

Pensions Committee

Friday 3 March 2017

10.00 am Luttrell Room - County Hall,
Taunton



To: The Members of the Pensions Committee

Cllr G Noel (Chairman), Cllr S Crabb, Cllr D Hill and Cllr J Hunt
Caroline Moore, Richard Parrish, Sarah Payne, Mark Simmonds

Issued By Julian Gale, Strategic Manager - Governance and Risk - 23 February 2017

For further information about the meeting, please contact Neil Milne 01823 359045 or
NDMilne@somerset.gov.uk

Guidance about procedures at the meeting follows the printed agenda.

This meeting will be open to the public and press, subject to the passing of any resolution
under Section 100A (4) of the Local Government Act 1972.

This agenda and the attached reports and background papers are available on request prior to
the meeting in large print, Braille, audio tape & disc and can be translated into different
languages. They can also be accessed via the council's website on
www.somerset.gov.uk/agendasandpapers



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AGENDA

Item Pensions Committee - 10.00 am Friday, 3 March 2017

*** Public Guidance notes contained in agenda annexe ***

1 **Apologies for absence**

2 **Declarations of Interest**

Details of all Members' interests in District, Town and Parish Councils will be displayed in the meeting room. The Statutory Register of Member's Interests can be inspected via the Community Governance team.

3 **Minutes from the previous meeting** (Pages 7 - 12)

The Committee is asked to confirm the minutes are accurate.

4 **Public Question Time**

The Chairman will allow members of the public to present a petition on any matter within the Committee's remit. Questions or statements about any matter on the agenda for this meeting will be taken at the time when each matter is considered.

5 **LGPS Pooling of Investments** (Pages 13 - 18)

To consider this report.

6 **Independent Advisor's Report**

To receive a verbal update on developments in financial markets from the Independent Advisor.

7 **Analysis of Performance** (Pages 19 - 36)

To consider this report.

8 **Business Plan update** (Pages 37 - 44)

To consider this report.

9 **Budget and Membership Statistics update** (Pages 45 - 50)

To consider this report.

10 **Employer Body update** (Pages 51 - 52)

To consider this report.

11 **Review of Pension Fund Risk Register** (Pages 53 - 58)

To consider this report.

Item Pensions Committee - 10.00 am Friday, 3 March 2017

12 **Cash Management Strategy** (Pages 59 - 68)

To consider this report.

13 **Resources Review, Budget Setting and Committee Objective setting** (Pages 69 - 72)

To consider this report.

14 **Policies and Statements** (Pages 73 - 90)

To consider this report.

15 **Review of Administration Performance** (Pages 91 - 96)

To consider this report.

16 **2018 Meeting Dates** (Pages 97 - 98)

TO consider this report.

17 **Any other urgent items of business**

The Chairman may raise any items of urgent business.

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Guidance notes for the Pension Committee meeting

1. Inspection of Papers

Any person wishing to inspect Minutes, reports, or the background papers for any item on the Agenda should contact the Committee Administrator for the meeting – Neil Milne on Tel (01823) 359045 or 357628; Fax (01823) 355529 or Email: ndmilne@somerset.gov.uk
They can also be accessed via the council's website on www.somerset.gov.uk/agendasandpapers

2. Members' Code of Conduct requirements

When considering the declaration of interests and their actions as a councillor, Members are reminded of the requirements of the Members' Code of Conduct and the underpinning Principles of Public Life: Honesty; Integrity; Selflessness; Objectivity; Accountability; Openness; Leadership. The Code of Conduct can be viewed at: <http://www.somerset.gov.uk/organisation/key-documents/the-councils-constitution/>

3. Minutes of the Meeting

Details of the issues discussed and recommendations made at the meeting will be set out in the Minutes, which the Committee will be asked to approve as a correct record at its next meeting.

4. Public Question Time

If you wish to speak, please tell Neil Milne, the Committee's Administrator, by 12 noon the (working) day before the meeting.

At the Chairman's invitation you may ask questions and/or make statements or comments about any matter on the Committee's agenda – providing you have given the required notice. You may also present a petition on any matter within the Committee's remit. The length of public question time will be no more than 30 minutes in total.

A slot for Public Question Time is set aside near the beginning of the meeting, after the minutes of the previous meeting have been signed. However, questions or statements about any matter on the Agenda for this meeting may be taken at the time when each matter is considered.

You must direct your questions and comments through the Chairman. You may not take direct part in the debate. The Chairman will decide when public participation is to finish.

If there are many people present at the meeting for one particular item, the Chairman may adjourn the meeting to allow views to be expressed more freely. If an item on the Agenda is contentious, with a large number of people attending the meeting, a representative should be nominated to present the views of a group.

An issue will not be deferred just because you cannot be present for the meeting. Remember that the amount of time you speak will be restricted, normally to two minutes only.

5. Exclusion of Press & Public

If when considering an item on the Agenda, the Committee may consider it appropriate to pass a resolution under Section 100A (4) Schedule 12A of the Local Government Act 1972 that the press and public be excluded from the meeting on the basis that if they were present during the business to be transacted there would be a likelihood of disclosure of exempt information, as defined under the terms of the Act.

6. Committee Rooms & Council Chamber and hearing aid users

To assist hearing aid users the following Committee meeting rooms have infra-red audio transmission systems (Luttrell room, Wyndham room, Hobhouse room). To use this facility we need to provide a small personal receiver that will work with a hearing aid set to the T position. Please request a personal receiver from the Committee's Administrator and return it at the end of the meeting.

7. Recording of meetings

The Council supports the principles of openness and transparency. It allows filming, recording and taking photographs at its meetings that are open to the public - providing this is done in a non-disruptive manner. Members of the public may use Facebook and Twitter or other forms of social media to report on proceedings and a designated area will be provided for anyone wishing to film part or all of the proceedings. No filming or recording may take place when the press and public are excluded for that part of the meeting. As a matter of courtesy to the public, anyone wishing to film or record proceedings is asked to provide reasonable notice to the Committee Administrator so that the relevant Chairman can inform those present at the start of the meeting.

We would ask that, as far as possible, members of the public aren't filmed unless they are playing an active role such as speaking within a meeting and there may be occasions when speaking members of the public request not to be filmed.

The Council will be undertaking audio recording of some of its meetings in County Hall as part of its investigation into a business case for the recording and potential webcasting of meetings in the future.

A copy of the Council's Recording of Meetings Protocol should be on display at the meeting for inspection, alternatively contact the Committee Administrator for the meeting in advance.

Pensions Committee

Minutes of a meeting of the Pensions Committee held in the Luttrell Room, County Hall, Taunton on Friday 2 December 2016 at 14.00.

Present

Cllr G Noel (Chairman)

Cllr S Crabb
Cllr J Hunt
Cllr D Hill

Mrs C Moore
Mrs S Payne

Apologies: Mr R Parrish and Mr M Simmonds.

Other Members present:

Officers present: Stephen Morton – Finance Technical; Anton Sweet – Funds & Investment Manager; Charlotte Thompson – Peninsula Pensions.

212 Declarations of interest – agenda item 2

212.0 Cllr Crabb, Cllr Hunt, Mrs Moore, and Mrs Payne each declared personal interests as members of the Local Government Pensions Scheme in respect of agenda item 5.

212.1 Mrs Payne also declared a personal interest as investments she held were managed by Jupiter Asset Management in respect of agenda item 5.

213 Minutes of the meeting – agenda item 3

213.0 The minutes of the meeting held on 22 September 2016 were received and approved as an accurate record.

214 Public question time – agenda item 4

214.0 There were no Members of the public present and no questions asked.

215 LGPS Pooling of Investments – agenda item 5

215.0 The Committee considered a report and received a verbal update on the proposed joint submission to the DCLG of how the Somerset Pension Fund would pool its investments with other LGPS funds to form the Brunel Pension Partnership.

215.1 In its capacity as the Administering Authority for the Somerset County Council Pension Fund, and having received and reviewed the Full Business Case relating to the proposed Brunel Pension Partnership, the Pensions Committee Resolved to enter into investment pooling as a part of the Brunel Pensions Partnership with respect to the Somerset County Council Pension Fund. The Resolution was made on and subject to the following terms and

conditions:

- 215.2 1. That the Brunel Pension Partnership investment pool is developed, funded and implemented substantially in accordance with the terms and provisions described in the Full Business Case, and more particularly that:
- a FCA regulated company to be named Brunel Pension Partnership Limited be established and operated with all necessary and appropriate arrangements as to its ownership, structure, governance and services capability;
 - a new supervisory body comprising representatives of the Council and all other participants in the Brunel Pension Partnership be established to ensure oversight of the SCC Fund's investment and participation in the Brunel Pension Partnership;
- 215.3 2. That the Pensions Committee will continue to exercise the delegated powers it has to undertake such tasks as it thinks appropriate to progress implementation of investment pooling, and to take such decisions and do all other things deemed necessary in order to promote the interests of the Council with respect to pooling, which without limitation shall include agreeing and authorising any documentation, contracts, terms of reference, financial expenditure or investment that may be required consequential upon the SCC Fund's participation in the Brunel Pension Partnership.
- 215.4 3. That the Director of Finance and Performance (as the designated Section 151 officer) be similarly authorised and granted delegated powers to undertake such tasks as they think appropriate to progress implementation of investment pooling, and to take such decisions and do all things deemed necessary in order to support the Pensions Committee and to promote the interests of the Council with respect to pooling, which without limitation shall include informing and advising the Pensions Committee on the continued viability and suitability of investment pooling in light of any developments, financial or otherwise, in the period up to the establishment of the Brunel Pension Partnership.
- 215.5 4. That subject to the above, all such matters be carried out with the aim of achieving a target date for investment pooling of 1 April 2018, and otherwise subject to such intermediate steps and timescales as may be considered appropriate and necessary by the Pensions Committee.
- 215.6 Mr Crabb wished it to be recorded that he had voted against the pooling of the Fund's investments assets with other LGPS funds.

216 Independent Advisor's Report – agenda item 6

- 216.0 The Committee's Independent Advisor Caroline Burton provided a verbal overview of the financial situation in the United Kingdom (UK) and Overseas.
- 216.1 Members briefly discussed the points raised during the overview, including

the likelihood of an increase in inflation, the effect of a fall in the value of sterling post Brexit; the continuing low price of the cost of oil; the difficulties in the Far Eastern markets and the stagnation of the economy in India and the effect on other emerging markets.

216.2 There was also a discussion about the economic situation following the outcome of the EU referendum and it was noted that so far most of the negative outcomes of a vote to leave had not be realised.

217 Analysis of Performance – agenda item 7

217.0 The Committee considered this report on the performance of the pension fund investments for the quarter ended 30 September 2016 and related matters.

217.1

Issues discussed:

- Performance of each of the managers was discussed with particular reference to progress towards their three-year targets, with the Funds & Investment Manager providing further information;
- Members noted that fund as a whole outperformed its benchmark during the quarter. The level of absolute return was strongly positive;
- Of the external managers Standard Life on UK equity, Maple-Brown Abbott and Nomura achieved performance ahead of their targets;
- £4.2m was withdrawn from the in-house global equity fund during the quarter. Broadly this represents dividend income on this fund during the quarter;
- Overall it was noted that the current value of the whole Fund stood at approximately £1,816m;
- Members' noted that Fund's Actuary, Barnett Waddingham, do not provide a funding update during the period they undertake the formal valuation process.

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

218 Business Plan Update – agenda item 8

218.0 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 workplan of proposed items of business.

218.1 The Committee discussed the 2 attached appendices to the report. The business plan up to Summer 2019, colour coded to highlight progress of items, was discussed and Members noted items scheduled for future meetings, noting this was the penultimate meeting before the Council Elections in May 2017.

218.2 It was reported that work on the Brunel Pension Partnership had continued to take up a significant amount of the Investment team's time. The

Committee agreed to accept the reports.

219 Budget and Membership Statistics Update – agenda item 9

219.0 The Committee considered this report about the position of the pension fund budget at 30 September 2016; the projected outturn position for the first quarter of the financial year to 31 March 2017; and the full year projection against budget were shown in Appendix A of the report.

219.1 There was brief discussion of the report, and the information it contained, including the number of active members which had decreased by 1,02 in the quarter. The number of undecided members had increased by 65; deferred members increased by 595; the number of pensioners had increased by 76. This had resulted in a net change overall of +634.

219.2 There was a brief discussion about the Pension Fund budget and the Committee agreed to accept the report.

220 Employer Body Update – agenda item 10

220.0 Members considered this report that provided the Committee with information about the current status of employing bodies within the Fund.

220.1 It was noted that the fund currently has a number of employers with active members: 59 scheduled body employers made up of 33 scheduled body employers, 12 academy trusts and 14 stand-alone academies; 27 resolution bodies; 32 admitted bodies.

220.2 The report also noted that Mendip District Council would be entering in to a number of contracts with Crapita, Vinci and Arcadis, more information about admissions would be provided to future meetings, however all admission agreements would be on a closed basis. The Committee agreed to accept the report.

221 Review of Pension Fund Risk Register – agenda 11

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

221.1 There was a discussion of the risk register and the Committee noted that on-going risk management was central to the management of the Pension Fund and this was reflected by the coverage of risk in key documents such as the Funding Strategy Statement and the Statement of Investment Principals. The risk register for the Pension Fund (attached as Appendix A to the report) allowed for consideration of the entire Fund's identified risks in a single document.

221.2 There was a brief discussion of the register and the Committee sought and received assurances from Officers that plans were in place to address all of the 9 identified risks and the report was accepted.

222 Voting and Engagement Report – agenda item 12

222.0 The Committee considered a report which provided information about the voting and engagement activity of the Fund's investment managers for the six month period to 30 September 2016.

222 .1 There was a brief discussion about PIRC advice and executive remuneration and remuneration voting details provided in the report were noted. The report was accepted.

223 Exclusion of press and public – agenda item 13

223.0 The Committee agreed to pass a resolution under Section 100A (4) of the Local Government Act, 1972 that the press and public be excluded from the remainder of the meeting on the basis that if they were present during the business to be transacted there would be a likelihood of disclosure to them of exempt information of the following description:

223.1 The amount of any expenditure proposed to be incurred by the authority under any particular contract for the acquisition of property or the supply of goods or services.

223.2 Also the Committee agreed that in all the circumstances of the case the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

224 Review of Investment Fund Structure – agenda item 14

224.0 The Committee considered and discussed this report and agreed not to make any change to current arrangements.

225 Report on Formal Review of Fund Managers – agenda item 15

225.0 The Committee considered and discussed this report and agreed not to make any change to current arrangements.

226 Any other business of urgency – agenda item 16

226.0 There were no other items to consider and the Chairman thanked all those present for attending and closed the meeting.

(Pensions Committee – 2/12/16)

(The meeting ended at 11:28)

Graham Noel
Chairman – Pensions Committee

LGPS Pooling of Investments

<i>Lead Officer:</i>	Kevin Nacey: Director of Finance and Performance
<i>Author:</i>	Anton Sweet: Funds and Investments Manager
<i>Contact Details:</i>	(01823) 359584 asweet@somerset.gov.uk
<i>Executive Portfolio Holder:</i>	Not applicable
<i>Division and Local Member:</i>	Not applicable

1. Summary

- 1.1 Under guidance published by the Government on “LGPS: Investment Reform Criteria and Guidance” in November 2015 we are required to work towards the pooling of the Fund’s investment assets with other LGPS funds with pooling beginning in April 2018.

2. Issues for consideration

- 2.1 The Committee are asked to recommend to full council a process for the appointment of the Somerset representative to the Brunel Pension Partnership oversight board and use of shareholder rights. The officer recommendation is that the position on the Oversight Board is formally included in the specification for the Chair of the Pensions Committee post the May 2017 County Council elections and the Chair be allowed to exercise Somerset’s shareholder rights in respect to Brunel Pension Partnership Limited in consultation with the Pensions Committee.

