

Pensions Committee

Minutes of a virtual meeting (under Coronavirus Regulations 2020) of the Pensions Committee held on Friday 26 March at 10.00am.

Present:

Cllr J Thorne - Chair
Cllr S Coles
Cllr G Noel
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, Cllr J Parham.

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 December 2020 as a correct record.

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 including the pension investment strategy and the comparative performance information of the portfolios provided by the Brunel Pension Partnership; the compliance of the SCC investment strategy within the Local Authority overall strategy of carbon neutrality by the target date of 2030 and how the pension investments are moving towards carbon neutrality by 2030. The Committee also heard from Sigurd Reimers who raised the question of whether the Pensions Committee would be carrying out a major review during 2021, and what the timescale would likely be.

At the Chairs invitation, The Funds and Investment Manager, Anton Sweet, thanked Cllr Anne Hills and Mr Reimers for their questions and it was noted that a full written response to all questions had been provided.

5 LGPS Pooling of Investments Report- agenda item 5

The Funds and Investments Manager, Anton Sweet, addressed the Committee noting: that Brunel had announced the appointment of Liz McKenzie as a non-executive director; the AGM had taken place March 2021, which approved the adoption of the accounts and the formal reappointments of the existing nonexecutives; Mrs. S Payne attended the Oversight Board meeting (substitute for Cllr G Noel).

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

The Committee formally agreed that Mrs. S Payne be the new representative on the Oversight Board and 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; potential inflation increase and the improvement of equity profits.

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 performances of fund managers against the benchmarks; the performances of internal benchmarks and the smaller company's funds; the completion of the liquidation of pre-Brunel funds; the strong performance of the overall fund, 2.2% above the benchmark; the investment performance ahead of the actuaries' targets; that no asset transition took place during the quarter; the fixed income mandate to transfer by the end of June 2021.

The Committee proceeded to debate the report and invited comments from other members present, points raised included; the evaluation dates and the length of cycle changes currently being reviewed; the degree of performance of the global high alpha fund and underlying risks; Brunel holdings percentages to change end of June 2021; the exposure to bitcoin.

The Funds and Investments Manager responded to the points raised, noting; Bailey Gifford fund diversity and the fund managers to manage accordingly with the risk monitored by Brunel.

The Committee noted the report.

Meeting adjourned 10.36 – 10.42am

8 Review of Administration Performance- agenda item 8

The Committee considered a report from Mr. D Harris of Peninsula Pensions, which detailed a review of the administration's performance. Highlights included; the total performance against internal targets for the quarter ending 31 December 2020 was 94% (compared with 91% for the previous quarter), despite the continued impact of COVID19; the team were also able to maintain performance for High Priority procedures at 96%, in line with the previous quarter; the breakdown of priority areas and the inclusion of monitoring the number of complements received – 82 from fund members.

The Committee proceeded to debate the report and invited comments from other members present, points raised included; the acknowledgement of the commitment to improvement and delivery from Mr. D Harris and team.

The Committee noted the report.

9 Business Plan Update- agenda item 9

The Funds and Investments Manager, Anton Sweet addressed the Committee, highlighting; the continuing work to monitor legal and regulatory developments in

relation to McCloud and Goodwin; having laid regulations with respect to the £95k exit cap for staff, the Government has repealed the regulations after being challenged in the Courts; as the exit cap regulations clashed with the LGPS regulations there were a small number of cases looked at to ensure members restored to the position they would have been in had the exit cap regulations never been in place, now reviewed and rectified; the LGPS Scheme Advisory Board Good Governance report and the number of recommendations around knowledge and skills for Committee members and the consideration that will need to be given to how to address this, and the necessary time commitment on behalf of Committee members; the expected Pension regulator updated codes and consultation of a range of areas of improvement and demonstration of governance risk; the review of the investment strategy and the Fund's approach to the Ethical Social Government policy to take place in 2021.

Action: Anton to schedule a meeting inviting a Brunel representative to brief Committee members on the funds and performances.

The Committee proceeded to debate the report and invited comments from other members present, points raised included; the increase of training for Committee members and the options available.

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; the transaction costs; the emerging trends of membership statistics; the variance and projections of contributions.

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

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

The Committee proceeded to debate the report and invited comments from other members present, points raised included; insurance risks and the standard arrangements across Somerset County Council.

The Committee formally adopted the Pension Fund Risk Register and report.

12 Funding Strategy Statement – agenda item 12

The Committee considered a report by the Funds and Investments Manager, Anton Sweet, reviewing the Funding Strategy Statement, noting; the Fund's position on exit credits; the Fund's proposed position including being in line with the latest amendment regulations laid before parliament on 27 August, which came into force on 23 September 2020; the requirements of new Statutory guidance issued by MHCLG and guidance prepared by the Scheme Advisory Board for the LGPS, both of which were issued at the start of March 2021.

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

The Committee noted the report.

13 Resources Review, Financial Forecast Setting and Committee Objective Setting – agenda item 13

The Committee considered a report by the Funds and Investments Manager, Anton Sweet, regarding the Resources Review, Financial Forecast Setting and Committee Objective Setting, noting; the increase of contributions due to a growth in payroll; additional administration costs and the increase in administration staff for projects; the transference of portfolios and associated savings.

The Committee proceeded to debate the report and invited comments from other members present, points raised included; the reporting of the savings on transferring to Brunel portfolios; the reinvesting of investment income; the benchmarks and comparators against funds of similar size.

The Committee formally adopted the report.

14 **Cash Management Strategy** – agenda item 14

The Committee considered a report by the Funds and Investments Manager, Anton Sweet, regarding the Cash Management Strategy, noting; the proposal of counter party policies adoption and criteria, adding that no significant changes had been made.

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

The Committee formally adopted the arrangements for the management of the Fund's cash and approved the strategy and counterparty criteria and report.

15 **Any Other Business** - agenda item 15

No other business.

(The meeting ended at 11:57am)

CHAIR