

# Somerset Pensions Advisory

## Board

Friday 8 July 2022

10.00 am Hobhouse Room, County Hall



To: The Members of the Somerset Pensions Advisory Board

R Ellins, A Hills, R Bryant, A White, N Behan and Cllr A Sully

All Somerset County Council Members are invited to attend meetings of the Cabinet and Scrutiny Committees.

Issued By Scott Wooldridge, Monitoring Officer and Strategic Manager - Governance and Democratic Services - 30 June 2022

For further information about the meeting, please contact Neil Milne on 01823 359045 or ndmilne@somerset.gov.uk or Terrie Brazier at tbrazier@somerset.gov.uk

Guidance about procedures at the meeting follows the printed agenda.

This meeting will be open to the public and press, subject to the passing of any resolution under Regulation 4 of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

This agenda and the attached reports and background papers are available on request prior to the meeting in large print, Braille, audio tape & disc and can be translated into different languages. They can also be accessed via the council's website on

[www.somerset.gov.uk/agendasandpapers](http://www.somerset.gov.uk/agendasandpapers)



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# AGENDA

Item Somerset Pensions Advisory Board - 10.00 am Friday 8 July 2022

**\*Public Guidance notes contained in agenda annexe \***

**1 Apologies for absence**

To receive any apologies from Board members.

**2 Declarations of Interest**

To note any new or altered declarations of interest from Board members.

Details of all Members' interests in District, Town and Parish Councils can be viewed on the Council Website at

[County Councillors membership of Town, City, Parish or District Councils](#).

The Statutory Register of Member's Interests can be inspected via request to the Democratic Services Team at [democraticserviceteam@somerset.gov.uk](mailto:democraticserviceteam@somerset.gov.uk).

**3 Minutes from the previous meeting held on 8 April 2022** (Pages 9 - 16)

The Committee is asked to confirm that the minutes are accurate.

**4 Public Question Time**

The Chair will allow members of the public to present a petition on any matter within the Board's remit. Questions or statements about any matter on the agenda for this meeting will be taken at the time when each matter is considered.

**5 Review of Pensions Committee Papers**

To consider the papers provided to the Pensions Committee at their meeting of 1 July 2022.

**6 Review of Pension Fund Risk Register** (Pages 17 - 22)

To consider this report from the Funds and Investments Manager.

**7 Business Plan Update** (Pages 23 - 26)

To consider this report from the Funds and Investment Manager.

**8 Review of Communication Policy**

To receive a verbal report from the Funds and Investments Manager.

Item Somerset Pensions Advisory Board - 10.00 am Friday 8 July 2022

9 **Any Other Business of Urgency**

The Chairman may raise any items of urgent business.

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## Guidance Notes for Face-to-Face Meetings

### 1. Council Public Meetings

The former regulations that enabled virtual committee meetings ended on 7 May 2021. Since then, all committee meetings need to return to face-to-face meetings. The requirement is for members of the committee and key supporting officers to attend in person, along with some provision for any public speakers. However due to the current COVID restrictions and social distancing measures only a small number of people can attend as meeting room capacities are limited. Provision will be made wherever possible for those who do not need to attend in person including the public and press who wish to view the meeting to be able to do so virtually.

Anybody attending the meeting in person will be asked to adhere to the current Government guidance and Council procedures in place to safely work during COVID 19.

Please contact the Committee Administrator or Democratic Services on 01823 357628 or email [democraticserviceteam@somerset.gov.uk](mailto:democraticserviceteam@somerset.gov.uk) if you have any questions or concerns.

### 2. Inspection of Papers

Any person wishing to inspect minutes, reports, or the background papers for any item on the agenda should contact Democratic Services at [democraticserviceteam@somerset.gov.uk](mailto:democraticserviceteam@somerset.gov.uk) or telephone 01823 357628.

They can also be accessed via the council's website on [www.somerset.gov.uk/agendasandpapers](http://www.somerset.gov.uk/agendasandpapers).

Printed agendas can also be viewed in reception at the Council offices at County Hall, Taunton TA1 4DY.