3. Introduction

- 3.1 At the Pensions Committee meeting on 2nd December 2016 the Committee approved the full business case for the setting up of a Financial Conduct Authority (FCA) regulated company to be named Brunel Pension Partnership Limited (BPP Ltd.) on behalf of the Somerset Fund.
- 3.2 In addition to Somerset’s approval, the full business case had also been approved by 6 of the other 9 participating administering authorities as at the 15th February. The other three authorities, Bath and North East Somerset (Avon Pension Fund), Buckinghamshire and Wiltshire will have held their meetings by the 3rd March, and the outcome of those meetings will be reported at the Committee.
- 3.3 This report outlines the further work that is now underway to form the company, and the decisions that will be required over the next four months.

4. Recruitment of BPP Ltd board

- 4.1 The first step in forming the new company is to begin the process of appointing the board. Korn Ferry, an executive search agency, have been appointed to carry out recruitment processes, and have embarked on the initial task of organising the recruitment of the Chair and 2 external Non-Executive Directors. An advertisement was placed in the Sunday Times on 16th January, with a deadline for applications of 30th January.
- 4.2 The applications received are now being evaluated and it is envisaged that the Chair will be appointed during March, and two Non-Executive Directors will be appointed in April / May. A panel drawn from the Shadow Oversight Board and the Finance and Legal Assurance Group will undertake the final interview process, advised by Korn Ferry and Pricewaterhouse Coopers (PwC).
- 4.3 The next step will then be to recruit the Chief Executive Officer. This is a vital role and the newly appointed Chair will need to play a key part in the recruitment process. It is envisaged that this will take place during May. Recruitment of other operational directors and staff will then follow.
- 4.4 A key aspect of the recruitment of the Board and key staff will be the contractual arrangements for the appointments, and the company's remuneration policies. These will need to be signed off as the recruitment process progresses. One of the issues to be determined is whether BPP Ltd. should be an admitted body in the LGPS. This will be part of the decision on the remuneration packages for staff and will also be influenced by whether TUPE considerations / principles apply to any staff that may be appointed from the current administering authorities. If BPP Ltd. does become an admitted body then a decision will be required as to which Fund admits them.

5. Legal agreements

- 5.1 A key part of setting up the company will be the agreement of various legal agreements between the ten administering authorities, as shareholders, that govern the operations of BPP Ltd. These documents are being worked on by a Legal Services group comprising representatives of Osborne Clark, who have been providing legal support to the project, and legal officers from four of the ten authorities. The required documents include the following.
- 5.2 The **Articles of Association** of the BPP Ltd. (the "Articles"). This document is required by company law, and will set out the constitution of the company and regulate the relationship between the Administering Authorities as shareholders and BPP Ltd. It sets out the powers and procedures of the BPP Ltd., and will be filed at Companies House and be publicly available.

- 5.3 The **Shareholders' Agreement** between the Administering Authorities. This regulates the relationship between the Funds as shareholders of BPP Ltd. It will define contractually the manner in which the shareholders will run BPP Ltd., rather than limiting the power of the company itself. Some of its content can overlap with the Articles, and there are some provisions which can be moved from one to the other.
- 5.4 The pooling and asset management services agreement (the "**Services Agreement**"). There will be one agreement between the Funds and BPP Ltd. setting out the pooling and other services BPP Ltd. will perform and the relevant terms.
- 5.5 These documents will need to be agreed by each of the ten administering authorities under the delegation arrangements in place, to enable BPP Ltd. to become operational. The Articles and the Shareholders' Agreement are likely to be agreed in interim form at the outset. They will include details of reserved matters that cannot be changed without the agreement of shareholders, and for each reserved matter what level of agreement (e.g. simple majority or 75% of shareholders) is required for a change to be made. Reserved matters would include significant issues such as the admission of a new shareholder or a move to internal management of assets.
- 5.6 **Other documents**. There will be various other documents of importance to the structure and governance arrangements. These include terms of reference, the terms of appointment of key personnel, BPP Ltd.'s internal policies and agreements with third party providers of back office support. This will include the terms of reference of the Oversight Board.
- 5.7 Once the Shadow Oversight Board loses its shadow status and becomes a formal body, the Somerset Fund will need to formally appoint a representative to serve on it. In addition, while the Pensions Committee will continue to have a key role in monitoring the performance and activities of BPP Ltd. for practical purposes an individual will need to take responsibility to make shareholder decisions for Somerset County Council. It is proposed that these roles are formally attached to the Chair of Pensions Committee post when it is appointed post-election.

6. Appointment of investment administrator

- 6.1 Each LGPS Fund employs a custodian bank to safeguard its investment assets and process transactions. The Somerset Fund currently uses JP Morgan as their custodian bank. Going forward BPP Ltd. will need to appoint a custodian, however, the nature of the business they will be undertaking and the requirement for FCA regulation will mean that the role will be wider than our custodian's current role. As a result, the role is defined by the FCA as an "administrator" rather than a custodian, as it encompasses other tasks beyond the custodian role.
- 6.2 The administrator will need to be in place before the FCA will authorise BPP Ltd to operate, therefore the administrator needs to be appointed before the application for authorisation is made to the FCA. Work is under way to draw up the specification for an invitation to tender, which will need to be signed off by 1 April. This should then enable the administrator to be appointed by the target date of the 1 August. Any delay is likely to delay the application for FCA authorisation.

7. Budgeted costs for 2017-2018

- 7.1 Project costs on the development of the proposals have been split equally between the ten authorities on the basis of 10% each. For the 2017/18 financial year a budget for the project of £680,000 has been agreed by the Shadow Oversight Board and the Finance and Legal Assurance Group. This equates to £68,000 per Fund. Any significant variance against individual budget items will need to be signed off by each Fund through their Section 151 Officer.
- 7.2 This only includes the project costs, not the running costs of BPP Ltd, once the company is established. This will be dependent on the remuneration policies agreed, the results of the administrator procurement and other contractual arrangements still to be determined. The full business case allowed for total costs of around £4m for 2017/18, plus the provision of £2m working capital. A pricing policy is being developed for charging the ongoing overhead running costs of BPP Ltd. These will not be charged purely on equal shares, but will be partly based on the total Assets Under Management (AUM), and on any additional services that the Fund may use over and above the core service.

8. Next steps

- 8.1 Decisions on the issues listed above will be required over the next four months in order to achieve the timeframe required by Government, such that BPP Ltd. can be established, achieve FCA authorisation and begin to transition assets from 1 April 2018. The legal documents and activity required to set up BPP Ltd. over that period will be signed off on behalf of Somerset by senior officers under the delegation agreed by the Committee at its December 2016 meeting.

9. Consultations undertaken

- 9.1 Both the Pensions Committee and the Pensions Board have been consulted regularly as part of the project process of reaching this point
- 9.2 An overview briefing on the project was provided to the Fund's Employers meeting in September 2016.
- 9.3 The Full Somerset County Council meeting received a paper on the pooling at its meeting on 30th November 2016.

10. Financial Implications

- 10.1 It is anticipated that the Brunel Pensions Partnership will allow the fund to make significant saving over time with the Somerset County Council Pension Fund estimated to make savings of £27.8m in the period to 2036 after costs. A significant portion of the likely costs are front loaded and it is anticipated that the Somerset Fund will breakeven in 2024.
- 10.2 By definition these are forecasts and there are significant risk to their timing and delivery. They are based on a core set of assumptions and actual savings could be significantly greater or smaller over time.

11. Background Papers

- 11.1 None

Note For sight of individual background papers please contact the report author.

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Analysis of Performance

Lead Officer: Kevin Nacey: Director of Finance and Performance

Author: Anton Sweet: Funds and Investments Manager

Contact Details: (01823) 359584
asweet@somerset.gov.uk

Executive Portfolio Holder: Not applicable

Division and Local Not applicable

Member:

1. Summary

- 1.1 The report attached as appendix A is to inform the committee about the performance of the Pension Fund's investments for the quarter ended 31 December 2016 and related matters.

2. Issues for consideration

- 2.1 The report is for information only unless the committee deems that action is necessary having reviewed the report.

3. Background

None

4. Consultations undertaken

None

5. Financial Implications

- 5.1 Over time the performance of the pension fund investments will impact the amount that the County Council and other sponsoring employers have to pay into the fund to meet their liabilities. The fund actuary calculates these amounts every three years and sets payments for the intervening periods.

6. Background Papers

None

Note For sight of individual background papers please contact the report author.

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Analysis of Investment Performance for the Quarter to 31st December 2016

1. Somerset County Council (Global Equity)

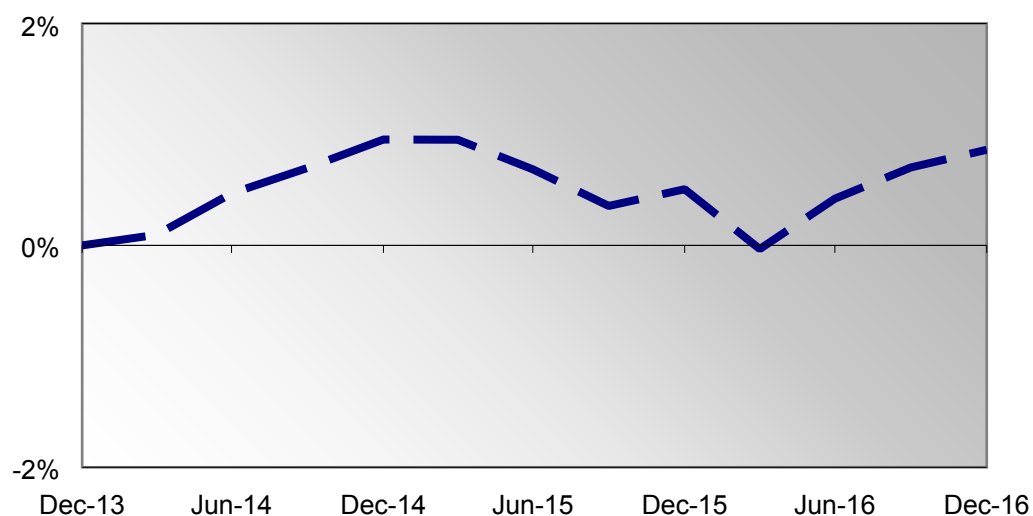
1.1 The performance for the quarter to 31st December 2016 is summarised in the following table:

Quarter to 31 December 2016				
Value as at 31 Dec £m		Fund for quarter %	Performance Benchmark for quarter %	Relative to Benchmark %
472.5	Global equities	7.2	7.1	+0.1
0.1	Cash			
472.6	Total	7.2	7.1	+0.1

1.2 The in-house fund outperformed the benchmark for the quarter.

1.3 Absolute returns for the quarter were strongly positive.

In-House Fund performance Vs Benchmark



2. Standard Life (UK Equities)

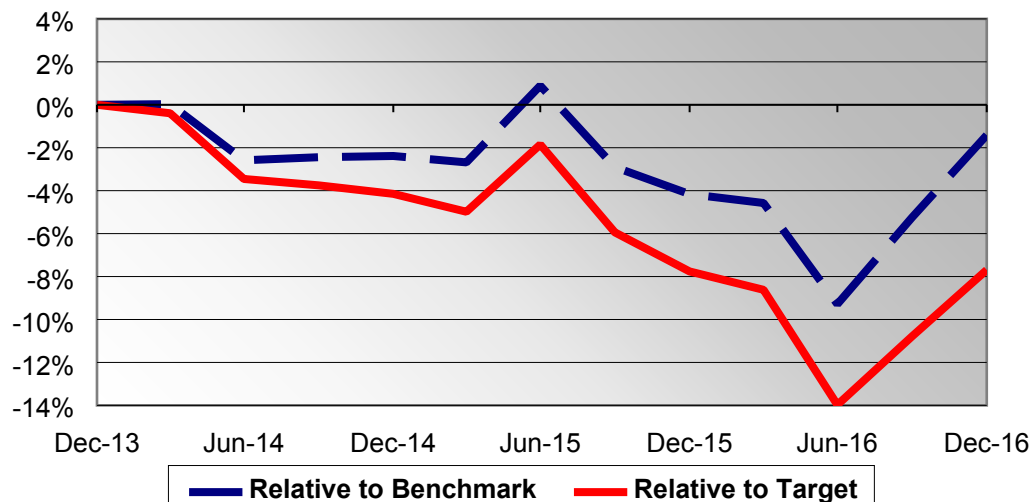
2.1 The performance for the quarter to 31st December 2016 is summarised in the following table:

Quarter to 31 December 2016			
Value as at 31 Dec £m		Fund for quarter %	Performance Benchmark for quarter % Relative to Benchmark %
436.0	UK	7.8	3.9 +3.9
9.2	Cash		
445.2	Total	7.6	3.9 +3.7

2.2 Standard Life had a good quarter relative to their benchmark. Absolute returns were very strong. Strong returns were realised from overweight positions in mining, travel and leisure and banks.

2.3 Standard Life's target is to outperform the benchmark by an annualised return of 1.75% over continuous three-year periods after their fees have been deducted.

Standard Life Performance Vs Benchmark & Target



3. Somerset County Council (North American Equities)

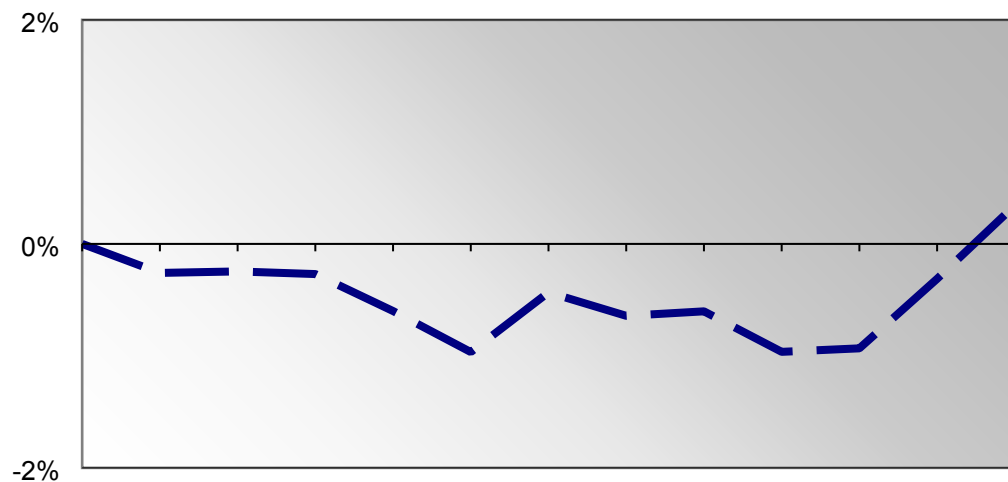
3.1 The performance for the quarter to 31st December 2016 is summarised in the following table:

Quarter to 31 December 2016				
Value as at 31 Dec £m		Fund for quarter %	Performance Benchmark for quarter %	Relative to Benchmark %
97.1	North America	9.6	9.2	+0.4
0.2	Cash			
97.3	Total	9.6	9.2	+0.4

3.2 The in-house fund's performance was ahead of the benchmark for the quarter.

3.3 Absolute levels of performance during the quarter were strongly positive.

In-House Performance Vs Benchmark



4. Jupiter (Continental European Equities)

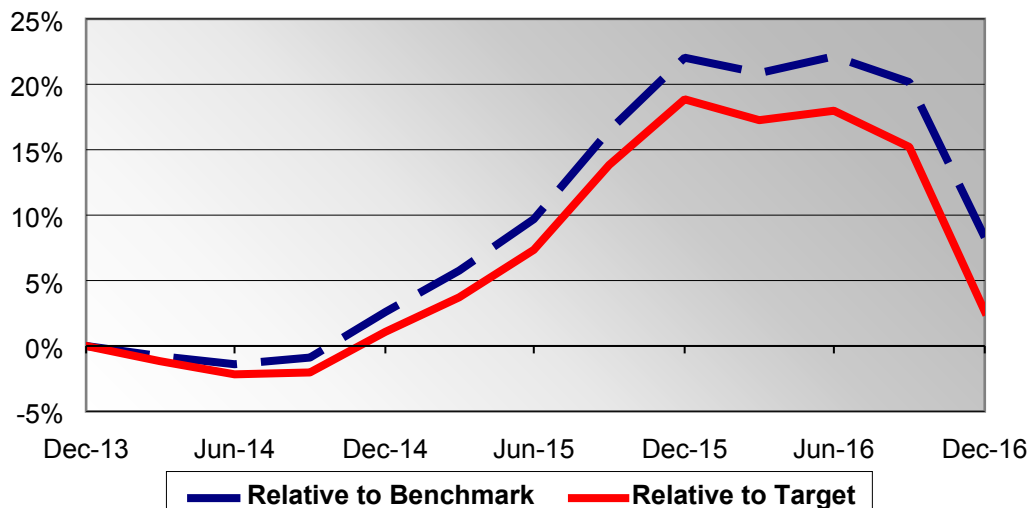
4.1 The performance for the quarter to 31st December 2016 is summarised in the following table:

Quarter to 31 December 2016				
Value as at 31 Dec £m		Fund for quarter %	Performance Benchmark for quarter %	Relative to Benchmark %
107.8	Europe	-4.3	4.8	-9.1
0.8	Cash			
108.6	Total	-4.3	4.8	-9.1

4.2 Jupiter had a poor quarter relative to the benchmark with under performance of 9.1%. Absolute performance was negative. Performance relative to benchmark continues to be very volatile from one month to the next. Poor results from a number of key holdings, particularly Novo Nordisk and Novozymes caused the underperformance.

