

Minutes of a Meeting of the Pension Fund Board held in the Luttrell Room - County Hall, Taunton TA1 4DY, on Friday, 28 April 2023 at 10.00 am

Present:

Cllr Councillor Anne Hills (Chair)

Cllr Simon Carswell
Nigel Behan
Rachel Ellins (virtually)

Rod Bryant
Anthony White

In attendance:

Anton Sweet
Shirley Cuthbert

Funds & Investment Manager
Peninsula Pensions (virtually)

1 Apologies for Absence - Agenda Item 1

None.

2 Declarations of Interest - Agenda Item 2

Cllr Simon Carswell declared that he was in receipt of a Somerset Council pension.

3 Minutes from the Previous Meeting - Agenda Item 3

Resolved that the minutes of the Somerset Pensions Board held on 20 January 2023 be confirmed as a correct record subject to the replacement of '*variation*' with '*valuation*' in minute no. 139.

4 Public Question Time - Agenda Item 4

No members of the public had registered to speak.

5 Review of Pensions Committee Papers - Agenda Item 5

The Board received a summary of the Pension Committee meeting on the 10 March 2023, with updates, and the following points were highlighted:

- The terms of reference for the new Pension Fund Committee had been agreed and the Committee membership had been increased from 8 to 10.
- The pension fund had been moved from the SAP system to Microsoft 365.
- The reduction in staff due to the formation of the unitary council was unlikely to have an impact on the pension fund.
- Investment performance had been reviewed.
- Admin performance had been reviewed and staff recruitment was a major topic. Peninsula Pensions currently interviewing for 7 vacancies, approximately 10% of their workforce.
- The Communications Strategy was being worked upon.
- Nothing had been received regarding the financial climate related disclosure reporting requirements for local government pension schemes.
- They were still awaiting the outcome of the McCloud case.
- Nothing formal had been received on changes to the pooling guidance or pooling regulations.
- The Annual Employers meeting would now likely be taking place in the Summer or Autumn.
- Whilst Brunel had approved their strategic objectives and budget there was currently an impasse over a proposed new remuneration policy that the majority believed was necessary to overcome their recruitment and retention issues. Consequently, their governance structure and voting requirements was being looked at.

6 Review of Pension Fund Risk Register - Agenda Item 6

The Board was advised that an informal joint session, involving members of both the Board and the Committee, was planned for later in the year to have an in-depth discussion on each risk and to see if the current scoring was appropriate.

In response to concerns raised by the Board it was agreed that tweaks would be made to the following risks:

- **PF - Admin5** – to reflect an increase in likelihood.
- **PF - Inv4** – to reflect the specific recruitment issues that they faced.

7 Business Plan Update - Agenda Item 7

The Board considered their business plan and agreed to add a review of Brunel's new Climate Change Strategy to the July 2023 meeting as it aligned with the already planned review of Brunel's Carbon Metrics Report.

The Chair also reminded everyone that at the October meeting there would be an election of a Chair for the Pension Board, and that after having served for two terms, she would be looking for another member to step up.

8 Review of Funding Strategy Statement - Agenda Item 8

The Board considered the Funding Strategy Statement and in response to questions about the RPI assumption of 3.2% it was explained that whilst inflation was currently running at a much higher rate, they were looking at what was expected over a 20 year period. In response to concerns that it was not just inflation but a succession of issues one after another, and whether there was anything pre-emptive that could be done the Officer confirmed that, as a fund, the only lever that they had was to request a fresh actuarial valuation as at the 31 March 2023 and that would take a year to do.

Whilst Somerset Council could put additional monies into the fund, it was highly unlikely considering the financial pressures that it was under. Cllr Liz Leyshon (Deputy Leader of the Council and Lead Member for Resources and Performance) confirmed that that was a fair summation and that putting more funding into the pension scheme was unlikely to find favour at the current time. The Board was advised that it was probably reasonable to wait until the next valuation.

In respect of the Funding Strategy Statement Members noted that the new proposed methodology would give a more prudent outcome over time and that it would be considered by the Committee before going out to the employers.

9 Review of Investment Performance Calculation and Monitoring - Agenda Item 9

The Board received an overview of investment performance and, after discussing a number of points, felt that it would be helpful to know how the various Brunel funds were performing against each other. They requested that Brunel's General Performance Report to be included within the Pension Board's papers.

10 Any Other Business of Urgency - Agenda Item 10

None.

(The meeting ended at 12.11 pm)

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CHAIR