### 3. Members' Code of Conduct Requirements

When considering the declaration of interests and their actions as a councillor, Members are reminded of the requirements of the Members' Code of Conduct and the underpinning Principles of Public Life: Honesty; Integrity; Selflessness; Objectivity; Accountability; Openness; Leadership. The Code of Conduct can be viewed at: [Code of Conduct](#)

### 4. Minutes of the Meeting

Details of the issues discussed, and recommendations made at the meeting will be set out in the minutes, which the Committee will be asked to approve as a correct record at its next meeting.

## 5. **Public Question Time**

If you wish to speak, please contact Democratic Services by 5pm 3 clear working days before the meeting. Email [democraticservicesteam@somerset.gov.uk](mailto:democraticservicesteam@somerset.gov.uk) or telephone 01823 357628.

Members of public wishing to speak or ask a question will need to attend in person or if unable can submit their question or statement in writing for an officer to read out.

In order to keep everyone safe, we respectfully request that all visitors to the building follow all aspects of the Covid-Secure guidance. Failure to do so may result in you being asked to leave the building for safety reasons.

After entering the Council building you may be taken to a waiting room before being taken to the meeting for the relevant agenda item to ask your question. After the agenda item has finished you will be asked to leave the meeting for other members of the public to attend to speak on other items.

A slot for Public Question Time is set aside near the beginning of the meeting, after the minutes of the previous meeting have been agreed. However, questions or statements about any matter on the agenda for this meeting may be taken at the time when each matter is considered.

At the Chair's invitation you may ask questions and/or make statements or comments about any matter on the Committee's agenda – providing you have given the required notice. You may also present a petition on any matter within the Committee's remit. The length of public question time will be no more than 30 minutes in total (20 minutes for meetings other than County Council meetings).

You must direct your questions and comments through the Chair. You may not take a direct part in the debate. The Chair will decide when public participation is to finish.

If an item on the agenda is contentious, with many people wishing to attend the meeting, a representative should be nominated to present the views of a group.

An issue will not be deferred just because you cannot be present for the meeting. Remember that the amount of time you speak will be restricted, to three minutes only.

In line with the council's procedural rules, if any member of the public interrupts a meeting the Chair will warn them accordingly.

If that person continues to interrupt or disrupt proceedings the Chair can ask the Democratic Services Officer to remove them as a participant from the meeting.

Provision will be made for anybody who wishes to listen in on the meeting only to follow the meeting online.

## 6. **Meeting Etiquette for Participants**

- Only speak when invited to do so by the Chair.
- Mute your microphone when you are not talking.
- Switch off video if you are not speaking.
- Speak clearly (if you are not using video then please state your name)
- If you're referring to a specific page, mention the page number.
- Switch off your video and microphone after you have spoken.
- There is a facility in Microsoft Teams under the ellipsis button called turn on live captions which provides subtitles on the screen.

## 7. **Exclusion of Press & Public**

If when considering an item on the agenda, the Committee may consider it appropriate to pass a resolution under Section 100A (4) Schedule 12A of the Local Government Act 1972 that the press and public be excluded from the meeting on the basis that if they were present during the business to be transacted there would be a likelihood of disclosure of exempt information, as defined under the terms of the Act.

If there are members of the public and press listening to the open part of the meeting, then the Democratic Services Officer will, at the appropriate time, ask Participants to leave the meeting when any exempt or confidential information is about to be discussed.

## 8. **Recording of Meetings**

The Council supports the principles of openness and transparency. It allows filming, recording and taking photographs at its meetings that are open to the public - providing this is done in a non-disruptive manner. Members of the public may use Facebook and Twitter or other forms of social media to report on proceedings. No filming or recording may take place when the press and public are excluded for that part of the meeting. As a matter of courtesy to the public, anyone wishing to film or record proceedings is asked to provide reasonable notice to the Committee Administrator so that the relevant Chair can inform those present at the start of the meeting.

