

Pensions Committee
Friday 7 December 2018
10.00 am Quantock Room, Shire Hall,
Taunton



To: The Members of the Pensions Committee

Cllr G Noel (Chairman), Cllr M Chilcott, Cllr S Coles, Cllr James Hunt, Bryant, Richard Parrish, Sarah Payne and Mark Simmonds

Issued By Scott Wooldridge, Strategic Manager - Governance and Risk - 29 November 2018

For further information about the meeting, please contact Peter Stiles 01823 357628 or PStiles@somerset.gov.uk

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AGENDA

Item Pensions Committee - 10.00 am Friday 7 December 2018

1 **Minutes from the previous meeting** (Pages 3 - 8)

The Committee is asked to confirm the minutes are accurate **(to follow)**.

Pensions Committee

Minutes of a meeting of the Pensions Committee held in the Luttrell Room, County Hall, Taunton on Thursday 20 September 2018 at 2.00pm.

Present

Cllr G Noel (Chairman)

Cllr M Chilcott
Cllr J Hunt

Mr G Bryant
Mrs S Payne
Mr M Simmonds

Apologies: Cllr S Coles, Cllr G Frascini, Cllr R Parrish

Other Members present: Cllr T Munt

Officers present: Stephen Morton – Strategic Manager, Finance Technical, Anton Sweet – Funds & Investment Manager and Dan Harris - Peninsula Pensions, Mrs C Burton.

2 **Declarations of interest** – agenda item 2

2.0 Mrs Payne, Mr Bryant and Mr Simmonds declared personal interests as members of the Local Government Pensions Scheme.

3 **Minutes of the meeting** – agenda item 3

3.0 The minutes of the meeting held on 8 June 2018 were received and approved as an accurate record.

4 **Public question time** – agenda item 4

4.0 Mr Reimers asked a question regarding the potential for Somerset County Council to hold a meeting for its pensioners which included the Brunel Partnership. The Funds & Investment Manager responded verbally and assured Mr Reimers that he would also receive a written response.

5 **LGPS Pooling of Investments** – agenda item 5

5.0 The Committee considered this report that explained under guidance published by the Government in November 2015 that the Council was required to work towards the pooling of the Fund's investment assets with other LGPS funds with pooling beginning in April 2018. It was noted that for the purposes of pooling the Council had aligned itself with 9 other funds in the South West of England and was working with those other funds to create a Financial Conduct Authority (FCA) regulated investment company, called Brunel Pension Partnership Ltd, (BPP).

5.1 The Funds and Investments Manager updated the Committee with recent progress including: that initial passive asset transfers were completed in July; the remaining passive assets in the in-house global portfolio will be liquidated in due course; and that transition costs to date were substantially less than anticipated.

5.2 Member questions included: details of estimated savings; the importance of transparency; and details of management expenses. The Funds and Investments Manager responded noting: the inclusion of transition costs; the greater returns than anticipated in the business case; and that all Brunel management expenses required approval.

5.3 The report was accepted.

6 Independent Advisor's Report – agenda item 6

6.1 The Committee's Independent Advisor Caroline Burton provided a verbal overview of the financial situation in the United Kingdom (UK) and Overseas.

6.2 Members briefly discussed the points raised during the overview, including: the US / China trade position; Brexit; and gold and silver prices.

6.3 The Independent Advisors update was accepted.

7 Analysis of Performance – agenda item 7

7.0 The Committee considered this report on the performance of the pension fund investments for the quarter ended 30 June 2018 and related matters.

7.1 The Funds & Investments Manager highlighted: on-going trade wars; and 8% return on the in-house fund. Members were further informed of the performance of the individual fund managers against benchmarked performance.

7.2 The committee discussed: the importance of considering long term investment performance.

7.3 The Committee agreed to accept the Analysis of Performance report.

8 Business Plan Update – agenda item 8

8.0 The Committee considered this report that provided Members with a business plan of topics to ensure the Committee met its responsibilities and considered all necessary issues, and also a meeting work plan of proposed items of business.

- 8.1 The Funds & Investments Manager informed the Committee: the Pension Fund Accounts had been audited and no issues were raised; and the importance of considering a training programme for Committee members.
- 8.2 The Committee sought confirmation that regular updates regarding progress at Brunel would be brought to all Committee meetings.
- 8.3 The Committee agreed to accept the report.

9 Budget and Membership Statistics Update – agenda item 9

- 9.0 The Committee considered this report about the position of the pension fund budget at 30 June 2018; and the outturn position for the first quarter of the year to 31st March 2018.
- 9.1 The Funds and Investments Manager highlighted: the steady but significant drop in membership; and the £6.7m variance which had been attributed to the omission of one month's data.
- 9.2 The Committee agreed to accept the report.

10 Employer Body Update – agenda item 10

- 10.0 Members considered this report that provided the Committee with information about the current status of employing bodies within the Fund.
- 10.1 It was noted that there were 141 employers with active members in the Fund – 62 scheduled bodies – comprising 33 scheduled body employers, 15 academy trusts and 14 stand-alone academies; 26 resolution bodies and 38 admitted bodies.
- 10.2 The Committee agreed to accept the report.

11 Review of Administration Performance – agenda item 11

- 11.0 The Committee considered this report from the Head of Peninsula Pensions detailing a review of the Administration's performance. The Committee were informed of: the overall improvement in performance; the remaining backlog of work; the recent Peninsula staffing restructure.
- 11.1 The Committee noted: work to re-set some existing targets; and the potential for members / pensioners to claim compensation if there are any significant delays in making payments.

11.2 The report was accepted.

12 Review of Pension Fund Risk Register – agenda 12

12.0 The Committee considered and discussed the Pension Fund's risk register. Members acknowledged the importance of considering the register at every meeting to review and monitor each risk and approve changes as necessary.

11.1 The report was accepted.

13 Annual Accounts and Investment Performance – agenda item 13

13.0 The Committee considered this report that provided an overview of the Fund's accounts, information within the accounts and the investment performance of the 2017-18 financial year and related matters.

13.1 The Committee considered the detailed report and discussed a range of topics including: the increase in contributions, the fall in the number of active members; the fall in average pensions payments; and the cost of the Peninsula staffing restructure.

13.2 The Committee agreed to approve the Fund's Annual Report and Financial Statements.

14 Report of the Actuary – agenda item 14

14.1 The Committee considered a report circulated and a presentation from Barnett Washington that provided Members with an Actuarial Funding Update.

14.2 The presentation covered:

- A reminder of the position at the last formal valuation;
- An update on events since the last formal valuation;
- An indication of the current position of the Fund;
- Risks going forward/update on the LGPS and other Pensions issues.

14.3 The Committee raised a number of questions including: the impact of mortality rates on valuations; and the impact of extra member contributions.

14.4 The Committee thanked the Actuary's representatives for their informative presentation.

15 Any other business of urgency – agenda item 15

15.1 There was no other business.

(Pensions Committee – 20/09/18)

(The meeting ended at 16.10)

Graham Noel
Chairman – Pensions Committee

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