

# Pensions Board

Minutes of a meeting of the Pensions Board held in the Luttrell Room, County Hall, Taunton on Tuesday 23 November 2021 at 12.30pm.

## **Present**

Cllr M Healey  
Mr N Behan

Cllr A Hills and Mrs R Ellins  
(Newly appointed Employer Representatives)

## **Officers Present:**

Anton Sweet - Funds & Investment Manager, SCC  
Shirley Cuthbert - Employer and Communications Manager, Peninsula Pensions  
Stephen Morton – Strategy Manager for Pensions Management  
Neil Milne – Governance Specialist and Carol James – Clerk.

## **89 Apologies for absence** - agenda item 1

None

## **90 Declarations of interest** - agenda item 2

Cllr Hills and Mr Behan both declared personal interests as members of the Local Government Pension Scheme.

## **91 Minutes of the Meeting held on 6 February 2019** - agenda item 3

The minutes of the meeting held on 6 February 2019 were accepted as being accurate and were signed by the Chair of the Board for that meeting Cllr Healey.

## **92 Election of a Chair of the Pension Board** - agenda item 4

The Governance Specialist called for nominations for the position of Chair of the Pensions Board. The Board agreed to appoint Cllr Hills to be Chair for the ensuing year.

**93 Public Question Time** - agenda item 5

There were no members of the public present, and no questions were asked, statements/comments made or petitions presented.

**94 Review of Investment Strategy Statement** - agenda item 6

The Chair invited the Funds and Investments Manager to introduce his report and he began by noting that the Fund was required under section 7 of the LGPS (Management and Investment of Funds) Regulations 2016 to publish and maintain an Investment Strategy Statement (ISS). The ISS sets out the Somerset Fund's strategy for investing funds not immediately required to pay pensions, covering areas such as strategic asset allocation, ESG and pooling.

He explained that the current version of the ISS was adopted in June 2017, the regulations suggest this should be revisited at least every 3 years however it was always the Fund's intention to revisit the ISS and update as appropriate at the end of the initial transition process into the Brunel pool. It was expected this would fit within the 3-year window, but the COVID pandemic led to some delays.

It was noted that following a number of informal sessions attended by both Pensions Committee and Board members a draft had been produced of a revised ISS for formal consideration.

The Funds and Investment manager provided an overview of the changes that had been made to the current Investment Strategy Statement:

- Section 1 was largely unchanged.
- Section 2 had a revised strategic allocation to reflect the new position of the Fund's investments being almost exclusively managed via Brunel.
- Section 3 had been significantly re-written to provide much more detail around the investment risks facing the Fund.
- Section 4 had been significantly re-written to describe pooling in its post transition set-up, (the previous ISS had been written before Brunel was Launched).
- Section 5 had a specific 2-page section on climate change, which has been added since the previous version.
- Section 6 on Stewardship had been completely rewritten and significantly enhanced to reflect the greater expectations now placed on Stewardship.
- Sections 7 and 8 were largely unchanged.

Consulting the Pension Board was add key part of the consultation being undertaken before the new ISS would be considered by the Pension Committee

and the Board had a discussion about the revised ISS.

Cllr Hills requested that the words 'or sooner' be inserted regarding net zero investment, and the last bullet point of section 2 about active management, include the words 'after charges'

The Board accepted the revised Investment Strategy Statement.

**95 Review of Pension Fund Risk Register - agenda item 7**

The Board considered the report of the Funds and Investments Manager reviewing the Pension Fund's risk register. He stated that the risk register had been significantly refreshed since the last Board meeting with most risks having some level of amendment. This had followed an in-depth discussion of the risk register at an informal meeting of Committee & Board members and risks had been relabelled and sorted to provide greater clarity.

There was a discussion of the report and Cllr Healey asked the one red alert on the risk register that related to the pension fund having insufficient assets to meet its long term liabilities. The Funds and Investments Manager explained that the Fund was capable of meeting its cash flow needs each month to pay pensions, and that regularly we will pay lump sums to beneficiaries as they retire. In terms of meeting that cash requirement, we are absolutely on it so there were no problems with the benefits being paid every month. The Fund held assets that make up 86% of long-term liabilities, meaning it was 14% short and that was a problem but was common amongst LGPS pension funds. Work to address was ongoing to ensure the Fund was closer to being 100% funded over the next 19 years.

On the subject of local government reorganisation in Somerset it was noted that as the Council would be a continuing authority at this time there was not anything to change.

The Board accepted and noted the report.

**96 Business Plan Update – agenda item 8**

The Board considered the report of the Funds and Investments Manager that set out a Workplan of items of business for its meetings over the next year.

The Board discussed their future meeting dates and agreed that they would

(Pensions Board – 23/11/21)

hold meetings a few weeks after the Pensions Committee had met. The Board indicated they would like to hold a meeting in February or March 2022.

The Board accepted and noted the report.

**97 Any Other Urgent Business**

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

(The meeting ended at 13.46pm)

**Mrs Anne Hills  
Chair - Pensions Board**