**Webcasting notice: Please note that this meeting may be filmed for live or subsequent broadcast via the Council's website or YouTube. At the start of the meeting the Chair will confirm if all or part of the meeting is being filmed. You should be aware that the council is a data controller under the Data Protection Act. Data collected during this webcast will be retained in accordance with the council's policy. Therefore, by entering the meeting room or joining remotely, you are consenting to being filmed and to the possible use of those images and sound recordings for webcasting and/or training purposes. If members of the public do not wish to have their image captured they should ask the committee clerk, who will advise where to sit or participate in the meeting. If you have any queries regarding this, please contact the Committee Manager for the meeting.**

A copy of the Council's Recording of Meetings Protocol is available from the Committee Administrator for the meeting.



## Pensions Board

Minutes of a meeting of the Pensions Board held virtually via Microsoft Teams on Friday 8 April 2022 at 10:00 am.

**Present:**

Cllr A Hills (Chair), Mr N Behan, Mr A White and Mr R Bryant

**Officers Present:**

Mr A Sweet - Funds & Investment Manager, SCC

Mr D Harris - Employer and Communications Manager, Peninsula Pensions

Mr S Morton – Strategy Manager for Pensions Management

Mr N Milne – Governance Specialist

Ms T Brazier – Clerk

**108 Apologies for absence** - Agenda Item 1

Cllr M Healey and Mrs R Ellins were not present.

**109 Declarations of interest** - Agenda Item 2

The Chair noted that there is a standing declaration of interest for all Board members, and there were no new declarations.

**110 Minutes of the Meeting held on 18 February 2022** - Agenda Item 3

The minutes of the meeting held on 18 February 2022 were accepted as being accurate and will be signed by the Chair of the Board.

**111 Public Question Time** - Agenda Item 4

Mr Sigurd Reimers was in attendance but did not pose any questions or make any statements.

**112 Review of Pensions Committee Papers** - Agenda Item 5

The Chair enquired if there would be reorganisation after the LGR; Mr Sweet responded that the only significant change would be amalgamation of the

District Councils' representatives with the County Council's, but there would be no change to the pension fund. The name change to Somerset Council Pension Fund should not cause any issues, as all contracts will novate. What will require engagement is the process to replace SAP as the financial system with MS Dynamics; Claire Druce will be leading on that, and it should be relatively easy as the fund only has approximately 80 revenue codes and 30 balance sheet codes amongst the thousands in the Council overall. Mr Harris observed that Devon Council was going through a similar process, and he has a plan for it; he and Mr Sweet will meet to discuss this. This will remain as a standing item on the Pensions Committee agenda.

With respect to the Brunel budget, the report was signed off at their AGM and all resolutions were passed. They will have a strategic review this year to plan for the next 3-5 years. The investment strategy statement has been signed off but may need further approval; Mr Sweet will ask that all of the Fund's policies be re-approved at the next meeting of the Pensions Committee on 10 June, as it is the first meeting after the elections, and it is anticipated that we will have a number of new members on the Pensions Committee.

The Chair enquired when the shift of 25-30% to non-carbon funds will take place; Mr Sweet replied that he has it on his desk but it is not a priority as performance is unlikely to be impacted, given that oil companies are currently doing well. It will probably take place in the first quarter, but he needs to discuss it with Brunel as regards doing all of the moves required by the change in strategy at one time or separately. With respect to the costs of moving to another fund, these should be limited for the move from standard benchmark to the Climate Transition Benchmark (CTB) for the passive funds, for example; typically there will be trading costs, but not in significant amounts. He noted that movements to other funds don't happen quarterly; the whole point of the strategy statement is for investment funds to sit for 3-5 years without change, with officers choosing when and if to rebalance as necessary. Typically, only 2-3 changes are made per year, and usually for no more than tens of millions. In responding to a question regarding the relative advantages of passive and active investment, he observed that when looking at the performance of any fund, it is necessary to look at long-term figures and not just the current quarter. In responding to questions around the sustainable equity portfolio, he pointed out that this isn't actually currently the lowest carbon portfolio, which is the Global High Alpha portfolio that we are invested in. The difference is that the sustainable equity portfolio will have a lower exposure to businesses that don't specifically contribute to moving to a low-carbon economy but that don't have high-carbon impact themselves. This would reduce our opportunity set without lowering our carbon exposure.

