



## PENSION COMMITTEE

**MINUTES of the meeting of the Pension Committee held on Friday 24 September 2021 commencing at 10.00 am.**

**PRESENT  
MEMBERSHIP:**

Cllr Matt Babbage	Cllr David Brown
Cllr Mark Mackenzie- Charrington	Peter Clark
Cllr Colin Hay	Cllr David Gray
Cllr Lynden Stowe	Cllr Dr Andrew Miller

**Apologies:** Cllr Wendy Thomas

**In Attendance:** Matthew Trebilcock, John Arthur (Independent Advisor), Douglas Green (Hymans), Daniel Kanaris (AON) and Andrea Griffiths.

**13. DECLARATIONS OF INTEREST -**

Councillor Miller declared he was a trustee of Gloucester United Schools.

**14. PUBLIC QUESTIONS -**

One public question had been received and the response had been published online.

**15. MEMBERS' QUESTIONS -**

One member question had been received and the response had been published online.

In addition, the Employee representative asked a question in relation to the Brunel Climate Stocktake, the Chair explained that the Brunel Oversight Board (BOB) had recently discussed the Paris-aligned benchmarking innovation. The Head of Pensions advised the Committee that the Climate stocktake work was commencing and the outcomes would be brought back to this Committee in 2022. It was noted that the Gloucestershire Fund as a key stakeholder would be engaged with as part of the process.

**16. MINUTES -**

**Resolved**

**That the public minutes of the meeting held on the 18th June 2021 be approved as a correct record.**

**17. PENSION BOARD DRAFT MINUTES**

**Resolved**

**That the draft Pension Board minutes of the 28th July 2021 be noted.**

**18. GLOUCESTERSHIRE PENSION FUND QUARTERLY UPDATE**

The Head of Pensions presented an overview of market valuations and an update on the performance of the Fund, as at 30 June 2021.

Members noted that by the end of the quarter the market value had increased by £159.5m, to £3.058bn. It was reported that performance for the fund over three years to March 2021 was 8.4%, and was slightly ahead of the benchmark by 0.4%. Members were advised that the last quarter provided a return of 5.4%, outperforming the strategic benchmark by 0.8%.

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

Members were advised that final transition of the Funds fixed interest allocations to Sterling Corporate Bonds and Multi-Asset Credit had taken place to the respective Brunel Portfolios during the quarter. It was noted that no rebalancing of the portfolios had taken place during the quarter.

In response to a question relating to fossil fuels exposures on the sterling corporate bond portfolio, Officers agreed to review the exposures and report back.

During the discussion, it was noted there was a marked increase in the number of retirement estimates, which had now appeared returned to pre-Covid levels. It was recognised that the Pensions Administration Team had produced the Annual Benefit Statements within the statutory deadline of 31 August. The Head of Pensions told the Committee 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

Members wished to know if the increase in retirement estimates was due to Covid. The Head of Pensions explained there was an increased interaction with employers, and it was employees only enquiring at this stage. The Employee representative explained in his service area there had been an increase in staff turnover, Officers explained they would continue to monitor required resourcing levels closely.

Members were advised that in terms of administration performance indicators for this quarter they were always challenging, however this was not a reflection of the

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performance that would be achieved as the year progressed. The Head of Pensions explained that resources were redeployed during the first quarter to deal with major projects, such as the year end process and the production of the Annual Benefit Statements. In addition staff were still working in a Covid enforced environment.

It was noted that as part of resourcing levels the ability to recruit and train staff in the current situation was an ongoing issue and forms part of the business plan.

In response to a question regarding mortality rate assumptions and updates on life expectancy, it was noted that Hymans would look at those factors as part of the valuation once the data had been collated.

The Committee were advised that in terms of Brunel voting, parameters were set by the Funds collectively. There was a responsible investment sub-group who met with Brunel on a regular basis. In addition, Hermes set a template that applied the voting principles of Brunel to operate within.

The Head of Pensions explained that in accordance with the knowledge and skills assessment, a training plan was being developed for members. In addition Brunel were offering investor seminars for members to attend virtually. If members were unable to attend then the recordings would be made available after the events. It was noted that Hymans will be providing the Fund with access to an online learning academy and the details would be circulated in due course.

The Chair was pleased to note the positive position of the fund and recognised this was the first time ever the fund had exceeded £3bn.

### **Resolved**

**That the Committee noted the market value and quarterly performance of the Gloucestershire Pension Fund as at 30 June 2021.**

## **19. 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.

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

During the discussion it was noted in relation to climate change and the IPCC report, these elements would be captured within the investment strategy, which would be evaluated and reviewed accordingly in early 2022.

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The Committee were advised that specialist advisors monitored the impact on employment, mortality and life expectancy and those factors were embedded within part of everyday life.

**Resolved**

**That the Committee noted the risk register.**

## **20. PERFORMANCE BENCHMARKING REPORT**

The Head of Pensions presented the report and explained that the fund participated in LGPS Investment Performance benchmark as undertaken by PIRC. It was noted that 5 out of 10 funds within the Brunel had taken part.

