



PENSION FUND BOARD

Friday, 17 January 2025

10.00 am

**Council Chamber, Council Offices, Cannards
Grave Road, Shepton Mallet BA4 5BT**

SUPPLEMENT TO THE AGENDA

To: The members of the Pension Fund Board

We are now able to enclose the following information which was unavailable when the agenda was published:

Agenda Item 2 Minutes from the Previous Meeting (To follow) (Pages 3 - 6)

To approve the minutes from the previous meeting.

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Minutes of Pension Fund Board held

Friday, 4 October 2024 At 10.00 Am

Sedgemoor Room, Bridgwater House, King Square, Bridgwater, Ta6 3ar

To: The members of the Pension Fund Board

Chair: Anne Hills

Councillor Simon Carswell

Rod Bryant

1 Apologies for Absence

Allison Wyatt.

Antony White

2 Declarations of Interest

The following declarations were made:

Nigel Behan - Member of the Local Government Pension Scheme

Rod Bryant - Recipient of the Local Government Pension

Antony White - Member of the Local Government Pension Scheme

3 Minutes from the Previous Meeting (to follow)

The minutes from the previous meeting held on 21 June 2024 would be discussed at the meeting held on 17 January 2025.

4 Public Question Time

There were none.

5 Review of Pension Fund Committee's Papers

The Board received a summary of the Pension Committee meeting held on the 13th September 2024, with updates, and the following points were highlighted:

Investment

- The fund returned 1.3% for the quarter, aligning with the actuary's requirements despite market volatility.

- The benchmark for the quarter ending in September was 1.2%, indicating similar

performance.

- The relevant period for evaluation was from January 1st to June 30th, with data averaged over this time. Significant market events within this period would be considered in the evaluation, as historically, past events like the Russia-Ukraine conflict impacted market performance.
- Actuarial Evaluations were conducted every three years, with the option for additional evaluations if significant changes occurred.

It was confirmed by the Communications Strategic Lead that the actuary would join them at their employer meeting in November to talk to them about the importance of having clean data and receiving it in a timely manner in order to expedite matters.

Administration

The Peninsula Pensions Communications Strategic Lead updated the Board on the Pension Committee meeting held on 13th September 2024 and highlighted:

- The team achieved 91% of their target and 96% on high-priority cases for the quarter ending June 30th.
- They received 27 compliments, with detailed performance breakdowns provided in Appendix A.
- In the papers there was a graph which showed the monthly trend and analysis of high, medium, and low-priority cases since June 2022.
- There was a detailed breakdown on the performance of the Somerset Fund on page 44.
- Appendix B highlighted the long-term performance from July 1, 2023, to June 30, 2024.
- The bottom chart showed tasks awaiting action and those pending information from third parties.
- Appendix C showed an increase in demand over the past 12 months compared to the previous year.
- Initiatives like "Pay Your Pension Some Attention" increased workload, with significant engagement during Pension Awareness Week and there were plans to continue and expand these initiatives annually, with more employer engagement.
- The committee requested a breakdown of transfer values paid out, highlighting the risk of scams.
- Links to additional information on TPR data quality scores had been provided to show the differences between common and scheme specific data
- The cybersecurity meeting had taken place.

The Funds & Investment Manager went on to update the Committee on the Workplan Business Plan and highlighted

- The audit was nearly complete, with the findings paper expected to be presented at the next Audit Committee meeting in October.
- The Funds & Investment Manager had circulated to the Committee his submission of the government's latest consultation to HM Treasury last week.
- That there was a meeting with Brunell Group Funds Civil Servants They indicated that there was likely to be an update from Government in the Autumn and likely to be high level initial responses and the more substantive response were likely to be in the spring.
- The government was keen on further consolidation of pension funds, but no decisions had been made yet.
- Review of the investment strategy statement (ISS) was able to take place at any time now and regulations stated it should be done every 3 years at least. The last version was signed off in March 2022.
- It was confirmed that Somerset Council makes up about 60% of the Local Government Pension Fund (LGPS).
- The cohort of voluntary redundancy was discussed and it was confirmed that they took their immediate benefits and the amount of transfer values which have been paid out was ahead of budget.
- It was confirmed that if a member opts for maximum commutation and reduced pension, it did not affect part of the benefits.

6 Review of Pension Fund Risk Register

The Funds & Investment Manager presented his report and highlighted that there had been some minor changes in the risk register, namely:

The "Commentary following review" column has been removed. Any relevant points post review can be picked up in the "Additional information" column.

A mitigation had been added to risk PF Admin 5, the vulnerability to staffing issues. The staffing resource offered to the fund was being reviewed as part of the wider Somerset Council staffing structure review.

There would be a further update on this in January as, there had only been a partial reveal to date which showed which teams would report into which director but there would be a wider reveal on 24th October, which would then start the formal consultation process with unions and individual staff.

There were risks around cybersecurity and data security and the target score for that needed to be increased as AI (Artificial Intelligence) brought its own issues. Everything possible had been done to mitigate this risk.

Somerset Council risk methodology had been updated and this would be brought back to the committee as to whether to adopt it or not.

7 Business Plan Update

The Funds & Investment Manager gave an update and highlighted:

- There was no unusual element of business on the update.
- That the review of the investment strategy statement should rather be discussed at the meeting in April as it was unlikely that it would be ready for January.

8 Pension Fund Annual Report 2023/2024

The Funds & Investments Manager went through the report and highlighted:

- There was new statutory guidance issued jointly by DLUHC (Department of Levelling Up Housing and Communities (now MHCLG, Ministry of Housing Communities and Local Government), CIPFA (Chartered Institute of Public Finance and Accountancy) and the LGPS (Local Government Pension Scheme) collectively who advised that funds should be adopted on a best efforts basis and the Officers have done that. The Funds & Investment Manager may employ a consultant next year as they were already contracted and it was simpler to do a gap analysis.
- The audit was not completed yet and the external auditors would not provide their formal audit opinion on the Pension Funds accounts until they were finished on the Somerset Council accounts.
- There was new Legislation which said that audit must be finished by 28 February and the Board would get an opinion at that point.

Cllr Anne Hills proposed to approve the Annual Report with a dispensation for the Chair to approve minor amendments which was duly seconded by Cllr Simon Carswell.

Vote: Unanimous

Resolved

Having been duly proposed and seconded the Pension Fund Board adopted the Annual Report with a dispensation for the Chair to approve minor amendments.

9 Any other business of urgency

That a new Chair be appointed.

Resolved

Having been duly proposed and seconded the Pension Fund Board reappointed Cllr Anne Hills as Chair until October 2026.

Vote: Unanimous