Mr Sweet gave an update on the situation in Ukraine, stating that after the initial invasion he discussed it with Brunel, who attempted to remove Russian and Russian-owned companies from the portfolio as an investment decision under their delegated authority; our exposure was limited to about 3% of the Emerging Market equity fund. Most were sold, but a small number are listed on the Moscow stock exchange, meaning they cannot be sold because of restrictions on Russia. These are now valued at zero in the fund. As Russia is being removed from the Emerging Market fund index, there shouldn't be any impact on relative performance. Brunel underperformed in January-February but did better in March; however, the report on March is not yet available and will probably arrive around 21<sup>st</sup> April. He will send out an email to all Board and Committee members if there are items of interest, as he always does.

Regarding the review of administrative performance, the Chair noted that she, Mrs Ellins, and Mr Harris had held a meeting; Mr Harris stated that there is complete transparency regarding complaints in the performance report but they have not historically included compliments (nor legally been required to do so), but over the last few years staff have been asked to make a record of compliments and log them. There were 81 compliments and 40 complaints through the end of December, with even unsubstantiated complaints included, along with the action taken, and formal appeals are reported on an annual basis. He observed that one big issue from a national perspective is that Prudential's administrative performance has been quite poor, and it is difficult to get information from them, so there have been many complaints, with them having to make a number of compensation payments. He also mentioned that the way of dealing with complaints has been changed to a more people-based approach, i.e., it is more effective to speak with people rather than just send an email. Other matters noted were new regulations on the transfer-out process and on providing awareness of risks for users; we have pledged to do everything possible to prevent pension fraud in a joined-up approach with other pension funds. He added that he has produced a glossary for the Pensions Board and can circulate it.

The Chair asked to know how much time is required to complete each action in the process; Mr Harris responded that it varies, and that although there are time estimates in the training notes, that refers to the total time encompassed by the many different teams who are involved. Mr White enquired who sets the targets, as the time needed could seriously impact someone retiring who has no savings; Mr Harris replied that this is set forth in the "Disclosure of Information and Regulations 2013" which appears in summarised fashion on the website. Timelines depend on the time spent waiting for information from various places like Prudential, and we are not always notified about

leavers until shortly before the date and therefore can't prepare in advance due to changes which may possibly occur, such as pay increases. Although there may be delays in receiving the first pension payment because of needing to wait for the next pay period, the lump sum is received very quickly after the forms are completed, usually within 3-5 working days. It is being studied whether the first pension payment could be paid immediately on any date of the month.

With respect to staff leaving and how many are, Mr Harris advised that there is not much turnover but there are difficulties in recruiting; it was noted that although public sector salaries are lower than in the private sector, during the pandemic public sector workers continued to be paid, had the possibility of working from home, had a better work-life balance and a higher allocation of holidays, and the great value of a defined-benefit pension scheme.

The Chair enquired if an employers' meeting is scheduled for once a year in the business plan; Mr Sweet replied that Peninsula has more frequent meetings, with any meeting being about actuarial work. He said there will be one later this year around Christmas, when the necessary numbers will be available, after a two-year hiatus due to the pandemic.

The Chair suggested that employers should be advised to let Mr Harris know as soon as possible when an employee plans to retire; he replied that there is a monthly newsletter and other meetings where this issue is emphasised. Employers have been canvassed and most desire remote meetings; small, focused workshops will also be held on specific topics such as the appeals process. The Employer Communications team also works with employer to get out information.

The Board reviewed and discussed the Committee papers.

### **113 Review of Pension Fund Risk Register - Agenda Item 6**

Mr Sweet observed that this has not changed since the last meeting of the Board. The Board suggested the following risks: training needs, administrative needs, failing to pay in a prompt manner, and cost of living issues. Mr Sweet said that most of these issues are already covered in the risk register, so there is no need to adjust the document. With respect to the cost of living, a 1.7% pay rise has just been received which was effective 1<sup>st</sup> April 2021; it is unknown when the 2022 pay rise will be received or even negotiated. There is ongoing tension with the tight labour market, and the public sector struggles to recruit generally; therefore, it is possible that a more relaxed (favourable) view toward pay increases may be taken in order to ensure staffing. Mr Behan

stated that the unitary council will probably lead to many complex exceptions in hiring and retention allowances, while Mr Sweet said there may be a Council-wide re-grade and harmonisation of terms and conditions. Mr Harris observed that risks have been reduced from 30 years ago, and they are trying to condense the register and work on mitigating controls. The Chair asked that the register be shared with Mrs Ellins and Mr White.