In response to a question, members were advised that the fund was cash flow positive and therefore not a forced seller of its assets. If the need arose there were other asset classes that be used to generate income available to the Fund. The Committee welcome the report and found it to be useful comparative tool.

**Resolved**

**That the Committee noted the report.**

## **21. FINANCIAL STATEMENTS 2020/21**

The Head of Pension explained that the report provided the opportunity for the Pensions Committee to consider the year-end financial statements of the Gloucestershire Pension Fund, prior to them being presented to the Audit Committee for approval as part of Gloucestershire County Council's Accounts.

In response to question, members were advised that the Pension Fund accounts at this stage were unaudited and the level of audit fees were set by Government and they are due for renewal shortly. Members noted that external audit were also experiencing recruiting difficulties in the market and this was impacting on the audits being conducted.

**Resolved**

**That the report be noted.**

## **22. DRAFT ANNUAL REPORT**

The Head of Pensions presented the report and explained that the draft annual report was circulated via email for information. Members were advised that the Annual Report had to be published online before the 1st December 2021. It was explained that when the Pension Fund Accounts had been formally approved, they would be incorporated into the annual report and the Chair would be delegated to sign the annual report on the Committee's behalf.

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The Chair requested that page 13 of the annual report be amended in relation to the reference date for the investment managers, Officers agreed to make the necessary amendment.

It was suggested during the discussion, that the pictures contained within the annual report were more reflective of a different age group and social life, some members felt this should be more reflective of Gloucestershire. Officers agreed to look at the imagery within the report. The Committee noted that the report would be published online and the decision had been taken to no longer produce printed copies.

The Committee felt the format was better, more accessible and the executive summaries were now more informative. However members commented that the bar chart shades were on occasion difficult to read and a bolder colour to differentiate would be beneficial.

Members felt that climate change, responsible investment and Brunel's performance should be highlighted within the report. The Committee agreed these factors should be publicised within the report. The Head of Pensions explained that he was working with Brunel to produce communications ahead of the annual meeting.

In response to a question, it was noted that the report was designed within the protocol requirements of GCC and these had been provided to the designers..

### **Resolved**

**That the report be approved subject to the agreed amendments and that the Chair would be delegated to sign the Annual Report.**

## **23. GOVERNANCE REVIEW**

The Head of Pensions presented the report and referred the Committee to the recommendations on page 177 of the report. The Committee discussed and approved the draft work plan.

Members discussed the Conflicts of Interest Policy in detail. In response to a question, it was explained that there was no issue with having a conflict, providing it was declared and documented, therefore any issues could be managed appropriately.

The Committee discussed the third recommendation and the suggestion of increasing the employer representatives on the committee to two members. Officers explained that a representative from the academy sector could be sought, as that sector was the second largest employer base within the fund. Members noted that the Pension Board as part of its oversight function had a mix of representatives, who oversaw the work of the Pension Committee.

The Employee representative felt it was regrettable that the employee representation on the Committee would not be increased at this time, he felt this was unbalanced as members on the committee represented councils and not those who contributed directly to the fund. He added as the staff representative he didn't feel this was the right decision. The Head of Pensions offered to relay these comments to the Constitution Committee.

In response to a question regarding proportionality, it was explained that the voting right would be withdrawn from the employer representatives. Members were advised that the current voting position was detailed at page 175 of the report.

After some discussion the committee agreed to recommend to the constitution committee, that representation should include one employee representative, one district representative and one employer representative.

The Committee continued to discuss the fourth recommendation and agreed to recommend the duties of the Pension Committee be amended, as set out in appendix 3 to this report, to the Constitution Committee and for Fund Officers to draft a report accordingly.

#### **Resolved**

**That the Committee agreed the draft work plan.**

**That the Committee agreed to adopt the draft Conflicts of Interest Policy.**

**That the Committee agreed the recommendations as set out in the report and requested Fund Officers to draft a report for the Constitution Committee to consider. In addition, the report would be subject to the approval of the Chair of the Pension Committee before submission.**

**That the Committee agreed to recommend the duties of the Pension Committee, as set out in appendix 3 to this report, to the Constitution Committee and for Fund Officers to draft a report accordingly.**

#### **24. 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.**

#### **25. EXEMPT MINUTES**

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

**Resolved**

**That the exempt minutes of the meeting held on the 18th June 2021 be approved as a correct record.**

**26. EXEMPT MINUTES OF THE PENSION BOARD**

**Resolved**

**That the draft Pension Board exempt minutes of the 28th July 2021 be noted.**

**27. GLOUCESTERSHIRE PENSION FUND QUARTERLY 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 30th June 2021.

**Resolved**

**That the Committee noted the market value and quarterly performance of the Gloucestershire Pension Fund as at 30th June 2021.**

**CHAIRMAN**

Meeting concluded at 12.35 pm