4.3 Jupiter's target is to outperform the benchmark by an annualised return of 1.5% over continuous three-year periods after their fees have been deducted.

Jupiter Performance Vs Benchmark & Target



5. Maple-Brown Abbott (Far-East Equities ex-Japan)

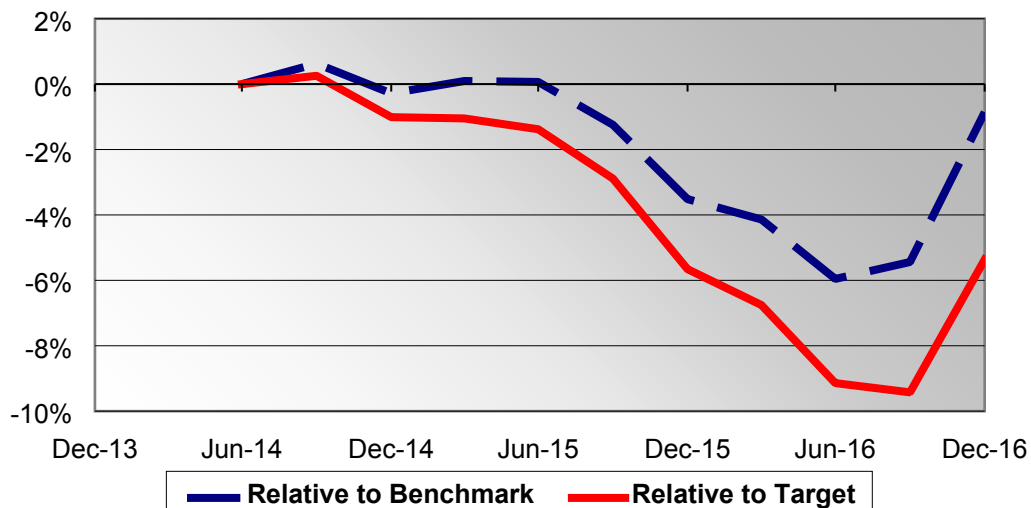
5.1 The performance for the quarter to 31st December 2016 is summarised in the following table:

Quarter to 31 December 2016				
Value as at 31 Dec £m		Fund for quarter %	Performance Benchmark for quarter %	Relative to Benchmark %
53.8	Pacific (ex Japan)	5.9	1.6	+4.3
0.6	Cash			
54.4	Total	5.7	1.6	+4.1

5.2 Maple-Brown Abbott had a good quarter relative to their benchmark. Absolute returns were strongly positive. Out performance was largely due to stock specific reasons rather than significant industry or country allocations. In contrast to last quarter positive performance was skewed towards stocks in the portfolio that outperformed.

5.3 Maple-Brown Abbott's target is to outperform the benchmark by an annualised return of 1.5% over continuous three-year periods after their fees have been deducted.

Maple-Brown Abbott Performance Vs Benchmark & Target



6. Nomura (Japanese Equity)

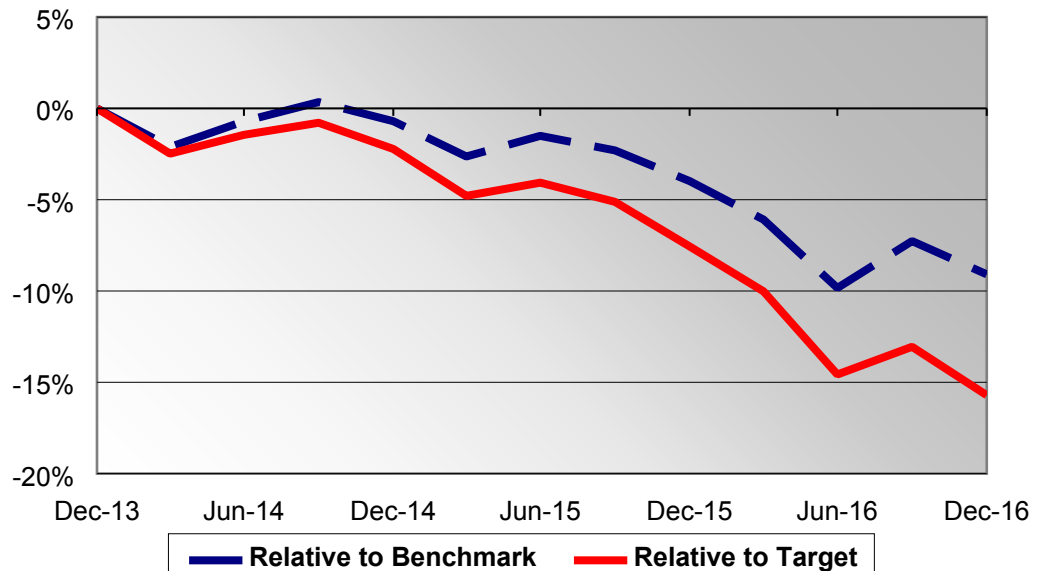
6.1 The performance for the quarter to 31st December 2016 is summarised in the following table:

Quarter to 31 December 2016			
Value as at 31 Dec £m	Fund for quarter %	Performance Benchmark for quarter %	Relative to Benchmark %
57.8 Japan	3.9	4.9	-1.0

6.2 Absolute performance was positive. Relative performance was poor. Under performance was largely due to poor stock selection, particularly in the Services and Banks sectors.

6.3 Nomura's target is to outperform the benchmark by an annualised return of 1.5% over continuous three-year periods after their fees have been deducted.

Nomura Performance Vs Benchmark & Target



7. Pioneer (Emerging Market Equity)

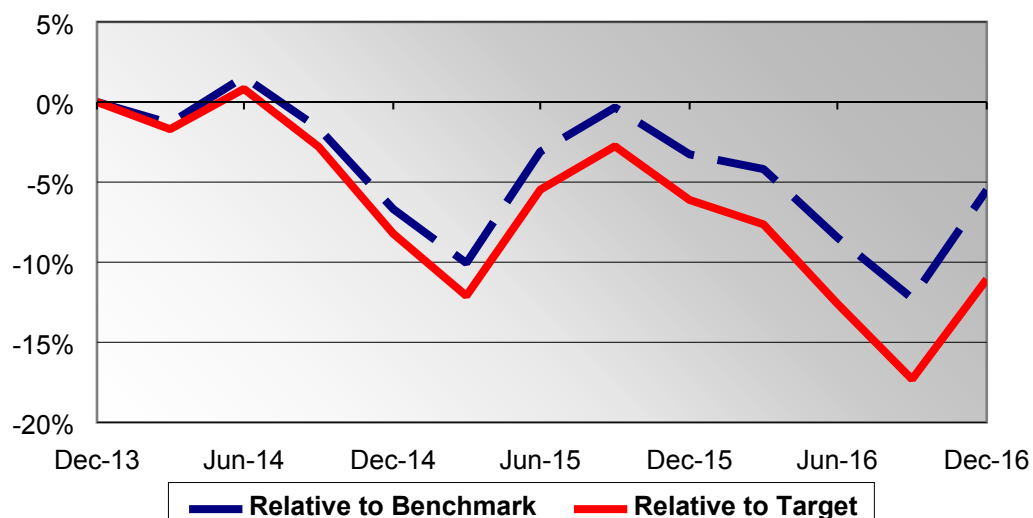
7.1 The performance for the quarter to 31st December 2016 is summarised in the following table:

Quarter to 31 December 2016			
Value as at 31 Dec £m	Fund for quarter %	Performance Benchmark for quarter %	Relative to Benchmark %
74.5 Emerging Market	6.9	0.8	+6.1

7.2 Relative performance for the quarter was good, absolute returns were strongly positive. Stock selection in China significantly contributed to the outperformance.

7.3 Pioneer’s target is to outperform the benchmark by an annualised return of 1.5% over continuous three-year periods after their fees have been deducted.

Pioneer Performance Vs Benchmark & Target



8. Standard Life (Fixed Interest)

8.1 The performance for the quarter to 31st December 2016 is summarised in the following table:

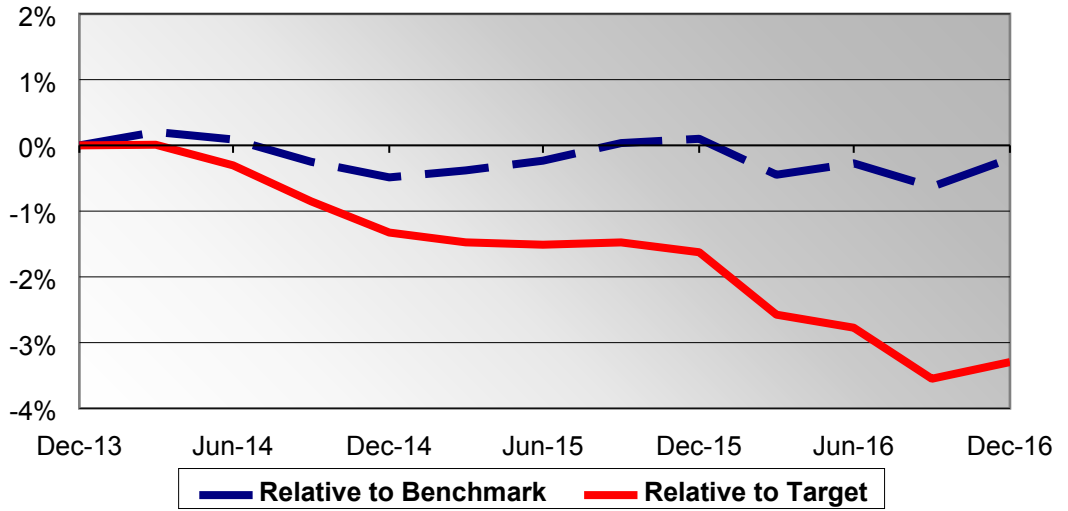
Quarter to 31 December 2016				
Value as at 31 Dec £m		Fund for quarter %	Performance Benchmark for quarter %	Relative to Benchmark %
45.7	UK Gilts	-3.4	-3.4	+0.0
69.9	Index Linked	-3.1	-2.7	-0.4
150.3	Corporate Bonds	-4.3	-4.7	+0.4
39.0	High Yield Debt	0.6	0.8	-0.2
4.2	Foreign Gov't Bonds			
2.1	F Gov't Index Linked			
	Currency			
0.1	Instruments			
6.6	Cash			
317.9	Total	-2.7	-3.0	+0.3

8.2 Standard Life outperformed their benchmark for the quarter. Absolute returns were negative. Standard Life out performed in corporate bonds. The asset allocation between the different bond types was a slight positive for performance during the quarter.

8.3

Standard Life's target is to outperform the benchmark by an annualised return of 0.75% over continuous three-year periods after their fees have been deducted.

Standard Life Performance Vs Benchmark & Target



9. Aviva (Property Fund of Funds)

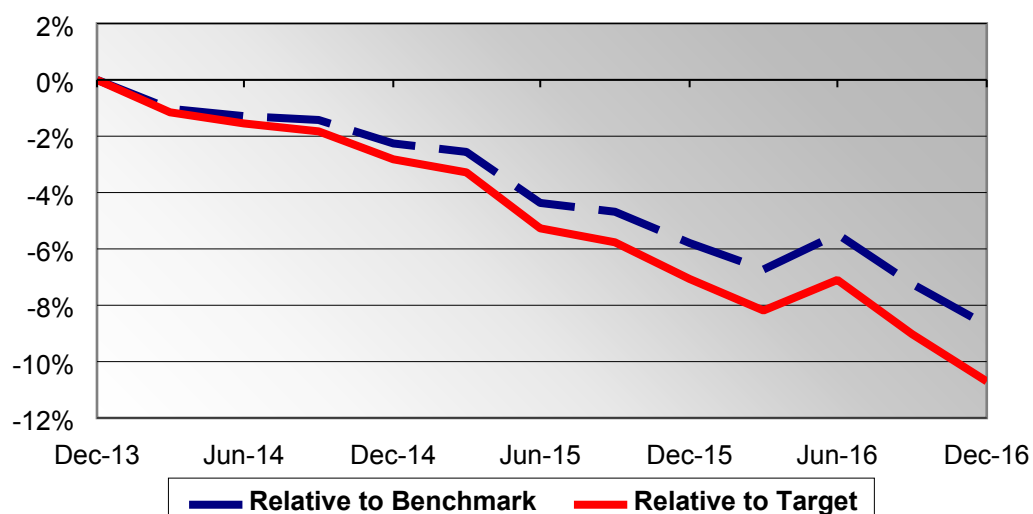
9.1 The performance for the quarter to 31st December 2016 is summarised in the following table:

Quarter to 31 December 2016				
Value as at 31 Dec £m		Fund for quarter %	Performance Benchmark for quarter %	Relative to Benchmark %
168.9	UK Property	1.3	2.3	-1.0
2.3	European Property	1.3		
0.1	Currency Instruments			
10.5	Cash			
181.8	Total	1.2	2.3	-1.1

9.2 Property returns from the UK market were positive for the quarter. The fund underperformed relative to the benchmark due to a number of stock specific issues.

9.3 Aviva's target is to outperform the benchmark by an annualised return of 0.5% over continuous three-year periods after their fees have been deducted.

Aviva Performance Vs Benchmark & Target



10. Neuberger Berman (Global Private Equity)

10.1 The performance for the quarter to 31st December 2016 is summarised in the following table:

Quarter to 31 December 2016				
Value as at 31 Dec £m		Fund for quarter %	Performance Benchmark for quarter %	Relative to Benchmark %
30.7	Private Equity	7.0	0.1	+6.9

10.2 The return indicated above is significantly affected by currency movements, specifically the change in the value of the US dollar against GBP.

10.3 The 2010 fund continues to make good progress. The underlying return on this fund for the quarter, excluding currency movements, was 2.5%.

10.4 The Neuberger Berman Crossroads XX fund is also making good progress. The underlying return on this fund for the quarter, excluding currency movements, was 1.6%.