The Board accepted and noted the report.

#### **114 Business Plan Update - Agenda Item 7**

Mr Sweet stated that the Pensions Committee business plan is rather empty at the moment due to uncertainty over Councillor members being re-elected and/or re-appointed to the Pensions Committee. He said there will be a skills gap audit and training towards the end of the year, and someone external may come in to do it; under the regulations, there are specific knowledge and skills requirements for the Board but not for the Committee. The scheme advisory board's good governance review has been done, but they are awaiting the white paper from the Department for Levelling Up Housing and Communities (DLUHC); this is supposed to arrive in summer, but it may be September. It is expected that the paper will wrap up the review and state what may be put into guidance regarding the Task Force on Climate-Related Financial Disclosures (TCFD), carbon disclosures, and local investment; it will be a somewhat unfocused white paper that covers quite a lot.

The Chair asked if RESD is still needed in June; Mr Sweet responded that it is, in order to discuss what is now in place; pending receipt of the white paper, Brunel may simply use best practice. An audit will be carried out, and the training will be based on that. Historically, take-up has been muted, so attendance will not be rationed; he is happy to book the Chair and Mr Bryant on the conference, as the cost will not be excessive.

ESG is in the business plan for summer, with the annual report due in October. The Chair noted with respect to ESG that she works with Nikki Brain, Resilience Officer from Frome Town Council, and asked if she could be invited to the July meeting of the Board; Mr Sweet said that he could discuss it with the SCC Resilience Officer, as it may be best to restrict participation to County and/or District Resilience Officers. The Chair advised that she would still like to invite Ms Brain.

With respect to the resources review, much is formulated around best practice; Mr Sweet refers to it as a financial forecast rather than a budget and reviews it quarterly, with recurring pensions being the easiest part to forecast.

The fund should continue to be cash positive next year, contributions should increase more than payments, and deficit reduction payments will increase in line with the plan to be deficit-free by 2038.

Regarding cash management strategy, which refers to where cash is placed, this is externally managed, with it being asked every year if this continues to be favoured as a matter of good governance. A treasury management strategy is approved by full Council every year; this is the equivalent for the Pension Fund and is a transparency issue.

The Chair noted regarding TORs that a few tweaks are needed with respect to quorate meetings and elected vs co-opted members.

The Board noted the update.

#### **115 Any Other Business of Urgency – Agenda Item 8**

Mr Harris announced that this is his last Pensions Board meeting, as he will be moving to another position, and there will be a replacement for his current role.

Mr Milne noted that the next scheduled meeting will take place on 8 July 2022; it might be at County Hall, as the full Council meeting on 25 May will make a decision on whether meetings will continue to be held virtually or return to in-person. The Clerk of the Pensions Board and Committee (T Brazier) will keep all members advised of the decision.

There will be a series of training sessions for new Councillors; the session for the Pensions Committee will be held on 27 May 2022. The same material will be used as in the previous training already provided to Board members. Appointments to committees will be discussed at the full Council meeting, although some may not be made until after the meeting. The question of whom will be appointed to any particular committee will depend on the majority party or a potential 'hung' Council, and it is very complicated. One thing that is known is that members of the Pensions Committee should not have executive roles. The Chair enquired if the Board could provide guidance on what skills and knowledge are needed to sit on the Pensions Committee; Mr Sweet said that any Councillor would be taken and any potential skills gap dealt with, as in his opinion it was better to have someone with a keen interest rather than someone experienced who is not as interested.

The Chair thanked all those present for attending and closed the meeting. The

(Pensions Advisory Board 8.4.2022)

date of the next meeting will be 8 July 2022.

