

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 sailing ship on wavy lines representing water. The top-right quadrant depicts a stag's head with large antlers. The bottom-left quadrant contains a beaver. The bottom-right quadrant shows a grizzly bear standing on its hind legs. Above the shield is a crown with four maple leaves. A banner at the bottom of the shield 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 24 August 2017 at 9.30 a.m.

Present:

Committee:-

Councillors Falkirk Council:-

Jim Blackwood

Provost Tom Coleman (Convener)

Adanna McCue

John Patrick

Pat Reid

Andrew Douglas, Unison

Ian McLean, Pensioner Representative

Board:-

Susan Crook, Unison

Gordon Irvine, Unite

Sandy Harrower, UCATT

Simon Hunt, Scottish Autism

Ed Morrison, Scottish Children's Reporter Administration

Jennifer Welsh, SEPA

Attending:

Justyna Korzsen-Bennett, Senior Accountant (Pension Fund)

Alastair McGirr, Pensions Manager

Stuart Murray, Trainee Governance Assistant

Brian Pirie, Democratic Services Manager

Bryan Smail, Chief Finance Officer

**Also in
Attendance:**

Bruce Miller, Chief Investment Officer, Lothian Pension Fund

PE1. Convener's Remarks

The Convener highlighted the contribution made by the former Convener, Councillor John Patrick, to the work of the Pensions Committee over the last 16 years.

PE2. Apologies

Apologies were intimated on behalf of Councillors Brisley and Buchanan

PE3. Declarations of Interest

No declarations were made.

PE4. Minute

Decision

The minute of the joint meeting of the Pensions Committee and Board on 16 March 2017 was approved.

PE5. Pension Committee and Pension Board Appointments

The Committee and Board considered a report by the Director of Corporate and Housing Services advising of the new appointments to the Committee and Board following the Local Government Elections in May 2017. The report also invited the Pension Board to appoint a Chair from its Employer Group, for the period until July 2018 and to appoint a Chair from its Trade Union Group from July 2018.

The meeting adjourned at 9.40am to allow members of the Board to consider nominations to the position and reconvened at 9.45am.

Decision

The Committee and Board noted the membership changes set out in the report.

The Board appointed:-

- (1) Simon Hunt (Scottish Autism) to serve as Chair of the Board until July 2018, and**
- (2) Susan Crook (UNISON) as Chair of the Board from July 2018.**

PE6. Unaudited Annual Report and Accounts 2016/17

The Committee and Board considered a report by the Director of Corporate and Housing Services presenting the Unaudited Fund Annual Report and Accounts for 2016/17; and the Fund Annual Governance Statement.

During discussion on the accounts members commented on both the high management fees and the substantial increase in these compared to previous years.

Decision

The Committee:-

- (1) noted the Unadited Annual Report and Accounts 2016/17 of the Falkirk Council Pension Fund, and**
- (2) approved the Fund Annual Governance Statement.**

PE7. 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, including:-

- Risk Register
- Actuarial Services Tender
- State Pension Age
- Corporate Governance Issues
- Training
- Future meeting dates

Decision

The Committee and Board noted the report.

PE8. Statement of Investment Principles

The Committee and Board considered a report by the Director of Corporate and Housing Services presenting an updated version of the Fund's Statement of Investment Principles for approval.

The Statement sets out the objectives, policies and principles adopted by Falkirk Council in undertaking the investment of fund monies.

Decision

The Committee and Board noted the updated Statement of Investment Principles, and

The Committee approved the updated version of the Statement of Investment Principles.

PE9. Governance Compliance Statement

The Committee and Board considered a report by the Director of Corporate and Housing Services presenting an updated version of the Fund's Governance Compliance Statement for approval.

At the joint meeting of 16 March there had been an agreement to revise the governance arrangements so that:-

- (1) the implementation of investment strategy is to be delegated to the Chief Finance Officer subject to proper advice having been received from the Joint Investment Strategy Panel; and
- (2) the setting of investment strategy remains the responsibility of the Pensions Committee

The Statement had been updated to include the revision.

Decision

The Committee and Board noted the updating of the Governance Compliance Statement, and

The Committee approved the updated version of the Governance Compliance Statement.

PE10. MiFID 2 and Opting Up for Professional Status

The Committee and Board considered a report by the Director of Corporate and Housing Services describing the Markets and Financial Instrument Directive (MiFID) 2014/65 which would be applied from 3 January 2018. Under the arrangements local authorities pension funds would be classified as "retail clients" unless they opt-up to "elective professional client" status.

The report set out the potential impact of the directive highlighting the loss of protection should the Fund opt-up together with the benefits.

Failure to complete the opt-up process by 3 January, 2018 could result in the Fund's managers' terminating mandates on the grounds of non-compliance with MiFID 2.

Decision

The Committee and Board noted the potential impact of MiFID 2 being incorporated into UK law on 3 January 2018;

The Pensions Committee:

- (1) agreed to applications for professional client status being submitted to all relevant institutions, and**
- (2) noted that in electing for professional client status, the Fund will forgo certain protections available to retail clients as outlined in appendix 1 to the report.**

PE11. Market Review and Fund Manager Performance

The Committee and Board considered a report by the Director of Corporate and Housing Services providing an update on recent market investment developments; the Pension Fund's strategic allocation and performance; and on the monitoring activity of the Fund's investment mandates for the period ending 30 June 2017.

Decision

The Committee and Board noted

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

PE12. 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.

PE13. Commentary on Fund Manager Performance

The Committee and Board considered a report by the Director of Corporate and Housing Services which reviewed the overall performance of the Fund and the undernoted Fund Managers together with commentary on each.

Decision

The Committee and Board noted the report.

PE14. Joint Investment Strategy Panel Update

The Committee and Board considered an update report by the Director of Corporate and Housing Services on the first meeting of the Joint Investment Strategy Panel held on 24 July 2017 between Lothian and Falkirk Pension Funds under the revised governance arrangements.

Decision

The Committee and Board noted report.