Report would be presented to the Pension Committee and then onto County Council. The report included information on the business conducted by the Pension Board with any risks or concerns identified. In addition, the report would be published on the Pension Fund's website.

The report provided details of the constitution of the Board, the respective Employer and Member representatives and their attendance at the meetings held. It also provided an indication of the future work programme for the Board for 2021/22, which would focus on the triennial valuation, governance review and the McCloud judgement.

In response to a question, it was noted that the training programme would be incorporated at a later date, as training had been impacted by the Covid pandemic.

Resolved

That the Board approved the Annual Report.

17. GOVERNANCE REVIEW

Scott Campbell (AON) presented the report in detail and advised the Board that it was a question of how things got done, policies, practices, etc. AON had undertaken the review and had made comparisons against National best practice, AON governance framework and other LGPS in order to highlight areas that require improvement.

It was noted that AON Officers had previously observed the Pension Committee, Pension Board and had undertaken in-depth discussions with the Head of Pensions.

During the discussion it was noted that AON had considered the mixed representation of the different sectors on the Committee and the Board. It was suggested that there should possibly be an increase in the employee and employer

representation on the Pension Committee. Board Members welcomed this suggestion.

In terms of the frequency of meeting, AON were please to note that the number of Pension Board meetings had increased from 2 to 4 a year. In addition, it was also noted that training had also been provided to all members since the review was undertaken and this had been duly noted.

The Board noted that a related workplan was in the process of being devised by the Head of Pensions and this would be presented to the September Committee meeting for consideration and to the Board in October.

Members acknowledged the reports findings and recognised that it was necessary for Board Members to challenge, question and voice their concerns. It was anticipated by holding more regular meetings the Board would develop further and interact with the Committee more due to the increased frequency.

During the discussion, it was noted that some items were regulatory for the Committee to consider and the Board's function was more of an oversight role. The newer Board Member's recognised that at times they felt out of the depth with some of the content, and felt unable to challenge initially. It was noted that the report content was well presented it was a question of experience at this stage. The Chair added that if Board Members didn't fully understand the report content, how could they be sure that Committee members understood them.

Officers appreciated the points raised and acknowledged it was not for Members to spot errors in the report but to be confident that the Committee was making the right decisions. These skills sets would be improved over time with knowledge and training.

The Head of Pensions referred to the knowledge assessment that was circulated by the Actuary, Hymans Robertson. It was noted that a training plan would be developed in accordance with the collated responses.

It was also recognised that there would be an impact from the McCloud ruling and the triennial valuation going forward.

In response to a question, the Head of Pensions explained that the fund performance update acted as a form of key performance indicators (KPI's). Members also recognised that the Fund needed to have its own view in terms of cyber security and business continuity plans. The Head of Pensions advised the Board that these areas were developed and a report would be presented to Committee in September and the Board at its October meeting. Members were interested in the cyber security elements given the issues faced by some other authorities.

Resolved

That a report be noted.

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18. EXCLUSION OF THE 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.

19. EXEMPT MINUTES PENSION BOARD

It was noted that some members forenames had been omitted, subject to this being amended, the minutes were agreed as a correct record.

Resolved

That the exempt minutes of the Pension Board held on the 9th March 2021 be approved as a correct record.

20. EXEMPT PENSION COMMITTEE DRAFT MINUTES

Resolved

That the exempt minutes of the Pension Committee held on the 18th June 2021 be duly noted.

21. GLOUCESTERSHIRE PENSION FUND UPDATE - PART 2

The Head of Pensions presented the report in conjunction with the Independent Adviser and gave an overview of market valuations and an update on the performance of the Fund, as at 31st March 2021.

Resolved

That the Board noted the market value and quarterly performance of the Gloucestershire Pension Fund as at 31st March 2021.

22. ANY OTHER BUSINESS

The Board discussed their role in relation to the Pension Committee in detail. Members were reminded that they could attend the Pension Committee meeting if they wished too. After some debate, it was agreed that Councillor Hirst would represent the Board at the Pension Committee.

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CHAIRPERSON

Meeting concluded at 11.32 am