

The background of the slide features a large, light blue watermark of the City of Vancouver's coat of arms. The crest is a shield divided into four quadrants. The top-left quadrant shows a city skyline with a diagonal beam of light. The top-right quadrant depicts a stag's head with antlers. The bottom-left quadrant shows a three-masted sailing ship on wavy water. The bottom-right quadrant features a grizzly bear standing on its hind legs. Above the shield is a crown with four maple leaves. A banner at the bottom contains the motto "A NE FOR A'".

## **Agenda Item 3**

### **Minute**

**Draft**

**FALKIRK COUNCIL**

**Minute of Joint Meeting of the Pensions Committee/Board held in the Municipal Buildings, Falkirk on Thursday 7 December 2017 at 9.30 a.m.**

**Present:**

Committee:-

Councillors Falkirk Council:-

Jim Blackwood

Adanna McCue

John Patrick (Depute Convener)

Pat Reid

Councillor Donald Balsillie, Clackmannanshire Council

Ian McLean, Pensioner Representative

Board:-

Susan Crook, Unison

Sandy Harrower, UCATT

Gordon Irvine, Unite

Jennifer Welsh, SEPA

**Attending:**

Alastair McGirr, Pensions Manager

Stuart Murray, Trainee Governance Assistant

Bryan Smail, Chief Finance Officer

Antonia Sobieraj, Committee Services Officer

**Also in  
Attendance:**

Bruce Miller, Chief Investment Officer, Lothian Pension Fund

Catherine McFadyen, Hymans Robertson

**PE24. Minute's Silence**

Councillor Patrick, Depute Convener referred to the recent passing of Provost Coleman, Convener of the Committee. He paid tribute to him by way of his considerable contribution to the Committee over the years, to Falkirk Council and to the communities of Bonnybridge and Larbert. The Committee and Board conveyed their sincere condolences to Provost Coleman's family. There then followed a minutes silence in tribute to Provost Coleman.

## **PE25. Apologies**

Apologies were intimated on behalf of Councillor William Buchanan, Falkirk Council; Councillor Margaret Brisley, Stirling Council; Ed Morrison, Scottish Children's Reporter Administration; Simon Hunt, Scottish Autism; Tommy Murphy, GMB; and Andrew Douglas, Unison.

## **PE26. Declarations of Interest**

No declarations were made.

## **PE27. Minute**

### **Decision**

**The minute of the joint meeting of the Pensions Committee and Board on 21 September 2017 was approved.**

## **PE28. Code of Conduct and Register of Interests**

The Committee and Board considered a report by the Director of Corporate and Housing Services on the Code of Conduct and Register of Interests for Committee and Board members and Fund Senior Officers.

The report detailed the requirements of the Pensions Regulator Code of Practice 14 on Governance and Administration for the Fund's formal management of conflicts of interest.

### **Decision**

**The Committee and Board noted the report.**

**The Committee approved the draft Conflict of Interest Policy, subject to the opportunity for members of the Committee and Board making further comment for final approval at the meeting in March 2018.**

## **PE29. Funding Strategy Statement**

The Committee and Board considered a report by the Director of Corporate and Housing Services on the draft Funding Strategy Statement and seeking approval for its issue to stakeholders as part of a wider consultation exercise.

## **Decision**

**The Committee and Board noted the report.**

**The Committee agreed:-**

- (1) that Committee and Board members submit any final comments on the report to the Chief Finance Officer by 18 February 2018; and**
- (2) that a final report be submitted to the meeting in March 2018 for approval and enabling subsequent consultation with Trades Unions and Fund Employers.**

## **PE30. Valuation Update**

The Committee and Board considered a report by the Director of Corporate and Housing Services providing an update on the progress of the 2017 Fund Valuation including detail of the assumptions proposed by the Fund Actuary.

## **Decision**

**The Committee and Board noted the report.**

**The Committee approved the assumptions proposed by the Fund Actuary for the 2017 valuation.**

## **PE31. General Governance Matters**

The Committee and Board considered a report by the Director of Corporate and Housing Services providing an update on a number of matters associated with the business of the Falkirk Council Pension Fund.

The areas covered within the report including the following:-

- Risk Register;
- Pension Fund Consultation on Consolidated Set of Draft Regulations;
- Markets in Financial Instrument Directive 2014/65 (MiFID II);
- Pension Fund Budget Update;
- Committee and Board Training;
- Corporate Governance Issues; and
- Voting.

## **Decision**

**The Committee and Board noted the report including the provisional arrangements for the Annual Conference during April 2018 on a date to be confirmed in due course.**

### **PE32. Environmental, Social and Governance (ESG) Update**

The Committee and Board considered a report by the Director of Corporate and Housing Services advising of the recent requests from Fund constituents to divest from fossil fuel companies in line with the Environmental, Social and Governance (ESG) considerations of the Fund.

The areas covered within the report included the following:-

- The focus in previous two years by the Fund in particular to the environmental stewardship and the challenges of climate change;
- The adoption of the additional Environmental, Social and Governance (ESG) beliefs within the Statement of Investment Principles (a “SIP”) stating how ESG considerations would be taken into account in the investment process;
- The undertaking of a carbon measurement exercise to better understand the associated risks;
- The manager engagement in relation to fossil fuel company investment exposure in respects of decisions;
- The quarterly reporting on voting undertaken by the Pensions and Investment Research Consultants (PIRC);
- The Fund’s current approach to ESG as set out in the SIP; and
- The recent lobbying and legal position.

## **Decision**

**The Committee and Board noted the report.**

### **PE33. Market Review and Fund Manager Performance**

The Committee and Board considered a report by the Director of Corporate and Housing Services reviewing the overall performance of the Fund and of the associated undernoted Fund Managers.

## **Decision**

**The Committee and Board noted:-**

- (1) the recent investment market developments;**
- (2) the Fund's strategic allocation;**
- (3) the Fund's performance for the period ending 30 September 2017; and**
- (4) the investment monitoring activity of the Joint Investment Strategy Panel.**

### **PE34. Exclusion of Public**

**AGREED in terms of section 50A(4) of the Local Government (Scotland) Act 1973, to exclude the press and public from the meeting for the following items of business on the ground that they would involve the likely disclosure of exempt information as defined in Paragraph 9 of Part 1 of Schedule 7A to the said Act.**

### **PE35. Commentary on Fund Manager Performance**

The Committee and Board considered a report by the Director of Corporate and Housing Services providing commentary and reviewing the overall performance of the Fund and of the associated Fund Managers.

## **Decision**

**The Committee and Board noted the Fund Managers' performance and the action taken by them during the quarter to 30 September 2017, in accordance with their investment policies.**

### **PE36. Infrastructure Investment**

The Committee and Board considered a report by the Director of Corporate and Housing Services providing an update on the Fund's objective to reach its strategic weightings in infrastructure as set out in the Fund's Statement of Investment Principles (SIP).

## **Decision**

**The Committee and Board noted the report.**

**PE37. Joint Investment Strategy Panel Update**

The Committee and Board considered a report by the Director of Corporate and Housing Services providing an update on the meeting of the Joint Investment Strategy Panel on 7 September 2017.

**Decision**

**The Committee and Board noted the report.**