



Pension Fund Committee Friday, 23 June 2017

ADDENDA

3. Minutes (Pages 1 - 2)

The minutes of the meeting held on 16 May 2017 are attached.

4. Minutes of the Local Pension Board (Pages 3 - 8)

The unconfirmed Minutes of the Local Pension Board which met on 7 April 2017 are attached for information only.

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PENSION FUND COMMITTEE

MINUTES of the meeting held on Tuesday, 16 May 2017 commencing at 1.50 pm and finishing at 1.55 pm

Present:

Voting Members: Councillor Kevin Bulmer
Councillor Ian Corkin
Councillor Nicholas Field-Johnson
Councillor Carmen Griffiths
Councillor John Howson
Councillor Mark Lygo
Councillor John Sanders
Councillor Alan Thompson

Officers: Greg Ley, Financial Manager-Pension Fund Investment;
Sue Whitehead (Resources Directorate)

The Committee considered the matters, reports and recommendations contained or referred to in the agenda for the meeting, and decided as set out below. Except as insofar as otherwise specified, the reasons for the decisions are contained in the agenda and reports, copies of which are attached to the signed Minutes.

23/17 ELECTION OF CHAIRMAN FOR THE 2017/18 COUNCIL YEAR

(Agenda No. 1)

It was proposed, seconded and it was:

RESOLVED: (nem com) That Councillor Bulmer be elected Chairman of the Committee for the 2017/18 Council Year.

24/17 ELECTION OF DEPUTY CHAIRMAN FOR THE 2017/18 COUNCIL YEAR

(Agenda No. 2)

It was proposed seconded and it was:

RESOLVED: (nem com) That Councillor Ian Corkin be elected Deputy Chairman of the Committee for the 2017/18 Council Year.

26/17 BRUNEL PENSION PARTNERSHIP - APPOINTMENT OF REPRESENTATIVE FOR THE SHADOW OVERSIGHT BOARD

(Agenda No. 5)

RESOLVED: that Councillor Bulmer represent Pension Fund Committee at the Shadow Oversight Board on 30 May 2017 in Bristol. The Chairman will be supported by Fund Officers for the meeting, as well as receiving briefings in advance of the meeting itself.

27/17 DATE OF NEXT MEETING

(Agenda No. 6)

RESOLVED: That members be consulted on the date of the next meeting.

..... in the Chair

Date of signing

LOCAL PENSION BOARD

MINUTES of the meeting held on Friday, 7 April 2017 commencing at 10.30 am and finishing at 12.15 pm

Present:

Voting Members: Graham Burrow – in the Chair

Alistair Bastin
Stephen Davis
Councillor Bob Johnston
Sarah Pritchard

Officers:

Whole of meeting Sean Collins, Service Manager (Pensions, Insurance & Money Management); Sue Whitehead(Resources)

The Committee considered the matters, reports and recommendations contained or referred to in the agenda for the meeting, together with the following additional document and decided as set out below. Except as insofar as otherwise specified, the reasons for the decisions are contained in the agenda and reports [agenda, reports and additional document], copies of which are attached to the signed Minutes.

12/17 WELCOME BY CHAIRMAN

(Agenda No. 1)

The Chairman welcomed everyone to the meeting and in particular Sarah Pritchard who was a new Member of the Board.

The Chairman indicated that he would be retiring from his post as Head of Pensions for Gloucestershire County Council and sought views on the continuation of the reciprocal arrangements re chairing meetings of the respective Boards. He indicated that his current job share Mark Spilsbury would be taking on the post of Head of Pensions full time.

The Local Pension Board indicated their support for the continuation of the reciprocal arrangements and Sean Collins indicated that he would put the arrangements in place.

13/17 APOLOGIES FOR ABSENCE

(Agenda No. 2)

Apologies were submitted by David Locke and Councillor Roger Cox.

Responding to a request from Councillor Johnston to avoid meeting on the same date as Councillor Cox's cabinet meetings Sean Collins agreed to do so as far as possible. He also undertook to write to all members reminding them of their commitment to 3 meetings per year.

14/17 DECLARATIONS OF INTEREST - SEE GUIDANCE NOTE OPPOSITE

(Agenda No. 3)

There were no declarations of interest.

15/17 PETITIONS AND PUBLIC ADDRESS

(Agenda No. 4)

There were no requests to submit a petition or to make an address.

16/17 MINUTES

(Agenda No. 5)

The minutes of the Meeting held on 13 January 2017 were approved and signed as a correct record.

17/17 BUSINESS PLAN 2017/18

(Agenda No. 6)

The Board were invited to review the Business Plan 2017/18, as agreed by the Pension Fund Committee at its meeting on 10 March 2017, and to provide feedback to the Committee. In particular, the Board was asked to review the service priorities agreed for the year. The Board had before them the report which was submitted to the Committee.

