

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 large 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 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 remotely on Thursday 10 December 2020 at 10.00 a.m.**

**Present:**

Committee:-

Councillors - Falkirk Council:-

Provost William Buchanan

Niall Coleman

Adanna McCue (Convener)

John Patrick

Andy Douglas, Unison

Board:-

Tony Caleary, Unison, Stirling Council

Sandy Harrower, Unite.

Simon Hunt, Scottish Autism

George Murphy, Stirling Council

Jennifer Welsh, SEPA

David Wilson, Unison, Clackmannanshire Council

**Attending:**

Justyna Korszen-Bennett, Senior Accountant

Debbie McCrae, Pensions Officer

Alastair McGirr, Pensions Manager

Brian Pirie, Democratic Services Manager

Bryan Smail, Chief Finance Officer

Antonia Sobieraj, Committee Services Officer

**Also in**

**Attendance:**

Albert Chen, Lothian Pension Fund

Bruce Miller, Lothian Pension Fund

Olga Potapova, Ernst and Young

Julie West, Hymans Robertson

**PE33. Apologies**

Apologies were intimated on behalf of Councillors Jim Blackwood and Pat Reid, Falkirk Council; Councillor Donald Balsillie, Clackmannanshire Council; Douglas Macnaughtan, Pensioner Representative; and Ed Morrison, SCRA.

#### **PE34. Declarations of Interest**

There were no declarations.

#### **PE35. Minutes**

- (a) Minute of Meeting of the Joint Pensions Committee and Board held on 24 September 2020; and
- (b) Minute of Meeting of the Special Joint Pensions Committee and Board held on 22 October 2020.

#### **Decision**

**The minutes of the meetings of the Joint Pensions Committee and Board held on 24 September 2020 and the Special Joint meeting of the Pensions Committee and Board held on 22 October 2020 were approved.**

#### **PE36. Pension Fund – Valuation Update**

The Committee and Board considered a report by the Director of Corporate and Housing Services outlining the initial findings from the 2020 Valuation exercise and attaching a paper from Hymans Robertson, the Fund Actuary, providing more detailed analysis.

#### **Decision**

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

#### **PE37. Cash Management Policy**

The Committee and Board considered a report by the Director of Corporate and Housing Services seeking approval to update the Fund's Cash Management Policy.

The policy set out the principles for the management of the Fund's cash holdings and the related management system controls.

#### **Decision**

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

**The Committee approved the updated Cash Management Policy.**

### **PE38. 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 miscellaneous matters associated with the business of the Falkirk Pension Fund, including:-

- pension board appointment;
- annual report and accounts 2019/20;
- fund merger;
- McCloud judgement;
- covid 19 second wave;
- corporate governance;
- voting;
- pension manager post; and
- future meeting dates.

#### **Decision**

**The Committee and Board noted:-**

- (1) the content of the report;**
- (2) that David Straiton would join the Board as a representative of the GMB, thereby replacing Tommy Murphy who resigned earlier in the year; and**
- (3) that the Pensions Manager would be stepping down from his post on 31 December 2020. The Committee and Board thanked him for his professional support over many years and wished him all the best for the future.**

### **PE39. Statement of Responsible Investment Principles**

The Committee and Board considered a report by the Director of Corporate and Housing Services providing details of the Statement of Responsible Investment Principles (SRIP) and setting out the objectives, policies and principles of the Fund in relation to its role as a responsible investor.

The report highlighted that a Pension Fund must have a Statement of Investment Principles (SIP), but that the increasing trend was for this to be supplemented with a Statement of Responsible Investment Principles focussing on how environmental, social and governance factors (ESG) were incorporated into investment analysis and the decision making process. In general, the Statement sought to align the Fund with the industry standard Principles of Responsible Investment. The Statement also contained specific reference to climate change and information gathering around carbon emissions from company holdings. The Statement acknowledged that should unacceptable investment risks remain, following a period of engagement

with a company on its management of climate risk, divestment would be undertaken.

### **Decision**

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

**The Committee approved the Statement of Responsible Investment Principles as detailed in Appendix 1 to the report.**

## **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 2020; and**
- (4) the investment monitoring activity of the Joint Investment Strategy Panel (JISP).**

## **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 grounds 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 details on individual manager mandates, including current developments and issues identified through the wider monitoring process for the period to 30 September 2020.

## **Decision**

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

### **PE43. Pension Fund - Projected Outturn**

The Committee and Board considered a report by the Director of Corporate and Housing Services which provided details of the projected outturn for the Pension Fund in relation to the current financial year 2020/21.

## **Decision**

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

### **PE44. Joint Investment Strategy Panel Update**

The Committee and Board considered a report by the Director of Corporate and Housing Services which summarised the key matters discussed at the virtual meeting of the Joint Investment Strategy Panel (JISP) on 4 December 2020.

## **Decision**

**The Committee and Board noted the matters considered by the JISP at its meeting on 4 December 2020.**