10.5 The Crossroads XXI fund had its first drawdown during Q1 2016. As the fund is still very young it is not surprising that it is still in the negative part of the “J-curve” and is therefore running at a loss. However the return for the quarter was positive at 5.0%.

11. South West Ventures Fund

11.1 The fund continues to make reasonable progress.

12. Combined Fund

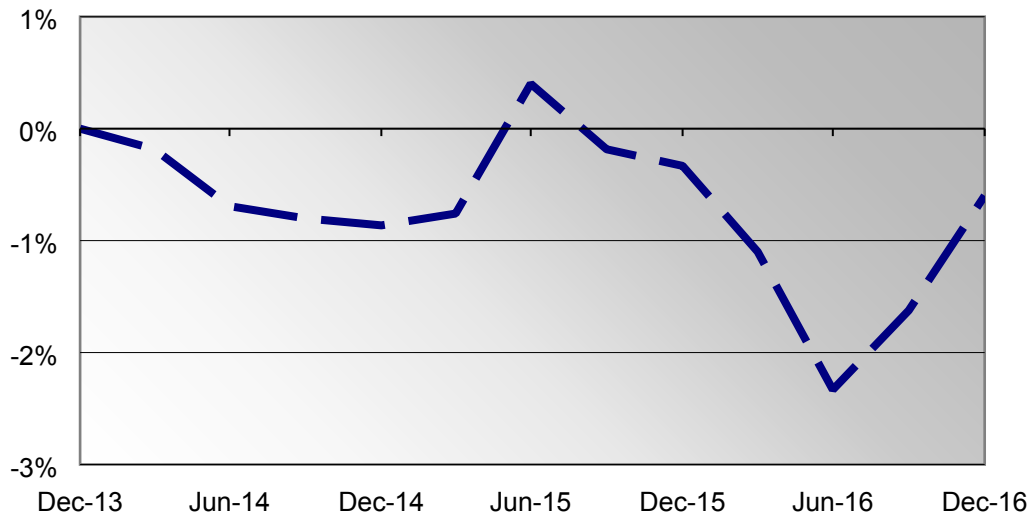
12.1 The performance for the quarter to 31st December 2016 is summarised in the following table:-

Quarter to 31 December 2016				
Value as at 31 Dec £m		Fund for quarter %	Performance Benchmark for quarter %	Relative to Benchmark %
472.6	In-House (Global Eq)	7.2	7.1	+0.1
445.2	Standard Life (UK Eq)	7.6	3.9	+3.7
97.3	In-House (US Eq)	9.6	9.2	+0.4
108.6	Jupiter	-4.3	4.8	-9.1
54.4	Maple-Brown Abbott	5.7	1.6	+4.1
57.8	Nomura	3.9	4.9	-1.0
74.5	Pioneer	6.9	0.8	+6.1
317.9	Standard Life (FI)	-2.7	-3.0	+0.3
181.8	Aviva	1.2	2.3	-1.1
1.8	SWRVF	0.0	0.1	-0.1
30.7	Neuberger Berman	7.0	0.1	+6.9
43.0	Cash	0.1	0.1	+0.0
1,885.6	Whole Fund	4.0	3.2	+0.8

12.2 The fund as a whole outperformed its benchmark during the quarter. The level of absolute return was strongly positive. Standard Life on UK equity and fixed income, Maple-Brown Abbott and Pioneer produced performance ahead of their target for the quarter.

12.3 Of the 0.8% of outperformance for the quarter 0.7 is due to the stock selection of the managers within the fund and 0.1 is due to asset allocation between the various fund managers.

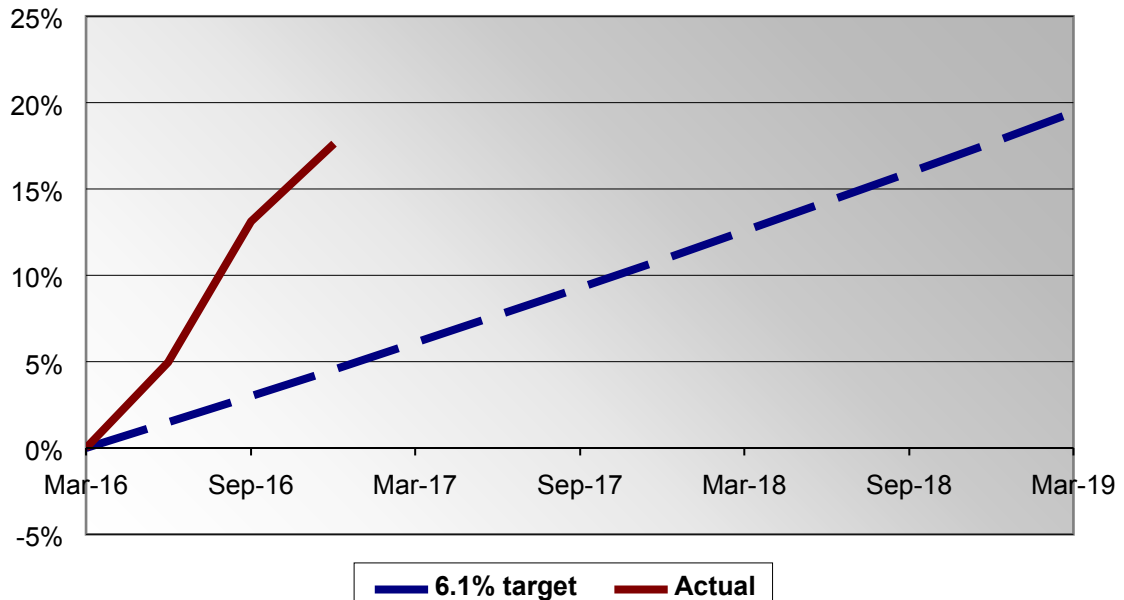
Whole Fund Performance Vs Benchmark



12.4

At the March 2015 committee meeting the committee adopted an absolute return target of 6.1% for the fund as this is consistent with the fund becoming fully funded within the timescales indicated by the actuary as part of the 2013 valuation. Progress against this target for the 2016 to 2019 actuarial cycle is shown in the graph below.

Performance of Fund Vs. 6.1% absolute return target



12.5 The movement in the value of the fund over the quarter is summarised in the table below.

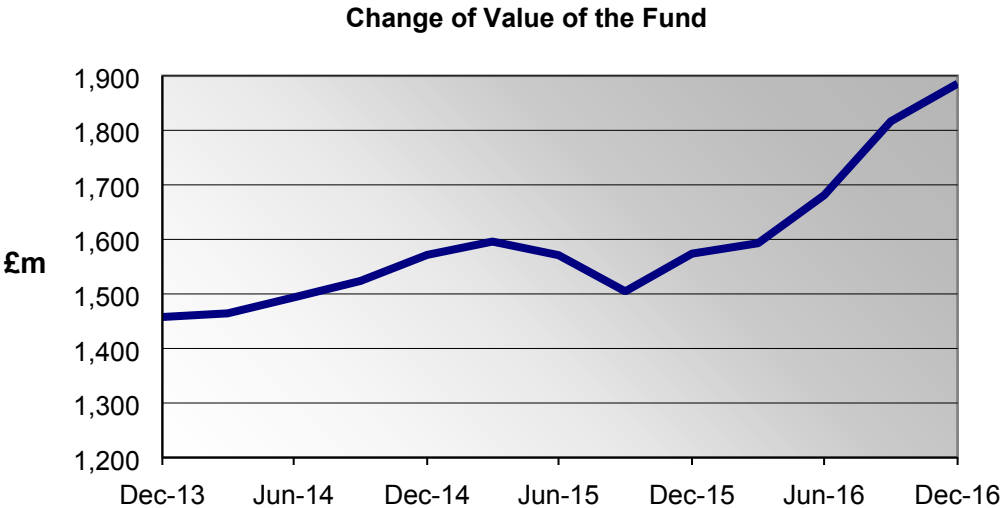
	Value as at 30 Sept		Value as at 30 Sept		Strategic
	£m	£m	£m	%	Weighting
					%
In-House (Global Eq)	444.3	24	472.6	25	23
Standard Life (UK Eq)	413.2	23	445.2	23	23
In-House (US Eq)	94.2	5	97.3	5	5
Jupiter	113.4	6	108.6	6	5
M-BA (Pac Eq)	51.3	3	54.4	3	3
Nomura	55.7	3	57.8	3	3
Pioneer	69.6	4	74.5	4	5
Standard Life (FI)	328.5	18	317.9	17	19
Aviva	178.5	10	181.8	10	10
SWRVF	1.9	0	1.8	0	0
Neuberger Berman	28.1	2	30.7	2	3
Cash	37.8	2	43.0	2	1
Whole Fund	1,816.5	100	1,885.6	100	100

12.6 During the quarter the following movements of cash between funds took place:

- £3.8m was withdrawn from the in-house global equity fund during the quarter. Broadly this represents dividend income on this fund during the quarter.
- £5.5m was withdrawn from the in-house US equity fund during the quarter. Broadly this represents a £5m withdrawal of funds and £0.5m of dividend income on this fund during the quarter.
- £0.6m to cover drawdowns was added to the Neuberger Berman's Private equity mandate during the quarter.
- £0.8m was distributed by the South West Regional Venture Fund.

12.7

The change in the value of the investment fund over the last three years can be seen in the graph below.



12.8

The Fund's Actuary, Barnett Waddingham, do not provide a funding update during the period while they are undertaking the formal valuation process.

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Business Plan Update

Lead Officer: Kevin Nacey: Director of Finance and Performance

Author: Anton Sweet: Funds and Investments Manager

Contact Details: (01823) 359584
asweet@somerset.gov.uk

Executive Portfolio Holder: Not applicable

Division and Local Not applicable

Member:

1. Summary

1.1 To update the Committee with progress on and amendments to the Committee's business plan as agreed.

2. Issues for consideration

2.1 To note progress on the business plan and approve any amendments.

3. Background

3.1 The Somerset County Council Pension Fund (the Fund) is a statutory scheme with Somerset County Council acting as the 'administering authority' in accordance with the relevant legislation. This means that the County Council is responsible for taking all the executive decisions in respect of the Fund.

3.2 To meet its responsibilities in this respect the County Council has delegated executive decision making powers for the fund to the Pensions Committee. A business plan has been produced to help ensure that the Pensions Committee meet their responsibilities and consider all necessary issues.

3.3 Attached as appendix A is the business plan. Progress is shown in the final column followed by a colour coded key.

3.4 Attached as appendix B is a committee workplan, which indicates which items will come before each Committee meeting over the next 12 months.

4. Progress since last report

- 4.1 Work on the LGPS pooling work within the Brunel Pension Partnership has been substantial.
- 4.2 Work on the distribution of the valuation results to employers and related discussions is now largely complete. It is anticipated that the actuary will produce the formal valuation report, including the required Rates and Adjustments Certificate setting the employer contributions for 2017-2020, over the next couple of weeks.
- 4.3 Preparation for the 2016/17 accounts and production of the annual report is underway.

5. Consultations undertaken

None

6. Financial Implications

None

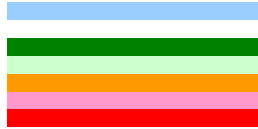
7. Background Papers

None

Note For sight of individual background papers please contact the report author.

Pensions Committee Business Plan for 2013 to 2019

Key:
 Change since last time
 Completed
 Not yet due
 In progress and on time
 In progress but late
 Overdue



Topic Area		Training needs	Timing	Implementation Timing	Progress
Regulations	Consultation and implementation on new regulations as they arise	Medium	Unknown - Determined by Central Gov't		
Fund Governance	Review of CIPFA knowledge and skills framework for members	Medium	Spring 2013	Unknown	Committee members have agreed to use Standard Life's "Learning Gateway" as an on-line training tool. A further review will be undertaken once the requirements for the new governance structure have been set
Fund Governance	Review of Funding Strategy Statement	Medium	Autumn 2013	Unknown	A new FSS was adopted at the March 2016 meeting.
Fund Governance	Adoption of an Administration Strategy	Low	Spring 2015	Unknown	Approved at March 2015 meeting
Re-charging and service to employers	Suggested item by the employers' representative	Low	Summer 2015	Unknown	To be re-considered after administration strategy is agreed
Alternative Investment Review	Review of asset classes not currently invested in	High	Summer 2015		On hold pending the outcome of the LGPS pooling of investments process
Investment Governance	Voting and CSR engagement review	Medium	Autumn 2015	+ 9 months if Undertaken	On hold pending the outcome of the LGPS pooling of investments process
Benefits Administration	Consideration of service level agreements with Employers	Medium	Autumn 2015		To be re-considered after administration strategy is agreed
1 year Review of Asset manager	Review of In-house funds	Medium	Autumn 2016	+ 9 months if Undertaken	Decision taken at the December 2016 committee meeting that this will be reviewed again at end of 2017 with a view to setting a new strategy to take the fund into pooling form April 2018
	Review of Aviva's mandate for Property	Medium		+ 9 months if Undertaken	
	Review of Standard Life's mandate for UK equity	Medium		+ 9 months if Undertaken	
	Review of Standard Life's mandate for Fixed Income	Medium		+ 9 months if Undertaken	
	Review of Jupiter's mandate for European Equity	Medium		+ 9 months if Undertaken	
	Review of Nomura's mandate for Japanese Equity	Medium		+ 9 months if Undertaken	
Investment Fund Structure & Alternative Asset Classes	Review of Asset Allocation and benchmark structure of the fund	Medium	Autumn 2016		
	Review of asset classes not currently invested in	High			
Investment Pooling	Review of Brunel Pension Partnership Business Case	Medium	Autumn 2016		The Brunel business case was approved at the December 2016 committee meeting.
Fund Governance	Agree and publish an Investment Strategy Statement	Medium	Q1 2017		
Fund Governance	Re-approve all Strategies and policies post election	Medium	Spring 2017		
Fund Governance	Review of CIPFA knowledge and skills framework for members	Medium	Spring 2017		
Review of Independent Advisor	Following an internal Audit review of the Fund's governance it was agreed that the role and performance of the Independent Advisor should be reviewed by Committee at least once every 4 years	Low	Summer 2019	Unknown	
1 year Review of Asset manager	Review of In-house funds	Medium	Autumn 2017	+ 9 months if Undertaken	
	Review of Aviva's mandate for Property	Medium		+ 9 months if Undertaken	
	Review of Standard Life's mandate for UK equity	Medium		+ 9 months if Undertaken	
	Review of Standard Life's mandate for Fixed Income	Medium		+ 9 months if Undertaken	
	Review of Jupiter's mandate for European Equity	Medium		+ 9 months if Undertaken	
	Review of Nomura's mandate for Japanese Equity	Medium		+ 9 months if Undertaken	
Investment Fund Structure & Alternative Asset Classes	Review of Asset Allocation and benchmark structure of the fund	Medium	Autumn 2017		
	Review of asset classes not currently invested in	High			

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SOMERSET COUNTY COUNCIL PENSION FUND

PENSIONS COMMITTEE

MEETING WORKPLAN 2017 - 2018

Date	Proposed Items of Business	Lead Officer
09-Jun-17	<p><u>FORMAL MEETING</u></p> <p>1. LGPS Pooling of Investments Report to provide an update on progress on pooling of investments as per government guidance.</p> <p>2. Independent Advisor's Report To receive a verbal update on market issues and events from the independent advisor.</p> <p>3. Analysis of Performance Report to provide an update of the Fund's performance for the quarter period to 31 March 2017.</p> <p>4. Business Plan Update To consider progress against the Committees approved business plan.</p> <p>5. Budget and Membership Statistics Update Report to provide an update of the Fund's position for the quarter period to 31 March 2017.</p> <p>6. Employer Body Status Update Report to provide an update on issues concerning employer bodies.</p> <p>7. Review of Pension Fund Risk Register To review the risks within the fund and form an appropriate risk register for the fund.</p> <p>8. Voting and Engagement Report Report to provide an update of the Fund's voting and engagements activities for the half year to 31 March 2017.</p> <p>9. Fund Policies To review and where necessary update the fund's policies and documents.</p>	<p>AS</p> <p>AS</p> <p>AS</p> <p>AS</p> <p>AS</p> <p>CT</p> <p>AS</p> <p>AS</p> <p>AS</p>

