

PENSION FUND COMMITTEE – 6 SEPTEMBER 2019

REPORT OF THE PENSION BOARD

Report by the Independent Chairman of the Pension Board

RECOMMENDATION

1. **The Committee is RECOMMENDED to notes the comments of the Board and:**
 - (a) **Give further consideration to the option of investing in the passive low carbon portfolio, and the value for money of active management when is considers the fundamental asset allocation report in March 2020; and**
 - (b) **Note the support for mandatory training for Committee Members alongside the introduction of named substitutes in its further consideration of the issue elsewhere on this agenda.**

Introduction

2. 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.
3. This report reflects the discussions of the Board members at their meeting on 12 July 2019. The Board was attended by the Independent Chairman and five of the six scheme employer and scheme member representatives. Cllr Sandy Lovatt lost his District Council seat at the May elections and therefore was no longer eligible to sit as a Scheme Employer representative on the Board. The process to appoint a replacement has been started.

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

4. The Board continued to consider the improvement plan as discussed at the June Pension Fund Committee. The key concern of the Board was the availability of key performance indicators to enable the Board to assess progress. The Board accepted that the performance against the standard operational KPI's had dropped whilst the backlog of work had been addressed and noted the Committee's decision to introduce interim targets to allow progress to restoring performance to be assessed. The Board have asked to

receive regular reports on the KPI's to enable them to fully address their responsibilities.

5. The Board considered the report received by the Pension Fund Committee on the review of the Annual Business Plan. The main focus on the Board was the development of the Brunel portfolios and the monitoring of the ESG policy. The Board again wished to inform the Committee that they believed they should look at switching assets out of the current passive portfolios to invest in the passive low carbon portfolio.
6. The Board also considered the Committee's current policy documents as reviewed at the Committee meeting in June. The Board again commented on the lack of a detailed training plan for Committee members, and their previous suggestion that this Committee should consider mandating attendance at certain training events for Committee members. The Board also noted their support for the introduction of named substitutes who would be required to receive the same training as Committee Members in order to participate in committee meetings.
7. The last item considered by the Board was a report on the investment fees paid to Fund Managers during the 2018/19 financial year, presented alongside the investment performance for the same period. The Board invited the Committee to consider a similar report in advance of their next consideration of the fundamental asset allocation in March 2020, to assess whether they believe they are getting value for money from their Fund Managers.
8. The Board also reviewed the risk register but offered no further comments. The Board also approved the Annual Report on their work, which is included within the Funds Annual Report and Accounts elsewhere on this agenda.

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Independent Chairman of the Pension Board

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August 2019