

PENSION BOARD

MINUTES of the meeting of the Pension Board held on Thursday 20 July 2023 commencing at 10.30 am at the Virtual Meeting - Web ex meeting.

PRESENT MEMBERSHIP:

John Abbott	Michael Hunt
Gemma Bell	Cllr Mark Mackenzie-Charrington
Sean Collins (Chairman)	

Apologies: Annette Benson

21. DECLARATIONS OF INTEREST

No declarations of interest were made.

22. PENSION BOARD MINUTES

The Board approved the minutes of the meeting held on the 26th April 2023.

23. DRAFT MINUTES OF THE PENSION COMMITTEE

The Board noted the draft Pension Committee minutes of the meeting held on the 15th June 2023

24. GLOUCESTERSHIRE PENSION FUND QUARTERLY UPDATE - PART 1

- 24.1 The Head of Pensions presented the report which detailed the Fund's funding position, market value, asset allocation, investment performance for the quarter ending 31 March 2023.
- 24.2 The Board noted that by the end of the quarter to 31 March 2023, the Fund's total market value had increased by £103.5m to £3,051.4m and over the quarter, total Fund assets produced a positive return of 3.4%, compared to a target of 2.8%, outperforming the strategic benchmark by 0.6%. It was reported that performance over the 3 years to 31 March 2023 was 9.9% annualised which is 0.8% ahead of benchmark.
- 24.3 The Head of Pensions explained how the Fund was performing at the various local and national levels, the Board was pleased to note that nationally the fund was doing very well.
- 24.4 During the discussion, it was reported that in relation to the McCloud ruling, new regulations would come into force as of the 1st of October 2023, and this would signal the start of the process. It was explained that a consultation response would

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be sought from the Pension Committee at its September meeting in relation to the pooling guidance consultation.

24.5 Resolved

That the Board noted the position of the Fund as at 31 March 2023 and the governance undertaken and subsequent recommendations agreed by the Pensions Committee at their meeting held on 15 June 2023.

25. PENSION FUND FINANCIAL MANAGEMENT

25.1 The Pensions Investment & Accounting Manager advised the Committee 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 it would be presented to the Audit Committee for approval as part of Gloucestershire County Council's Accounts.

25.2 It was noted that the Pension Fund Annual Report would be published on or before the 1st December, the Committee noted the process for the approval of GCC Accounts and the publication of the Pension Fund Annual Report.

25.3 Officers were congratulated on the production of the accounts by the required deadline.

25.4 In response to a question, the Board noted that the fund managed its own bank account and payments accordingly, this allowed the fund to have a greater degree of flexibility, as the cash flow could be managed on a daily basis and meet the requirements in legislation to operate a separate account to that of the Council.

25.5 Resolved

That the Board noted the Fund's draft financial statements for 2022-23 and approved cash management strategy for 2023-24.

26. PENSION ADMINISTRATION REVIEW

26.1 The Head of Pensions explained that AON had been commissioned to undertake a review of the current administration service and Key Performance Indicators (KPIs) of the Fund, as part of the agreed governance review. Additionally, in response to the challenge from Committee at their recent meetings in relation to the performance against the current Key Performance Indicators (KPIs) of the Fund which had not been achieved constantly for a long period of time and Committee wished to understand the drivers behind this.

26.2 It was noted that AON's full report provided detailed observations and the Board proceeded to discuss the findings. AON had undertaken a thorough review and had spoken to the Pension Team at great lengths, which highlighted resource

issues. It was recognised that many processes undertaken by the team were paper based and this greatly impacted performance.

- 26.3 Members were advised that AON did some detailed analysis of similar funds as a comparison, and it was noted that many other funds had embraced technology, and this had proved beneficial to their performance. The Board recognised that Gloucestershire's lack of investment had impacted the KPI's.
- 26.4 The Board noted that many funds had embraced the member self-service software, and this reaped dividends. Members were informed that out of the 66 funds, 60 had utilised the self-service portal software and Gloucestershire was one of the 6 who hadn't. Board members appreciated the need for software in a digital age to improve processes and systems.
- 26.5 The Board were advised that officers had relayed the point to the Committee that Information Technology would aid the work of the Pension Team and over time the KPI's would increase through investment in software and resources. Although it was noted there was no standard measure on KPI's.
- 26.6 The Board understood that staffing levels for GCC was considerably below its peers, and appreciated the need to invest in the long term and aim to invest in 'grown your own' to resource the team effectively.

26.7 **Resolved**

That the Board noted the administration review undertaken and supported the recommendations agreed by Committee at their meeting of 15 June 2023.

27. RISK REGISTER

- 27.1 The Head of Pensions explained that in accordance with the Risk Management policy, 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.
- 27.2 The Board were advised that two risks had returned to target and will remain to be tracked through the dashboard. The risk register was a live document and would continue to evolve and be reviewed by Committee and Board each quarter.

27.3 **Resolved**

That the Board noted the risk register and the current elevated risks and the risk that have moved back to target, as outlined in this report.

28. BOARD ANNUAL REPORT 2022/23

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- 28.1 The Head of Pensions presented the report. Whilst the Board welcomed the undertaking of the LGPS National Knowledge Assessment by both Board and Committee members to ensure good governance and an informed and appropriate training plan. The Board were concerned at the level of engagement by Committee Members, which reflected that only 50% of the Committee undertook the assessment. The Board would like to see a substantial increase, with an aspiration for 100% engagement, for both Committee and Board members when the exercise is repeated in 2024, thereby ensuring that appropriate knowledge and skills are maintained by those charged with governance.
- 28.2 The Board agreed this was an area of concern, given Pension Committee members were the decision makers for the Fund. The Board felt that it should be an obligation for Pension Committee members to complete the assessment.
- 28.3 The GCC representative on the Board informed the Board that he'd completed the assessment but appreciated the concerns raised by the Board. The Board requested that this point be acknowledged by the Committee that this area of concern would be addressed.
- 28.4 The Board continued to discuss and approve the work plan and acknowledged the single code of practice would be a key document for the Board and their role in ensuring compliance of the code, given their governance and oversight role.

28.5 **Resolved**

That the Board wished to see a substantial increase, with an aspiration for 100% engagement, for both Committee and Board members when the exercise is repeated in 2024, thereby ensuring that appropriate knowledge and skills are maintained by those charged with governance.

That the Board approved the Board Annual Report 2022-23.

29. **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.

30. **PENSION BOARD EXEMPT MINUTES**

The Board approved the exempt minutes of the meeting held on the 26th April 2023.

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31. PENSION COMMITTEE DRAFT EXEMPT MINUTES

The Board noted the draft Pension Committee exempt minutes of the meeting held on the 15th June 2023.

32. GLOUCESTERSHIRE PENSION FUND QUARTERLY UPDATE - PART 2

32.1 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 March 2023.

32.2 Resolved

That The Board noted the report and the governance undertaken by Committee on the employer, Brunel and future investment activities of the Fund, and the recommendation agreed in relation to the infrastructure investment and SAH portfolio.

CHAIRPERSON

Meeting concluded at 12:24pm.