Members discussed the Business Plan and priorities as set out in the report and in generally endorsing the priorities made the following points:

1. Members queried the current cash flow position. Sean Collins indicated that it was still the case that more was taken in than flowed out but that as the workforce reduced and pensioners lived longer it was necessary to be much more precise about when the cash flow might be negative in order to plan properly. It was agreed that cash flow was an area where the Board may be able to give more time to its consideration and it was agreed that a report be submitted to the next Board meeting.
2. In relation to priority 4 relating to developing a robust approach to monitoring the performance of Fund Managers, in respect of their delivery against the Funds responsible investment and stewardship policies Councillor Johnston indicated that this had been in response to concerns around the carbon footprint of firms and diversity on Boards. It was important for Pension Fund Committee to look at the detail to ensure that fund managers were taking their responsibilities seriously. Sean Collins added that work would be ongoing during 2017/18 with reports back to the Committee and Board.
3. Asked in the light of a member's concerns over fund manager performance whether focus of priorities should be on financial performance management, Sean Collins indicated that there were already very robust processes in place

with regard to the budget concern was raised over the amount paid to fund managers in relation to active management.

4. Responding to queries over contract costs Sean Collins confirmed that there were ongoing costs of running the Brunel Company but that certain set up fees would fall out. A member suggested that it would be helpful to see the projected management fees for 2018/19 as they were expected to drop.

The Board AGREED to endorse the priorities set out in the report and to receive a report on cash flow to the next meeting.

18/17 EXEMPT ITEM

A Member indicated that during the next item he wished to refer to exempt information contained in a report to the Pension Fund Committee. In the light of this it was proposed and it was

RESOLVED: that the public be excluded for the duration of items 7 in the Agenda since it is likely that if they were present during those items there would be disclosure of exempt information as defined in Part I of Schedule 12A to the Local Government Act 1972 (as amended) and specified in relation to the respective items in the Agenda and since it is considered that, in all the circumstances of each case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

PUBLIC SUMMARY OF PROCEEDINGS FOLLOWING THE WITHDRAWAL OF THE PRESS AND PUBLIC

19/17 INVESTMENT STRATEGY STATEMENT

(Agenda No. 7)

The public was excluded during this item because its discussion in public was likely to lead to the disclosure to members of the public present of information in the following prescribed category:

3. Information relating to the financial or business affairs of any particular person (including the authority holding that information) and since it is considered that, in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information, in that disclosure could distort the proper process of each of the 10 Committees negotiating the final proposal. It is intended that once all Committees have agreed the final proposal for submission to Government, the final proposal will become a public document. Disclosure would also prejudice the commercial position of the individual pension funds, and future negotiations with Fund Managers.

The Pension Fund Committee agreed its initial Investment Strategy Statement at its meeting on 10 March 2017 and the Board was invited to offer views to be presented to the next meeting of the Committee on behalf of the scheme employers and scheme members they represented.

A member by reference to information on fund manager performance, found in the exempt information report to Pension Fund Committee, highlighted the greater costs for active management of funds compared to passive management. He suggested that the evidence did not support the current weighting given to active and passive funds and that there should be a greater use of passive fund management to deliver savings. It would be possible to meet the benchmark for a lower cost.

Sean Collins highlighted the long term nature of active management which should not be looked at over any shorter term than 3 years. He explained the two styles of active management and the effect this had on the cycle of effective management.

During discussion members made the point that with the Brunel Partnership it was not the time to be making a change.

It was AGREED that figures on the fund manager performance over a longer period be brought to a future meeting. It was further AGREED that although it did not make financial sense to make changes currently that going forward the Board would want to understand where costs were coming from and to have the opportunity to reconsider the matter.

ITEMS FOLLOWING THE RE-ADMISSION OF THE PRESS AND PUBLIC

20/17 EMPLOYER MANAGEMENT

(Agenda No. 8)

The Board considered the latest in a series of reports to the Pension Fund Committee and to this Board on the Fund's approach to employer management. In particular, it covered the action plan as requested by the Pension Regulator following the Fund's second self-referral for non-compliance with the regulatory requirement to issue benefit statements to all active and deferred scheme members.

Sean Collins introduced the contents of the report and action plan and updated the Board on statements issued since the report had been written.

During discussion the Local Pension Board:

1. Explored issues around staff resources and training.
2. Considered the current position and were advised that both County and City Councils were looking to meet their target.
3. Queried why there was nothing in the action plan relating to re-employed leavers. Sean Collins advised that this would be dealt with separately.
4. Reiterated the need to consider informing members who did not receive statements.

The Board AGREED that a further report be submitted to the July meeting setting out progress against the Plan and addressing the need for communication to those members not getting statements.

21/17 RISK REGISTER

(Agenda No. 9)

The Local Pension Board considered the latest risk register as presented to the Pension Fund Committee on 10 March 2017.

In relation to Risk 18 a member highlighted the importance of getting induction processes right.

The report and risk register was noted.

22/17 BRUNEL PENSION PARTNERSHIP

(Agenda No. 10)

The Board noted an oral report on the latest position in respect of the Full Business Case, the next stages in the projects and other key issues arising.

Responding to a question about member representation on the Oversight Board Sean Collins advised that there had been draft discussions about two scheme member representatives attending as observers but this had not yet been endorsed. Once endorsed consideration would be given to the process for their appointment.

23/17 ISSUES/ITEMS TO BE REPORTED BACK TO SCHEME MEMBERS

(Agenda No. 11)

It was **AGREED** that the following items be reported back to Scheme Members and included in the Members report back to the Pension Fund Committee:

- Comments on Business Plan 2017/18 and Priorities
- Investment Strategy Statement

..... in the Chair

Date of signing 2017

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