

**STRATHCLYDE PENSION FUND  
BOARD'S MINUTES.**

**Item 3**

**25<sup>th</sup> November 2020**

By video conference, 18th November 2020.

**Strathclyde Pension Fund Board.**

**Present:** Councillor Collette Stevenson, South Lanarkshire Council (Chair); James Corry, UNISON; Mark Dickson, Scottish Water; Councillor Tom Fisher, North Lanarkshire Council; Thomas Glavin, UNITE; Stephen Kelly, UNISON; and Andy Thompson, GMB.

**Apology:** Councillor John Shaw, Renfrewshire Council.

**Attending:** A Wyber (Clerk); R McIndoe, Director of Strathclyde Pension Fund; J Gillies, I Jamison, R Keery and L Welsh (Strathclyde Pension Fund Office); S Tough (for the Executive Director of Finance); and C MacKenzie (for the Chief Executive).

**Welcome.**

**1** The Chair welcomed Thomas Glavin, UNITE to his first meeting of this Board.

**Register of Interests noted.**

**2** There was submitted a report by the Director of Strathclyde Pension Fund advising of the rules, policies and procedures relating to declaration and registration of Board members' interests.

After consideration, the Board noted

- (1) the rules, policies and procedures relating to members' interests; and
- (2) the Register of Interests as detailed in the report.

**Declarations of interest.**

**3** There were no new declarations of interest.

**Training events noted etc.**

**4** The Director of Strathclyde Pension Fund advised the Board of a number of forthcoming training events.

After discussion, the Board

- (1) noted the forthcoming training events; and
- (2) agreed that the Director of Strathclyde Pension Fund would arrange a programme of training for members, as discussed at this meeting.

#### **Timetable of Board and Committee meetings noted.**

5 The Board noted a timetable of meetings for this Board and Strathclyde Pension Fund Committee for 2021.

#### **Hymans Robertson – Presentation noted.**

6 The Board noted that Hymans Robertson would make a short presentation on the actuarial valuation as at 31st March 2020 to Strathclyde Pension Fund Committee on 25th November 2020.

#### **Strathclyde Pension Fund – Preliminary results of actuarial valuation and draft Funding Strategy Statement noted.**

7 There was submitted a report by the Director of Strathclyde Pension Fund regarding the preliminary results of the actuarial valuation for Strathclyde Pension Fund as at 31st March 2020, which had been carried out by the Fund's consulting actuaries, Hymans Robertson, together with a draft Funding Strategy Statement.

After consideration, the Board noted

- (1) the preliminary results of the actuarial valuation of the Fund as at 31st March 2020; and
- (2) the draft Funding Strategy Statement for consultation with interested parties.

#### **Minutes of Strathclyde Pension Fund Board noted.**

8 The minutes of Strathclyde Pension Fund Board of 27th August 2020 were submitted and noted.

#### **Strathclyde Pension Fund - Annual Audit Report 2019/20 noted.**

9 There was submitted a report by the Director of Strathclyde Pension Fund regarding Audit Scotland's findings for the unaudited Annual Accounts for 2019/20 following their audit.

After consideration, the Board noted the Annual Audit Report for 2019/20 from Audit Scotland.

### **Strathclyde Pension Fund – Annual Accounts 2019/20 noted.**

**10** There was submitted a report by the Director of Strathclyde Pension Fund regarding the Annual Accounts 2019/20, highlighting the contents of the accounts and key financial outcomes of Audit Scotland's audit of the accounts.

After consideration, the Board noted the audited Annual Accounts 2019/20 for Strathclyde Pension Fund.

### **Direct Investment Portfolio - Quinbrook Renewables Impact Fund – Investment proposal noted.**

**11** There was submitted a report by the Director of Strathclyde Pension Fund regarding a proposal to invest in Quinbrook Renewables Impact Fund, advising

- (1) of the investment proposal; and
- (2) of the expected return from the fund, the main risks and the exit strategy.

After consideration, the Board noted the proposal to invest £50m in Quinbrook Renewables Impact Fund.

### **Direct Investment Portfolio - Man GPM RI Community Housing Fund – Investment proposal noted.**

**12** There was submitted a report by the Director of Strathclyde Pension Fund regarding a proposal to invest in Man GPM RI Community Housing Fund, advising

- (1) of the investment proposal; and
- (2) of the expected return from the fund, the main risks and the exit strategy.