(The meeting ended at 11:40 am)

**Mrs A Hills, The Chair**

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## **Review of Pension Fund Risk Register**

<i>Lead Officer:</i>	Jason Vaughan: Director of Finance
<i>Author:</i>	Anton Sweet: Funds and Investments Manager
<i>Contact Details:</i>	(01823) 359584 <a href="mailto:asweet@somerset.gov.uk">asweet@somerset.gov.uk</a>
<i>Executive Portfolio Holder:</i>	Not applicable
<i>Division and Local Member:</i>	Not applicable

### **1. Summary**

- 1.1 In response to CIPFA guidance recommending the adoption and monitoring of a risk register for LGPS funds the Pension Board have requested that a review of the risk register is a standing item on the agenda for each meeting.

### **2. Issues for consideration**

- 2.1 To monitor the risks contained on the risk register.

### **3. Changes since last meeting**

- 3.1 There have been no changes to the risk register since the last meeting of the Pension Board.

### **4. Background**

- 4.1 Risk management is central to the management of the Pension Fund as reflected by the coverage of risk in key documents such as the Funding Strategy Statement and the Statement of Investment Principals. The risk register allows for consideration of all of the fund's risks in a single document.
- 4.2 Guidance issued by CIPFA on the application of the Myner's Principles in the LGPS in 2010 indicated that the creation and adoption by Pensions Committees of a risk register was best practice.
- 4.3 The current risk register is attached as appendix A and has been prepared using the Somerset County Council risk framework and scoring methodology.

### **5. Consultations undertaken**

None

## **6. Financial Implications**

6.1 No direct implications

## **7. Background Papers**

None

**Note** For sight of individual background papers please contact the report author.

## Somerset County Council Pension Fund Risk Register - July 2022

1. Risk Ref No: 2. Senior Risk Owner:	Description of Risk	Control measures already in place	Current Risk Score (with known controls)		Combined score	Additional mitigating actions/control measures planned to achieve target score	Target Risk score		Additional Control measure owner	Target Date	commentary following review, inc. date	Additional Information and explanation
			L	I			L	I				
1. PF - Gov 1 2. Pensions Committee	Failure of Pensions Committee to manage the fund effectively, particularly as a result of insufficient knowledge and skills	Policies and procedures adopted by pensions committee, specifically the committee training policy	3	4	12	Undertake a review of Committee Knowledge and Skills  Ensure Pension Board vacancies are filled and regular meetings take place to provide additional review of Committee decisions	2	4	8	Anton sweet	on-going with quarterly review	Current score is influenced by the collective experience and consistency of the Pensions Committee, which has had a number of changes over the last 4 years.
1. PF - Gov 2 2. Pensions Committee	Risk of Regulatory change: - Implementation of change risks - Consequences of change risks	Continuous engagement with MHCLG and other interested stakeholders	4	3	12		4	3	12		on-going with quarterly review	Current score reduced from 15 as inception of pooling is no longer a high risk  The frequency of new regulation and the relatively new role of the Pensions Regulator are also factors.
1. PF - Inv1 2. Anton Sweet	The pension fund has insufficient available cash to meet its immediate (next 6 months) liabilities.	Cash flow forecasting of TM function  Monthly review of asset allocation and cash levels	2	4	8		2	4	8		on-going with quarterly review	
1. PF - Inv2 2. Pensions Committee	The pension fund has insufficient available assets to meet its long term liabilities.	Funding Strategy Statement  Investment Strategy Statement  Regular reporting of current position to Committee	3	5	15	The triennial valuation includes provision for restoring the fund to full funding over 19 years  The current risk score partly reflects that the fund was 86% funded at the last valuation. An improvement in the funding level will reduce the likelihood of the risk occurring at some point in the future	2	5	10		Review again at next Valuation - 2022	This risk encapsulates the purpose of the fund in trying to always have sufficient assets to meet uncertain future liabilities with a pool of assets with uncertain future investment performance  There is also the need to balance the funding needs of the fund with the desire to keep contributions as low and constant as possible

