



PENSION COMMITTEE

MINUTES of the meeting of the Pension Committee held on Thursday 8 December 2022 commencing at 10.00 am.

**PRESENT
MEMBERSHIP:**

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

Apologies: Julia Atkinson and Peter Clark

In Attendance: Matthew Trebilcock (Head of Pensions), John Arthur (Independent Advisor), Paul Blacker (Director of Finance), Dave Vickers (CIO Brunel) and Andrea Griffiths (Democratic Services)

89. DECLARATIONS OF INTEREST -

No declarations of interest were made.

90. PUBLIC QUESTIONS -

No public questions were received.

91. MEMBERS' QUESTIONS -

No member questions were received.

92. PENSION COMMITTEE MINUTES

Resolved

That the Committee approved the minutes of the meeting held on the 23rd September 2022.

93. DRAFT MINUTES OF THE PENSION BOARD

Resolved

That Committee noted the draft Pension Board minutes of the meeting held on the 20th October 2022.

94. 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 September 2022.

Members noted that by the end of the quarter to 30 September 2022, the Fund's total market value had decreased by £36.7m to £2,887.5m and over the quarter, total Fund assets produced a negative return of -1.3%, compared to a target of -2.0%, underperforming the strategic benchmark by 0.7%. It was reported that performance over the 3 years to 30 September 2022 was 3.6% annualised which was on benchmark. The fund was still regarded to be in a healthy position.

In term of the Government 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 referred to the consultation response and it was explained that further guidance would be issued from Government in due course. It was noted that a training workshop had taken place and the focus was on the importance of Responsible Investment (RI) and the outcomes of the workshop would help in defining the investment and RI beliefs of the Committee.

The Head of Pensions informed Committee that there was some improvement in the Administration Key Performance Indicator's (KPI's) and the team were actively working to resolved the issues. It was noted that as part of the governance review officers were commencing the review of the administration strategy to establish what were the relevant indicators that should be reported. Further progress will be brought back to Committee at future meetings.

The Head of Pensions explained that newly appointed Pension Administration Manager would commence in March 2023. It was noted that the recruitment process was ongoing in terms of the remaining Pension Officer posts but there had been an increase in the level of interest. Nigel Gabb, Pension Investment and Accounting Manager has also started his new role on the 14th November. The Committee were informed that recruiting across the entire LGPS sector remained a challenge as the volume of membership increased as did the complexities of peoples circumstances. Hymans were also assisting in the training plan for new recruits as well as support staff, in order to address the long term issues.

Member were advised that the LGPS National Knowledge assessment for 2022 had now closed at that the outcome of the assessment would be brought back to a future meeting.

The Pension Fund Audit had concluded and members were advised that unqualified opinion was expected to be given in January 2023 by Grant Thornton.

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

The Head of Pensions wished to thank the Pension Team for all their efforts and hard work during the course the audit process. The Pension Fund Annual Report, including the draft accounts, was published on or before the 1st December 2022. ,

During the discussion, members reiterated their request for the Funds performance reporting to include the traditional spreadsheet on investments. The Committee noted that the actuary and officers had communicated with all employers in the fund and the scheme advisory board released regular news bulletins.

The Pension Dashboard would allow the service greater opportunity to engage with members of the fund and would be supported within the business plan. In response to a question, the committee were informed that officers were working closely with AON to review the administration service delivery, that may include a member self-service platform as it was expected this would provide greater efficiencies in administration in the longer term, an update report would be provided to the March meeting.

The Committee wondered if the other Funds who were paying AON for a review had a bespoke solution or was it a once size fits all approach, that perhaps the Funds could share in order to reduce costs. The Head of Pensions advised that he had communicated with other Funds and it appeared they were all at different points and there were fundamental differences. He reassured the Committee that he had explored the option of a collaboration of Funds in order to drive efficiencies, however at this moment in time, it was not a feasible option. The Fund were receiving a bespoke learning process from AON. The Chairman asked if it was possible to have a Forward Plan to work with Brunel to see if future cooperation was possible.

Members referred to page 121 of the Audit Findings Report and questioned the term 'multiple errors'. The Pension Investment and Accounting Manager explained that the majority were disclosure errors and this did not affect the accounts, it meant that some modification was required to the categories and these processes were being improved.

The Committee referred to the External Auditor's report and noted the control issues relating to SAP. The Director of Finance explained that the new SAP system would be introduced in December 2023 and would mitigate the concerns raised. The Committee recognised this was slightly out of the Pension Fund's remit as it relied on the Council's infrastructure. The Audit & Governance Committee were also aware of the issues and would continue to monitor the areas.

The Audit fees were agreed subject to the PSAA and the final fees would be present to the Audit & Governance Committee at its January meeting. It was noted that the inclusion of the previous year's fees had been requested for transparency. Members were advised that Grant Thornton had been re-appointed as the Authority's Auditor but the fees could be significantly higher.

Resolved

That the Committee noted the funding and investment position and governance activities as at 30 September 2022.

That the Committee acknowledged the Audit Findings Report provided by Grant Thornton

That the Committee noted the Annual Report for 2021/22, which had been published on or before the 1st December 2022.

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

During the discussion, it was noted that the Corporate Risk Register was being revised to make it more clear and concise. The Head of Pensions added the Pension Fund did not follow the Corporate Risk Register but he would look at it to see if any elements could be utilised.

Resolved

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

96. 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.

97. EXEMPT MINUTES

Resolved

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

That the Committee approved the exempt minutes of the meeting held on the 23rd September 2022.

98. DRAFT EXEMPT MINUTES OF THE PENSION BOARD

Resolved

That Committee noted the draft Pension Board exempt minutes of the meeting held on the 20th October 2022.

99. 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 future activities, participating employer activities and a summary of the operational aspects of the Brunel Pension Partnership, for the quarter ending 30 September 2022.

Resolved

That the Committee noted the detailed performance reports for the quarter ending 30 September 2022 and the employer, Brunel and future investment activities of the Fund.

That the Committee supported the proposed revisions to Brunel's Climate Change Policy

That the Committee requested officers and the Independent Advisor continue to monitor the position and report any concerns periodically.

100. INVESTMENT ADVISORS QUARTERLY REPORT AND STRATEGY ASSET ALLOCATION

The Independent Advisor presented the report in detail and advised members of the Fund Asset Allocation and investment performance for the quarter ending 30 September 2022.

Resolved

That the Committee approved the revised Investment Strategy Statement.

That the Committee noted the quarterly performance report and the draft portfolio specification for the asset allocation.

101. PRESENTATION AND INVESTMENT PERFORMANCE REVIEW

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

The Committee received a detailed presentation from Dave Vickers, Chief Investment Officer, Brunel Pension Partnership and discussed the Performance Review in detail.

CHAIRMAN

Meeting concluded at 12.52 pm