



# Buckinghamshire Council

## Pension Fund Committee

### Minutes

**MINUTES OF THE MEETING OF THE PENSION FUND COMMITTEE HELD ON WEDNESDAY 15 NOVEMBER 2023 IN THE PARALYMPIC ROOM, BUCKINGHAMSHIRE COUNCIL, GATEHOUSE ROAD, AYLESBURY HP19 8FF, COMMENCING AT 2.00 PM AND CONCLUDING AT 4.40 PM**

#### **MEMBERS PRESENT**

R Bagge, T Butcher, E Gemmell, I Macpherson, M Walsh and J Wilson-Marklew.

#### **OTHERS IN ATTENDANCE**

C Crozier, J Edwards, R Ellis, T English, R Fanshawe, C Lewis-Smith, M Passey, M Preston and M Stocks.

#### **Agenda Item**

#### **35 APOLOGIES FOR ABSENCE**

An apology for absence was received from A Collingwood.

#### **36 MINUTES OF THE LAST MEETING**

That the minutes of the Pension Fund Committee held on 27 September 2023 were agreed as a correct record.

#### **37 BUCKINGHAMSHIRE PENSION FUND BOARD DRAFT MINUTES**

That the draft minutes of the last Pension Fund Board meeting held on 26 October 2023 be noted.

#### **38 STATEMENT OF ACCOUNTS AUDIT 2022/23**

Mark Stocks of Grant Thornton attended the meeting and took Members through the report.

The Committee received the audited Statement of Accounts for the Buckinghamshire Pension Fund for the year ended 31 March 2023 (Appendix 1 to the report). The Pension Fund Accounts and Net Assets Statement showed that in the year to 31st March 2023 the value of the Buckinghamshire Pension Fund decreased by £171m to £3.741bn.

The Committee was informed that this was the net result of income received (£189m) including employers' and employees' contributions, transfers in from other pension schemes and other income; payments out including benefits (£133m), payments to and on account of leavers (£17m); management expenses (£22m) plus net losses on investments (£188m).

Reference was made to the audit work which had identified an issue in respect of the valuation of Level 2 investments. The 31 March 2023 value in the accounts was overstated by £19.587m

compared to the value in the 31 March 2023 capital statements. The Committee was informed that in completing further testing there was another potential overstatement of around £15m.

The capital statements are provided by the investment managers quarterly in arrears. The 31 March value in the accounts is based on the previous 31 December valuation adjusted for any payments to the fund or distributions received. Members were informed that there would always be a difference which would vary depending upon the volatility of the financial markets during the final quarter of the financial year.

The £19.587m represented 0.52% of the Buckinghamshire Pension Fund net asset value and management propose not adjusting the Statement of Accounts since the amount is not material. Grant Thornton was conducting some additional investment checks, and this value may change on finalisation of those checks.

In respect of the valuation of Level 3 investments, the 31 March 2023 value in the accounts was overstated by £6.323m compared to the value in the 31 March 2023 capital statements. This was not unusual that they were slightly overstated.

Reference was made to the work on IT where the recommendation was to remove ABAP debugger access from production and the auditor view was to use Firefighter accounts. In response to a question, the Committee was informed that Debuggers allow access into IT systems. A powerful tool was changing the programme codes.

In response to a question regarding overvaluations, Members were informed that this was down to the difference in share value prices in the passive world developed equities index fund. For example a small decrease in share prices creates a significant difference in the value.

**RESOLVED – (1) That the Committee reviewed the Buckinghamshire Pension Fund 2022/23 Audited Statement of Accounts, including the External Audit findings and report.**

**(2) That the management’s proposed treatment of areas identified by the auditor be endorsed.**

### **39 INVESTMENT STRATEGY STATEMENT**

The Committee received an updated Investment Strategy Statement from Mercer.

Members were provided with proposed changes to the wording of the Investment Strategy Statement. Discussion took place on the suggested changes and the Committee asked that the document be updated and circulated to Members based on the points raised.

**RESOLVED – That the updated Investment Strategy Statement be noted and Mercer be asked to update the document further as suggested during discussion.**

### **40 CARBON METRICS REPORT**

The Committee was informed that Brunel in partnership with Trucost have analysed the Buckinghamshire Pension Fund’s carbon footprint as at 31 December 2022. The Weighted Average Carbon Intensity (WACI) in December 2022 is 25% below the benchmark.

This reduction in the Buckinghamshire Pension Fund’s WACI compared to 2019 represented good progress towards achieving a 50% reduction in emissions by 2030.

Reference was made to the change in the benchmark and Members were informed that new

data from new companies had shown that the value of the companies had changed. There were complexity with these metrics.

The carbon intensity industry has made greater returns which have skewed the numbers.

**RESOLVED - That the Buckinghamshire Pension Fund carbon metrics for the year ending 31 December 2022 be noted.**

**41 PENSION FUND COMMITTEE FORWARD PLAN**

**RESOLVED – That the Forward Plan be noted.**

**42 EXCLUSION OF THE PRESS AND PUBLIC**

**RESOLVED – That the press and public be excluded for the following items as they were exempt by virtue of Paragraph 3 of Part 1 of Schedule 12a of the Local Government Act 1972 because they contain information relating to the financial or business affairs of any particular person (including the authority holding that information)**

**43 CONFIDENTIAL MINUTES OF THE LAST MEETING**

**RESOLVED – That the confidential minutes of the Pension Fund Committee held on 27 September 2023 be approved as a correct record.**

**44 BUCKINGHAMSHIRE PENSION FUND BOARD CONFIDENTIAL DRAFT MINUTES**

**RESOLVED – That the confidential draft minutes of the last Pension Fund Board meeting held on 26 October 2023, be noted.**

**45 CYBER POLICY**

**RESOLVED – That approval be given to the Cyber Policy and it be reviewed every three years.**

**46 BRUNEL PENSION PARTNERSHIP UPDATE**

**RESOLVED – That the Brunel Pension Partnership update be noted.**

**47 PENSION FUND PERFORMANCE**

**RESOLVED – That the investment performance of the Buckinghamshire Pension Fund for the third quarter of 2023 ending 30 September 2023 be noted.**

**48 MULTI-ASSET CREDIT UPDATE**

**RESOLVED – That the Multi-Asset Credit Update be deferred.**

**49 CASHFLOW MODELLING**

**RESOLVED – That the Cashflow Modelling for the Buckinghamshire Pension Fund be noted.**

**50 DATE OF THE NEXT MEETING**

**13 March 2024 at 2.00pm.**