

# PENSION BOARD

**MINUTES of the meeting of the Pension Board held on Wednesday 24 January 2024 commencing at 10.00 am at the Virtual Meeting - Web ex meeting.**

## **PRESENT MEMBERSHIP:**

John Abbott	Michael Hunt
Gemma Bell	Cllr Mark Mackenzie-Charrington
Annette Benson	

**Apologies:** Sean Collins

### **1. DECLARATIONS OF INTEREST**

No declarations of interest were made.

### **2. APPOINTMENT OF CHAIRPERSON**

Councillor Mark Mackenzie-Charrington was appointed as Chairperson for the meeting.

### **3. PENSION BOARD PUBLIC MINUTES**

The Board approved the minutes of the meeting held on the 19<sup>th</sup> October 2023.

### **4. PENSION COMMITTEE DRAFT PUBLIC MINUTES**

The Board noted the Pension Committee draft minutes of the meeting held on the 7<sup>th</sup> December 2023.

### **5. GLOUCESTERSHIRE PENSION FUND BUSINESS UPDATE - PART 1 - FUNDING & INVESTMENT**

The Head of Pensions updated the Board on matters relating to the funding and investment performance of the Fund and provided details of ongoing and future business operational issues.

The Head of Pensions detailed the Fund's funding position, market value, asset allocation, investment performance for the quarter ending 30 September 2023. The Board noted that by the end of the quarter to 30 September 2023, the Fund's total market value had increased by £3.116m o £3,115.884m. Over the quarter, total Fund assets underperformed the strategic benchmark by 1.1%. It was reported that performance over the 3 years to 30 September 2023 was 5.1% annualised which is 0.6% behind the benchmark.

The Board were advised that the Schroder's Greencoat investment vehicle was launched in October 2023 and further information would be available at the next committee meeting in relation to the deployment of the £60m commitment to this investment vehicle which is focussed on renewable energy. Officers were currently awaiting an announcement on the first deal and a press release would be circulated in due course for information.

In response to a question, the Head of Pensions explained that a benchmarking report would be available later in the year and that would details the funds position against the LGPS universe. The Head of Pensions explained the MSCI benchmark resulted in some disparity due to the portfolios thematic approach to sustainability. The largest impact on performance related to the weighting of the so called Magnificent 7 stocks on the related index and this would be considered further in Part 2 of the agenda.

### **Resolved**

**That the Board noted the update provided within the report.**

## **6. GLOUCESTERSHIRE PENSION FUND BUSINESS UPDATE - PART 1 - GOVERNANCE & OPERATIONS**

The Head of Pensions updated the Board on matters relating to the governance of the Fund and provided details of ongoing and future business operational issues.

In terms of the consultation relating to pooling guidance, the Head of Pensions explained that the proposed transition guidance was not an issue for Gloucestershire. However, the Brunel pool is currently valued at c£40bn, which is below the £50bn aspiration pool size contained in the autumn statement, but the Brunel pooling model was regarded an exemplar.

The single code of practice was expected to be enforceable by March 2024, working was being undertaken to test where the fund sits in accordance with the new code. The Board noted that the 10% private equity element was regarded as an aspiration rather than a compliance issue and would undoubtedly have its own implications. The Head of Pensions informed the Board that further information would be provided in due course, as officers were currently reviewing the single code in order to understand the Fund's position.

In response to a question, members were advised that the net drop in pension administration KPIs was due to the number of cases increasing and it would take time to upskill new staff members to the team. Recruitment still proved to be an ongoing challenge in the current environment. During the discussion, the board were informed that there were a number of variables such as staff turnover, retirements, ill health, etc that could deviate the path to achieving the KPIs which is not within the control of the management.

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

Regarding the business plan, it was confirmed that the fund was now tracking the newly agreed key performance indicators (KPI's), and recruitment process was still ongoing and would also take time to upskill new recruits to impact on the KPIs.

In terms of the administration system contract that had had been now been awarded to Heywood Technologies for a ten year period. The procurement exercise has taken a lot of team time with the support of procurement. The connectivity around self-service and an employer portal would improve the way the service interacts with members of the fund and employers on a real time basis and would form a number of projects going forward.

In response to a question, members asked what Heywood's role would be going forward compared to the previous contract. The Head of Pensions explained there was a limited field in terms of suppliers and the process had to be undertaken in accordance with procurement regulations. The new modules would be rolled out moving forward and it was hoped that the self-service portal could be available sooner and the employer portal function would keep data in more real time.

The Head of Pensions explained that the initial works would enable the fund to conform and comply with the pension dashboard requirements. This in turn would improve the customer experience giving the user instant access to their pension self-service record and in turn reduce the burden on the team moving forward.

**Resolved**

**That the Board noted the update report.**

## **7. RISK REGISTER**

The Head of Pensions explained that in accordance with the Risk Management policy, progress and activity in managing risks will continue to 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.

**Resolved**

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

## **8. EXCLUSION OF THE PRESS & 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.**

#### **9. PENSION BOARD EXEMPT MINUTES**

The Board approved the exempt minutes of the meeting held on the 19<sup>th</sup> October 2023.

#### **10. PENSION COMMITTEE DRAFT EXEMPT MINUTES**

The Board noted the Pension Committee draft exempt minutes of the meeting held on the 7<sup>th</sup> December 2023

#### **11. RESPONSIBLE INVESTMENT POLICY**

The Head of Pensions presented the report in detail and explained the Fund didn't have the appropriate licences to share some of the analytical information that the policy had been developed upon, therefore the report was discussed at Pension Committee in the exempt session.

The Board noted that the Committee had agreed to:

- Adopt a whole of Fund 2045 net zero target, with a total Fund carbon reduction target of 50% by 2030 (carbon footprint 1&2) against the base level at 2020.
- Adopt a target of a 60% reduction by 2030 (carbon footprint 1&2) against the base level at 2020 for its listed equity allocation.
- Adopt a target of a 50% reduction by 2030 (carbon footprint scope 1&2) against the base level at 2020 for its corporate bond's allocation.
- Raising the Fund's sustainable/low carbon green assets to 30% (currently 23%) by 2025
- Commit to expanding the Fund's Net Zero target setting to incorporate other asset classes, targeting a whole of Fund approach.

The Board was interested to learn that the Committee had approved the draft Responsible Investment Policy for consultation, and the Committee would then review the draft policy, including the consultation responses in June 2024, and the policy would then be reviewed on an annual basis.

The Head of Pensions advised the Board that the consultation questionnaire, would be referred to next Pension Committee meeting prior to circulation, to ensure there was a continuity across LGPS Funds and this would help to inform the policy going forward.

#### **Resolved**

**That the Board noted the Committee recommendations, in relation to the Responsible Investment Policy.**

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

**12. GLOUCESTERSHIRE PENSION FUND BUSINESS UPDATE - PART 2 - FUNDING & INVESTMENT**

The Head of Pensions presented the report which was designed to be read in conjunction with the Part 1 report, as it 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 2023.

**Resolved**

**That the Board noted the investment activities and performance as of 30 September 2023.**

**That the Board noted the progress of the Social and Affordable Housing portfolio delivery.**

**CHAIRPERSON**

Meeting concluded at 11.22 am