

PENSION BOARD

MINUTES of the meeting of the Pension Board held on Wednesday 27 April 2022 commencing at 10.00 am at the Virtual Meeting - Web ex meeting.

PRESENT MEMBERSHIP:

Annette Benson

Sean Collins

Substitutes:

Apologies: John Abbott, Michael Hunt and Jon Topping

11. DECLARATIONS OF INTEREST

No declarations of interest were made.

12. PENSION BOARD MINUTES

That the Pension Board Minutes were noted as a correct record.

13. PENSION COMMITTEE DRAFT MINUTES

The Board noted the Pension Committee draft minutes.

14. GLOUCESTERSHIRE PENSION FUND QUARTERLY UPDATE - PART 1

The Head of Pensions presented the report which summarised the Fund's funding position, market value, asset allocation, investment performance for the quarter ending 31 December 2021.

Members noted that by the end of the quarter to 31 December 2021, the Fund's total market value increased by £126.733m, to £3,226.748m and over the quarter, total Fund assets produced a positive return of 4.1%, compared to a target of 4.3%, slightly underperforming the strategic benchmark by 0.2%. It was reported that performance over the 3 years to 31 December 2021 was 12.3% ahead of the benchmark by 0.9%.

The Board noted the fund was in a positive position at the quarter end.

The Head of Pensions explained the annual Responsible Investment and Stewardship outcomes report would provide greater information on the effectiveness and outcomes of the voting and engagement undertaken and would include case studies. The report for 2021 was currently being prepared by Brunel and this would be issued to all Committee and Board members in due course.

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

In terms of Fund Administration and as the service emerges from the pandemic, the intention was to work towards implementing agile working for the team, as per GCC guidelines, which would see greater flexibility across the team, but would result in a major change to the overall teams working behaviours that were in place prior to the pandemic. A recruitment process was underway, in order to assist with the increased volume of activity levels.

The Board noted the report in accordance with the regulations, the Funds position and activities as at 31 December 2021.

15. RISK REGISTER

The Head of Pensions explained that in accordance with the Risk Management policy agreed by Committee on 3 December 2021, progress and activity in managing risks would be monitored and recorded on a risk register and key information would be provided on a quarterly basis to the Pension Committee and the Pension Board, as part of the regular update reports on governance, investments and funding, and administration and communications.

In addition, as part of the agreed risk management policy there was a new risk register format which would provide a dashboard (heat map) overview of the risks in the following 3 categories:

- Governance
- Funding & Investment Risks
- Administration & Communication Risks (Operational)

Members were advised that the risks had been reviewed against previous rating and there were no material changes to risk levels since the Committee considered the risk register at its last meeting in December 2021. The Board found the heat map useful as they felt it focused their attention and they were pleased to see there were no red ratings.

The Board were advised that Governance Risk number 9 header was amended to 'Climate Change & Stranded Assets', including Environmental ESG issues.

The Board noted the Risk Register and the current elevated risks, as outlined in the report.

16. FUND BUSINESS PLAN 2022/23

The Head of the Pensions explained that the Fund's Business Plan 2022/23, as set out in Appendix 1 of the report, covered the Funds objectives, key areas of activity and budget for 2022/23.

The Head of Pensions explained for 2022/23 it was agreed by the Pension Committee to focus on 4 key areas in addition to the normal activities of the Fund. The core projects were summarised as follows:

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- 2022 actuarial valuation and associated activities
- Pensions administration system contract review/renewal
- Pensions Dashboard (including a data improvement strategy)
- McCloud

The Head of Pensions explained that the majority of the Funds Administrative and Oversight & Governance underspend related to the level of vacancies in the team during the year. The recruitment of these posts had been delayed due to the pandemic. This was also reflected in the IT underspend in relation to required equipment and licences. The underspend in actuarial fees would be reflected in an increase in the 2022/23 budget, as this was based on the additional activities on the valuation process and fees were levied as the project progresses.

In response to a question, members were advised that the Pension Fund had access to a LGPS Framework, which contained a pre-procured framework of providers, which was beneficial as the market providers were of limited availability. The Head of Pensions hoped this process would be completed within twelve months. During the discussion, it was suggested that the key project risks should be identified on the Risk Register in order to keep them front and centre.

The Board requested to receive regular updates on the implementation programme to ensure the process was being managed effectively. In response to a question, it was noted that the key projects would undoubtedly place more pressure on the administration team. Hence the need to recruit to these posts as a priority, it was noted the service was playing catch up as they had been under resourced for some time.

The Officer hoped that with the introduction of a member self-service dashboard, some of the burden could be removed from the administration team.

The Board noted the Business Plan for 2022/23 and noted the current outturn position of the 2021/22 business plan.

17. 2019 VALUATION - PUBLIC SERVICE PENSION ACT 2013, SECTION 13 REPORT

The Committee received a detailed presentation from the Actuary, Hymans Robertson, it was noted that under Section 13 of the Public Service Pensions Act the Department of Levelling Up Housing and Communities (DLUHC) appointed the Government Actuary's Department (GAD) to carry out a review of the LGPS local funding valuations.

Hymans Robertson had submitted data and information regarding the 2019 valuation on the Fund's behalf to GAD and they used this data, along with data from the other LGPS Funds to carry out their analysis. It was noted that GAD published their report on the 2019 valuations on 16 December 2021.

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Members were advised that the provided an overview of the general results from the section 13 exercise and importantly the Fund specific outcomes for Gloucestershire.

The Board noted the outcome of the 2019 Valuation Public Service Pensions Act 2013, Section 13 report in relation to the Gloucestershire Pension Fund.

18. EXCLUSION OF THE PRESS AND PUBLIC

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 OF THE PENSION COMMITTEE

The Board noted the Pension Committee draft exempt minutes.

20. 2022 VALUATIONS - ACTUARIAL ASSUMPTIONS

The Board received a detailed presentation from the Julie West, Actuary, Hymans Robertson as part of the preparation for the 2022 valuation.

That the Board noted the assumptions for the 2022 valuation as set out in the report.

21. GLOUCESTERSHIRE PENSION FUND QUARTERLY UPDATE - PART 2

The Head of Pensions presented the report and explained that the report was designed to be read in conjunction with the Part 1 report, which provided more detailed analysis and commentary on the Fund's asset allocation, investment performance for the quarter ending 31 December 2021.

The Board noted the detailed performance reports for the quarter ending 31 December 2021 and the employer, Brunel and future investment activities of the Fund.

CHAIRPERSON

Meeting concluded at 11.30 am