

Minutes of a Meeting of the Pension Fund Committee held in the John Meikle Room,  
The Deane House, Belvedere Road, Taunton TA1 1HE, on Friday, 15 March 2024 at  
10.00 am

**Present:**

Chair: Councillor Simon Coles

Councillor John Cook- Woodman

Councillor Michael Dunk

Councillor Habib Farbahi

Councillor Mike Hewitson

Councillor Peter Seib

Paul Butler

Avon & Somerset Police

**Present remotely:**

Sarah Williams

Rachel Lamb

Shirley Cuthbert

Caroline Burton

Stephen Morton

Councillor Liz Leyshon

Councillor Andy Kendall

Peninsula Pensions

Peninsula Pensions

Independent Advisor

Non-Committee Member

**41 Apologies for Absence** - Agenda Item 1

Apologies were received from Councillor David Fothergill.

**42 Declarations of Interest** - Agenda Item 2

There were none.

**43 Minutes from the Previous Meeting** - Agenda Item 3

The minutes of the previous meeting held on 15 December 2023 were proposed by Councillor Michael Dunk and seconded by Councillor Habib Farbahi and were agreed as an accurate record of the meeting.

#### **44 Public Question Time - Agenda Item 4**

Sigurd Reimers made a statement about climate change, from the minutes of the previous meeting, which was reflected on the risk register, namely, the risk of underperformance of pension investments due to ESG factors. He pointed out that some of the investments of the Fund contribute to climate change through tier operations.

The committee considered the statement and it was confirmed that the Committee had a stated ambition for the operations of all investments to be net zero by 2040.

#### **45 Independent Investment Advisor's report - Agenda Item 5**

The Independent Investment Advisor gave an update on Brunel's performance over the various equities.

After deliberations surrounding where best to make investments the Pension Fund Committee noted the report.

#### **46 Review of Investment performance - Agenda Item 6**

The Funds & Investments Manager presented the report and highlighted:

- It was a strong quarter for investment returns.
- The overall performance was slightly below the benchmark of 5%. This was due to the underperformance in the private equity area and on the Global High Alpha Fund, which is the Fund's largest exposure.
- In 2023 the investment return was 11.6% and this year progress was made back towards the target line.
- Investment in private equity, Neuberger Berman, is down for this quarter. Private equity was a higher risk. A close eye would be kept on this.

The Pension Fund Committee noted the report.

#### **47 Review of administration performance - Agenda Item 7**

The Head of Peninsula Pensions presented her report on Administrative Performance

and highlighted:

- The report related to quarter 3, September 2023 to December 2023.
- The overall performance was 1% higher than the previous quarter and 2% higher than quarter one. This was positive for high priority procedures which included retirements and pension benefits for survivors.
- There were 26 compliments from scheme members and only 8 complaints, but some of the complaints were questions. The website portal would be tweaked to avoid this mistake.
- As at 31st December 2023 there was 4171 remaining pieces of work to action and after awaiting replies on some there were only 1718 pieces of work to actually action.
- The team was still working on McCloud, it was not straightforward and was a big task but they did have a project team working on it, the Technical National Group Local Government Group. Constant updates can be provided.
- There is still a full compliment of staff but one handed in their notice yesterday.

The Pension Fund Committee noted the report and actions being undertaken by officers to ensure compliance and best practice.

#### **48 Business plan update - Agenda Item 8**

The Funds & Investments Manager updated the committee on progress on and amendments to the Committee's business plan as well as developments on LGPS in general. He highlighted:

- There would be fresh guidance on what had to be included in the pension financial report. This would most likely be to report on how much is invested in the UK.
- The 22/23 audit of the pension fund was complete and was signed off at the Audit Committee in January. Audit opinions have been published in the correct way and circulated as necessary and is complete.
- Interim work on 23/24 audit had been started and the formal audit plan from Grant Thornton was going to Audit Committee in two weeks' time.
- The committee and board needed to meet informally to discuss building towards a new investment strategy statement.
- No new regulations have been released by Government with respect to their consultation on LGPS: Next Steps on Investment.

The Pension Fund Committee noted the progress on the business plan.

