

Minutes

PENSION FUND COMMITTEE

**MINUTES OF THE MEETING OF THE PENSION FUND COMMITTEE HELD ON THURSDAY
30 MAY 2019, IN MEZZANINE ROOM 1, COUNTY HALL, AYLESBURY, COMMENCING AT
2.10 PM AND CONCLUDING AT 4.08 PM.**

MEMBERS PRESENT

Mr C Harriss, Mr D Martin (Vice-Chairman), Mr M Barber, Mr J Gladwin and Mr N Miles

OTHERS PRESENT

Carolan Dobson, Independent Adviser
Julie Edwards, Pensions and Investments Manager
Mark Preston, Head of Finance, Resources & Pensions
Matthew Passey, Investment Consultant, Mercer
Steve Mason, Pension Fund Board
Katie-Louise Collier, Committee and Governance Adviser
Thomas Ball, Grant Thornton
Tony English, Investment Consultant, Mercer

AGENDA ITEM

1 ELECTION OF CHAIRMAN / APPOINTMENT OF VICE-CHAIRMAN

RESOLVED

That Mr John Chilver be elected Chairman of the Committee for the ensuing year.

As Mr Chilver was absent, the nomination and appointment of Vice-Chairman would be moved to item 1 of the next PFC meeting agenda. Mr Martin chaired the meeting in his absence.

2 APOLOGIES FOR ABSENCE / CHANGES IN MEMBERSHIP

Apologies were received from Mr Bagge, Mr Butcher and Mr Chilver.
Mr Hussain is no longer a Member of the Committee and has been replaced by Mr Bagge.

3 DECLARATIONS OF INTEREST

Ms Dobson stated that she was a Non-Executive Director for Aberdeen Standard Investments. Her company also has a hiring relationship with BlackRock Latin American Investment Trust which didn't cause a conflict, but she wanted to make Committee aware of it.

4 MINUTES

The minutes of the Pension Fund Committee (PFC) meeting held on 18th March 2019 were agreed. The Chairman informed the Committee that, due to the legal department restructure and services coming back in-house, the item 'appointment of new adjudicator for LGPS' would be likely to come back to the September Committee.

The Chairman welcomed Mr Mason, Chairman of the Pension Fund Board (PFB) and invited his comments. Mr Mason stressed that the PFB minutes were in draft form as they had not yet gone back for PFB approval. The Committee noted the minutes from the PFB held on 14th March 2019.

5 EXTERNAL AUDIT PLAN

The Chairman welcomed Mr Ball, representative of Grant Thornton. The Committee were advised that the external audit plan had already been presented to the Regulatory and Audit Committee (RAC) on 4th April 2019.

Mr Ball discussed key aspects of the audit and the areas of focus for 2019. Risks had been identified and where possible they had been rebutted. Where this hadn't been possible presumed risks had been listed and addressed. No significant risk was thought to remain. They would audit all level 3 investments, predominantly private equity since there is a high degree of estimation uncertainty and they would also be auditing the transition of assets into Brunel, as this had been classed as an unusual transaction. It was expected that the audit would take 4-6 weeks, and findings would be presented at the PFC on 23rd July and at the RAC on 30th July.

In response to questioning, Mr Ball told the Committee that:

- Grant Thornton would seek information for valuations directly from Brunel and additional work would be required to ensure the correct amounts were transferred to Brunel.
- Grant Thornton hadn't experienced the same negative consequences brought about by the downward pressure on fees or challenges which other suppliers had been facing. They had been aware of what they were tendering for when they had tendered for the work and had no concerns about delivery or impacts on timing or quality of their work.
- They were currently on target for auditing the accounts by 31st July 2019.
- Grant Thornton had updated their methodology and software, in line with other suppliers, to provide improved quality and to be closer aligned to auditing standards. Particular risks, which had been mentioned previously, may no longer be recorded

- under the new system and they had refined the way they communicated risks.
- Councils had a statutory responsibility to allow elector questions about financial statements within a particular period. Draft accounts had been placed on the BCC website with clear instructions for the public to be able to raise concerns, so Grant Thornton had been satisfied that BCC had fulfilled its duties.

The Chairman thanked Mr Ball for his attendance.

RESOLVED: The Committee NOTED the audit plan

6 ANNUAL ACCOUNTS

The Chairman welcomed Ms Edwards, Pensions and Investments Manager. Ms Edwards informed the Committee that the draft statement of accounts had already been placed before the RAC on 21st May 2019 and the final accounts would be coming back to the PFC on 23rd July following the audit. She directed the Committee's attention to the fact that the value of the pension fund had increased with a net return of £177 million in investments. The pooled investment vehicles in the net assets statement had also increased following the transfer of some assets to the Brunel pool. Ms Edwards anticipated future savings due to economies of scale and the pooling of assets with Brunel. Ms Edwards told the Committee that p41 contained a reconciliation of the financial instruments total to the net investments, in the net assets statement. This had been requested by the Committee in the July 2018 meeting.

RESOLVED: The Committee NOTED the accounts and timings contained within the report

7 FORWARD PLAN

Ms Edwards updated the Committee about the topics which would be coming to future meetings

RESOLVED: The Committee NOTED the forward plan

8 EXCLUSION OF THE PRESS AND PUBLIC

RESOLVED

That the press and public be excluded for the following item which is exempt by virtue of Paragraph 3 of Part 1 of Schedule 12a of the Local Government Act 1972 because it contains information relating to the financial or business affairs of any particular person (including the authority holding that information)

9 CONFIDENTIAL MINUTES

10 BRUNEL UPDATE

11 PENSION FUND PERFORMANCE

12 INVESTMENT STRATEGY

13 DATE OF NEXT MEETING

The next Pension Fund Committee will be held on 23rd July 2019 at 2pm, in Mezzanine 3, County Hall, Aylesbury.

CHAIRMAN