

## **PENSION FUND COMMITTEE – 11 SEPTEMBER 2020**

### **REPORT OF THE PENSION BOARD**

#### **Report by the Independent Chairman of the Pension Board**

#### **RECOMMENDATION**

**The Committee is RECOMMENDED to note the comments of the Board as set out below, and confirm whether they are happy to have their draft minutes available to the Board in advance of them being agreed by the next meeting of the Committee itself.**

#### **Introduction**

1. At the first meeting of the new Pension Fund Committee on 23 June 2017, it was agreed at the suggestion of the Chairman, that each future meeting of the Committee should receive a written report from the Pension Board, setting out the key elements of their work and any matters which the Board wished to draw to the Committee's attention.
2. This report reflects the discussions of the Board members at their meeting on 17 July 2020. The meeting was chaired by Paul Blacker, the Director of Finance at Gloucestershire County Council as the Gloucestershire Pension Fund had not yet appointed a new Head of Pensions to replace Mark Spilsbury who retired earlier in the year. Five members of the Board attended the virtual meeting, with apologies from Lisa Hughes, one of the three scheme employer representatives.

#### **Matters Discussed and those the Board wished to bring to the Committee's Attention**

3. In line with the reduced agenda discussed at the June Pension Fund committee meeting, the Board had a reduced agenda for their meeting. The Board noted that they had not received the normal risk register report as this had not been presented to the Committee in June. However, they asked that this should be included on all agendas going forward, irrespective of whether the Committee had had the opportunity to review it, given the importance they attached to it in fulfilling their role. This was agreed.
4. Following the request at their January 2020 meeting, the Board reviewed the confirmed minutes of the Pension Fund Committee meeting of March 2020. They raised the question as to why they did not have the minutes of the most recent Committee meeting in June 2020. It was explained that these had not been included as they were still in draft and had not been confirmed by the Committee. The Board noted that the Committee receives its own unconfirmed

minutes, and that there would be a significant time delay if they were restricted to confirmed minutes only. This would inhibit their ability to carry out their scrutiny role in a timely manner. Therefore, they requested that the unconfirmed minutes of the Pension Fund Committee are included on their future agendas. The Committee are invited to consider the request.

5. The Board reviewed the reports received by the June Committee on the Investment Strategy Statement report and Climate Change Implementation Plan. The Board questioned why the Committee had not moved the full passive allocation to the low carbon passive fund. It was explained that the Committee had accepted the shortfalls in terms of the way the current low carbon fund was constructed with the inclusion of companies with high Scope 3 carbon emissions, and those that played a key roll in the fossil free industry whilst having low carbon emissions themselves. It was further explained that the Committee had been happy to allocate 5% of their assets to the low carbon portfolio to demonstrate direction of travel but had asked Brunel to look to develop a further passive fund more closely aligned to the Paris Agreement. Once this further passive fund was available, the Committee would review its position. The Board agreed to note the difference of opinion between themselves and the Committee on this matter. The Board also noted that Alistair Bastin would continue to represent the scheme members on the Climate Change Policy Working Group.
6. The Board received a report to update them on the position of the administrative services, including the latest performance figures, an update on the staffing position and the impact of remote working. The Board welcomed the report and offered no further comments.
7. Finally, the Board reviewed the annual report on their activities. The Board accepted the report with the addition of the training record of the Board members during the past year. This is now included in the Fund's Annual Report and Accounts for which an item appears elsewhere on today's agenda.

**Paul Blacker**

Interim Independent Chairman of the Pension Board

Contact Officer: Sean Collins

Tel: 07554 103465

August 2020