



## MINUTES

## A & B Public

<p><b>Pension Fund Committee</b> <b>Auditorium, Shetland Museum and Archives, Hay's Dock, Lerwick</b> <b>Monday 19 June 2017 at 2pm</b></p> <p><b>Present – Members:</b> M Burgess            A Cooper S Coutts             S Leask R McGregor         C Smith G Smith              T Smith R Thomson</p> <p><b><u>Apologies:</u></b> A Duncan</p>	<p><b>Pension Board</b> <b>Auditorium, Shetland Museum and Archives, Hay's Dock, Lerwick</b> <b>Monday 19 June 2017 at 2pm</b></p> <p><b>Present - Members:</b> E Macdonald         D Marsh A Taylor</p> <p><b><u>Apologies:</u></b> M Bell</p>
<p><b>In Attendance:</b> J Belford, Executive Manager – Finance J Riise, Executive Manager – Governance and Law C Bain, Treasury Accountant L Adamson, Committee Officer</p>	

### **Chair**

Mr C Smith, Chair of the Pension Fund Committee, presided.

### **Circular**

The circular calling the meeting was held as read.

### **Declarations of Interest**

In response to a question, the Executive Manager – Governance and Law advised that Members on the Pension Fund Committee/Board do not have to declare an interest by virtue of being a member of the Council's Pension Scheme. However, when a family member is a contributor to the Pension Scheme there would be certain circumstances when an interest should be declared.

### **Minutes**

The minutes of the meeting held on 7 March 2017 were approved on the motion of Mr G Smith, seconded by Mr Cooper.

#### 09/17    **Management Accounts for the Pension Fund: 2016/17 – Projected Outturn at Quarter 4**

The Committee and Board considered a report by the Executive Manager – Finance [F-044-F], which set out the overall Pension Fund projected financial position as at Quarter 4.

The Executive Manager – Finance introduced the report. In referring to the overview of major variances at Appendix 1, he advised on an additional factor relative to the Investment Expenses underspend being a reduction in the fee charged by Blackrock.

**Decision:**

The Pension Fund Committee and Pension Board **NOTED** the Management Accounts showing the projected outturn position at Quarter 4.

10/17 **Pension Fund Unaudited Accounts 2016/17**

The Committee and Board considered a report by the Executive Manager – Finance [F-051-F], which presented the Unaudited Accounts 2016/17.

The Executive Manager – Finance referred to the Booklet “A Brief Guide to the Local Government Pension Scheme“, from Hymans Robertson, the Fund Actuary, tabled at the meeting, which he said would be particularly helpful to the new Members on the Committee/Board. He also advised on LGPS training which has been arranged for later in the year.

The Executive Manager – Finance summarised the main terms of the report.

During debate, reference was made to the welcomed return on investments at 19%, being an increase of over £70m from 2015/16. In that regard, appreciation was relayed to those involved in the management of the Pension Fund.

On the motion of Mr C Smith, seconded by Mr Coutts, the Committee approved the recommendation in the report.

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**Decision:**

The Pension Fund Committee and Pension Board noted the report, and the Pension Fund Committee **APPROVED** the Annual Governance Statement 2016/17 that forms part of the accounts.

11/17 **Pension Fund Management Annual Review 2016/17**

The Committee and Board considered a report by the Executive Manager – Finance [F-059-F], which informed on the position and performance of the Pension Fund’s external investments with Fund Managers for the financial year 2016/17.

The Executive Manager – Finance summarised the main terms of the report, and commented on the positive performance during 2016/17. He advised that the Fund Actuaries have commenced the process of the triennial valuation, and a draft will be reported to the Committee/Board in due course.

In response to a question, the Executive Manager – Finance stated that there will be opportunities and threats from Brexit, which he advised had been reported at Section 2.18 of the Investment Review, as a current issue most likely to affect certain markets this year.

During the discussion, the Executive Manager – Finance advised on the need to consider the performance of Fund Managers in the long-term, relative to their

preferred market. In terms of holding Fund Managers to account, he advised on the review of the long-term objectives in the Pension Fund Strategy following the triennial evaluation. The Executive Manager – Finance advised on the intention that a Fund Manager will be in attendance at the next meeting where further detail will be provided in terms of their performance.

*(Mr Burgess attended the meeting).*

In response to a question, the Executive Manager – Finance said that confidence can be taken from past experience in the Pension Fund. He reported that the five Fund Managers manage different portfolios, different risks, returns, mandates and requirements, and in some respects this provides a complementary strategy whereby should one part of the market fall; another is expected to rise. The Executive Manager – Finance advised on the ongoing dialogue with Fund Managers, and in addition to providing monthly reports, meetings take place with Fund Managers at least twice a year.

In response to a question, the Executive Manager – Finance advised that consideration has been given to investing in public assets to generate a return to the Pension Fund, however there are a number of factors where such investment has proved limiting in the local context and would not achieve the best return.

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**Decision:**

The Pension Fund Committee and Board **NOTED** the report.

The meeting concluded at 2.40pm

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Chair