

## **Pensions Advisory Board**

Minutes of the Pensions Advisory Board held on Friday 18 March 2022 at 10.00am.

### **Committee Members Present:**

Cllr J Thorne - Chair  
Cllr G Noel  
Cllr S Coles  
Mrs C. Burton  
Mr R Bryant

### **Other Officers Present:**

Mrs A Hill  
Mr A Sweet  
Mr D Harris – Peninsular Pensions  
Mrs J Jones – substituting for Mr N Milne  
Mr N Behan  
Mr P Butler – Avon & Somerset Constabulary  
Mr S Reimers  
Mr S Morton

#### **1 Apologies for Absence** - agenda item 1

Apologies were received Mrs S Payne, Gordon and Mr N Milne.

#### **2 Declarations of Interest** - agenda item 2

No new Declarations of Interest were reported.

#### **3 Minutes of the Previous Meeting** - agenda item 3

The Committee agreed and signed off the Minutes of the meeting held on 7<sup>th</sup> January 2022 as an accurate record.

#### **4 Public Question Time** - agenda item 4

The Chair welcomed 1 member of the public who was present and invited them to address the Committee.

*The Committee heard from Mr Sigurd Reimers who raised a statement:*

*A number of Council pensions committees and Pensions Pools are currently considering their actions in relation to investments in Russian oil and gas. Attached is a link showing a recent example relating to Dorset Pensions Committee, a fellow-member of Brunel Pension Partnership. Dorset Pensions Committee decided yesterday to start the process of divesting from Russian oil and gas.*

*<https://www.dorsetecho.co.uk/news/19967690.dorset-council-consider-pension-fund-investments-russian-companies/>*

*Although the question of Russian oil and gas is not immediately relevant to the question of climate change, it does indicate that ethical questions around pensions investments can be addressed promptly and effectively.*

*I urge Somerset Pensions Committee to take urgent action in relation to its investments in Russian Oil and Gas, both directly and via its links with Brunel Pension Partnership.*

*Ukraine is urgent: the climate is urgent. Both are urgent. This is not a question.*

*Sigurd Reimers*

Mr Sweet responded by saying – Brunel and the client groups are acting as one, even though their portfolios may be different. We two weeks ago agreed to divest all Russian Holdings, but there are some holdings that could not be sold due to Moscow's stock exchange being closed and will be carried at zero value until we are able to sell them. This news was shared with the committee at the time. This exposure was small with 4% in Russians holdings pre-invasion and everything where possible has been divested.

The Chair asked that a communication needs to go out to advise everyone about this which Mrs Jones agreed to follow up.

## **5 Local Government Reorganization** - agenda item 5

The Funds and Investments Manager addressed the Committee explaining this will be a standing items, as agreed at the September meeting. Everything is on track, with work to be done on the Terms of Reference and to refresh certain positions on the committee.

No questions were raised and the Committee noted the comments.

## **6 LGPS Pooling of Investments** - agenda item 6

The Funds and Investments Manager provided the Committee with an overview of his report. Because the committee is an advisory board, voting can not take place but can note if the budget is agreed. There is a 5% waiting for Strategic Commitment of the £60 million budget and therefore cannot finalize. At the Brunel AGM the majority were

happy with the budget. Cllr Coles asked if the reason for the minority not to agree was known, to which Mr Sweet explained he was not aware, but there was nothing of concern to be worried about. The Chair mentioned the Committee are happy to agree the investment in Brunel.

The Committee noted the report.

**7 Review of Investment Performance - agenda item 8**

The Funds and Investments Manager provided the Committee with an overview of his report, mentioning that the quarter in question was very strong, but it won't be a surprise that this year's returns have been negative for the quarter to March. The losses are due to the war in Ukraine and the position with the Russian Stock Market. Cllr Coles asked the question why the FT index in 2002 has stagnated over the last 20 years and whether there is a reason for this. Mr Sweet explained that we invest not just in the UK and has performed less well than the American market which has been the stronger. FT index does not include the dividend received, which gives a 4% return. Cllr Coles acknowledged the information has been given in a way to understand. Mr Butler stated that there are breaks in the road over the years which do affect things.

The Committee noted the report.

