

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 and Board held in the Municipal Buildings, Falkirk on Thursday 6 December 2018 at 9.30 a.m.

Present:

Committee:-

Councillors Falkirk Council:-

Jim Blackwood

Niall Coleman

Adanna McCue (Convener)

John Patrick

Pat Reid

Councillor Donald Balsillie, Clackmannanshire Council

Andy Douglas, Unison

Ian McLean, Pensioner Representative

Board:-

Susan Crook, Unison

Sandy Harrower, UCATT

Simon Hunt, Scottish Autism

Ed Morrison, SCRA

Jennifer Welsh, SEPA

Attending:

Arlene Fraser, Committee Services Officer

Justyna Korszen-Bennett, Senior Accountant

Alastair McGirr, Pensions Manager

Bryan Smail, Chief Finance Officer

**Also in
Attendance:**

Albert Chen, Portfolio Manager, Lothian Pension Fund
(Secondee)

Scott Jamieson, Independent Advisor to the Pension
Fund

Catherine McFadyen, Hymans Robertson

PE30. Apologies

Apologies were intimated on behalf of Provost Buchanan.

PE31. Declarations of Interest

There were no declarations.

PE32. Minute

Decision

The minute of the joint meeting of the Pensions Committee and Board held on 20 September 2018 was approved.

PE33. Local Government Pension Scheme - Consultation on Scheme Structure

The Committee and Board considered a report by the Director of Corporate and Housing Services seeking agreement to submit the Fund's response to the recent consultation into the structure of the Local Government Pension Scheme in Scotland. The purpose of the consultation was to determine whether the long term interests of scheme members and employers could be served better by changing the current structure.

At its meeting on 23 August 2018 (ref PE18), the Pensions Committee and Board agreed to establish a working group, consisting of 3 committee members and 2 board members, to prepare a draft response for approval; and that officers would provide advice to the group.

The group's draft response had been previously circulated to members of the Committee and Board with a request for comments. The Pension Fund's draft formal response to the consultation was appended to the report.

Decision

The Pensions Committee and Board agreed the draft response appended to the report, and that it be submitted as the Pension Fund's formal response to the consultation.

PE34. Funding Update

The Committee and Board considered a report by the Director of Corporate and Housing Services advising of the funding position of the Falkirk Council Pension Fund as at 31 October 2018.

The updated funding position was set out and showed an improvement from a level of 92% at the 2017 valuation, to 94% as at the end of October 2018. The funding position had been a factor in formulating the proposed investment strategy for the Fund.

Decision

The Committee and Board noted the funding position as at 31 October 2018.

PE35. Investment Strategy Update

The Committee and Board considered a report by the Director of Corporate and Housing Services providing details of the conclusions from the Fund's review of investment strategy, and seeking approval of the strategy.

A review of the fund had been undertaken in conjunction with the Lothian and Fife Pension Funds, the support of the Joint Investment Strategy Panel and an investment consultant from Hymans Robertson.

Decision

The Pensions Committee and Board noted the proposed investment strategy as set out in paragraphs 8.1 to 8.3 of report; and

The Pensions Committee agreed the proposed investment strategy as set out in paragraphs 8.1 to 8.3 of the report.

PE36. Business Continuity Arrangements

The Committee and Board considered a report by the Director of Corporate and Housing Services providing an update on Business Continuity Arrangements. The Falkirk Council Pension Fund Business Continuity document, was appended to the report.

Decision

The Committee and Board noted the Fund's Business Continuity arrangements as set out in Appendix 1 to the report.

PE37. Pension Fund Risk Register

The Committee and Board considered a report by the Director of Corporate and Housing Services providing an update on the Pension Fund Risk Register.

Decision

The Committee and Board:-

- (1) considered and commented upon the risk management policy and updated risk register;**
- (2) approved the risk management policy and risk register as set out in the appendices to this report, and**

- (3) agreed to include an additional financial management risk relating to climate change.**

PE38. Training Policy

The Committee and Board considered a report by the Director of Corporate and Housing Services setting out, for consideration, the revised training arrangements for those involved in the governance of the Fund.

Decision

The Pensions Committee and Board:-

- (1) noted the training events made available in the period August 2017 to date and the attendance of members at these events, as set out in Appendix 1 to the report;**
- (2) noted the questions and answers to the knowledge and skills questionnaire set out in Appendix 2 to the report.;**
- (3) agreed the revised Training Policy attached as Appendix 3 to the report;**
- (4) agreed the proposed areas for training in 2019, set out in section 7 of the report, and**
- (5) that members will prioritise attendance at training where practicable.**

PE39. 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:-

- Data Quality Audit
- Annual Benefit Statements for Members
- Small Admitted Bodies Initiative
- Pension Fund Budget
- Corporate Governance Issues
- Voting
- Sharefile
- Pensions Committee Vacancy

Decision

The Committee and Board noted the report.

The Convener advised that this was Ian McLean's last meeting and, on behalf of the Committee and Board thanked him for his great commitment and contributions as a member of the Committee.

PE40. 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 investment market developments; the Fund's strategic allocation and performance; and on the monitoring activity of the Fund's investment mandates during the most recently completed quarter.

Decision

The Committee and Board noted:-

- (1) recent investment market developments;**
- (2) the Fund's strategic allocation;**
- (3) the Fund's performance for the period ending 30 September 2018, and**
- (4) the investment monitoring activity of the Joint Investment Strategy Panel.**

PE41. 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.

PE42. Commentary on Fund Manager Performance

The Committee and Board considered a report by the Director of Corporate and Housing Services providing further details on individual manager mandates, including current developments and issues identified through the wider monitoring process to the period 30 September 2018.

Decision

The Committee and Board noted the contents of the report and its appendix.

PE43. Joint Investment Strategy Panel Update

The Committee and Board heard from the Chief Finance Officer summarise key points arising from the meeting of the Joint Investment Strategy Panel held on 11 September 2018.

Decision

The Committee and Board noted the information presented.