

Minutes of a Meeting of the Pension Fund Board held in the Luttrell Room - County Hall, Taunton TA1 4DY, on Friday, 6 October 2023 at 10.00 am

Present:

Cllr Simon Carswell
Nigel Behan
Cllr Anne Hills

Rod Bryant
Rachel Ellins
Antony White

In attendance:

Cllr Simon Coles

Other Members present remotely:

Cllr Michael Dunk
Cllr Dave Mansell

Cllr Liz Leyshon

11 Apologies for Absence - Agenda Item 1

None.

12 Minutes from the Previous Meeting - Agenda Item 2

Resolved that the minutes of the Pension Fund Board held on 28 April 2023 be confirmed as a correct record.

13 Declarations of Interest - Agenda Item 3

The following declarations were made:

Nigel Behan	-	Member of the Local Government Pension Scheme
Rod Bryant	-	Recipient of the Local Government Pension Scheme
Cllr Simon Carswell	-	Recipient of a Local Government Pension Scheme

Rachel Ellins	-	Member of the Local Government Pension Scheme
Antony White	-	Member of the Local Government Pension Scheme
Cllr Simon Coles	-	Member of Somerset Council

14 Election of a Chair of the Pension Fund Board - Agenda Item 4

With no other nominations, Cllr Anne Hills was re-elected as Chair of the Pension Fund Board for the next 12 months.

15 Public Question Time - Agenda Item 5

The following question was put to the Board by Mr Sigurd Reimers:

I am very pleased that David Vickers, Chief Investment Officer at Brunel Pension Partnership, is attending the meeting of Somerset Pension Fund Board, as my question relates to both organizations.

The International Energy Authority has for long been warning about the need to stop extracting fossil fuels now. Last week the IEA reminded us that the path to limiting global warming to 1.5 °C has narrowed further, and that the alternative needs to be clean energy growth.

Coupled with the dangers to the environment from continuing to invest in fossil fuels is the added danger from the financial value of these investments suddenly collapsing - the so-called Minsky moment. This is all the more likely to happen when investment managers follow outdated and over-optimistic climate models that are not in line with what most climate scientists are predicting when it comes to global heating.

If such a scenario were to be triggered in relation to the investments in an oil or gas company by Brunel Pension Partnership or Somerset Council's Pension Fund Committee, who would ultimately be responsible for any financial losses incurred? What part does our Pension Fund Board play in examining this possibility?

Whilst a full written response would be given it was explained that there was a financial risk in every investment the fund made. If the investments collectively produced lower returns than anticipated then ultimately any shortfall was made up by fund employers through additional contributions.

The regulations stated that the role of the Board was to assist the Administration

Authority to secure compliance with the LGPS regulations. To do this, the Board will; assist the Administration Authority by making recommendations about compliance, process and governance. The Board's role was to have oversight of the governance process for making decisions and agreeing policy.

Mr David Vickers commented that Brunel had Environmental, Social, and Governance (ESG) embedded in everything did. Even before it was popular or commercial, not least because the Environment Agency was one of their 10 founding clients. All of their managers embed ESG considerations into their stock selection at every single level, The other thing to note was that they had a responsible investment policy and a climate policy. They had signed a pledge to hit net zero and his Chief Responsible Officer was also the chair of the IGCC which was the Intergovernmental Panel on Climate Change. It was something they took seriously and it was embedded in every single stock they bought.

16 Brunel Chief Investment Officer - Agenda Item 6

David Vickers introduced himself and in response to questions explained:

- They only tended to provide single word descriptors for investment risk to avoid confusing their target audience. He believed that volatility was not relevant, particularly in an open scheme, as it was only a measure of how much things went up and down.
- Whilst Brunel had set up a broad set of investment portfolios to suit everyone's requirements there was the option to set up new bespoke portfolios but at a cost.
- The next 3 yearly review of their Investment Strategy would be in March 2025.
- In selecting fund managers they looked for those with a good track record.

The Chair thanked him for his attendance.

17 Review of Pensions Committee Papers - Agenda Item 7

The Board received a summary of the Pension Committee meeting on the 15 September 2023, with updates, and the following points were highlighted:

- Whilst they were behind on the Actuaries projections the position was unlikely to slip.
- Peninsula Pensions:
 - After a recruitment process, were now fully resourced.
 - They would be meeting with all the employers in November and would be circulating their draft Administration Strategy to both the Committee

and the Board.

- They were developing a reporting tool, with a go live date of April 2024, which they would be sharing with Committees and boards.
- The new version of their members self-service portal would include a financial planner and they would provide the Board with more information on this and the development of the national pension dashboard at the next meeting.
- They would see if they could provide a quarterly breakdown of the complaint figures e.g. types and outcomes.
- The Committee had adopted the Somerset Council Pension Fund Funding Strategy Statement.

18 Review of Pension Fund Risk Register - Agenda Item 8

The Board noted that there had been no changes made to the Risk Register.

19 Business Plan Update - Agenda Item 9

The Board was advised that the Administration Strategy would be available for the next meeting.

20 Any Other Business of Urgency - Agenda Item 10

None.

(The meeting ended at 12.02 pm)

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CHAIR