#### **49 Finance and membership statistics update - Agenda Item 9**

The Funds & Investments Manager presented the report and highlighted:

- The team was doing their best to navigate using a new system and as such the numbers presented on the Q3 financial outcome should be viewed with caution.
- There were 3 IT issues, one of which was largely closed, one of which was expected to be closed in the next week and one which had to be referred back to Microsoft.

The Pension Fund Committee considered the finance and membership statistics update and noted the report.

#### **50 Review of pension fund risk register - Agenda Item 10**

The Funds & Investments Manager presented the report and mentioned that there had been no changes in the risk registers since the last committee meeting.

The Pension Fund Committee noted the report.

#### **51 Administration strategy statement - Agenda Item 11**

The Head of Peninsula Pensions presented the report and highlighted:

- Some amendments to the existing strategy were being considered, namely:
  - The scheme would like to impose a fine for employers who did not engage with them as they were not providing their members or ex-employees with the best service that they could.
  - To charge for constantly having to chase employers so that they will be prompted to contact the scheme.
  - A communication policy to be added on how they communicate with members which would be more detailed and more clearly outlined. This would include the introduction of small audits on individual employers and their responsibilities so that they could check underperformance.

Councillor Simon Coles proposed the noting of the report and the delegation of the decision to adopt the new strategy to the Chair to allow further review by the Pension Board, which was seconded by Councillor Mike Hewitson.

Councillor Michael Dunk abstained.

Having been duly proposed and seconded the Pension Fund Committee **RESOLVED** to agree the report and for the new strategy to be referred to the Pension Board for consideration and thereafter delegating the decision to be formally adopted by the Chair.

## 52 Resource review, financial forecast setting and committee objective setting - Agenda Item 12

The Funds & Investments Manager presented the report and highlighted:

- The proposed projection of contributions for the 23/24 financial year was less than the current year. With an increase in pensions in payment forecast it is likely that assets would need to be sold to cover the cash flow shortfall.
- The fact that the contribution towards the pension fund decreased as the number of employees at the Council decreased did not impact on the Council's rate of contributions. This could be further discussed at a scrutiny meeting or with Audit Committee.
- The transfer values received amount had been reduced.
- Investment management expenses had increased somewhat due mainly to inflation.
- It was suggested to continue to adopt the absolute return target of 4.6%, as it was aligned with the actuary's assumption.
- It was noted that both work and resources currently within the corporate accounting team of Somerset Council relating to Pension Fund accounting would be moving to the Investments Team from 1st April and a further post was being added to ensure this area had sufficient resources.
- It was confirmed that the resources committee need to discharge their obligations was being monitored appropriately and managed through the annual work plan and the forward plan of meetings.

Councillor John Cook-Woodman proposed to:

- Note that the Committee were satisfied with the current operation and practice of the financial plan.
- Accept the absolute return target of 4.6% for the investment return of the fund.

This was seconded by Councillor Michael Dunk.

Having been duly proposed and seconded the Pension Fund Committee **RESOLVED** to adopt the financial plan and accept the absolute return target of 4.6% for the investment return of the fund.

## 53 Cash management strategy - Agenda Item 13

The Funds & Investments Manager presented the report, and highlighted:

- Requesting committee to either re-appointment of the in-house team to manage

Sterling Cash balances on a segregated basis or seek to hire an external manager.

- To adopt the strategy and counterparty policy as set out in the document.
- The policy suggested was compared to Somerset Council's Treasury Management Strategy Statement to provide context.

Councillor Simon Coles proposed to accept the proposed cash management strategy and counterparty policy and to reappoint the Investments team of Somerset Council to continue managing the Fund's cash. This was seconded by Councillor Peter Seib and carried unanimously.

Having been duly proposed and seconded the Pension Fund Committee **RESOLVED** to agree the proposed cash management strategy and counterparty policy and to reappoint the Investments team of Somerset Council to continue managing the Fund's cash.

**54 Any other business of urgency - Agenda Item 14**

Councillor Michael dunk asked for clarification on when the communication strategy was going to be reviewed and it was confirmed that it is in the workplan for the meeting in June under the heading fund policies.

**(The meeting ended at 12.36 pm)**

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**CHAIR**