

FALKIRK COUNCIL

MINUTE of MEETING of the PENSIONS COMMITTEE held in the MUNICIPAL BUILDINGS, FALKIRK on THURSDAY 13 SEPTEMBER 2012 at 9.30 A.M.

PRESENT: Depute Provost Patrick: Councillors Blackwood, Carleschi, Coleman, C Martin and Paterson; Councillor C Campbell (Employers Representative); G Eals (Trade Unions Representative) and A Redpath (Pensioners Representative).

CONVENER: Depute Provost Patrick

ATTENDING: Chief Finance Officer; Pensions Manager and Senior Committee Services Officer.

ALSO IN ATTENDANCE: Bruce Miller, Lothian Pension Fund

PE1. APOLOGIES

None intimated.

PE2. DECLARATIONS OF INTEREST

None declared.

PE3. MINUTE

There was submitted (circulated) and **NOTED** Minute of Meeting of the Pensions Panel held on 30 August 2012.

PE4. PENSIONS PANEL ADMINISTRATION

There was submitted Report (circulated) dated 6 September 2012 by the Chief Governance Officer (a) advising of the 15 Members appointed to serve on the Pensions Panel, and (b) informing that Councillor Callum Campbell, Grant Eals and Alastair Redpath were nominated as the co-opted Members of the Pensions Panel to sit on the Pensions Committee.

NOTED.

The Convener welcomed all the new Members of the Committee to the meeting.

PE5. PENSIONS PANEL CONSTITUTION

There was submitted Report (circulated) dated 5 September 2012 by the Chief Governance Officer submitting the draft constitution of the Pensions Panel for approval.

AGREED the draft constitution of the Pensions Panel.

PE6. FALKIRK COUNCIL PENSION FUND – TRAINING ARRANGEMENTS

There was submitted Report (circulated) dated 5 September 2012 by the Chief Finance Officer outlining the training arrangements that will be made available to assist the Members of both the Pensions Panel and the Pensions Committee attain the level of skill and knowledge that is commensurate with their role.

NOTED.

PE7. LOCAL GOVERNMENT PENSION SCHEME REFORM IN ENGLAND AND WALES

There was submitted Report (circulated) dated 4 September by the Chief Finance Officer presenting an update about proposed reform of the Local Government Pension Scheme (LGPS) in England and Wales and the possible impact some of it may have in Scotland.

NOTED.

PE8. PENSION FUND – GENERAL GOVERNANCE MATTERS

There was submitted Report (circulated) dated 4 September 2012 by the Chief Finance Officer presenting an update on various matters associated with the business of Falkirk Council Pension Fund.

Areas covered by the Report included the following:-

- Auto Enrolment
- Police and Fire Reform
- Infrastructure Investment
- Administration Update
- Local Authority Pension Fund Forum (LAPFF)
- Corporate Governance Update
- Annual Pension and Investment Conference 2013

NOTED the contents of the Report.

AGREED that:-

- (1) the Convener and another Member to be determined, attend the LAPFF Conference in Bournemouth, between 28 – 30 November 2012, and
- (2) the Senior Committee Services Officer liaise with Members of the Committee seeking interest from those who wish to attend the CIPFA (Scotland) Pensions Seminar in Edinburgh on 24 October 2012.

PE9. FALKIRK COUNCIL PENSION FUND - UNAUDITED ANNUAL REPORT AND ACCOUNTS 2011/12

There was submitted Report (circulated) dated 4 September 2012 by the Chief Finance Officer (a) referring to Regulation 31A of the Local Government Pension Scheme (Administration)(Scotland) Regulations 2008, which requires administering authorities to publish a pension fund annual report, recognising that pension fund accounts are separate from other accounts of the administering authority, and (b) attaching as an appendix for inspection, a copy of the Fund's Unaudited Annual Report and Accounts for 2011/12.

NOTED the publication of the Unaudited Falkirk Council Pension Fund Annual Report and Accounts 2011/12.

AGREED that the Chief Finance Officer submit a report to the next meeting of the Committee relating to the Fund's investment of short term cash deposits and the possible deployment of money market funds.

PE10. EXCLUSION OF PUBLIC

RESOLVED in terms of Section 50A (4) of the Local Government (Scotland) Act 1973, to exclude from the meeting the press and public 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 of the said Act.

PE11. FALKIRK COUNCIL PENSION FUND – UPDATED STATEMENT OF INVESTMENT PRINCIPLES

There was submitted Report (circulated) dated 4 September by the Chief Finance Officer referring to recent amendments made to the Statement of Investment Principles, a copy of which was attached as an appendix to the Report.

NOTED that the Statement of Investment Principles, has been updated to reflect changes in investment policy.

AGREED to approve the revised Statement and publish it on the Council's website, with fund employers, union contacts and Fund managers being notified of this.

P12. FUND MANAGER REVIEW AND PERFORMANCE MEASUREMENT

There was submitted Report (circulated) dated 4 September 2012 by the Chief Finance Officer reviewing the overall performance of the fund and of the undernoted fund managers:-

- Aberdeen Asset Management
- Baillie Gifford Bonds
- Baillie Gifford Diversified Growth
- Legal and General
- Newton Investment Management
- Schroder Investment Management

NOTED the:-

- (1) Managers' performance for period ending 30 June 2012; and
- (2) Action taken by Managers during the quarter to 30 June 2012 in accordance with the investment policies.

AGREED that the Chief Finance Officer:-

- (1) investigate the possibility of Schroder UK Equity Mandate being extended to include a small constrained overseas dimension, and
- (2) submit a report to the next meeting of the Committee examining the area of Property Exposure.

PE13. PRIVATE EQUITY AND CREDIT MARKETS UPDATE

There was submitted Report (circulated) dated 4 September 2012 by the Chief Finance Officer (a) advising that the Fund's strategic allocation to private equity is set at 5% of total funds assets and is managed by SL Capital Partners and Wilshire Associates; (b) informing that a further 5% is allocated to the infrastructure mandate and managed by Credit Suisse; (c) updating on the progress and events arising from each Managers Investment Programme for the quarter ending 30 June 2012, and (d) detailing the progress of the Fund's Investment in the M & G UK Companies Financing Fund.

NOTED the progress of the Private Equity, Infrastructure and Credit Markets Programmes as at 30 June 2012.

AGREED that a report be submitted to the next meeting of the Committee, addressing the question of investment in Infrastructure.

PE14. PRESENTATION BY NEWTON INVESTMENT MANAGERS

The Convener introduced Robert Hay and David Moylett from Newton Investments.

Their presentation covered the following areas:-

- Equity Markets Review
- Performance and Attribution
- Global Outlook
- Portfolio Positioning

The Convener thanked Messrs Hay and Moylett for their presentation

NOTED the performance of Newton Investment Managers.

PE15. PRESENTATION BY SCHRODER INVESTMENT MANAGERS

The Chair introduced Claire Watson and Kevin Murphy from Schroder Investments.

The presentation covered the following areas:-

- Performance Summary
- Schroders approach to investment
- UK Equity Performance Record
- Recent Market Environment
- Portfolio Positioning
- UK and European Property Market
- Industrial Property Investment

The Chair thanked Ms Watson and Mr Murphy for their presentation.

NOTED the performance of Schroder Investment Managers.