

Pensions Committee

Minutes of a meeting of the Pensions Committee held on Friday 5th June at 10.00pm
Microsoft Teams Virtual Meeting

Present:

Cllr G Noel
Cllr J Hunt (Chair)
Cllr J Parham
Mrs S Payne
Mr M Simmonds
Mrs C Burton (Independent Advisor)

1 Election of Chair for the Meeting

Due to a technical issue Cllr Graham Noel was unable to Chair the meeting.

On the nomination of Cllr J Parham, Cllr James Hunt was elected as Chair for the meeting.

2 Apologies for Absence - agenda item 2

Cllr Simon Coles

3 Declarations of Interest - agenda item 3

Mrs Payne and Mr Simmonds declared an interest by virtue of being a member of the LGPS.

4 Minutes of the Previous Meeting - agenda item 1

The Committee agreed and the Chair signed the Minutes of the meeting held on 13 Dec 2019 as a correct record.

5 Public Question Time - agenda item 4

The Chair welcomed those Members of the public who were present and invited those who had registered to speak to address the Committee.

The Committee heard from Mr Reimers who raised a number of points including: the longer-term global impact of the Coronavirus pandemic and associated risks regarding investments in certain sectors including the fossil fuel industry. Mr Reimers questioned what changes in its current investment policy does the Committee and Brunel Pensions Partnership envisage will be necessary in order to mitigate this risk.

At the Chairs invitation, The Funds and Investment Manager – Anton Sweet, thanked Mr Reimers for his question and noted that a full written response would be sent in due course.

6 **Independent Investment Advisor Report**- agenda item 5

The Independent Advisor, Caroline Burton, addressed the Committee noting: the difficulties faced by many fund managers, including those used by Somerset County Council and the Brunel Partnership.

Members of the Committee posed a number of questions to the Independent Advisor, including: Brunel transition costs; likely medium term investment performance trends; and potential impacts on the Pension Funds portfolio including a potential re-consideration of current investments.

The Independent Advisor responded to the points raised, noting: potential changes in investment styles; that value lost by some investments may not return; and the move away from investing in 'hard assets'. The Independent Advisor further noted: the actions taken provides reassurance regarding Brunel transition costs.

The Independent Advisors update was accepted.

7 **Review of Investment Performance**- agenda item 6

The Funds and Investments Manager, Anton Sweet addressed the Committee, noting: the Investments Team continue to work remotely without issue; that between April and May the funds investments had increased in value by 10% which partly off-set the 13% fall in the first quarter.

The Funds and Investment Manager further updated the Committee regarding the next phase of Brunel transitions which would include Maple Brown Abbott and Namura, highlighting that currently all transitions were suspended until September to allow markets to normalise.

The Committee posed a number of questions to the Funds and Investments Manager, including: transitions timescales; if transitions at this time expose the fund to market volatility; and comparisons between the FTSE and American markets potential rebounds.

The Funds & investment Manager responded to the points raised, noting: transitions usually take between one and two days, but that considerable planning will have been undertaken in advance.

The Committee noted the report.

8 Review of Administration Performance- agenda item 7

The Committee considered this report from the Head of Peninsula Pensions which detailed a review of the administrations performance. Highlights included: that performance against internal targets for the quarter ending 31st March 2020 was 89%, an increase on previous years. The Committee were further informed of the 2018 staffing restructure and associated streamlining of activities; that potential impacts of working from home in the longer term were unknown; and the increased levels of 'portal' access by fund members.

There were no questions raised by members of the Committee.

The Committee noted the report.

9 Business Plan Update- agenda item 8

The Committee considered this report that provided members with progress on and amendments to the Committees Business Plan.

The Funds and Investments Manager, Anton Sweet noted that the current pandemic would mean that some work would have to be completed outside of the normal committee setting and the some tasks may have to be re-prioritised due to external influences.

The report and attached business plan and meeting workplan were accepted.

10 **Finance and Membership Statistic Update-** agenda item 9

The Committee considered an annual report by the Funds and Investment Manager which highlighted the outturn position for the financial year to 31st March 2020 against the original forecast as detailed in Appendix A to the report.

The Committee noted the report.

