

PENSION BOARD

MINUTES of the meeting of the Pension Board held on Thursday 20 October 2022 commencing at 10.00 am at the Virtual Meeting - Web ex meeting.

PRESENT MEMBERSHIP:

John Abbott	Cllr Stephen Hirst
Annette Benson	Michael Hunt
Sean Collins	Jon Topping
	Colin Williams

32. DECLARATIONS OF INTEREST

Colin Williams declared he was a member of the lower drainage board.

33. PENSION BOARD MINUTES

Resolved

The Board agreed the minutes of the previous meeting held on the 21st July 2022.

34. PENSION COMMITTEE DRAFT MINUTES

Resolved

The Board noted the Pension Committee draft minutes of the meeting held on the 23rd September 2022.

35. 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 30 June 2022.

Members noted that by the end of the quarter to 30 June 2022, the Fund's total market value had decreased by £181.909m, to £2,924.184m and over the quarter, total Fund assets produced a negative return of -5.9%, compared to a target of -5.4%, underperforming the strategic benchmark by 0.5%. It was reported that performance over the 3 years to 30 June 2022 was 4.7% annualised slightly behind the benchmark by 0.6%. Despite the decrease the fund was still regarded to be in a healthy position.

The Board were advised that the Government had launched their consultation on Governance and Reporting of climate risks, which followed the Taskforce for Climate-related Financial Disclosures (TCFD) framework, which would require

administering authorities to consider and report against the four key areas of governance, strategy, risk management and targets. Members were advised that a training day on the 15th November would be held at the before the consultation deadline to allow the fund to respond.

The Head of Pensions informed Board that the Administration Key Performance Indicator's (KPI's) had been impacted by the triennial valuation which had taken up considerable time and resources. However, as the triennial valuation was a critical part of governance process and given the efforts of the team, they were ahead of the timetable and were working with all employers of the fund. It was noted here were no breaches of the statutory requirements.

The Head of Pensions explained that two new Pensions Officers had been appointed and would be in post in the near future. There were another 4 Pension Officer posts to be recruited to. In addition, the recruitment process for a new Pension Administration Manager was underway, which would build more resilience into the team as a whole. The Board were informed that recruiting across the entire LGPS sector remained a challenge as the volume of membership increased as did the complexities of members circumstances.

He advised the Board that the issues could not be immediately resolved just by appointing new staff as it would take 6 to 12 months for these additional resources being in a position to aide improvement due to the training and upskilling required. He had already commissioned Hymans to assist in the training plan for new recruits as well as support staff, in order to repair the long term issues.

The Board were informed that the Committee had debated the KPI's and as a result they had asked for a report and action plan on appropriate and effective KPI's. They also requested to know what the fund was required to benchmark against, as they were concerned some of the targets were unrealistic. The Board reiterated these concerns and requested a copy of the report when it was available.

The Head of Pensions explained that he was liaising with the other South West Funds in terms of what other LGPS were tracking in order to benchmark effectively. He added once the new Administration Manager had been appointed, he hoped their views would be aligned.

During the discussion, it was requested that the executive summary table be expanded to include the preceding three monthly figures. The Head of Pensions agreed to take up the request with the actuary.

Members felt that data integrity and process improvements should also be considered, as they remarked this was reflected in the results. It was explained that data integrity was of paramount importance and the quality of data received from some employers had been poor possibly due to the impact of Covid. It was noted this in turn had caused more work for the Pensions Team. The Head of Pensions advised members that he was looking at implementing I-Connect as a long term solution.

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

The Board were advised that the external audit findings report had been delayed and the report would be circulated as soon as it was available. The Fund was on target to publish the Annual Report on the 1st December 2022.

Resolved

That the Board noted the funding and investment position and governance activities as at 30 June 2022.

36. 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.

The Board were advised that there were no major changes since the previous review and a number of risks remained elevated at this time.

Resolved

That the Board noted the risk register and the current elevated risks as outlined in the report.

37. GOVERNANCE POLICY & COMPLIANCE STATEMENT

The Head of Pensions presented the report and advised the LGPS Regulations 2013 required the administering authority to measure their governance arrangements against the standards set out in the statutory guidance issued by the Secretary of State for Communities and Local Government.

Members were pleased to note the governance statement review had concluded that the fund was fully compliant with the guidance in the applicable areas.

Resolved

That the Board acknowledged the approved the Governance Policy and Compliance Statement.

38. PENSION FUND FINANCIAL STATEMENTS 2021/22

The Head of Pensions advised the Board that the report provided the opportunity to consider the draft year-end financial statements of the Gloucestershire Pension Fund. It was explained once the audit had concluded they would be presented to the Audit Committee for approval as part of Gloucestershire County Council's Accounts.

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

Members were advised that the audit findings report would be circulated via email for information, once the audit had completed. It was noted that the Pension Fund Annual Report would be published on or before the 1st December, the Board noted the process for the approval of GCC Accounts and the publication of the Pension Fund Annual Report.

During the discussion, it was explained there was a national shortage of auditors given the commercial demand and the approval of the accounts had been moved to the end of November to take account of the delays. In response to a question, it was noted that the PSAA appointed the external auditors.

The Chairman asked what the implications were for the 10.1% CPI, the Head of Pensions explained it was unknown at this stage and some modelling work would be undertaken in due course and the findings would be presented to the December Pension Committee meeting and brought to the next Board meeting.

Resolved

That the Board noted the Fund's financial statements for 2021-22 issued to the Audit Committee for approval as part of GCC's overall financial statements.

39. 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.

40. PENSION BOARD EXEMPT MINUTES

Resolved

The Board agreed the exempt minutes of the previous meeting held on the 21st July 2022.

41. PENSION COMMITTEE DRAFT EXEMPT MINUTES

Resolved

The Board noted the Pension Committee draft exempt minutes of the meeting held on the 23rd September 2022.

42. 2022 VALUATION RESULTS

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

The Board received a detailed presentation on the actuarial valuation results from Viktoria Bachtler, Hymans.

Resolved

The Board noted the report recommendation

43. 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 30 June 2022.

Resolved

The Board noted the detailed performance reports for the quarter ending 30 June 2022 and the employer, Brunel and future investment activities of the Fund.

CHAIRPERSON

Meeting concluded at 11.50 am