

Pensions Committee

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

Present:

Cllr J Thorne - Chair
Cllr S Coles
Cllr G Noel
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

Cllr R Henley.

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 18 September 2020 as a correct record.

The Chair introduced himself to the Pensions Committee and thanked the outgoing Chair, Cllr G Noel, for his valued and superb work on the Pensions Committee.

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: that on the 17th September the smaller companies' funds went online with £151m assets placed in this fund; the progress regarding the portfolio transition process; the significant ongoing work of the review of governance process and legal agreements; review and reappointment of non-executive directors, including the formal annual appraisal process involving shareholders; that non executive directors are formally reappointed at the AGM; Brunel had announced David Vickers as the new Chief Investment Officer, as from January 2021; and that the fixed income asset portfolio was to be moved to Brunel in the Spring of 2021.

There were no questions or comments received from the Committee members or other members present.

The Committee noted the report.

6 **Independent Investment Advisor's Report** - agenda item 6

The Independent Advisor, Mrs. C Burton referred to a previously circulated written report, inviting questions from members.

The Committee proceeded to debate the report and the Chair invited comments from other members present, points raised included; the uplift of stocks and shares in light of Brexit; and the anticipated trade agreement with Europe.

The Independent Advisor responded to the points raised, noting; the uplift of the Market enthusiasm due to the global arrival of the Covid-19 vaccine, with investors likely to look outside of the UK market (6% of the global market).

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: the good returns performance in the quarter; performances of fund managers against the benchmark; performances of internal benchmarks; smaller companies funds and closure of funds; assets overview, both pooled and retained; and that the indication of low yield of Government bonds could mean changes for employer contributions from April 2023.

The Committee proceeded to debate the report and invited comments from other members present, points raised included; short term reaction to markets, should there be a no deal Brexit; and the presentation of relevant details within the Brunel Report.

The Funds and Investments Manager responded to the points raised, noting; it was a reasonable assumption to presume that funds would be largely unaffected, with no assets due to move and no transitions planned for the first 3 months of 2021. Furthermore, management of transitions have options to cancel, with client discussion taking place 2 – 3 days before any transitions.

The Committee noted the report.

8 Review of Administration Performance- agenda item 8

The Committee considered a report from Dan Harris of Peninsula Pensions, which detailed a review of the administration's performance. Highlights included: strong team performance throughout the Covid-19 challenges, with staff having adapted well and maintaining work throughout; 91% delivered against internal targets; 93% delivered against disclosure regulations; due to pension regulator guidance, the focus maintained on processing retirements and survivor benefits; and the huge increase in use of the self-service portal.

There were no questions or comments received from the Committee members or other members present.

The Committee noted the report.

9 Business Plan Update- agenda item 9

The Funds and Investments Manager, Anton Sweet addressed the Committee, highlighting; the Funding Strategy Statement was to be updated and circulated for approval once Government guidance has been issued; inflation and associated impacts on funds; the annual report was prepared in September 2020 is waiting for sign off from

the auditors, the regulatory deadline for publishing the report has not been met due to delay from the auditors in SCC report sign off, with the appearance of this being a trend nationally; the risk register informal meeting due to take place in February 2021; and the work plan 2021 and committee dates are to be confirmed.

The Committee proceeded to debate the report and invited comments from other members present, points raised included; the potential legal challenge of regulations; clarity of the Pensions Board and membership progression.

Dan Harris of Peninsula Pensions responded to the potential legal challenge of regulations, highlighting; limited numbers of cases to be affected by the regulation conflict. Mr Harris further advised the Committee that work is being progressed to deliver a solution in house, adding that the interim process is available to view on the Peninsula website, with the details to be included in the March Pensions Committee Report.

The Funds and Investments Manager responded to questions regarding the Pensions Board, noting; the current membership situation including vacancies, noting that at present the Board could not meet quoracy requirements; and that communication to secure new membership is due to be sent in January 2021.

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; transaction costs and reporting; membership statistics update with no emerging trends; the increase of employers in the funds i.e. academies and outsourcing arrangements; financial projections for 2021/22; and investment income.

The Committee proceeded to debate the report and invited comments from other members present, points raised included; the shortfall in pension contributions.

The Funds and Investments Manager commented regarding the reported figure of contributions, noting that this was not due to any systematic refusal to pay on behalf employers.

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; target scores and mitigation, consideration of risks not currently on the register; and amendments of the register.

There were no questions or comments received from the Committee members or other members present.

The Committee noted the report.

12 Any Other Business - agenda item 12

Oversight Board Substitution: to be discussed at the Pensions Committee 26 March, following confirmation of whether County Council elections to take place in 2021.

(The meeting ended at 11.10am)

CHAIR