## Somerset County Council Pension Fund Risk Register - July 2022

1. Risk Ref No: 2. Senior Risk Owner:	Description of Risk	Control measures already in place	Current Risk Score (with known controls)		Combined score	Additional mitigating actions/control measures planned to achieve target score	Target Risk score		combined score	Additional Control measure owner	Target Date	commentary following review, inc. date	Additional Information and explanation
			L	I			L	I					
1. PF - Inv3 2. Pensions Committee	Under performance of pension investments due to ESG factors, including climate change.	ESG Policy within Investment Strategy Statement requiring ESG factors to be considered in all investment decisions.	2	4	8		2	4	8		on-going with quarterly review		Moving all assets to the management of Brunel, which has a greater focus on ESG and climate change than the majority of our legacy investment managers, has considerably improved our management of these risks.  Additional provision within the ISS will be considered as part of planned review in 2021.
1. PF - Inv4 2. Pensions Committee	Failure of Brunel to deliver either Fee savings or investment performance	Representation on the Brunel Client Group and Oversight Board	2	4	8		2	4	8		on-going with quarterly review		
1. PF - Inv5 2. Anton Sweet	Insolvency of the fund's Global Custodian	Fund's assets held in client accounts not as assets of the custodian  Additional oversight of custodian provided by Brunel for the assets they manage  Review of credit worthiness and inherent business risk of custodian at tender phase	2	4	8		2	4	8		on-going with quarterly review		The designation of the fund's assets as client assets ensures that they cannot be appropriated by creditors of the Custodian bank in the case of that entity going into administration. As a result we should be able to recover substantially all of the assets of the fund held in custody but there would be considerable administrative and liquidity disruption.

## Somerset County Council Pension Fund Risk Register - July 2022

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			L	I			L	I					
1. PF - Admin1 2. Stephen Morton	Failure of Benefits Administration to perform their tasks, specifically leading to incorrect or untimely benefits payment.	Regular reporting to Committee  Internal processes and procedures  Regular review by Internal and External audit	2	3	6		2	3	6		on-going with quarterly review		The greater resilience gained from the Peninsula Pensions shaed service has been balanced by greater complexity coming into the sceme benefits.
1. PF - Admin2 2. Stephen Morton	Legal challenge to fund, particularly in respect of the payment of pension benefits	Internal processes and procedures  Regular review by Internal and External audit	3	3	9	Receipt of revised regulations in respect of the exit cap, McCloud and Goodwin	2	3	6		on-going with quarterly review		The introduction and then revocation of the exit payment regulations has significantly increased the short term risk of legal challenge
1. PF - Admin3 2. Stephen Morton	Fraud, corruption, or error either within investment assets or benefits administration	Internal controls and processes  Regular review of controls, processes and outputs by internal and external audit	2	4	8		2	4	8		on-going with quarterly review		Brunel provides an extra layer of scrutiny and control with respect to the activities of external fund managers and related third parties
1. PF - Admin4 2. Stephen Morton	The insolvency of an employer places additional liabilities on the fund and ultimately the remaining employers.	Admission agreements  Guarantee bonds or other similar security	2	3	6		2	3	6		on-going with quarterly review		To ensure the on-going suitability of the guarantees in place a review should be undertaken after each formal valuation.  Review of guarentee bonds currently underway, September 2020

## Somerset County Council Pension Fund Risk Register - July 2022

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			L	I			L	I					
1. PF - Admin5 2. SCC Section 151 Officer  Page 22	Vulnerability to long-term staff sickness and staff turn-over, especially for higher graded posts.	None, other than experience of other staff within the sections	2	3	6		2	3	6		on-going with quarterly review		Size and depth of staff resources at Peninsula Pensions helps to mitigate the risk  Brunel provides some extra mitigation with respect to investment asset management  Additional use of consultants and advisors could be used to manage loss of internal staff
1. PF - Admin6 2. SCC Section 151 Officer	Resilience of IT including a breach of cyber security	SCC and DCC internal IT security measures  Additional cyber security and resilience provided by hosting of benefits administration database and investment accounting database by outside parties	2	4	8		2	4	8		on-going with quarterly review		
1. PF - Admin7 2. SCC Section 151 Officer	Impact of COVID-19 crisis	Staff of Peninsula Pensions and SCC finance are working remotely without significant impact on performance. There are possible knock on consequences for other risks on the risk register	3	2	6		3	2	6		on-going with quarterly review		Added as per Committee request at June 2020 meeting.

