

LOCAL PENSION BOARD

MINUTES of the meeting held on Friday, 9 July 2021 commencing at 10.30 am and finishing at 12.00 pm

Present:

Matthew Trebilcock – in the Chair

Voting Members:

Alistair Bastin

Stephen Davis
Angela Priestley-Gibbins
Sarah Pritchard

**Other Committee
Members in
Attendance:**

Councillor Richard Webber
Alistair Fitt

By Invitation:

Simon Bradley (Observer) and Maria Slater (Observer)

Officers:

Sean Collins (Service Manager Pensions Insurance and Money Management) and Khalid Ahmed (Law and Governance).

The Board 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.

23/21 MINUTES

(Agenda No. 5)

The Minutes of the meeting held on 23 April 2021 were approved.

[In relation to Minute No. 16/21, the Board was informed that a replacement for Peter Davies, the Independent Financial Adviser had not been appointed. The tender documents for the post were with the Council's Legal and Procurement Team. It was expected that Peter Davies would remain until the September meeting and would be paid on an ad hoc basis when needed.]

24/21 UNCONFIRMED MINUTES OF THE PENSION FUND COMMITTEE - 11 JUNE 2021

(Agenda No. 6)

The meeting had before it the draft minutes of the last Pension Fund Committee meeting of 11 June 2021 for consideration. The draft Minutes were noted.

25/21 ANNUAL REPORT OF THE PENSION BOARD

(Agenda No. 7)

The Board was required to publish an Annual Report covering its work of the previous year, for inclusion in the Report and Accounts of the Pension Fund.

Members were provided with the report for 2020/21 which covered the Board's meetings from July 2020 to April 2021.

The Board was informed that it would play a key role in supporting the Pension Fund Committee in delivering its responsibilities following the McCloud judgement and the need to retrospectively collect and review data for the scheme members in scope of the proposed remedy arrangements.

Reference was made to preparation for the next tri-ennial valuation of the Fund due at 31 March 2022 which would be a key area for the Board to consider during 2021/22.

Details of Board Members training was provided. It was noted that training of Board Members was a statutory obligation to enable Members to have the skills and knowledge to enable them to fulfil their duties.

The report was noted.

26/21 REVIEW OF THE ANNUAL BUSINESS PLAN

(Agenda No. 8)

The Board was invited to review the latest position against the Annual Business Plan for 2020/21 which was considered by the Pension Fund Committee at their meeting on 5 March 2021, and to offer comment on the Business Plan agreed for 2021/22.

Sean Collins informed the Board that in relation to progress on the further implementation of the Climate Change Policy, there had been limited progress due the restricted ability to hold meetings of the Climate Change Working Group. This had been caused by problems with membership and Officers being required to prioritise resources on closing the Pension Account Accounts in line with statutory deadlines.

The Board was informed that the membership of the Climate Change Working Group had been agreed as the Chair and Vice Chair of the Pension Fund Committee, a scheme member representative (Steve Moran), a representative from Fossil Free Oxfordshire, Alistair Bastin (Representative from the Local Pension Board) and the Independent Financial Adviser. Councillor Jo Robb had asked to attend meetings of the working group.

Sean Collins informed the Board that the working group would be receiving a report, providing carbon data on the equity and corporate bond investments, with data for both December 2019 and December 2020. In addition, the working group would undertake the initial work in respect of investing in climate solutions and monitoring the effectiveness of our engagement and voting strategies and include initial recommendations to the September meeting of the Pension Fund Committee. A

report would be submitted to the next meeting of the Board on the outcome of the working group meeting.

In relation to priority 2, delivering further improvements to the governance arrangements of the Fund, the Board was informed that a report would be submitted to the September meeting of the Pension Fund Committee on the proposals to implement the actions from the Hymans Robertson review into the governance arrangements of the Fund.

The priority of improving the data management arrangements between the Fund and both scheme employers and scheme members, reference was made to whether there was scope for modelling of the data, rather than manually collecting and the Board was informed that this would happen.

Regarding reviewing the arrangements with Brunel following the transition of the majority of Fund assets to Brunel portfolios, the Board was informed that 80% of the Fund's assets had been invested in Brunel portfolios.

The Board noted the report, together with the information reported.

27/21 RISK REGISTER

(Agenda No. 9)

The Board had been invited to review the latest risk register as considered by the Pension Fund Committee on 11 June 2021 offer any further views back to the Committee.

The report was noted.

28/21 ADMINISTRATION REPORT

(Agenda No. 10)

The Board was invited to review the latest Administration Report as presented to the Pension Fund Committee on 11 June 2021. The report included key administration issues including the iConnect project, service performance measurement and any write offs agreed in the last quarter.

The Board noted that at the Pension Fund Committee it was agreed to extend the temporary reduction in service level agreement targets (down to 75%) until the next meeting of the Committee in September.

Regarding the implementation of i-connect, this was working better and Annual Statements were ahead of schedule.

The report was noted.

29/21 INVESTMENT MANAGEMENT FEES

(Agenda No. 11)

The Board was invited to consider the report on investment management fees and investment performance covering the 3 year period to 31 March 2021 and offer any comments to the Pension Fund Committee.

Sean Collins informed the Board that there had been an increase in investment management fees (£10m) for the last financial year. This had been caused by greater transparency over the underlying costs in respect of some of the private market portfolios. As well as providing information on their own fees, Brunel have provided information in respect of the fees paid to the underlying fund managers in the property and private equity portfolios.

In addition, there was also higher fees paid to the legacy private equity managers in 2020/21 which were related directly to performance.

After discussion, the Board agreed to ask the Pension Fund Committee whether the Fund was getting value for money in terms of fees paid to Asset Managers, as Fund Managers were getting twenty times more than for Passive investments.

The Board was informed that the Pension Fund Committee would be looking at whether Fund Managers had reached their targets.

The report was noted.

30/21 ITEMS TO INCLUDE IN REPORT TO THE PENSION FUND COMMITTEE

(Agenda No. 12)

The Board discussed items to be included in the report to the Pension Fund Committee and the following was agreed:-

- Annual Report of the Board
- The re-appointment of Alistair Bastin to the Climate Change Working Group
- Pension Fund Management Fees
- Reflection of the importance of training for Board and Pension Fund Committee members.

31/21 ITEMS TO BE INCLUDED IN THE AGENDA FOR THE NEXT BOARD MEETING

(Agenda No. 13)

The Committee asked that a report back be provided on the meeting of the Climate Change Working Group.

..... in the Chair

Date of signing