

Minutes of a Meeting of the Pension Fund Committee held in the Luttrell Room -
County Hall, on Friday, 15 September 2023 at 10.00 am

Present:

Cllr Simon Coles (Chair)

Cllr John Cook-Woodman

Cllr Habib Farbahi

Cllr Michael Dunk

Cllr Peter Seib

In attendance:

Rod Bryant

Other Members present remotely:

Cllr Anne Hills

Cllr Richard Wilkins

Cllr Liz Leyshon

Sarah Williams

15 Apologies for Absence - Agenda Item 1

Apologies were received from Councillor David Fothergill and from Sarah Williams who was attending virtually.

16 Declarations of Interest - Agenda Item 2

The following interests were declared:

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|------------------------|---|---|
| Cllr Simon Coles | - | Member of Somerset Council and his Wife was a member of the Local Government Pension Scheme. |
| Cllr John Cook-Woodman | - | Member of Somerset Council and appointed to the Devon and Somerset Fire and Rescue Service. |
| Cllr Michael Dunk | - | Member of Somerset Council and in receipt of a pension from Bath & North East Somerset Council. |

Cllr Habib Farbahi	-	Member of Somerset Council
Cllr Peter Seib	-	Member of Somerset Council and his Wife was a member of the Local Government Pension Scheme.
Paul Butler	-	Member of Wiltshire Council's Local Government Pension Scheme.
Sarah Williams	-	Member of the Local Government Pension Scheme.
Rod Bryant	-	In receipt of a Somerset Council pension.

17 Minutes from the Previous Meeting - Agenda Item 3

Resolved that the minutes of the Pension Fund Committee held on *INSERT DATE* be confirmed as a correct record.

18 Public Question Time - Agenda Item 4

No members of the public had registered to speak.

19 Independent Investment Advisor's Report - Agenda Item 5

The Independent Investment Advisor gave an update in which she highlighted:

- China, the second largest economy was in something of a mess and that headline performance numbers for Asia were unlikely to be strong.
- Globally equity markets have held up quite well in the face of rising interest rates.
- Interest rates globally may be at, or close to peaks. But are unlikely to fall fast and weakness was starting to show up in some industries and economies. Investors needed to be diligent in their analysis of individual companies.
- Bonds were now offering some value of returns. But their main attraction at the moment was in providing diversification.

20 Review of Investment Performance - Agenda Item 6

The Funds and Investment Manager presented his Investment Performance report and highlighted that:

- Brunel were looking at changing the benchmark used for the UK Equity portfolio, that we had invested in, from the Footsie all share to the FTSE 250. Changing the sector breakdown of that portfolio and effectively reducing gas and oil exposure. This would have little impact of the risk return profile and he did not believe, if a change was proposed, that it should be opposed.
- The Combined Funds performance for the latest quarter was positive at 1.8%

21 Review of Administration Performance - Agenda Item 7

Peninsula Pensions presented their report on Administrative Performance and highlighted:

- Performance for Quarter 1 was 91% (93% for high priority work)
- They had received 15 compliments.
- Looking at a rolling 12 month period there was still a continuing increase in work demand.
- The McCloud remedy was coming into law from 1st October and they had set up a working group to ensure that a correct solution would be in place in time.
- Following a recruitment exercise they were now fully resourced.

22 Business Plan Update - Agenda Item 8

Members received an update and were advise that:

- Peninsula Pensions were working on their Administration Strategy and this would duly be added to the work plan.
- The Pension Fund accounts would be going to the Audit Committee on 28th September.

The Committee then considered the Government's recently launched pension related consultations and focused on the DLUHCs consultation entitled 'LGPS: Next Steps on Investment'. Whilst appreciating that Brunel would be providing a response, members felt that it was important that the Committee also respond.

Asset Pooling – the Government was now suggesting that pools should be of at least £50 million, although the Lead Civil Servant had stated that this was an ambition by 2023. Members were concerned that any change needed to be evidence based and that there would be more costs than benefits to the proposal.

Investments - the Government was proposing that LGPS funds must allocate 5% of their investments to things that contribute towards levelling up, which had still to be defined. They were also proposing that 10% be invested in private equity. The

Committee opposed these proposals, acknowledging that their primary duty was towards the members of the pension scheme.

Reporting – they were also looking at increasing the amount of information that needed to be published increasing the workload and reporting requirements.

The Committee agreed that it was important that the Committee respond to the consultation and requested that the Funds & Investment Manager circulate a draft response for members to consider.

Resolved

To submit a formal response to the Government's 'LGPS: Next Steps on Investment' consultation paper.

23 Finance and Membership Statistics Update - Agenda Item 9

The Committee considered the finance and membership statistics update and noted that for the first time, and to which there were no particular implications, that the scheme had more pensioners than members. They were also advised that you usual outturn details were not provided due to teething issues with the new finance program.

24 Review of Pension Fund Risk Register - Agenda Item 10

Members considered the Pension Fund Risk Register and noted, that apart from the tidying up of a few outdated references pointed out at the last meeting, there had been no significant changes to the register.

25 Pension Fund Annual Report 2022 - 2023 - Agenda Item 12

Members considered the Pension Fund Annual Report. They were advised that whilst there was a requirement to publish the accounts by 1st December, this was unlikely to be achieved as they formed part of the Authorities accounts which the Auditors were unlikely to sign it off by that date. A suggestion was made that a link to the draft report, approved by the Committee, could be put onto the Council's website to satisfy the publishing requirement and the Funds and Investments Manager agreed to look into that,

Resolved:

1. To approve the Pension Fund's Annual Report 2022-2023, subject to the addition of the external auditor's opinions.

2. Should the external auditors require changes made to the accounts prior to the provision of their opinions, to authorise the Chair to approve amendments on behalf of the Committee.

26 Knowledge and Skills - Agenda Item 13

The Funds and Investments Manager explained that the results of the questionnaires completed by members on training had shown that whilst members would benefit from further training there was not one particular area of weakness. Consequently he would be making an online tutorial package from Barnett Waddingham available to all members.

27 Any Other Business of Urgency - Agenda Item 14

None.

28 Policies and Statements - Agenda Item 11

Resolved

To agree that the Public and Press were asked to leave the meeting while the following Agenda Item was being discussed at it contained information relating to the financial or business affairs of any particular person (including the authority holding that information). Which was defined as exempt by Paragraph 3 of Part 1 of Schedule 12a to the Local Government Act 1972, as amended.

The Committee received an exempt update on the methodology used by the Actuary when calculating exit payments.

Members then considered the draft Funding Strategy Statement and unanimously supported its adoption.

Resolved

To adopt the Somerset Council Pension Fund Funding Strategy Statement.

(The meeting ended at 12.18 pm)

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CHAIR