

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 December 2023 at 10.00 am

Present:

Cllr Simon Coles (Chair)

Cllr Habib Farbahi

Cllr David Fothergill

Paul Butler

Sarah Williams

Other Members present remotely:

Cllr Mike Hewitson

Cllr Michael Dunk

Cllr Liz Leyshon

Caroline Burton

Non-Committee Member

Independent Advisor

29 Apologies for Absence - Agenda Item 1

Apologies were received from Cllr Peter Seib

30 Declarations of Interest - Agenda Item 2

There were none.

31 Minutes from the Previous Meeting - Agenda Item 3

The minutes of the previous meeting held on 15 September 2023 were proposed by Cllr Habib Farbahi and seconded by Cllr Simon Coles and carried unanimously.

32 Public Question Time - Agenda Item 4

The following statement was put to the Committee by Mr Sigurd Reimers which was

an excerpt from an online article regarding Wiltshire's plans to divest from fossil fuels by 2030. The article can be found at: [Wiltshire Pension Fund to divest all fossil fuel assets by 2030 - Net Zero Investor](#).

The Committee considered the article.

33 Independent Investment Advisor's Report - Agenda Item 5

The Independent Investment Advisor gave an update in which she highlighted the movement on the markets stating that in December the markets were up a bit as a result of rumours regarding rate cuts which would probably be in effect by late spring.

She further stated that inflation rates could slacken in the new year and that February was not really a good month for markets.

34 Review of Investment Performance - Agenda Item 6

The Funds and Investment Manager presented his Investment Performance report and pointed out:

- Despite skittish markets, UK equities and corporate bonds performed quite strongly. UK Government debt has had another really poor quarter. Overall returns were a small positive.
- The fund continues struggle to keep up with the actuarial target for this three year cycle and that it was more likely to underperform on that target than outperform it for the three years.

The Fund has a strategic target to invest 5% in private equity and the Pension Committee made a commitment to every two years to an amount to a cycle, which then takes up to 10 years to invest and return that money. As each new commitment comes up Committee are requested to confirm their consent There is an officer recommendation of a £70m commitment to this Brunel cycle as this is consistent with the 5% target In the long run.

Cllr Simon Coles proposed the consideration to approve the commitment of £70 million to the Brunel private equity cycle beginning the 1st of April 2024 which was seconded by Cllr David Fothergill.

Having been duly proposed and seconded the Pension Fund Committee **RESOLVED** to approve the consideration.

35 Review of Administration Performance - Agenda Item 7

The Head of Peninsula Pensions presented her report on Administrative Performance and highlighted:

- During the quarter ending the end of September 2023, total performance in Target was 92% with 94% against the higher priorities and additional details have been included in relation to the complaints that are mentioned and are within that quarter, as requested by the Somerset Board.
- The amount of work received over the previous 12 months compared to the previous year which showed a slight decrease in work and which is different to the recent trend.
- McLeod remedies were now moving forward that the regulations were in place from the 1st of October, but because they were only approved in September nationally, the database providers have had some issues however, this should be in operation by January. This has meant some of the work has to have been done on a manual basis by the team and this has allowed others to continue with the business as usual cases to keep the workflow running smoothly.
- Peninsula Pensions have been reviewing the pension administration strategy and were consulting with employers at the moment which should be finished at the end of December.
- They spoke with employers at the November meetings about the changes that they were looking at making and the strategy considerations, disclosure regulations and the internal targets for peninsula and the expected performance of individual employers. They shared a link with everyone which pointed out the key changes they were looking at making. The most contentious one being that they have strengthened their section with regard to charging for underperformance and lack of engagement.
- Currently for the Somerset fund there are 141 employers that have outstanding cases and which have been outstanding longer than a month. In total there was over 1200 Members that cannot be finalised because the information needed had not be provided.
- Peninsula has been able to provide the annual benefit statements within the

statutory deadline of the 31st of August.

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

36 Business Plan Update - Agenda Item 8

The Funds and Investment Manager updated the Committee on the ongoing discussions with Brunel.

He mentioned that they were currently in the process of tendering the actuary contract jointly with Devon County Council as it was inherently inefficient and awkward for peninsula pensions in running two pension funds for them to have different actuaries because actuaries have slightly different ways of working and different web portals.

The Funds and Investment Manager explained that they would appoint the same company, but would sign separate contracts. This meant that it would be 2 contracts, but one company appointed. The current contract will come to an end on 31st March.

In response to a question about whether changing actuaries would see a change in funding levels etc, the Investments Manager confirmed that may be the case.

Next the Fund and Investment Manager discussed the Government's response to the consultation that was discussed at previous meeting. He affirmed that, despite, significant negative feedback to the Government they were going to go ahead with all of their recommendations.

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

37 Finance and Membership Statistics Update - Agenda Item 9

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

38 Review of Pension Fund Risk Register - Agenda Item 10

The Fund and Investment Manager presented the report noting that, after an offline session with the Pension Committee and Pension Board together, there had been a number of changes and amendments to the risk register.

After some deliberations surrounding these issues, the Committee noted the report and agreed to continue to monitor the risks contained on the risk register and approve any amendments.

39 Knowledge and Skills - Agenda Item 11

The Fund and Investment Manager gave a verbal update on plans for training of the Committee.

He highlighted that he encouraged all members to verify an email which contained links to a portal where they would be able to demonstrate their expertise.

He further affirmed that next year the focus of the training will be around building up to the decision round investment strategy.

40 Any Other Business of Urgency - Agenda Item 12

There was none.

(The meeting ended at 12:00)

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CHAIR