

Pensions Committee

Minutes of the Pensions Committee meeting held on Friday 10 March 2023 at 10.00am in County Hall, Taunton.

Present: Cllr S Coles (Chair), Cllr J Cook-Woodman, Cllr P Seib, Cllr Farbahi, Mr P Butler, Ms S Payne. Mr R Bryant (Pensions Board member)

Others present virtually: Ms S Williams, Cllr P Clayton, Cllr A Kendall, Ms C Burton (Independent Advisor to the Fund), Mr N Behan, Mr A White.

Absent: Cllr R Henley.

- 1 **Declarations of Interest** – agenda item 2
There were no new declarations made.

- 2 **Minutes of the Previous Meeting** – agenda item 3
The Committee agreed and the Chair signed the minutes of the meeting held on 16 December 2022 as an accurate record.

- 3 **Public Question Time** – agenda item 4
There were no Committee Manager read a question that was received in advance of the meeting was petition presented or questions asked/statements made by members of the public.

- 4 **Somerset Unitary** – agenda item 5
The Funds and Investments Manager reported that he did not have much to report as the arrangements for the both the Pensions Board and the Pensions Committee, including their membership and terms of reference in the new Somerset Council had been approved at the last meeting of Somerset County Council.
He did request that the name of the Pension Fund be changed to the Somerset Council Pension Fund, so that it matched the name of the new Council (removing the word County) and this was accepted unanimously by the Committee.

- 6 **Review of Investment Performance** – agenda item 7
The Funds and Investment Manager provided Members with an overview of his report that detailed investment performance for the quarter up to 31 December 2022, highlighting the following:
 - The residual holding in the Aberdeen Standard Investments (UK Equities) Fund was liquidated to cash last December, meaning there would be no

further reports on that holding and an update on how that cash had been reallocated would be provided in the next quarterly report;

- The Combined Fund update showed the overall value of the Fund at 31 December to be £2.863bn and the Fund had outperformed benchmark to 0.9%;
- The Brunel funds had performed well in the quarter and this appeared to have been carried on in to 2023;
- It was noted that the UK stock market was not linked to the UK economy due to many of those companies being global with activity occurring overseas;
- Progress on the 3 year actuarial cycle was noted as the latest actuarial review was underway;
- An update was provided on the Brunel pooling and it was noted that the remuneration policy which had not been agreed at a recent meeting would be resolved remuneration policy, lot of pressure to find solution quickly
- It was noted changes to the remuneration policy had not been agreed at the Brunel shareholders meeting but there was agreement to secure a resolution that could be agreed quickly.

The Committee noted the report.

5 **Independent Investment Advisor's Report** – agenda item 6

The Independent Investment Advisor – Caroline Burton, referred to the information she had recently circulated and invited questions.

There was a brief discussion about interest rates and their impact on mortgage rates and mortgage debt levels; the rate of inflation and the impact on the labour market.

The Committee noted the verbal update.

8 **Review of Administration Performance**

The Head of Peninsula Pensions - Rachel Lamb presented the report and highlighted the following:

- Performance from 1 October 2022 to 31 December 2022 had been measured against the required statutory requirements;
- Overall performance had reached 90% against target and 92% performance in the high priority areas, such as retirement or death of a policy holder;
- Attention was drawn to Appendix 1 showed a more detailed breakdown of achievement in all areas, with a chart highlighting the last month;

- Appendix 2 provided detail on the output and performance of the administrative team between 1 April 2022 and 31 December 2022;
- Appendix 3 provided a comparison of the work of the team from 2021 to 2022;
- Appendix 4 provided detail about progress towards achieving compliance with the national Pensions Dashboard Programme (PDP) and the revised deadlines were noted, with a short presentation being provided;
- Appendix 5 highlighted employer performance in the last quarter and the strategy was being updated;
- 22 compliments had been received in the last quarter, and there had been no new admitted bodies in that period.

Questions were invited.

- A member asked for an update on staffing levels and it was noted the team had 6 vacancies and the job description and accompanying advert had been refreshed in an attempt to make it more attractive and it was requested that an update on staffing be provided at the next meeting.
- A member asked on Appendix 4 and it was explained that the steering group had been a national grouping and had not involved anyone in Somerset.

The Committee noted the report.

9 **Business Plan Update**

The Investment and Funds Manager presented the report and highlighted the following:

- Still awaiting guidance/information from government on several matters.
- It was noted that one of the London Boroughs had passed a resolution to consider leaving the London pool of Pension Funds (32) and if this happened it might cause a ripple effect, there was a brief discussion about pooling and it was agreed that updates would be provided.
- The business plan, outlining agenda items/reports for future meetings was noted.

The Committee noted the report.

10 **Finance and Membership Statistics Update**

The Fund and Investment Manager presented the report and highlighted the following:

- The quarter had seen no major movements in overall figures.

- It was noted that the progress was in line with projections.
- It was confirmed that employer exit credits were included to reflect change in government regulations.

The Committee accepted the report.

11 **Review of Pension Fund Risk Register**

The Fund and Investment Manager presented the report to monitor risks contained on the risk register, noting there had been no changes since his last update.

The Committee noted the report.

12 **Resources review, financial forecast setting and objective setting**

The Committee considered a report that asked Members to consider the set objectives for the fund, the resources necessary to attain those objectives and a definition or measurement mechanism for success.

There was a discussion of the report and the Committee agreed the proposed budget and to maintain the absolute return target for the fund, and that the resources available were adequate.

The report was accepted.

13 **Cash Management strategy**

The Committee considered this report that sought approval for the management of the Fund's cash and the strategy and counter party strategy. It was noted that since 1 April 2010 the pension fund cash had been managed by the Council's investments team on a completely segregated basis.

During the discussion Members considered the Cash Management Strategy attached as Appendix A to the report and the revised Counterparty criteria for the investment of sterling cash balances attached as Appendix B to the report.

There was a discussion about the Cash Management Strategy and the Committee agreed to approve the Cash Management Strategy; the Counter party strategy; to re-appoint the in-house team to manage the cash balances on a segregated basis and therefore not to appoint an external cash manager.

The Committee accepted this report.

14 **Knowledge and Skills**

The Fund and Investment Manager gave a verbal update on plans for undertaking an assessment of the Committee and Board's knowledge and skills.

- As reported at the previous meeting, a knowledge and skills questionnaire has now been completed in conjunction with Barnett Waddingham, and the Chair noting that the completion rate had reached 50% and he encouraged all to participate and provide feedback.

There were no questions and the Committee noted the update.

15 **Any Other Business of Urgency**

The Chair, after ascertaining there were no other items of business, thanked all those present for attending.

The Chair noted the next meeting of the Committee would be held on Friday 16 June 2023 and the next meeting of the Pensions Board will be held on Friday 28 April 2023.

The meeting closed at 11.55am.

Cllr Coles
Chair of the Pensions Committee