**8 Review of Administration Performance - agenda item 9**

The Committee considered a report from Peninsular Pensions presented by Mr Harris. Staff have regularly been into the office and 80-90% of work is completed on time. Quarter ending December 2021 shows 88% of work was completed on time, with 96% of high priority work completed on time. Appendix 1 of the pack shows the targets broken down. Appendix 2 of the pack gives a summary showing the increase in workload. There are vacancies in the team being held and a meeting with Anne, Rachel and Stephen, to discuss how we report to the Pensions Board.

The Committee noted the report.

**9 Independent Investment Advisor's Report - agenda item 7**

The Independent Advisor gave a verbal update. There is a rise in interest rates globally, and central banks are worried about the rise in inflation. We need to watch what is happening in China, as they are continuing to operate as we were in lockdown, closing whole cities and ports which are affecting supplies and corporate profits as this impacts globally. With the

West now not buying Russian energy, this will be snapped up by the East and will affect the Russian economy for many years.

Mr Butler asked the question what intelligence there is on the in fluency pressures on interest rate. Mrs Burton said that the bank's target is 2% and it is likely to be this by the end of the year, but it is too early to say for certain.

Mr Noel asked the question on what the implications would be to be self-sufficient as fracking will be starting again and an increase in wind and solar farms. Mrs Burton explained that the UK will need to find other ways for energy; in the long term nuclear could be the way forward as there is no guarantee for prolonged sun and wind to keep the wind and solar farms going, so in the short term we continue to use coal.

The Committee noted the report.

**10 Business Plan Update** - agenda item 10

The Funds and Investments Manager noted that there had been no changes since the last meeting and there is unlikely to be any until after the elections. There is a mention that the government want LGPS to invest within the UK, but are waiting for further detail.

The Committee noted the Update.

**11 Finance and Membership Statistics Update** - agenda item 11

The Committee considered a quarterly report by the Funds and Investments Manager, which shows we are on track. The code was a receipt issue showing that we are now only £5million behind on contributions, instead £15 million. Mr Sweet is sure that we will make the estimated £115 million projected.

The Committee noted the report.

**12 Review of Pension Fund Risk Register** – agenda item 12

The Committee was shared the report by the Funds and Investments Manager. The Committee reviewed the Pension Fund's risk register and he noted there had been no changes since the last report, and that it would not be wise to add Ukraine as a risk.

The Committee noted the report.

**13 Investment Strategy Statement** – agenda item 13

The Committee was shared the report by the Funds and Investments Manager providing an overview of this report and the Committee was asked to adopt it, to allow changes to be made by the new Committee in the future. Cllr Coles was happy to propose it and Mr Butler was happy to second it.

The Committee adopted and noted the report.

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

The Committee was shared the report by the Funds and Investments Manager providing an overview of this report and gave an update on the financial position which we don't have any level of control over. The projection will be £122 million which is up on £115 million this year, including the green book staff being awarded 1.75% pay rise and possible 3% next year. Pensions contribution will go up to 3.1% and an increase in assets will feed through into the fees we pay. Mr Sweet will have a conversation with the new administration as the resources are ok for the coming year, but more will be needed after vesting day. Cllr Coles would like it noted that staff savings should not affect having the right staff in the right place and the correct number of staff too in the long term.

The Committee noted the report.

**15 Cash Management Strategy** - agenda item 15

The Committee was shared the report by the Funds and Investments Manager stating that there is a requirement and the Committee agreed to keep things as they are.

The Committee noted the report.

**16 Review of Pensions Committee Terms of Reference** – agenda item 16

The Committee was shared the report by the Funds and Investments Manager who will be taking the Terms of Reference to the Constitution and Standards Committee, but this will be raised with the newly formed Committee. Quoracy is currently only made up of elected members and was proposed by Cllr Coles to change this. The Committee agreed this and would like the Quoracy is changed as soon as possible but will have to be agreed through Full Council which Mr Sweet will do, as well as changing the membership from 4 County Councilors and 1 District Councillor and who can vote which is historic.

17 **Any other urgent items of business** – agenda item 17

The Chair, after ascertaining there were no further items, thanked all those present for attending and closed the meeting.

(The meeting ended at 11:26am)

**CHAIR**  
**Cllr J Thorne**