
INFORMATION UPDATE

Briefing Paper by Chief Financial Officer

PENSION FUND COMMITTEE & PENSION BOARD

14 September 2017

1 PURPOSE AND SUMMARY

- 1.1 **This briefing paper is to provide members of the Committee and the Board with an update on a number of areas which are being monitored and areas where work is progressing. Full reports on the individual areas will be tabled as decisions and actions are required.**

2 TRI-ANNUAL VALUATION

- 2.1 It is a requirement of the LGPS Regulations that the Pension Fund undertakes an actuarial valuation of the assets and liabilities of the Fund every 3 years to assess the level of future employer contributions and the underlying funding position of the pension fund. The next valuation is due to take place during 2017 based on data 31 March 2017 data.
- 2.2 Initial discussions have been held with Barnet Waddingham to agree the timetable for data collection and the assumptions to be used. Initial data has been submitted to Barnet Waddingham who will undertake a data cleanse process, which may produce queries. All queries and data will be completed by end Sept to allow the findings to be reported the Joint Pension Fund Committee and Pension Fund Board on 4th December 2017.

3 PROGRESS ON INVESTMENT STRATEGY IMPLEMENTATIONMANAGERS

- 3.1 The revised Investment Strategy approved in September 2016 and then updated on 16 March 2017 to include an allocation to infrastructure resulted in a 3 new managers and the requirement to rebalance a number of investment categories.
- 3.2 Following a procurement process new managers were appointed for Private Credit and Long Lease Property. All the necessary documentation being completed during December 2016.
- 3.3 Due to the nature of the new investments and also the notice period for disinvestment of funds from LGT for the Alternative allocation the implementation of the full Strategy will take a couple of years.

3.4 The table below details the progress to date on the movements up to 30 August 2017.

Category	Manager	Required move	Position
Alternatives	LGT	Reduction from 15% to 7.5%	Full reduction complete
Long Lease Property	Blackrock	New allocation of 10%	£13.5m invested, balance to draw down £53m
Private Credit	Partners/Permira	New allocation of 10%	£22.5 invested, balance to draw down £44m
Index Linked Gilts	M&G	New allocation of 5%	Full allocation complete
Corporate Bonds	M&G	Reduce allocation from 2.25% to 0%	Paper work submitted will complete 2 Oct 17
Fixed Income Gilts	M&G	Reduce allocation from 2.25% to 0%	Paper work submitted will complete 2 Oct 17
Diversified Credit	M&G	Increase allocation to 10%	Paper work submitted will complete 2 Oct 17
Infrastructure	Collaboration with Lothian Pension Fund	New allocation of 5%	Initial allocation of £1.5m complete, balance of £31m to invest

4 SCHEME ADVISORY BOARD UPDATE

- 4.1 Following the recent local elections the membership of the Scheme Advisory Board, representing the Employer side, is currently being finalised. Nominations have been submitted to COSLA from most parties; however nomination from one party is currently outstanding.
- 4.2 Following receipt of the final nomination formal appointment letters will be issued by SPPA. The first meeting of the new Board is anticipated to be early October.

5 TRAINING OPPORTUNITIES

- 5.1 Investment training opportunity provided by LGC has been circulated to all Members of the Board and Committee. Training is two half days on **31 October** and **1st November** in Edinburgh. The following individuals have been registered to attend D Parker, S Mountford, G Edgar, J Fullarton, J Brown, S Scott, P Smith, E Barclay, M Drysdale, K Hughes and C Hogarth.

- 5.2 The IGG Group which is a Pension Fund Officer group for LGPS's in Scotland and Northern Ireland is currently in the process of organising a training event on **21 November 2017**. This will take place at COSLA Offices in Edinburgh and the agenda will be circulated once finalised.
- 5.3 To assist Members of the Board and Committee to complete their Pension Fund Regulator Trustee model Officers will be available in the Old Convenors office **17th and 18th October** to assist. Members are welcome to drop in at any time.

6 FUTURE MEETING DATES

- 6.1 The table below provides the dates of the future meetings.

Meeting	Date
Joint Pension Fund Committee & Board	4 December 2017
	8 March 2018
	14 June 2018
Performance & Investment Sub Committee	26 February 2018

Author(s)

Name	Designation and Contact Number
Kirsty Robb	Capital & Investment Manager, 01835 825249
Ian Angus	HR Shared Services Manager, 01835 826696