## **Business Plan Update**

<i>Lead Officer:</i>	Jason Vaughan: Director of Finance
<i>Author:</i>	Anton Sweet: Funds and Investments Manager
<i>Contact Details:</i>	(01823) 359584 <a href="mailto:asweet@somerset.gov.uk">asweet@somerset.gov.uk</a>
<i>Executive Portfolio Holder:</i>	Not applicable
<i>Division and Local Member:</i>	Not applicable

### **1. Summary**

- 1.1 To update the Board's forward work-plan and agree topics for consideration at future meetings.

### **2. Issues for consideration**

- 2.1 Board dates for 2022 have been agreed with a general pattern of Board meetings taking place 1 month after Pensions Committee meetings.
- 2.2 The Board should indicate what they would like to consider at meetings during 2022 beyond standard items.

### **3. Background**

- 3.1 To help manage the workload of the Board and allow officers to properly plan for and produce the necessary papers it is a practical necessity for the Board to adopt and populate a work-plan.

### **4. Consultations undertaken**

None

### **5. Financial Implications**

None

### **6. Background Papers**

None

**Note** For sight of individual background papers please contact the report author.

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## SOMERSET COUNTY COUNCIL PENSION FUND

## PENSION BOARD

## MEETING WORKPLAN - 2022 to 2023

Date	Proposed Items of Business	Lead Officer
<b>14th October 22</b>	<p><b><u>FORMAL MEETING</u></b></p> <p><b>1. Business Plan Update</b> To consider progress against the Board's approved work-plan.</p> <p><b>2. Review of Pension Fund Risk Register</b> To review the risks within the fund and form an appropriate risk register for the fund.</p> <p><b>3. Review of Pensions Committee papers</b> To consider the most recent pensions committee papers and any arising matters.</p> <p><b>4. Review of ESG Investing Arrangements</b> To consider the arrangements in place to ensure all investing meets ESG best practice.</p>	<p><b>AS</b></p> <p><b>AS</b></p> <p><b>AS</b></p> <p><b>AS</b></p>
<b>20th January 23</b>	<p><b><u>FORMAL MEETING</u></b></p> <p><b>1. Business Plan Update</b> To consider progress against the Board's approved work-plan.</p> <p><b>2. Review of Pension Fund Risk Register</b> To review the risks within the fund and form an appropriate risk register for the fund.</p> <p><b>3. Review of Pensions Committee papers</b> To consider the most recent pensions committee papers and any arising matters</p> <p><b>4. Review of Investment Performance Reporting</b> To consider how investment performance is reported and reviewed.</p>	<p><b>AS</b></p> <p><b>AS</b></p> <p><b>AS</b></p> <p><b>AS</b></p>

## SOMERSET COUNTY COUNCIL PENSION FUND

## PENSION BOARD

## MEETING WORKPLAN - 2022 to 2023

Date	Proposed Items of Business	Lead Officer
TBC April 2023	<p><b><u>FORMAL MEETING</u></b></p> <p><b>1. Business Plan Update</b> To consider progress against the Board's approved work-plan.</p> <p><b>2. Review of Pension Fund Risk Register</b> To review the risks within the fund and form an appropriate risk register for the fund.</p> <p><b>3. Review of Pensions Committee papers</b> To consider the most recent pensions committee papers and any arising matters.</p>	<p>AS</p> <p>AS</p> <p>AS</p>
TBC July 2023	<p><b><u>FORMAL MEETING</u></b></p> <p><b>1. Business Plan Update</b> To consider progress against the Board's approved work-plan.</p> <p><b>2. Review of Pension Fund Risk Register</b> To review the risks within the fund and form an appropriate risk register for the fund.</p> <p><b>3. Review of Pensions Committee papers</b> To consider the most recent pensions committee papers and any arising matters.</p> <p><b>4. Review of ESG Investing Arrangements</b> To consider the arrangements in place to ensure all investing meets ESG best practice.</p>	<p>AS</p> <p>AS</p> <p>AS</p> <p>AS</p>