SOMERSET COUNTY COUNCIL PENSION FUND

PENSIONS COMMITTEE

MEETING WORKPLAN 2017 - 2018

Date	Proposed Items of Business	Lead Officer
21-Sep-17	<p><u>FORMAL MEETING</u></p> <p>1. LGPS Pooling of Investments Report to provide an update on progress on pooling of investments as per government guidance.</p> <p>2. Independent Advisor's Report To receive a verbal update on market issues and events from the independent advisor.</p> <p>3. Analysis of Performance Report to provide an update of the Fund's performance for the quarter period to 30 June 2016.</p> <p>3. Business Plan Update To consider progress against the Committees approved business plan.</p> <p>4. Budget and Membership Statistics Update Report to provide an update of the Fund's position for the quarter period to 30 June 2017.</p> <p>5. Employer Body Status Update Report to provide an update on issues concerning employer bodies.</p> <p>6. Review of Pension Fund Risk Register To review the risks within the fund and form an appropriate risk register for the fund.</p> <p>7. Annual Accounts and Investment Performance 2016/2017 To consider the accounts and investment performance for the year to 31 March 2017.</p> <p>8. Actuarial Update To consider the Report of the Fund's Actuary Barnett Waddingham.</p> <p>9. Review of Administration Performance To review the performance of Peninsula Pensions in delivering the administration service to employers and members.</p>	<p>AS</p> <p>AS</p> <p>AS</p> <p>AS</p> <p>AS</p> <p>CT</p> <p>AS</p> <p>AS</p> <p>BW</p> <p>CT</p>
22-Sep-17	<p><u>ANNUAL MEETING</u></p> <p>Annual Employers' Meeting of the Pension Fund at Dillington</p>	

SOMERSET COUNTY COUNCIL PENSION FUND

PENSIONS COMMITTEE

MEETING WORKPLAN 2017 - 2018

Date	Proposed Items of Business	Lead Officer
TBC	<p><u>INFORMAL MEETING</u></p> <p>1.Topic TBC</p>	
08-Dec-17	<p><u>FORMAL MEETING</u></p> <p>1. Independent Advisor's Report To receive a verbal update on market issues and events from the independent advisor.</p> <p>2. Analysis of Performance Report to provide an update of the Fund's performance for the quarter period to 30 September 2016.</p> <p>3. Business Plan Update To consider progress against the Committees approved business plan.</p> <p>4. Budget and Membership Statistics Update Report to provide an update of the Fund's position for the quarter period to 30 September 2016.</p> <p>5. Employer Body Status Update Report to provide an update on issues concerning employer bodies.</p> <p>7. Review of Pension Fund Risk Register To review the risks within the fund and form an appropriate risk register for the fund.</p> <p>8. Voting and Engagement Report Report to provide an update of the Fund's voting and engagements activities for the half year to 30 September 2016.</p> <p>9. Review of Investment Fund Structure and Alternative Asset Classes To consider the existing structure of the investment fund, whether it is still suitable and to consider alternative asset classes that the fund is not currently invested in in preparation for the start of the transition of assets into a pool from 1st April 2018</p> <p>10. Fund Manager Performance Review (EXEMPT ITEM) To consider the performance of fund managers as per the review timetable agreed at earlier committee meetings.</p>	<p></p> <p>AS</p> <p>AS</p> <p>AS</p> <p>CT</p> <p>AS</p> <p>AS</p> <p>AS</p> <p>AS</p>

SOMERSET COUNTY COUNCIL PENSION FUND

PENSIONS COMMITTEE

MEETING WORKPLAN 2017 - 2018

Date	Proposed Items of Business	Lead Officer
02-Mar-18	<p><u>FORMAL MEETING</u></p> <p>1. LGPS Pooling of Investments Report to provide an update on progress on pooling of investments as per government guidance.</p> <p>2. Independent Advisor's Report To receive a verbal update on market issues and events from the independent advisor.</p> <p>3. Analysis of Performance Report to provide an update of the Fund's performance for the quarter period to 31 December 2017.</p> <p>4. Business Plan Update To consider progress against the Committees approved business plan.</p> <p>5. Budget and Membership Statistics Update Report to provide an update of the Fund's position for the quarter period to 31 December 2017.</p> <p>6. Employer Body Status Update Report to provide an update on issues concerning employer bodies.</p> <p>7. Review of Pension Fund Risk Register To review the risks within the fund and form an appropriate risk register for the fund.</p> <p>8. Resources review, budget setting and committee objectives setting To conduct a review of the resources available to the fund and to adopt a budget, committee performance objectives for the 2018-2019 financial year and review the overall performance target for 2016 to 2019.</p> <p>9. Review of Administration Performance To review the performance of Peninsula Pensions in delivering the administration service to employers and members.</p>	<p>AS</p> <p>AS</p> <p>AS</p> <p>AS</p> <p>AS</p> <p>CT</p> <p>AS</p> <p>AS/SM</p> <p>CT</p>

Budget And Membership Statistics Update

Lead Officer: Kevin Nacey: Director of Finance and Performance

Author: Anton Sweet: Funds and Investments Manager

Contact Details: (01823) 359584
asweet@somerset.gov.uk

Executive Portfolio Holder: Not applicable

Division and Local Member: Not applicable

1. Summary

1.1 This report updates the committee on the position of the Pension Fund budget at 31st December 2016 and related matters. This is a standard item of committee business.

2. Issues for consideration

2.1 The report is for information only unless the committee deems that action is necessary having reviewed the report.

3. Budget

3.1 The outturn position for the third quarter of the financial year to 31st March 2017 and the full year projection against budget is shown in appendix A.

4. Transaction costs

4.1 Transaction costs for the quarter were as follows:

Manager	Asset Class	Fund Size £m
In-House	Global equity	472.6
Standard Life	UK equity	445.2
In-House	US equity	97.3
Jupiter	European equity	108.7
M-BA	Pacific equity	54.4
Standard Life	Bonds	317.9

Manager	Asset Class	Purchases		Sales		Total £
		Commission £	Expenses £	Commission £	Expenses £	
In-House	Global equity	1,418	1,871	1,330	46	4,666
Standard Life	UK equity	23,504	113,407	26,555	35	163,500
In-House	US equity	1,177	0	1,834	23	3,034
Jupiter	European equity	5,091	7,299	4,781	0	17,171
M-BA	Pacific equity	2,837	392	1,582	940	5,750
Standard Life	Bonds	0	0	0	0	0
Total		34,026	122,969	36,082	1,044	194,121

Total Transaction Costs

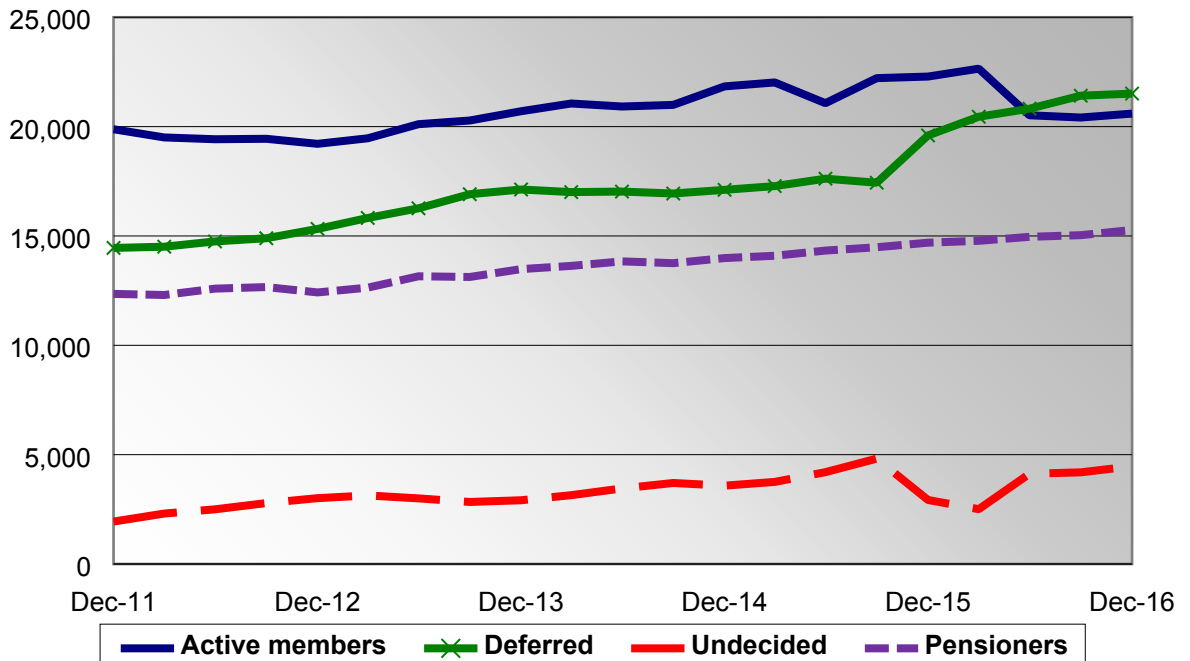


5. Membership Statistics

5.1 The change in membership statistics for the quarter is as follows:

	30 Sept	31 Dec	Change
Active members	20,416	20,595	+179
Deferred	21,414	21,510	+96
Undecided	4,191	4,469	+278
Pensioners	15,036	15,273	+237
Total	61,057	61,847	+790

5.2 The change in membership statistics for the last 5 years is shown in the graph below:



6. Background Papers

None

Note For sight of individual background papers please contact the report author.

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Pension Fund Budget

2016-2017

	2015-2016 Full Year	April 2016 - December 2016			2016-2017 Full Year		
	Actual (a) £m	Budget (b) £m	Actual (c) £m	Variance (d) £m	Original Budget (e) £m	Projected Outturn (f) £m	Variance (g) £m
Contributions and other income							
Contributions	82.953	62.000	58.659	-3.341	84.000	84.000	0.000
Recoveries from employers	1.387	1.125	1.062	-0.063	1.500	1.500	0.000
Transfer values received	3.238	2.700	1.958	-0.742	3.600	2.500	-1.100
	87.578	65.825	61.679	-4.146	89.100	88.000	-1.100
Less benefits and other payments							
Recurring pensions	-64.395	-49.500	-50.387	-0.887	-66.000	-68.000	-2.000
Lump sum on retirement	-12.323	-11.250	-9.709	1.541	-15.000	-15.000	0.000
Lump sum on death	-2.070	-1.485	-1.152	0.333	-2.000	-2.000	0.000
Transfer values paid	-4.755	-4.500	-2.237	2.263	-6.000	-4.000	2.000
Contribution refunds	-0.418	-0.315	-0.305	0.010	-0.400	-0.400	0.000
	-83.961	-67.050	-63.790	3.260	-89.400	-89.400	0.000
Contributions after payments	3.617	-1.225	-2.111	-0.886	-0.300	-1.400	-1.100
Management Expenses							
Administrative expenses	-1.305	-0.600	-0.812	-0.212	-1.200	-1.200	0.000
Investment management expenses	-4.302	-3.120	-2.146	0.974	-5.000	-5.000	0.000
Oversight and governance expenses	-0.650	-0.300	-0.130	0.170	-0.700	-0.800	-0.100
	-6.257	-4.020	-3.088	0.932	-6.900	-7.000	-0.100
Investment Income							
Investment income	44.794	33.830	37.379	3.549	45.000	45.000	0.000
Net Increase / Decrease (-) in fund	42.154	28.585	32.180	3.595	37.800	36.600	-1.200

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Employer Body Update

Lead Officer: Kevin Nacey: Director of Finance and Performance

Author: Charlotte Thompson: Head of Peninsula Pensions

Contact Details: (01392) 383000
charlotte.thompson@devon.gov.uk

Executive Portfolio Holder: Not applicable

Division and Local Not applicable

Member:

1. Summary

1.1 This report provides an update for the Committee on the status of Employing Bodies within the Somerset Pension Fund.

2. Issues for consideration

2.1 Committee is asked to note the employer updates set out in section 3. It was decided at the June 2015 meeting that applications for admitted body status will not generally be brought to Committee for approval but that Committee will be informed of new employers joining the Fund.

3. Employer updates

3.1 Taunton Dean Borough Council will be entering into a contract with Way Ahead Care for the provision of extra care services. One member of staff will transfer and Way Ahead Care will become an admitted body on 27th March 2017.

3.2 Somerset County Council will be entering into a contract with Dimensions (UK) Ltd for the provision of Learning Disability services. A total of approximately 1,100 staff will be transferred to Dimensions who will become an admitted body in the fund with effect from 1st April 2017.

3.3 Taunton Dean Borough Council has entered into a contract with Idverde Limited who will be providing street scene cleaning services. A total of 15 staff have transferred to Idverde Limited who became an admitted body on 1st February 2017.

3.4 Tone Leisure merged with Greenwich Leisure Limited with effect from 1st January 2017. The admission agreement has been novated to reflect this change.

3.5 Holy Trinity School has converted to academy status with effect from 1st November 2016 and joined the Bath and Wells Multi Academy Trust.

3.6 The fund currently has the following numbers of employers with active members:

- 59 scheduled body employers made up of 33 scheduled body employers, 12 academy trusts and 14 stand-alone academies.
- 27 resolution bodies.
- 35 admitted bodies (including those in this report).

4. Consultations undertaken

4.1 None.

5. Financial Implications

5.1 None. It is already a requirement that new admitted bodies should put in place a bond or guarantee.

6. Background Papers

6.1 None

Note For sight of individual background papers please contact the report author.

Review of Pension Fund Risk Register

Lead Officer: Kevin Nacey: Director of Finance and Performance

Author: Anton Sweet: Funds and Investments Manager

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Executive Portfolio Holder: Not applicable

Division and Local Not applicable

Member:

1. Summary

- 1.1 In response to CIPFA guidance recommending the adoption and monitoring of a risk register for LGPS funds the Pensions Committee have requested that a review of the risk register is a standing item on the agenda for each meeting.

2. Issues for consideration

- 2.1 To monitor the risks contained on the risk register and approve any amendments.

3. Changes since last meeting

- 3.1 There have been no changes to the risk register since the last meeting of the Committee.

4. Background

- 4.1 Risk management is central to the management of the Pension Fund as reflected by the coverage of risk in key documents such as the Funding Strategy Statement and the Statement of Investment Principals. The risk register allows for consideration of all of the fund's risks in a single document.
- 4.2 Guidance issued by CIPFA on the application of the Myner's Principles in the LGPS in 2010 indicated that the creation and adoption by Pensions Committees of a risk register was best practice.

- 4.3 Following on from CIPFA's guidance the Committee has indicated that it wishes to adopt a risk register. The Committee have agreed that rather than have a static register that is reviewed periodically that the register should be discussed at every meeting and changes agreed and implemented as necessary.
- 4.4 The current risk register is attached as appendix A and has been prepared using the Somerset County Council risk framework and scoring methodology

5. Consultations undertaken

None

6. Financial Implications

- 6.1 No direct implications

7. Background Papers

None

Note For sight of individual background papers please contact the report author.

