

Pensions Committee

Minutes of a virtual meeting (under Coronavirus Regulations 2020) of the Pensions Committee held on Friday 18th September at 10.00am.

Present:

Cllr G Noel - Chair
Cllr S Coles
Cllr J Hunt
Cllr J Parham
Mr. P Butler
Mr. G Bryant
Mrs. C Burton (Independent Advisor)
Mrs. S Payne

Other members present: Cllr T Munt

1 Apologies for Absence - agenda item 2

No apologies recorded.

2 Declarations of Interest - agenda item 3

Mr. G Bryant, Mr. P Butler and Mrs. S Payne declared a personal interest by virtue of being a member of the LGPS.

3 Minutes of the Previous Meeting - agenda item 1

The Committee agreed and the Chair signed the Minutes of the meeting held on 5 June 2020 as a correct record. The Chair requested that the work of Mr. Mark Simmonds be acknowledged and asked that Officers send a letter of thanks.

4 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 Cllr Anne Hills, Leader of Frome Council, who raised a number of points regarding the analysis and management of SCC (Somerset County Council)

portfolio investments and specific risks of Climate Change in the risk register.

At the Chairs invitation, The Funds and Investment Manager, Anton Sweet, thanked Cllr Anne Hills for her question and it was noted that a full written response had been provided.

5 LGPS Pooling of Investments Report- agenda item 5

The Funds and Investments Manager, Anton Sweet, addressed the Committee noting: the progress with the portfolio transition process, advised of the agreement with Brunel Pension Partnership (BPP) and clients, to pause the transition process during the early part of lockdown but the pause had now been removed and the process is likely to complete in spring 2021; BPP / member funds review of governance, as in-depth process to refresh the governance arrangements now the partnership is three years old; with late 2020 / early 2021 Officer communication of voting matters and engagement expectation of Somerset Pension Committee Members.

The Committee noted the report and unanimously **RESOLVED** that Cllr Graham Noel represent Somerset Pension Committee on the Brunel Oversight Board.

6 Independent Investment Advisor's Report - agenda item 6

The Independent Advisor, Mrs. C Burton provided a verbal update.

The Committee posed a number of questions to the Independent Advisor, including; FTSE index fluctuational levels and the increase in the Dow Jones index; US presidential election and the impact on global finances should the election fail to have a conclusive winner; Covid-19 effect on emerging markets and the European/Brexit situation.

The Independent Advisor responded to the points raised, noting the FTSE and Dow stock volatility differ due to the mix of indices (UK dominated by energy resource companies and banks and the US driven by technology) having varied amounts of success; Democrats historically vote by post much more than republicans therefore uncertainty over a few days with possibility of volatility in markets; emerging markets currently a mixed picture, room for emerging markets to come back in to favour as they are cheaply valued, however, currently too early to see the impact of Covid-19; Government and banks trying to keep economies moving ahead.

The Independent Advisors update was accepted.

7 Review of Investment Performance- agenda item 7

The Funds and Investments Manager, Anton Sweet, addressed the Committee noting: returns in the quarter ending 30th June 20 had strong performances, overall fund return 13.2% with markets tending to be positive despite Covid-19.

The Committee posed a number of questions to the Funds and Investments Manager, including; achievable benchmarks and targets of Aberdeen Standard.

The Funds and Investments Manager responded to the points raised, noting that the mandate should be looked over a long period of time with the current transition leading to mandates being changed and refreshed. The Investment Advisor further added that the targets were realistic and set to make the managers work, had the BPP transition not happened, action would have more likely been taken.

The Committee noted the report.

8 Review of Administration Performance- agenda item 8

The Committee considered a report from Rachel Lamb of Peninsula Pensions, which detailed a review of the administration's performance. Highlights included: period covered April – June 2020; Lockdown enforced a big change for the team, however adapted well and overall performance was maintained while working from home; internal and disclosure targets maintained at 87% internal targets; 91% disclosure regulations; lockdown key focus has been on retirement and survivor benefits, 95% success rate; additional key area training for staff taken place to maintain standards.

The Committee asked a number of questions, including; wording of recommendations; survivor benefits; timescales relevant to notification of deaths; dispute resolution procedure requests.

Rachel Lamb responded to points explaining that survivor benefits were generally more involved due to lengthy calculations and sometimes the number of people impacted, more training scheduled on survivor benefits in October to ensure improvement in this area and provide a continuity plan.

Action: Rachel Lamb to investigate and provide 12-month figures on timescales relevant to notification of deaths; dispute resolution procedure requests.

The Committee noted the report.

9 **Business Plan Update**- agenda item 9

The Funds and Investments Manager, Anton Sweet addressed the committee, highlighting; work towards transitions of assets to BPP (Brunel Pension Partnership); movement in various legal and regulatory issues such as McCloud and Goodwin; new regulation from MHCLG on exit payments and deferred debt arrangements; MHCLG consultation on £95,000 cap payment to officers on leaving employment.

The Committee posed a number of questions to the Funds and Investments Manager, including; areas of outstanding work process; Unitary and the cost impact of redundancy; conflicts of legislation regarding £95K limit.

The Funds and Investments Manager acknowledged that outstanding areas of work needs to be progressed; and further responded that Officers would look to engage with members about additional sessions before the next committee meeting.

Action: The Fund Investment Manager to contact Committee members about diary availability to take some of the outstanding items forwards.

The Committee noted the report.

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

The Committee considered a quarterly report by the Funds and Investment Manager which highlighted; report change of transaction costs; transfer value balance difference quarter year / full year; investment income and funds transfer to BPP.

The Chair asked a question regarding receipt and payments of contributions.

The Funds and Investments Manager responded that the transfer value paid and received difference is marginal with cash resource to manage.

The Committee noted the report.

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

The Committee considered a report by the Funds and Investments Manager, Anton Sweet, reviewing the Pension Fund's risk register, noting; Covid-19 risk added- PF12; restrictions to online meetings and engagement with the Committee being the biggest impact; an employers' meeting to discuss valuation and investment returns is not planned for this year; Peninsula Pensions continuing engagement with employers; PF3 guarantee bonds standard post valuation review underway.

The Committee posed a number of questions to the Funds and Investments Manager, including; PF3 report; target risk scores on the risk register and rational for reduced target score.

The Funds and Investments Manager responded to questions, noting; not usual to provide a specific PF3 report to the Committee as it is an ongoing process, further acknowledging that target risk scores to be picked up when a review is undertaken, alternatively, correction of timescales before 18th December 2020.

The Committee noted the report.

12 **Annual Report Including the accounts and Investment performance** - agenda item 12

The Committee considered a report by the Funds and Investments Manager, Anton Sweet, highlighting the report is required for regulation purposes and to be published by 1st December 2020; advised changes to be made to the document before publication.

The Committee discussed the points raised and unanimously agreed to approve the draft report and **RESOLVED** to delegate any minor changes necessary, be made by the Funds and Investments Manager, subject to consultation with the Chair.

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

The Funds and Investments Manager, Anton Sweet, addressed the Committee stating that new regulations and fresh guidance is due to be issued from MHCLG and asked the Committee to agree to defer the formal adoption of the Funding Strategy Statement report to 18th December, once the redraft is written in line with new guidance.

The Committee **RESOLVED** to accept the deferment of the Funding Strategy Statement report and receive the report at the 18th December meeting.

14 **Any Other Business** - agenda item 14

There was none.

(The meeting ended at 11.25am)

CHAIR