After consideration, the Board noted the proposal to invest £30m in the Man GPM RI Community Housing Fund.

### **Direct Investment Portfolio - Dalmore Capital Fund 4 - Investment proposal noted.**

**13** There was submitted a report by the Director of Strathclyde Pension Fund regarding a proposal to invest in Dalmore Capital Fund 4, advising

- (1) of the investment proposal; and
- (2) of the expected return from the fund, the main risks and the exit strategy.

After consideration, the Board noted the proposal to invest £50m in Dalmore Capital Fund 4.

**Direct Investment Portfolio - Dalmore SPF Co Investment Fund - Investment proposal noted.**

**14** There was submitted a report by the Director of Strathclyde Pension Fund regarding a proposal to invest in the Dalmore SPF Co Investment Fund, advising

- (1) of the investment proposal; and
- (2) of the expected return from the fund, the main risks and the exit strategy.

After consideration, the Board noted the proposal to invest £50m in the Dalmore SPF Co Investment Fund.

**Direct Investment Portfolio - Clydebuilt II LP - Investment proposal noted.**

**15** There was submitted a report by the Director of Strathclyde Pension Fund regarding a proposal to invest in Clydebuilt II LP, advising

- (1) of the investment proposal; and
- (2) of the expected return from the fund, the main risks and the exit strategy.

After consideration, the Board noted the proposal to invest £100m in Clydebuilt II LP.

**Global custody service provider – Proposed appointment noted.**

**16** There was submitted a report by the Director of Strathclyde Pension Fund regarding the outcome of a tendering exercise for a global custody service provider for Strathclyde Pension Fund for a 4-year contract, commencing on 1st January 2021, with an option to extend for a further 5 years.

After consideration, the Board noted the proposed appointment of Northern Trust as a global custody service provider for Strathclyde Pension Fund.

**Responsible Investment Engagement Services – Proposed appointment noted etc.**

**17** There was submitted a report by the Director of Strathclyde Pension Fund regarding the outcome of a tendering exercise for a responsible investment engagement service provider for Strathclyde Pension Fund for a 5-year contract, commencing on 1st January 2021, with the option to extend for a further 12 months.

After consideration, the Board

- (1) noted the proposed appointment of GES International/Sustainalytics as a responsible investment engagement service provider for Strathclyde Pension Fund; and
- (2) agreed that the Director of Strathclyde Pension Fund would ask GES for an update for submission to the next meeting

**Strathclyde Pension Fund Committee Sounding Board –Change of membership noted.**

**18** There was submitted a report by the Director of Strathclyde Pension Fund seeking approval to change the membership of Strathclyde Pension Fund Sounding Board (SPFCSB), advising

- (1) that since 2012, Strathclyde Pension Fund Committee had maintained a working group or Sounding Board drawn from its membership, with the main function of the SPFCSB being to review proposals before they were considered by that committee for decision, in particular investment proposals for the Direct Investment Portfolio and proposals relating to development of the investment strategy; and
- (2) of the current and proposed membership of SPFCSB.

After consideration, the Board noted that the proposed membership of SPFCSB would comprise of Councillor Richard Bell (Chair), Bailie John Kane and Councillor Ruairi Kelly.

**Internal Audit – Review of governance projects within business plan noted.**

**19** There was submitted and noted a report by the Head of Audit and Inspection regarding the outcome of an Internal Audit review of governance projects within the business plan for Strathclyde Pension Fund Office.

**Strathclyde Pension Fund – Administration activity and performance noted etc.**

**20** There was submitted a report by the Director of Strathclyde Pension Fund regarding the administration activity and performance of Strathclyde Pension Fund as at 30th September 2020.

After consideration, the Board

- (1) noted the report; and
- (2) recorded its thanks to all staff for their excellent performance over the reporting period, given the extremely challenging circumstances.

### **Strathclyde Pension Fund – Investment performance noted.**

**21** There was submitted and noted a report by the Director of Strathclyde Pension Fund regarding

- (1) the investment performance to 30th September 2020;
- (2) a summary of the portfolio investment as at 31st October 2020;
- (3) the outcome of the Investment Advisory Panel meeting of 5th November 2020; and
- (4) the responsible investment activity for quarter 3.

### **Internal Audit – Follow-up audits noted.**

**22** There was submitted and noted a report by the Head of Audit and Inspection regarding the outcome of follow-up audits by Internal Audit in relation to Strathclyde Pension Fund Office.