

STRATHCLYDE PENSION FUND BOARD'S MINUTES.

Glasgow, 26th February 2020.

Strathclyde Pension Fund Board.

Item 2

4th March 2020

- Present: Stephen Kelly, UNISON; and James Corry, UNISON.
- Apologies: Mark Dickson, Scottish Water; Councillor Tom Fisher, North Lanarkshire Council; and Andy Thompson, GMB.
- Attending: A Wyber (Clerk); R McIndoe, Director of Strathclyde Pension Fund; J Gillies, R Keery, L Sweeney and L Welsh (Strathclyde Pension Fund Office); and S Tough (Financial Services).

Appointment of Chair approved.

1 In the absence of the Chair and Vice-Chair, the Board agreed to appoint Stephen Kelly to Chair the meeting.

Declarations of interest – Position noted.

- 2** The Board noted that
- (1) there were no new interests to register; and
 - (2) under the Local Government Pension Scheme (Governance) (Scotland) Regulations 2015, a Board member must provide the scheme manager with details of any conflicts of interest(s) and that all members of the Board would shortly be sent a Register of Interest form for 2020/21, which should be completed and returned as soon as possible.

Forthcoming training events noted.

3 The Director of Strathclyde Pension Fund reported on forthcoming training events for members of this Board.

After consideration, the Board noted that

- (1) CIPFA in partnership with Audit Scotland would be holding an event in Edinburgh on 3rd March 2020 which would look at the key issues facing Local Government Pensions; and

- (2) PLSA would be holding an investment conference in Edinburgh on 11th to 13th March 2020.

Timetable of committee meetings for 2020 noted etc.

4 The Board

- (1) noted a timetable of meeting dates for this Board and Strathclyde Pension Fund Committee for 2020; and
- (2) expressed concern at the lack of attendance by members at Board meetings.

Hymans Robertson and Club Vita – Presentation noted.

5 The Board noted that Hymans Robertson and Club Vita would make a short training presentation on the actuarial valuation for 2020 to Strathclyde Pension Fund Committee on 4th March 2020.

Minutes of previous meeting noted.

6 The minutes of 20th November 2019 were submitted and noted.

Direct Investment Portfolio – Palatine Private Equity Fund IV - Investment proposal noted.

7 There was submitted and noted a report by the Director of Strathclyde Pension Fund regarding a proposal to invest £25m in Palatine Private Equity Fund IV within the Direct Investment Portfolio, advising

- (1) that Palatine was a Manchester-based, regionally focused UK lower mid-market Private Equity investor controlled and owned by its partners who together had over 80 years' experience of sourcing, executing and managing businesses in the UK;
- (2) of their investment proposal; and
- (3) of the expected return from the fund, the main risks and the exit strategy.

Review of climate change related risks and opportunities noted etc.

8 There was submitted a report by the Director of Strathclyde Pension Fund regarding the proposed approach by Strathclyde Pension Fund to the management of climate change related risks and opportunities following the conclusion of a review.

After consideration, the Board noted the report and that Mr James Corry, UNISON had expressed concern that given acceptance of the climate change emergency he believed that Strathclyde Pension Fund should be looking to make a clear statement by divesting from fossil fuel companies and seeking investment opportunities elsewhere and that the proposed strategy, in his opinion, lacked agreed timescales and recognition of the urgency of the current situation and that he also would have preferred to see that crucial decisions taken regarding Strathclyde Pension Fund continued investment in fossil fuels were the result of dialogue with affiliated local authorities, admitted bodies and scheme members.

Business plan 2020/21 noted.

9 There was submitted and noted a report by the Director of Strathclyde Pension Fund regarding the proposed terms of a business plan for Strathclyde Pension Fund Office for 2020/21, detailing performance objectives and development priorities and a draft budget to deliver the plan.

Pension Administration Strategy noted.

10 There was submitted and noted a report by the Director of Strathclyde Pension Fund regarding the conclusion of a review of the Pension Administration Strategy and the proposed publication of the revised strategy which would come into effect on 1st April 2020.

Internal Audit – Review of travel, expenses and purchase cards noted.

11 There was submitted and noted a report by the Head of Audit and Inspection regarding the outcome of a review by Internal Audit in relation to travel, expenses and purchase cards arrangements within Strathclyde Pension Fund Office, advising of 3 recommendations for improvement that had been identified, which were detailed in the report along with the planned management action.

Internal Audit – Review of governance arrangements noted.

12 There was submitted and noted a report by the Head of Audit and Inspection regarding the outcome of a review by Internal Audit in relation to governance arrangements within Strathclyde Pension Fund Office, advising of 3 recommendations for improvement that had been identified, which were detailed in the report along with the planned management action.

Internal Audit – Follow-up audits noted.

13 There was submitted 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.

After consideration, the Board noted

- (1) the follow-up audits; and
- (2) that a further report would be submitted to this committee, following the next review date.

Internal Audit plan 2020/21 noted.

14 There was submitted and noted a report by the Head of Audit and Inspection regarding the proposed Internal Audit Plan for 2020/21 for Strathclyde Pension Fund, detailing the expected direct and indirect audit outputs.

Strathclyde Pension Fund – Investment performance noted.

15 There was submitted and noted a report by the Director of Strathclyde Pension Fund advising of the investment performance of Strathclyde Pension Fund as at 31st December 2019.

Strathclyde Pension Fund – Portfolio summary noted.

16 There was submitted and noted a report by the Director of Strathclyde Pension Fund regarding the portfolio summary of Strathclyde Pension Fund as at 31st January 2020.

Investment Advisory Panel – Outcome of meeting noted.

17 There was submitted and noted a report by the Director of Strathclyde Pension Fund regarding the outcomes of the Investment Advisory Panel meeting held on 5th February 2020.

Responsible investment – Position noted.

18 There was submitted and noted a report by the Director of Strathclyde Pension Fund regarding the responsible investment policies of Strathclyde Pension Fund, advising of

- (1) the activity for the period to 31st December 2019; and
- (2) the compliance of investment managers in implementing the Fund's policies.

Audit Scotland - Annual Audit Plan 2019/20 noted.

19 There was submitted and noted a report by the Director of Strathclyde Pension Fund regarding Audit Scotland's Audit Plan for 2019/20 for Strathclyde Pension Fund.

Business plan 2019/20 - Progress noted.

20 There was submitted and noted a report by the Director of Strathclyde Pension Fund regarding the progress of the business plan for Strathclyde Pension Fund Office for 2019/20.

Risk register – Position noted.

21 There was submitted and noted a report by the Director of Strathclyde Pension Fund detailing the risk register for Strathclyde Pension Fund Office.