Somerset County Council Pension Fund Risk Register - March 2017

1. Risk Ref No: 2. Senior Risk Owner:	Description of Risk	Control measures already in place	Current Risk Score (with known controls in place)		Combined score	Additional mitigating actions/control measures planned to achieve target score	Target Risk score		combined score	Additional Control measure owner	Target Date	commentary following review, inc. date	Additional Information and explanation
			L	I			L	I					
1. PF1 2. Anton Sweet	The pension fund has insufficient available cash to meet its immediate (next 6 months) liabilities.	Cash flow forecasting of TM function. Monthly review of asset allocation and cash levels	2	4	8		2	4	8		on-going with quarterly review		
1. PF2 2. Pensions Committee Page 55	The pension fund has insufficient available assets to meet its long term liabilities.	Funding Strategy Statement Statement of investment principles	3	5	15	The triennial valuation includes provision for restoring the fund to full funding over 25 years The current risk score partly reflects that the fund was 75% funded at the last valuation. An improvement in the funding level will reduce the likelihood of the risk occurring at some point in the future	2	5	10		Review again at next Valuation - 2016		This risk encapsulates the purpose of the fund in trying to always have sufficient assets to meet uncertain future liabilities with a pool of assets with uncertain future investment performance. There is also the need to balance the funding needs of the fund with the desire to keep contributions as low and constant as possible.
1. PF3 2. Stephen Morton	The insolvency of an employer places additional liabilities on the fund and ultimately the remaining employers.	Admission agreements Guarantee bonds	3	3	9	Ensure the on-going suitability of the guarantees in place with a review after each formal valuation Review of actuarial results to consider employer specific funding ratios and employer 'Hot Spots'	2	2	4	Stephen Morton	2016 Review again at next Valuation - 2016		Hot Spots' refers to employers whose benefits in payment exceed their contributions in a given period. Review of employer positions and guarantee bonds planned for 2017
1. PF4 2. Kevin Nacey	Vulnerability to long-term staff sickness and staff turn-over, especially for higher graded posts.	None, other than experience of other staff within the sections	3	3	9		2	3	6		on-going with quarterly review	Updated to include positive impact of pooling September 2016	Shared service with Devon makes this less of an issue with respect to benefits administration staff. The move to pooling of investments should make the fund less reliant on a small number of internal officers

Somerset County Council Pension Fund Risk Register - March 2017

1. Risk Ref No: 2. Senior Risk Owner:	Description of Risk	Control measures already in place	Current Risk Score (with known controls in place)		Combined score	Additional mitigating actions/control measures planned to achieve target score	Target Risk score		combined score	Additional Control measure owner	Target Date	commentary following review, inc. date	Additional Information and explanation
			L	I			L	I					
1. PF5 2. Kevin Nacey	Reliance on bespoke IT, which is exacerbated by a lack of experience of these bespoke systems within SouthWest One IT support	As IT systems are refreshed or replaced build in support mechanisms	3	4	12		2	3	6		on-going with quarterly review		Shared service with Devon makes this less of an issue with respect to benefits administration IT
1. PF6 2. Pensions Committee	Risk of Regulatory change: - Implementation of change risks - Consequences of change risks	Continuous engagement with CLG and other interested stakeholders	4	4	16		2	3	6		on-going with quarterly review		The dictated change to pooling of investment arrangements and implementation of this presents a significant risk to the scheme.
1. PF7 2. Stephen Morton	Failure of Benefits Administration to perform their tasks, specifically leading to incorrect or untimely benefits payment.	Internal audit coverage Annual report to committee with feedback from stakeholders Internal procedures and checks	3	3	9		2	3	6		on-going with quarterly review		Long term the greater size of the shared service should see the likelihood of this risk reduce once the implementation phase is completed
1. PF8 2. Pensions Committee	Failure of Pensions Committee to manage the fund effectively	Policies and procedures adopted by pensions committee, specifically the committee training policy	2	4	8		2	4	8		on-going with quarterly review		
1. PF9 2. Anton Sweet	Insolvency of the fund's Global Custodian	Fund's assets held in client accounts not as assets of the custodian	2	4	8		2	4	8		on-going with		The designation of the fund's assets as client assets ensures that they cannot be appropriated by creditors of the Custodian bank in the case of that entity going into administration.

Somerset County Council Pension Fund Risk Register - March 2017

1. Risk Ref No: 2. Senior Risk Owner:	Description of Risk	Control measures already in place	Current Risk Score (with known controls in place)		Combined score	Additional mitigating actions/control measures planned to achieve target score	Target Risk score		combined score	Additional Control measure owner	Target Date	commentary following review, inc. date	Additional Information and explanation
			L	I			L	I					
		Review of credit worthiness and inherent business risk of custodian at tender phase									quarterly review		As a result we should be able to recover substantially all of the assets of the fund held in custody but there would be considerable administrative and liquidity disruption

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Investment of Pension Fund Cash

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Executive Portfolio Holder: Not applicable

Division and Local Not applicable

Member:

1. Summary

- 1.1 The legal position regarding how the fund can invest cash was revised by the Government with the introduction of the LGPS (Management and Investment of Funds) Regulations 2009, which came into force from 1st January 2010. Since 1st April 2010 the pension fund cash has been managed by the SCC investments team on a completely segregated basis.
- 1.2 As a matter of good governance the Committee is asked annually to review the arrangements for the management of the Fund's cash and approve the strategy and counterparty criteria.

2. Issues for consideration

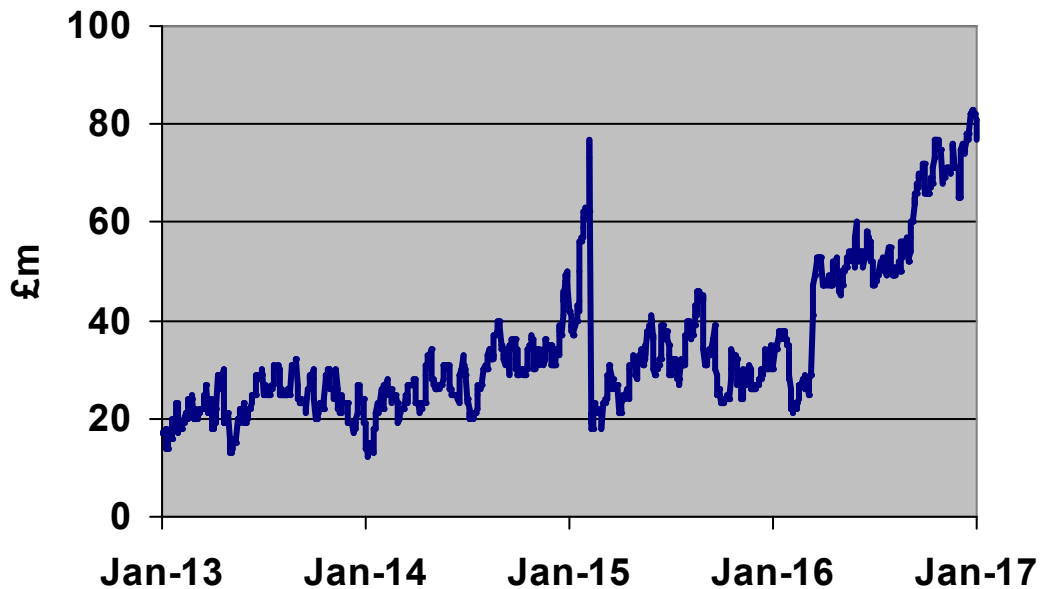
- 2.1 Review the arrangements for the management of the Pension Fund sterling cash balances from the following options:
 1. Re-appoint the in-house team to manage these balances on a segregated basis.
 2. Appoint an external cash manager.

If the committee wish to appoint an external manager the current in-house management arrangements would remain in place whilst a competitive tender process is undertaken.

- 2.2 Review and adopt a cash management strategy, the current strategy is attached as appendix A.
- 2.3 Adopt a revised counterparty criteria for the investment of sterling cash balances, a suggested criteria is attached as appendix B.

3. Background

- 3.1 The sterling balances of the Fund are managed with a daily sweep undertaken with the Fund's custodian to clear sterling balances back to the fund's bank account. The balances are a mix of sterling money which has been allocated to fund managers but they are choosing not to invest (frictional cash) and the cash balances of the fund that are being received monthly from employers and paid out to pensioners. These balances do vary considerably but typically are between £15m and £60m. A graph showing the daily value of cash balances since January 2014 is below.



- 3.2 The current practice of the Fund is to leave non-sterling balances in the bank accounts supplied to us by the Global Custodian (JP Morgan), these balances do earn interest but at very low rates. Typically these funds are mostly made up of US Dollars and Euros within Standard Life's fixed interest mandate along with small amounts in a range of other currencies. Typically these balances are less than £4m in total.
- 3.4 Officers are proposing an identical counterparty policy to the one adopted for 2016-17 (attached as appendix B).

4. Consultations undertaken

None

5. Financial Implications

- 5.1 Over time the performance of the pension fund investments will impact the amount that the County Council and other sponsoring employers have to pay into the fund to meet their liabilities. The fund actuary calculates these amounts every three years and sets payments for the intervening periods. The next assessment is currently underway.

6. Background Papers

None

Note For sight of individual background papers please contact the report author.

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Pension Fund Cash Management Strategy

Introduction

The following is the cash management strategy adopted by the Somerset County Council Pension Fund as adopted by the Pensions Committee and sets a broad framework for the management of all cash positions of the fund.

Short-Term Borrowing

The Pension Fund will maintain overdraft facilities on all cash accounts in all currencies at the Global Custodian (JP Morgan) and on its main sterling bank account (NatWest). These facilities are to be used to ensure the clearing of un-anticipated payments from time to time and all overdraft positions, however incurred, should be cleared at the earliest possible opportunity.

It is not envisaged that any borrowing will be required above the overdraft facilities highlighted above however it is prudent to allow the borrowing of funds via a broker from banks, building societies and other local authorities to provide flexibility if unexpected cash flows are incurred. Any borrowing will be limited to a maximum of 1 calendar month in duration and should be limited to a level no higher than cash deposits not instantly realisable (the fund should not incur a net negative cash position).

Investments

Certain balances under the control of fund managers are left in various non-sterling currencies and these are deposited in the cash accounts of the Global Custodian (JP Morgan). The cash does attract interest in these accounts but at a low level.

All sterling funds in the cash accounts at the custodian are the subject of a daily sweep back to the Pension Fund's account with its main bank (NatWest). These funds will then be placed on deposit with counterparties in accordance with the counterparty criteria. The cash fund manager will maintain a list of acceptable counterparties, which meet the counterparty criteria and they intend to utilise, on an on-going basis.

In common with other local authority cash management best practice the emphasis when making deposits will be on security of the principal deposited and liquidity. Only once these criteria are met will the highest yield consistent with these priorities be sought.

Given that the vast majority of the cash funds of the Pension Fund could be required either by fund managers or to meet pension payments and transfers at relatively short notice it is anticipated that a significant level of cash at any time will be invested via time deposits with a short term (a month or less) or deposited in instant access call accounts or money market funds. Should cash flow be such that an amount of funds are identified that are not immediately required these can be deposited for periods up to a maximum of 1 year. Where time deposits are made these can be made via direct contact with the respective counterparty or via a broker.

The only allowable instruments for the investment of cash are time deposits with suitable counterparties, deposits in interest bearing bank and building society accounts and investments in appropriate Money Market Funds.

Benchmark

The cash investment portfolio will be benchmarked against 7 day Libid.

Pension Fund Cash Lending Counterparty Criteria

The following criteria will be used to manage counterparty risks to Somerset County Council Pension Fund for cash deposits from 5th March 2017 (subject to adoption by the SCC Pensions Committee): -

Financial Institutions

Any Financial Institution that is authorised by the FCA to accept deposits, or is a passported EEA institution, which is entitled to accept deposits in the UK, or is a UK Building Society can be lent to, subject to the following rating criteria at the time of the deposit: -

Rating of Counterparty

The following long term ratings are the minimum acceptable level:

Fitch BBB+
S&P BBB+
Moody's Baa1

The maximum deposit amount for any authorised counterparty that has as a minimum all three ratings above will be £8m.

Operational Bank Accounts

Amounts contained in operational bank accounts with the Pension Fund's main Bank (currently Nat West) will not count in the calculation of Nat West's limit as defined above. In the event of unexpected receipts after 2pm on any given working day, money may be placed in an instant access Nat West call account overnight, in breach of the above limits. Whenever this occurs the total lending to Nat West must be reduced to back within their limit on the following working day.

If the Pension Fund's main bank (currently Nat West) have their ratings downgraded below minimum criteria, the instant access Call Account facility may still be used for short-term liquidity requirements and business continuity arrangements.

Public Sector Bodies

Any UK Local Authority or Public Body will have a limit of £8m. Any employer member of the fund may not be used

The UK Government Debt Management Office (DMADF) will be unlimited.

The table below gives a definition and rough comparison of various ratings by the three main agencies: -

Definitions of Rating Agency Ratings

	Fitch		Moody's		S&P	
Short-Term	F1+	Exceptionally strong	P-1	Superior	A-1+	Extremely strong
	F1	Highest quality			A-1	Strong
	F2	Good quality	P-2	Strong	A-2	Satisfactory
	F3	Fair quality	P-3	Acceptable	A-3	Adequate
	B	Speculative	NP	Questionable	B and below	Significant speculative characteristics
	C	High default risk				
	(+) or (-)		(1,2, or 3)		(+) or (-)	
Long-Term	AAA	Highest quality	Aaa	Exceptional	AAA	Extremely strong
	AA	V High quality	Aa	Excellent	AA	Very strong
	A	High quality	A	Good	A	Strong
	BBB	Good quality	Baa	Adequate	BBB	Adequate capacity
	BB	Speculative	Ba	Questionable	BB and below	Significant speculative characteristics
	B	Highly Speculative	B	Poor		
	CCC	High default risk	Caa	Extremely poor		

Financial Groups

For Financial Groups (where two or more separate counterparties are owned by the same eventual parent company) a consolidated limit equal to the limit of a single counterparty (£8m) will apply to the group.

Money Market Funds

Both Constant Net Asset Value (CNAV) and Variable Net Asset Value (VNAV) Money Market Funds may be used

CNAV Money Market Funds must be rated by at least two of the main three ratings agency, and must have the following ratings.

Fitch AAmmf

Moody's Aaa mf

Standard & Poor's AAAM

Currently, not all VNAV Funds carry a rating as a result VNAV Funds will be considered on an individual basis with no set criteria.

Subject to the above, deposits can be made with the following limits: -

The lower of £8m or 0.5% of the total value for individual Funds.

Diversification

At least three counterparties/financial groups must be used if total funds invested are greater than £10m, with each having an investment of at least £1m. No more than 75% of total funds invested can be placed with any single counterparty/financial group.

Other Indicators

The Fund will use a range of indicators, not just credit ratings. Among other indicators to be taken into account will be: -

- Credit Default Swaps and Government Bond Spreads.
- GDP, and Net Debt as a Percentage of GDP for sovereign countries.
- Likelihood and strength of Parental Support.
- Government Guarantees and Support, including ability to support.
- Share Price.
- Market information on corporate developments and market sentiment towards the counterparties and sovereigns.
- Other macroeconomic factors.

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Resources Review, Budget Setting and Committee Objective Setting

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Executive Portfolio Holder: Not applicable

Division and Local Not applicable

Member:

1. Summary

- 1.1 Best practice within LGPS funds is to annually set objectives for the fund, the agreeing of the resources necessary to attain those objectives and a definition or measurement mechanism for success.

2. Issues for consideration

- 2.1 Committee are required to set objectives for the 2017-18 financial year for the fund, agree the resources required to meet the objectives and agree criteria by which attainment of the objectives can be measured. To this end committee are asked to:
- Agree a fund budget for the 2017-18 financial year.
 - Review the absolute return target for the investment return of the fund.
 - Consider defining criteria for measuring the success in meeting the committee's objectives for the year.
 - Consider the resources committee requires to meet their objectives for the year.

