

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, 14 June 2024 at 10.00 am

**Present:**

Cllr Simon Coles (Chair)

Cllr Habib Farbahi

Cllr Peter Seib

Paul Butler

Rod Bryant

Avon & Somerset Police

Pension Fund Board Committee Member

**Other Members present remotely:**

Cllr Michael Dunk

Shirley Cuthbert

Stephen Morton

Cllr Liz Leyson

Peninsula Pensions

Non-Committee Member

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

Apologies were received from Councillors Mike Hewitson and John Cook-Woodman.

Sarah Williams also gave her apologies.

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

There were none.

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

The minutes of the previous meeting held on 15 March 2024 were proposed by Councillor Peter Seib and seconded by Councillor Habib Farbahi and were unanimously agreed as an accurate record of the meeting.

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

There were none.

**59 Independent Investment Advisor's report - Agenda Item 5**

The Independent Investment Advisor, Caroline Burton, was unable to connect online and the Funds & Investment manager commented on the report which she had written and was circulated earlier in the week regarding Brunel's performance over the various equities.

The Funds & Investment manager stated that the report confirmed that the UK was currently at a point of significant uncertainty economically and politically. There were significant changes politically in the world at this stage which may influence the stability of currencies.

The Pension Fund Committee noted the verbal update.

**60 Review of investment performance - Agenda Item 6**

The Funds and Investment Manager presented the report and highlighted:

- The returns for the quarter were very strong at 5.6%.
- The overall performance since the 31st of March had not been good as there was a lot of uncertainty in markets because of:
  - Uncertainty around the future direction of interest rates both in America, Europe and the UK, with the direction of inflation directly impacting rates.
  - Direction of employment statistics which impacted that.
  - Considerable political uncertainty in the world such as the French and United States election campaigns as well as directly with the election campaign in the UK.
- There was a very good return for the year of 13.1%, which was quite strong.

Councillor Simon Coles proposed that, in light of the current Section 151 Officer stepping down, in the interim to assign the Brunel shareholder Representative role to Anton Sweet, Funds and Investment Manager, which was seconded by Councillor Peter Seib.

Having been duly proposed and seconded the Pension Fund Committee **RESOLVED** to agree the report and for Anton Sweet to fill the Brunel Shareholder Representative Role for Somerset, at least until a permanent s151 officer was appointed by

**61 Review of administration performance - Agenda Item 7**

Shirley Cuthbert, Peninsula Pensions presented her report on Administrative Performance and highlighted:

- The reported related to the quarter of 1st of January 2024 to the 31st of March 2024 as well as for the full year of the 2023/2024 financial year which showed an overall performance for both at 91%.
- There were 41 compliments and 14 complaints received in this quarter. The details of the complaints are shown in Appendix 1.
- In this 2023/2024 financial year there were 3,098 remaining pieces of work to action Peninsula Pensions are awaiting further information from either the Scheme member or the employer and these are therefore categorized as “reply due” cases.
- We are currently experiencing an increase in demand compared to this time last year.
- McLeod is moving along slower than anticipated, but Peninsula Pensions are in talks with data providers and part of the reasons for the slowness is because of regulatory requirements and guidance needed from the LGA (Local Government Association and HMRC).
- The report also included the Devon Audit Partnership audit review on cybersecurity which showed that the Pension Fund have now moved to reasonable assurance in all areas.

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

**62 Business plan update - Agenda Item 8**

The Funds & Investments Manager presented his report and updated everyone on the progress since the last report, highlighting that:

- Officers continued to monitor legal and regulatory developments in relation to McCloud, Goodwin, the 95k cap, LGPS and levelling up and other matters.
- With the announcement of the general election on 4th July there was no expectation of Government moving forward on a number of areas where regulation or new guidance was anticipated.

- A request was going to be circulated after the summer to Committee and Board members for availability for a first informal session leading towards a refresh of the Investment Strategy Statement planned for final sign off in March 2025.

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

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

The Funds & Investments Manager advised that there was no financial position provided at this time as the information was still being processed, with the delay being employees training on the new Dynamics system. He did, however, assure everyone he would be able to provide all information needed to the auditors for the year end accounts by the end of June and these would be brought to the September meeting as part of the report.

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

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

The Funds & Investments Manager advised that after discussions at the board meeting in April, at their request, the risk register reflected that there would be an increase in the likelihood score regarding staff resilience. That was the only change. Unfortunately, he could not comment fully until the structure for finance was known at the end of July. He would update the committee then at the September meeting. Therefore, a view could not be taken until then as to whether SC was going to take further action to mitigate this risk.

After deliberations surrounding the risks and namely, cyber security, it was agreed to have a private training session with an officer from Somerset Council and Haywoods. Avon and Somerset Police would attend as well.

Then Pension Fund Committee noted the report.

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

The Funds & Investments Manager noted that the committee had provisionally agreed a draft of the Administration Strategy at their March 2024 meeting, subject to approval of the Pension Board meeting on 12th April. That approval was not forthcoming. Therefore, a subsequent meeting of members of the Pension Board with officers from both Somerset Council and Peninsula Pensions led to a revised draft, which was consulted on with employers and feedback received. The new draft

contained additional wording around how the process of charging penalty fees would be administered making it clear that it was the last resort after a discussion with the employer before any fees were charged.

The payroll manager for Somerset Council, Rachel Ellins, was happy with the draft.

Having been duly proposed by Councillor Peter Seib and seconded by Councillor Habib Farbahi, the Pension Fund Committee **RESOLVED** to adopt the policy.

## **66 Communication policy statement - Agenda Item 12**

The Funds & Investments Manager pointed out that a Communication Strategy Statement was a requirement of the Local Government Pension Scheme (LGPS) Regulations. It had not been revised for some time.

He further advised that a draft for perusal and comments was attached as Appendix 1 and required the Committee to suggest any amendments before it would be considered by the Pension Fund Board and employers consulted. This would then be discussed again at the next meeting of the Pension Committee in September.

The Pension Fund Committee agreed to move forward with further consultations regarding the Communication Strategy Statement and would discuss it again at the next Pension Committee meeting on 13<sup>th</sup> September.

## **67 Response to the Minister's Letter of 15th May 2024 - Agenda Item 13**

The Funds & Investments Manager advised that the letter was included in full as an appendix after this report and he had drafted a response.

He further pointed out that the deadline to respond was 17 July irrespective of who the minister was and that it was encouraged to respond to the letter.

Councillor Peter Seib made a suggestion that the comment "*a further round of expensive consolidation would not be optimal at this stage*", should be changed to read, "*a further round of expensive consolidation would be damaging and would not represent good value for money.*"

The Funds & Investments Manager confirmed that he would further consult the Pension Board about the letter via email and advise of any further changes before finally sending the letter.

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

There were none.

**(The meeting ended at 11.34 am)**

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**CHAIR**