11 **Review of Pension Fund Risk Register-** agenda item 10

The Committee considered a report by the Funds and Investments Manager, Anton Sweet, reviewing the Pension Fund's risk register. The Funds and Investments Manager questioned the need for a specific COVID-19 risk, noting that he was happy for this to be added should this be the Committee's wish.

The Committee discussed and noted their support for a specific Covid-19 risk and it was agreed this would be added to the risk register.

The Funds and Investments Manager responded to issues raised noting the risks to both SCC's and Brunel's staffing capacity.

12 **Abatement Policy** - agenda item 11

The Committee considered a report by the Funds and Investments Manager, Anton Sweet regarding the funds Abatement Policy and as such the treatment of benefits of current pensioners of the fund if they become re-employed by an LGPS employer.

The Committee were informed of details of the Somerset Fund's current policy including: that new re-employments post 01/04/2014 would only have their pension abated if their original employer incurred a cost on the retirement; and that pre 01/4/2014 re-employments abate all pensions on re-employment, except where the pension is less than £2,500pa. It was further noted that during the current pandemic there was a greater possibility of re-employment and the abatement policy coming into play as the public sector seeks ways to meet additional demand for services, and that officers are in the process of gathering further evidence to the amount of abatement cases, and potential costs of any changes to the policy.

The Committee discussed the points raised and agreed it would complete a further review of the Policy in six months' time.

Having been proposed by Cllr James Hunt and seconded by Cllr Graham Noel the Committee further agreed the following should be added to the current abatement policy:

No abatement will be applied to cases where re-employment took place after 1st March 2020 until further notice.

The report was accepted.

13 **Administration Strategy**- agenda item 12

The Committee considered a report by the Head of Peninsula Pensions, Dan Harris, which highlighted that: whilst not a legal requirement the Strategy provided a mechanism to formulate a service level agreement between the administering authority and employers. It was noted that Peninsula Pensions introduced an Administration Strategy in April 2015, following review and approval from the Pensions Committee.

The Committee were asked to formally adopt the new Administration Strategy, and it was noted that the Strategy was 'go live' once approval had been granted.

The recommendations were proposed by Cllr Graham Noel and seconded by Cllr John Parham, at which point the Committee agreed to formally adopt the new Administration Strategy.

The Committee accepted the report.

14 **Funding Strategy Statement**- agenda item 13

The Committee considered a report by the Funds and Investments Manager, Anton Sweet, which highlighted a refresh of the Funding Strategy Statement. It was noted that the Fund is required under section 58 of the LGPS Regulations (2013), as amended, to publish and maintain a Funding Strategy Statement (FSS).

The Committee noted the revised Funding Strategy Statement.

The Committee noted the report.

15 **Resources Review, Financial Forecast Setting and Committee Objective Setting** - agenda item 14

The Committee considered a report by the Funds and Investments Manager, Anton Sweet, who noted: this paper was considered annually by the Committee; and that it was anticipated dividend income would be lower than expected, with particular reference to property funds.

It was highlighted that the committee are required to set objectives for the 2020-21 financial year to agree the resources required to meet the objectives and agree criteria by which attainment of the objectives can be measured. To this end committee were asked to: agree a fund financial projection for the 2020-21 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; and to consider the resources Committee requires to meet their objectives for the year.

The Committee noted the report.

16 **Investment of Pension Fund Cash** - agenda item 15

The Committee considered a report by the Funds and Investments Manager, Anton Sweet which highlighted that the legalities of how the fund can invest cash was revised by the Government with the introduction of the LGPS (Management and Investment of Funds) Regulations 2009. It was noted that as 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.

Members discussed the report, questioning the why there was such considerable sums of cash which had not been invested.

The Funds and Investment Manager noted that more cash was being held that is usual, but that there were benefits to holding cash including for Brunel transition

costs, and of late a benefit in percentage performance. It was further noted that the intention is to reduce cash balances considerably, but that this would be dependant upon a number of circumstances.

The Committee accepted the report.

17 **Any Other Business** - agenda item 16

The Committee were informed that the Pension Board scheduled to be held on this rise of this meeting had been cancelled.

(The meeting ended at 11.50am)

CHAIR