3. Background

- 3.1 As part of it paper "Investment Decision Making and Disclosure in the Local Government Pension Scheme – A Guide to the Application of the Myners Principles" CIPFA indicated 92 key themes that LGPS funds should consider spread across 6 principles.
- 3.2 A number of these themes are around the setting of objectives, both for the fund as a whole and for the activity of the Pensions Committee. In setting objectives the Committee need to consider the necessary resources needed to reasonably meet those objectives and define how success is to be measured.

4. Fund Objectives

- 4.1 The funds overall objectives are stated in the Funding Strategy Statement and

are:

- Set levels of employer contribution that will build up a fund of assets that will be sufficient to meet all future benefit payments from the Fund.
- Build up the required assets in such a way that employer contribution rates are kept as low and stable as possible.

How each of these aims is to be achieved in broad terms is explained in the Funding Strategy Statement.

- 4.2 The delivery of constant employer rates and management of liabilities is undertaken in collaboration with the Fund's actuary and centres around the tri-annual valuation process.
- 4.3 In order to ensure that sufficient resources are available to meet all liabilities as they fall due over the next 12 months, and the costs associated with this aim and the running of the fund in general are managed, a draft budget has been produced for the 2017-18 financial year and is attached as appendix A. Committee is asked to review the draft budget and approve its adoption subject to any amendments they agree on.
- 4.4 The maximisation of investment return within reasonable risk is achieved through the management of the investment fund, principally through the creation of the Investment Strategy Statement. To measure the performance of the fund we have a fund specific benchmark that we aim to outperform. Performance of the fund relative to this benchmark is monitored and disclosed quarterly to the committee in the standard performance report, it is proposed that this continues. CIPFA's key themes also state that it is good practice for the fund to set an absolute return target for the fund. Since the discount rate utilised by the actuary is in effect the investment return needed by the fund to achieve the objective of full funding within the deficit recovery period it would be sensible to set an absolute return target consistent with the discount rate. The discount rate used in the 2016 draft valuation results is 5.4% pa. The current adopted target is 6.1%.

5. Committee Objectives

- 5.1 The committee's objectives for the forthcoming year are highlighted within the Committee business plan and forward work plan. As part of the business plan update (item 8) committee will reaffirm the objectives set within the business plan.
- 5.2 Committee are asked to consider how it will assess its performance in meeting the objectives of the business plan. This may involve setting criteria against which success can be measured.
- 5.3 Committee are asked to consider the resources that they as a committee require to meet the needs of the business plan and work plan. This assessment should include consideration of training needs, facilitation time and whether sufficient formal meeting time is available within the work plan to deliver the objectives.

6. Consultations undertaken

None

7. Financial Implications

- 7.1 Over time the performance of the pension fund investments will impact the amount that the County Council and other sponsoring employers have to pay into the fund to meet their liabilities. The fund actuary calculates these amounts every three years and sets payments for the intervening periods. The next assessment is currently underway.

6. Background Papers

None

Note For sight of individual background papers please contact the report author.

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Policies and Statements

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Executive Portfolio Holder: Not applicable

Division and Local Not applicable

Member:

1. Summary

- 1.1 The Pension Fund is required to maintain a significant number of policies and statements in accordance with the LGPS regulations. The Investment Strategy Statement is ready for final approval.

2. Issues for consideration

- 2.1 The Committee is asked to formally adopt the new statement which is attached as appendix A.

3. Background

- 3.1 Revised investment regulations, The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016, came into effect on 1st November 2016. The new regulations require each LGPS administering authority to put in place an Investment Strategy Statement by 1st April 2017. The new Investment Strategy Statement replaces the previous requirement for the Fund to publish a Statement of Investment Principles.

- 3.2 The Investment Strategy Statement required by the regulations must include:
- A requirement to invest money in a wide variety of investments;
 - The authority's assessment of the suitability of particular investments and types of investments;
 - The authority's approach to risk, including the ways in which risks are to be measured and managed;
 - The authority's approach to pooling investments, including the use of collective investment vehicles and shared services;
 - The authority's policy on how social, environmental or corporate governance considerations are taken into account in the selection, non-selection, retention and realisation of investments; and
 - The authority's policy on the exercise of rights (including voting rights) attaching to investments.
- 3.3 The guidance requires that the Investment Strategy Statement should be revised at least every three years, and when any significant changes are made to the Fund's investment strategy. The move to the new investment pooling arrangements is likely to mean that the Investment Strategy Statement will need to be reviewed on a more regular basis until the transition is complete

4. Consultations undertaken

None

5. Financial Implications

None

6. Background Papers

None

Note For sight of individual background papers please contact the report author.

Somerset County Council Pension Fund

Investment Strategy Statement

1. Introduction

The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 require administering authorities to formulate and to publish a statement of its investment strategy, in accordance with guidance issued from time to time by the Secretary of State.

The regulations provide a prudential framework, within which administering authorities are responsible for setting their policy on asset allocation, risk and diversity. The Investment Strategy Statement will therefore be an important governance tool for the Somerset Fund as well as providing transparency in relation to how Fund investments are managed.

The Somerset CC Pension Fund's primary purpose is to provide pension benefits for its members. The Fund's investments will be managed to achieve a return that will ensure the solvency of the Fund and provide for members' benefits in a way that achieves long term cost efficiency and effectively manages risk. The Investment Strategy Statement therefore sets out a strategy that is designed to achieve an investment return consistent with the objectives and assumptions set out in the Fund's Funding Strategy Statement.

The Fund aims to be a long term investors, it seeks to invest in productive assets that contribute to economic activity, such as equities, bonds and real assets. The Fund diversifies its investments between a variety of different types of assets in order to manage risk.

The Investment Strategy Statement will set out in more detail:

- The Somerset Fund's assessment of the suitability of particular types of investments, and the balance between asset classes.
- The Somerset Fund's approach to risk and how risks will be measured and managed, consistent with achieving the required investment return.
- The Somerset Fund's approach to pooling and its relationship with the Brunel Pension Partnership.
- The Somerset Fund's policy on how social, environmental or corporate governance considerations are taken into account in its investment strategy, including its stewardship responsibilities as a shareholder and asset owner.

Under the previous regulations the Fund was required to comment on how it complied with the Myners Principles. These were developed following a review of institutional investment by Lord Myners in 2000, and were updated following a review by the National Association of Pension Funds in 2008. While a statement on compliance with the Myners Principles is no longer required by regulation, the Somerset CC Pension Fund considers the Myners Principles to be a standard for Pension Fund investment management. A statement on compliance is included at Annex 1.

This statement will be reviewed by the Investment and Pensions Committee at least triennially, or more frequently should any significant change occur.

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2. Investment strategy and the process for ensuring suitability of investments

The primary objective of the Fund is to provide pension and lump sum benefits for members on their retirement and/or benefits on death before or after retirement for their dependants, in accordance with LGPS Regulations.

In line with the Fund's Funding Strategy Statement, the committee has set an objective of the fund being at or above a 100% funding level, as calculated by the fund's actuary at the triennial valuation, so that it can meet its current and future liabilities.

In order to meet these overriding objectives the Fund maintains an investment strategy so as to:

- Maximise the returns from investments whilst keeping risk within acceptable levels and ensuring liquidity requirements are at all times met;
- Contribute towards achieving and maintaining a future funding level of 100%;
- Enable employer contribution rates to be kept as stable as possible.

The Fund has the following investment beliefs which help to inform the investment strategy derived from the decision making process.

- Funding, investment strategy and contribution rates are linked.
- The strategic asset allocation is the key factor in determining the risk and return profile of the Fund's investments.
- Investing over the long term provides opportunities to improve returns.
- Diversification across asset classes can help to mitigate against adverse market conditions and assist the Fund to produce a smoother return profile due to returns coming from a range of different sources.
- Managing risk is a multi-dimensional and complex task but the overriding principle is to avoid taking more risk than is necessary to achieve the Fund's objectives.
- Environmental, Social and Governance are important factors for the sustainability of investment returns over the long term. More detail on this is provided in Section 5.
- Value for money from investments is important, not just absolute costs. Asset pooling is expected to help reduce costs over the long-term, whilst providing more choice of investments, and therefore be additive to Fund returns.
- Active management can add value to returns, albeit with higher short-term volatility.

The Pensions Committee annually adopts a target return for the investment funds as a whole. This target return is set with specific reference to the investment return assumed by the actuary as part of the valuation process and therefore explicitly links the Fund's targeted level of return with achieving and maintaining a future funding level of 100%.

In order to translate the above objectives and beliefs into a set of investment mandates for practical management of the investments the Pension Committee have created a customised benchmark for the Fund. The customised benchmark is an amalgamation of specific benchmarks for each investment mandate, which is then given to an investment manager (internal or external) for day to day management.

The customised benchmark sets out the intended long term weighting to various types of investment (or asset classes), such as equities, bonds and property and reflects the Pension Fund's investment strategy. The customised benchmark seeks to balance the affordability of contributions with the risk of different types of investments.

The Investment strategy and customised benchmark are reviewed by the Pensions Committee annually to ensure they continue to meet the Fund's investment objectives.

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The Actuary considers the Pension Fund's assets in broad terms – growth assets and stabilising assets. The table below splits the customised benchmark between these categories, along with an overview of the role each asset plays:

Asset Class	Strategic Allocation	Role(s) within the strategy	Geography	Currency
Equities				
Global Passive	23%	Growth Inflation protection	Diversified	Diversified
UK Active	23%	Growth Inflation protection	UK	GBP
US Passive	5%	Growth Inflation protection	US	USD
Europe Active	5%	Growth Inflation protection	Europe ex-UK	Diversified
Japan Active	3%	Growth Inflation protection	Japan	JPY
Far East Active	3%	Growth Inflation protection	Diversified	Diversified
Emerging Market Active	5%	Growth Inflation protection	Diversified	Diversified
Total	67%			
Bonds				
UK Gov't Bonds	4%	Stabilising	UK	GBP
UK Gov't Index linked bonds	4%	Stabilising Inflation protection	UK	GBP
Investment Grade corporate bonds	8%	Stabilising	Diversified	GBP
High yield bonds	3%	Stabilising	Diversified	Diversified
Total	19%			
Other				
Property	10%	Growth Inflation protection	UK	GBP
Private equity	3%	Growth	Diversified	Diversified
Cash	1%	Liquidity	UK	GBP
Total	14%			

The Fund's benchmark currently includes a significant holding in 'growth' assets, specifically equities, reflecting its need for higher returns than from government bonds in the long term. These long term returns form part of the Actuary's assumptions and mean that employer contributions can be kept lower.

Actual asset allocation varies over time through the impact of market movements and cash flows. The overall balance is monitored regularly by officers and they have delegated authority to rebalance the assets taking into account market conditions and other relevant factors. The actual asset allocation and the actions taken by officers are reported to the Pensions Committee regularly.

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3. Risk measurement and management

Successful investment involves taking considered risks, acknowledging that the returns achieved will to a large extent reflect the risks taken. There are short-term risks of loss arising from default by brokers, banks or custodians but the Fund is careful only to deal with reputable counter-parties to minimise any such risk.

Longer-term investment risk includes the absolute risk of reduction in the value of assets through negative returns (which cannot be totally avoided if all major markets fall). It also includes the risk of under-performing the Fund's performance benchmark (relative risk).

Different types of investment have different risk characteristics and have historically yielded different rewards (returns). Equities (company shares) have produced better long-term returns than fixed interest stocks but they are more volatile and have at times produced negative returns for long periods.

In addition to targeting an acceptable overall level of investment risk, the Committee seeks to spread risks across a range of different sources, believing that diversification limits the impact of any single risk. The Committee aims to take on those risks for which a reward, in the form of excess returns, is expected over time.

The key investment risks that the Fund is exposed to are:

- The risk that the Fund's growth assets in particular do not generate the returns expected as part of the funding plan in absolute terms.
- The risk that the Fund's assets do not generate the returns above inflation assumed in the funding plan, i.e. that pay and price inflation are significantly more than anticipated and assets do not keep up.
- That there are insufficient funds to meet liabilities as they fall due.
- That active managers underperform their performance objectives.

At Fund level, these risks are managed through:

- Diversification of investments by individual holding, asset class and by investment managers.
- Explicit mandates governing the activity of investment managers.
- The appointment of an Independent Investment Advisor.

The external investment managers can control relative risk to a large extent by using statistical techniques to forecast how volatile their performance is likely to be compared to the benchmark.

The Fund is also exposed to operational risk; this is mitigated through:

- The use of a Global Custodian for custody of assets.
- Having formal contractual arrangements with investment managers.
- Comprehensive risk disclosures within the Annual Statement of Accounts.
- Internal and external audit arrangements.

The Fund maintains a risk register which is considered by the Pensions Committee regularly and updated as necessary. The risk register considers a number of non-investment risks such as funding risk, employer covenant risk, regulatory risk and operational risks.

The Fund's Funding Strategy Statement specifically covers the risks with respect to Funding and how these are managed by the Fund.

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4. Approach to asset pooling

The Devon Pension Fund is working with nine other administering authorities to pool investment assets through the Brunel Pension Partnership Ltd. (BPP Ltd). This is currently work in progress with the intention of meeting the Government's requirement for the pool to become operational and for the first assets to transition to the pool from April 2018.

Once the Brunel Pension Partnership Ltd. is established the Devon Pension Fund, through the Pension Committee, will retain the responsibility for setting the detailed Strategic Asset Allocation for the Fund and allocating investment assets to the portfolios provided by BPP Ltd.

The Brunel Pension Partnership Ltd will be a new company which will be wholly owned by the Administering Authorities. The company will seek authorisation from the Financial Conduct Authority (FCA) to act as the operator of an unregulated Collective Investment Scheme. It will be responsible for implementing the detailed Strategic Asset Allocations of the participating funds by investing Funds assets within defined outcome focused investment portfolios. In particular it will research and select the Manager Operated Funds needed to meet the requirements of the detailed Strategic Asset Allocations. These Manager Operated Funds will be operated by professional external investment managers. The Devon fund will be a client of BPP Ltd and as a client will have the right to expect certain standards and quality of service. A detailed service agreement is being drafted which will set out the duties and responsibilities of BPP Ltd, and the rights of Devon Fund as a client. It includes a duty of care of BPP to act in its clients' interests.

An Oversight Board will be established. This will be comprised of representatives from each of the Administering Authorities. It will be set up by them according to an agreed constitution and terms of reference. Acting for the Administering Authorities, it will have ultimate responsibility for ensuring that BPP Ltd delivers the services required to achieve investment pooling. It will therefore have a monitoring and oversight function. Subject to its terms of reference it will be able to consider relevant matters on behalf of the Administering Authorities, but will not have delegated powers to take decisions requiring shareholder approval. These will be remitted back to each Administering Authority individually.

The Oversight Board will be supported by the Client Group, comprised primarily of pension investment officers drawn from each of the Administering Authorities but will also draw on Administering Authorities finance and legal officers from time to time. It will have a primary role in reviewing the implementation of pooling by BPP Ltd, and provide a forum for discussing technical and practical matters, confirming priorities, and resolving differences. It will be responsible for providing practical support to enable the Oversight Board to fulfil its monitoring and oversight function.

The proposed arrangements for asset pooling for the Brunel pool have been formulated to meet the requirements of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 and Government guidance. Regular reports have been made to Government on progress towards the pooling of investment assets, and the Minister for Local Government has confirmed that the pool should proceed as set out in the proposals made.

Somerset County Council has approved the full business case for the Brunel Pension Partnership. It is anticipated that investment assets will be transitioned across from the Fund's existing investment managers to the portfolios managed by BPP Ltd between April 2018 and March 2020 in accordance with a timetable that will be agreed with BPP Ltd. Until such time as transitions take place, the Fund will continue to maintain the relationship with its current investment managers and oversee their investment performance, working in partnership with BPP Ltd. where appropriate.

Following the completion of the transition plan outlined above (approximately 2020), it is envisaged that all of the Fund's assets except certain cash holdings will be invested through BPP Ltd. However, the Fund has certain commitments to long term illiquid investment funds which will take longer to transition across to the new portfolios to be set up by BPP Ltd. These assets will be managed by the Fund in partnership with BPP Ltd. until such time as they are liquidated, and capital is returned.

5. Social, environmental and corporate governance policy

The Fund has a fiduciary duty to seek to obtain the best financial return that it can for its members. This is a fundamental principle, and all other considerations are secondary. However, the Fund is also mindful of its responsibilities as a long term shareholder, and the Pensions Committee regularly considers the extent to which it wishes to take into account social, environmental or ethical issues in its investment policies. The Fund's policy is to support engagement with companies to effect change, rather than disinvestment.

In the light of that overarching approach the following principles have been adopted:

- The Fund seeks to be a long term responsible investor. The Fund believes that in the long term it will generate better financial returns by investing in companies and assets that demonstrate they contribute to the long term sustainable success of the global economy and society.
- Social, environmental and ethical concerns will not inhibit the delivery of the Fund's investment strategy and will not impose any restrictions on the type, nature of companies/assets held within the portfolios that the Fund invests in. For example, the Fund will not require any form of dis-investment from fossil fuels, tobacco or such like.
- It is recognised, however, that the interests of investors on social etc. grounds may coincide with those solely on investment grounds in which case there will be no conflict of interest. Indeed, the Committee believes that in the long run, socially responsible and fiduciary investment will tend to come together since adverse performance on social, environmental or ethical issues will ultimately be reflected in share prices.
- The Fund will seek to engage (through the Brunel Pension Partnership, its asset managers or other resources) with companies to ensure they can deliver sustainable financial returns over the long-term as part of comprehensive risk analysis. In the example of fossil fuels, this will mean engaging with oil companies on how they are assessing their business strategy and capital expenditure plans to adapt to changes in cost base and regulation that will ensure the continued delivery of shareholder returns in the medium to long term. Engagement with companies is more likely to be successful if the Fund continues to be a shareholder.
- Although social, environmental and ethical issues rarely arise on the agendas of company Annual General Meetings, where an issue does arise the Council's investment managers will vote in accordance with the Fund's interest on investment grounds.
- The Fund recognises the risks associated with social, environmental and governance (ESG) issues, and the potential impact on the financial returns if those risks are not managed effectively. The Fund therefore expects its investment managers to monitor and manage the associated risks. As the Fund moves towards the new arrangements for the pooling of investments it will work with its partners in the Brunel pool and the Brunel Pension Partnership Limited company to ensure that robust systems are in place for monitoring ESG risk, both at a portfolio and a total fund level, and that the associated risks are effectively managed.

6. Policy of the exercise of rights (including voting rights) attaching to investments

The Fund recognises its responsibility as an institutional investor to support and encourage good corporate-governance practices in the companies it invests in. The committee considers that good corporate governance can contribute to business health and success by encouraging boards, shareholders and other stakeholders to answer to each other. Good corporate governance also plays an important part in encouraging corporate responsibility to shareholders, employees and wider society.

The Fund is fully supportive of the UK Stewardship Code, published in July 2010, and the Pensions Committee accepts the rights and responsibilities that attach to being a shareholder and will play an active role in overseeing the management of the companies in which it invests. The Fund is a signatory to the Code and a copy of the Funds most recent Stewardship Statement can be found within the Fund's annual report on the SCC website: <http://www.somerset.gov.uk/information-and-statistics/financial-information/budgets-and-accounts/>

The Funds policy on the exercise of voting rights is:

- To vote on all resolutions at company meetings where the fund holds shares in UK companies and where practically possible for shares in overseas companies.
- To give external investment managers the power to vote on our behalf in line with their own process and policy, which we review, within industry standards and the principles of this statement.
- For the in-house managed funds, to receive external advice from a specialist organisation on voting issues and to follow their recommendations in voting on all resolutions where practically possible. This service is currently provided PIRC Ltd.

External investment managers are required to report on their voting activity as part of their standard quarterly reporting. A summary of the Fund's voting activity is reported to the Pensions Committee twice a year.

The Fund's voting rights are an asset and will be used to further the long-term interests of the Fund's objectives. As a general principle, votes will be used to:

- Protect shareholder rights.
- Reduce, as far as possible, risk to companies from corporate governance failing.
- Improve long-term value.
- Encourage corporate social responsibility.

As part of the Brunel Pension Partnership (BPP) we are actively exploring opportunities to enhance our stewardship activities. More information is on the BPP website: <https://www.brunelpensionpartnership.org/>

7. Advice taken

This Investment Strategy Statement has been put together by Somerset County Council's professional investment officers, supported by the Fund's Independent Investment Advisor.

The Fund has committed to pooling investments through the Brunel Pension Partnership Limited (BPP Ltd.), and advice from the Brunel Client Officer Group project team has also been taken into account in shaping the Fund's response to the pooling initiative and building an investment strategy that can be implemented via BPP Ltd. once it becomes operational.

The Brunel Client Officer Group has provided support with regard to the impact on strategy of the investment pooling proposals. The group comprises the investment officers from the Avon Pension Fund (Bath and NE Somerset Council), Buckinghamshire CC, Cornwall Council, Devon CC, Dorset CC, Gloucestershire CC, Oxfordshire CC, Somerset CC, Wiltshire Council and the Environment Agency.

8. Arrangements for reviewing this statement

The guidance requires that the Investment Strategy Statement should be revised at least every three years, and when any significant changes are made to the Fund's investment strategy.

This Investment Strategy Statement will be regularly reviewed by the pensions committee, particularly to ensure it continues to meet all regulatory and statutory requirements. Where there is significant change to the Statement the pensions committee will consult relevant stakeholders, particularly the Pension Board, prior to amending the policy.

**Approved by the Pensions Committee
Somerset County Council Pension Fund
XXXXXXXXXX**

Annex 1

Working in line with Myners

In 2000, the UK Government ordered a review of institutional investment in the UK. The review was carried out by Paul Myners, the chairman of a large fund-management group, and his findings were published in March 2001.

Myners sets out a number of principles of best practice and recommends that pension funds should set out what they are doing to apply these principles. In response to Myners' proposals, the Government issued a set of 10 investment principles in October 2001 that it said it would be taking forward. In November 2008, the Government published a revised set of principles, following on from this CIPFA had produced a set of Myner's principles specifically for Local Government Pension Schemes and guidance on how to compare compliance with the principles. The fund's performance against the CIPFA principles and guidance is set out below.

Principle 1: Effective Decision Making

Administering authority should ensure that:

- **decisions are taken by people or organisations with the skills, knowledge, advice and resources necessary to make them effectively and monitor their implementations; and**
- **those persons or organisations have sufficient expertise to be able to evaluate and challenge the advice they receive, and manage conflicts of interest.**

The fund is fully compliant with this principle but must continue to work to ensure that the knowledge base of officers and committee members remains comprehensive and current.

Principle 2: Clear Objectives

An overall investment objective(s) should be set out for the fund that takes account of the scheme's liabilities, the potential impact on local tax payers, the strength of the covenant for non-local authority employers, and the attitude to risk of both the administering authority and scheme employers, and these should be communicated to advisors and investment managers.

The fund is fully compliant with this principle. The fund will look to make additional progress by further consideration of the needs of the disparate employers within the fund and how their differing needs are reflected in the objectives of the fund as a whole.

Principle 3: Risk and Liabilities

In setting and reviewing their investment strategy, administering authorities should take account of the form and structure of the liabilities.

These include the implications for local tax payers, the strength of the covenant for participating employers, the risk of their default and longevity risk.

The fund is fully compliant with this principle.

Principle 4: Performance Assessment

Arrangements should be in place for the formal measurement of performance of the investments, investment managers and advisors.

Administering authorities should also periodically make a formal assessment of their own effectiveness as a decision making body and report on this to scheme members.

The fund is fully compliant with this principle with respect of measurement of investment performance and investment managers. The fund needs to consider more formal arrangements for the measurement of performance of other advisors and particularly formal assessment of the pensions committee's performance.

Principle 5: Responsible Ownership

Administering authorities should:

- **adopt, or ensure their investment managers adopt, the Institutional Shareholders' Committee Statement of Principles on the responsibilities of shareholder and agents**
- **include a statement of their policy on responsible ownership in the statement of investment principles**
- **report periodically to scheme members on the discharge of such responsibilities.**

The fund is fully compliant with this principle.

Principle 6: Transparency and Reporting

Administering authorities should:

- **act in a transparent manner, communicated with stakeholders on issues relating to their management of investment, its governance and risks, including performance against stated objectives**
- **provide regular communication to scheme members in the form they consider most appropriate.**

The fund is fully compliant with this principle.

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Review of Administration Performance

Lead Officer: Kevin Nacey: Director of Finance and Performance

Author: Charlotte Thompson: Head of Peninsula Pensions

Contact Details: (01392) 383000
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Executive Portfolio Holder: Not applicable

Division and Local Not applicable

Member:

1. Summary

- 1.1 The Pensions Committee at its September 2016 meeting requested a bi-annual update on the performance of Peninsula Pensions, the shared service that provides benefits administration to the Somerset and Devon Pension Funds.

2. Issues for consideration

- 2.1 The report is for information only unless the committee deems that action is necessary having reviewed the report.

3. Background

- 3.1 In February 2014 the shared service began in earnest when staff moved into one main office, using one database with staff learning new skills and many took on new roles.
- 3.2 The LGPS changed on 1 April 2014 and brought with it its own challenges, not helped with the late regulation changes which impacted on the development of the pension database.
- 3.3 Our main service standard is to complete 90% of work within 10 working days once all necessary information has been received. This is monitored every month through our task management system (TMS), which is an in-house performance tool within our pension database.
- 3.4 We also participate in the CIPFA Benchmarking Club which provides a yearly comparison of performance with other LGPS administration services. Approximately 50 LGPS Funds take part each year.

4. Team performance

- 4.1 As a whole the Team for 2014/15 issued 88% of work within target, though backlogs of work in some areas were building up. In 2015/16 the team issued 71% of work within target seeing a reduction; however, there was a backlog of 11,000 Deferred Benefit calculations which were cleared during this period.
- 4.2 Performance to date for the whole team for 2016/17 is 76%. All processes bar 4 (Divorce, Non Priority General work, Transfers in and out) show an improvement on last year.
- 4.3 The table in Annexe A shows performance relating to the Somerset Fund only for this financial year.

5. CIPFA benchmarking

- 5.1 Data is collected annually in various areas including membership analysis, employer analysis, quotations and charges, costs and administration performance.
- 5.2 This enables informed comparisons to be made of the net cost per member, payroll cost per pensioner, number of members per admin FTE and also highlights differences of approach.
- 5.3 In December 2016 we received the draft report for 2015/16 year. The key performance indicator that we obtain from this report is the cost per member. This year it has come out at £16.37 compared to the average of £18.55.
- 5.4 Our CIPFA performance results for 2015/16 were in some categories, below the benchmarking average this year. Outstanding PB's are also above the average, we had 2.8% at March 2016 compared to the average of 1.8%.

Process	Target	Our achievement	Average
Transfer in	10 days	76.0%	88.1%
Transfer out	10 days	83.3%	91.0%
Letter notifying actual retirement benefits	5 days	86.4%	89.9%
Letter notifying estimated retirement benefits	10 days	93.0%	86.5%
Letter acknowledging death	5 days	100%	97.1%
Refunds	5 days	93.2%	92.3%
Letter notifying dependants benefits	5 days	82.0%	86.3%
Deferred	10 days	39.1%	62.0%

6. Actions implemented

- 6.1 Additional team resource approved in Autumn 2015 has been extended until 31st August 2017 at which time we expect both preserved benefits and amalgamations to be at a manageable level. We also increased the team by 2 permanent members of staff in December 2016 to work across the benefit teams. This is proving positive with an improvement in January with retirements being dealt with within target increasing to 74%.
- 6.2 A Performance review is currently under way to look at how we work, with a main aim to streamline processes without affecting quality of work. Part of the review will also be looking at employers/payroll providers and the quality of data they provide to us.

7. Conclusions

- 7.1 We are working towards improving our performance this year, keeping a close eye on the changes we have made to ensure a positive long term outcome for the team and stakeholders.

8. Consultations undertaken

None

9. Financial Implications

None

10. Background Papers

None

Note For sight of individual background papers please contact the report author.

Annexe A**Summary of completed work April 2016 to January 2017**

	Within Target	Over Target	Total	Success Rate
Priority Procedures	1384	485	1869	74%
Non-Priority Procedures	6583	2524	9107	71%
Priority	Within Target	Over Target	Total	Success Rate
Death	156	62	218	72%
Employer Estimates	247	29	276	89%
Priority General	562	69	631	89%
LGPS Retirements	196	230	426	46%
Deferred Benefit retirements	219	95	314	70%
	1384	485	1869	74%
Non-Priority	Within Target	Over Target	Total	Success Rate
Amalgamation of records	170	110	280	61%
Additional Voluntary Contribution calculations	311	126	437	71%
Deferred Benefit calculations (including recalculations)	635	709	1344	47%
Divorce calculations	90	7	97	93%
Frozen Refunds	362	53	415	87%
Non Priority General work	3689	997	4686	79%
Payroll	579	13	592	98%
Actual Refunds	133	10	143	93%
Retirement estimates (includes member and other estimates)	484	297	781	61%
Starters	35	2	37	95%
Transfer Values In	25	112	137	18%
Transfer Values Out	69	88	157	44%
	6583	2524	9107	71%

Outstanding Work**Priority**

	Total	Reply due	Outstanding
Death	1	0	1
Employer Estimates	0	0	0
Priority General post	6	3	3
Deferred Benefit retirements	19	0	19
LGPS Retirements	15	8	7
	41	11	30

Non Priority

	Total	Reply due	Outstanding
Additional Voluntary Contribution calculations	28	15	13
Amalgamation of records	2446	222	2224
Deferred Benefit calculations(including recalculations)	898	66	832
Divorce calculations			
Non Priority General post	804	32	772
Payroll adjustments	7		7
Actual Refunds	1	1	0
Frozen Refunds	201	10	191
Retirement estimates (includes member and other estimates)	35	8	27
New Starters			
Transfer Values In	14	7	7
Transfer Values Out	89	11	78
	4523	372	4151

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Somerset County Council
Pensions Committee

Proposed Dates For Future Committee Meetings

Lead Officer: Kevin Nacey: Director of Finance and Performance

Author: Anton Sweet: Funds and Investments Manager

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Executive Portfolio Holder: Not applicable

Division and Local Not applicable

Member:

1. Summary

- 1.1 It is customary to agree meeting dates for the following calendar year at the March meeting annually. Officers believe that this course aids all stakeholders to ensure the dates are kept clear and therefore propose to continue with these arrangements.

2. Issues for consideration

- 2.1 The Committee is asked to approve the following proposed dates for 2018:-
- Friday 2nd March 2018 at 10.00 am at County Hall, Taunton
 - Friday 8th June 2018 at 10.00 am at County Hall, Taunton
 - Thursday 20th September 2018 at 2 pm at County Hall, Taunton
 - Annual Meeting, Morning of Friday 21st September 2018, arrangements TBC
 - Friday 7th December 2018 at 10.00 am at County Hall, Taunton

3. Background

- 3.1 The Committee is expected to meet at least quarterly.

4. Consultations undertaken

None

5. Financial Implications

- 5.1 None

6. Background Papers

None

Note For sight of individual background papers please contact the report author.

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