

Pension Fund Committee Council Chamber, Town Hall, Lerwick Tuesday 6 March 2018 at 2pm	Pension Board Council Chamber, Town Hall, Lerwick Tuesday 6 March 2018 at 2pm
Present - Members: A Cooper S Coutts A Duncan S Leask E Macdonald I Scott C Smith G Smith T Smith	Present - Members: J Fraser J Johnston D Marsh A Taylor A Westlake
<u>Apologies:</u> R McGregor R Thomson	<u>Apologies:</u> M Bell
In Attendance: J Belford, Executive Manager – Finance C Bain, Treasury Accountant L Adamson, Committee Officer	

Chair

Mr C Smith, Chair of the Committee presided.

Circular

The circular calling the meeting was held as read.

Declarations of Interest

None

Minutes

The minutes of the meeting held on 6 December 2017 were confirmed on the motion of Mr Cooper, seconded by Mr Leask.

01/18 Management Accounts for Pension Fund Committee: 2017/18 Projected Outturn at Quarter 3

A report by the Executive Manager – Finance [F-003], enabled the Committee and Board to monitor the financial performance of the Pension Fund to ensure that Members are aware of the forecast income and expenditure position and its impact on delivery of the approved budget.

The Executive Manager – Finance introduced the report. In referring to the revenue outturn position as presented in Appendix 1, he highlighted the projected overspend on lump sums payable by the end of the financial year, and advised that the Pension Fund is in a positive position in terms of being cash positive for the foreseeable future.

In responding to a question, the Executive Manager – Finance said he was not aware of any specific studies nationally on the short and long-term impacts of retirees opting to take more in lump sum payments, he advised however that an

assessment on the impact on the local Fund had formed part of the triennial valuation. The Executive Manager – Finance advised on the flexibility now available to members on how much lump sum to take, and when to opt to retire, between the age of 55 and 75.

Decision:

The Pension Fund Committee and Pension Board NOTED the Management Accounts showing the projected outturn position at Quarter 3.

02/18

Final Draft Formal Triennial Pension Fund Valuation as at 31 March 2017 and Final Funding Strategy Statement

The Committee and Board considered a report by the Executive Manager – Finance [F-028], which presented Hymans Robertson LLP first draft 2017 Actuarial Valuation Report and the final Funding Strategy Statement (FSS).

In introducing the report, the Executive Manager – Finance referred to the earlier reporting on the initial results and draft FSS to the Pension Fund Committee and Board in December 2017, and advised that the Triennial Valuation and FSS would be finalised next month. He reported from a meeting of the Employers Pension Fund Forum in January, which provided a good opportunity to hear from employers, including their feedback on employer contribution rates going forward.

On behalf of the Admitted Bodies to the Fund, Mr Johnston thanked the Executive Manager – Finance for arranging the Employers Pension Fund Forum, which he said was extremely useful for dialogue on the complexities of the Pension Fund.

Mr Coutts moved that the Committee approve the recommendation contained in the report. Ms Leask seconded.

Decision:

- The Pension Fund Committee RESOLVED to approve Hymans Robertson LLP final draft Actuarial Valuation Report as at 31 March 2017 and the final Funding Strategy Statement (FSS).
- The Pension Board NOTED the report.

03/18

2018/19 Budget Proposal – Pension Fund

The Committee and Board considered a report by the Executive Manager – Finance [F-005] that presented the proposed Pension Fund budget for 2018/19.

After hearing the Executive Manager – Finance summarise the main terms of the report, Mr G Smith moved that the Committee approve the recommendation contained therein. Mr Coutts seconded.

Decision:

- The Pension Fund Committee RESOLVED to approve the budget proposals for 2018/19.

- The Pension Board NOTED the report.

04/18

Pension Fund – Quarter to December 2017 Investment Review Report

The Committee and Board considered a report by the Executive Manager – Finance [F-024] that presented the investment position and performance of the Pension Fund's external investments, managed by Fund Managers, for the quarter to December 2017.

In introducing the report, the Executive Manager – Finance advised that over the last quarter Pension Fund investments have increase in value by £18m, to an overall value of £478m. He provided a summary of the performance of each Fund Manager over the quarter, as detailed in Appendix 1, and he confirmed that the Fund Managers would be attending meetings of the Committee/Board.

In response to a question regarding the performance of Fund Manager, Newton, the Executive Manager – Finance reported on the need to consider investments in the longer-term, rather than the returns over a 3-month period. He advised that as the Pension Fund mandates had commenced in January 2015, a review of Fund Managers is required to take account of that three-year period. He made a suggestion that representatives from an under-performing fund could attend a forthcoming meeting of the Committee/Board to provide further explanation on their performance.

During the discussion, reference was made to the decision at Policy and Resources Committee earlier this week, for a letter to be sent to BlackRock in support of their recent stance to withdraw from investments in firearms businesses following the recent shootings in America. In response to a suggestion, the Executive Manager – Finance confirmed that he would prepare a similar submission on behalf of the Pension Fund Committee/Board.

In response to a question, the Executive Manager – Finance advised that while it is appropriate for Fund Managers to attend the Pension Fund Committee/Board to make representations to ensure a better understanding of their assets, approaches and methodology.

In response to a question, the Executive Manager – Finance provided an overview of the procurement process followed to appoint Fund Managers. He referred to the detailed procurement exercise undertaken during 2014, which he suggested he could circulate to the Committee/Board.

Decision:

The Committee and Board NOTED the contents of the report.

05/18

Annual Audit Plan 2017/18

The Committee and Board considered a report by the Executive Manager – Finance [F-002] that presented the Annual Audit Plan for the 2017/18 financial year by the Pension Fund's external auditors, Deloitte LLP.

The Executive Manager – Finance introduced the report, and advised on the key audit work as set out in the Audit Plan at Appendix 1.

In responding to questions, the Executive Manager – Finance advised on the decision for Deloitte to apply a higher audit fee in Year 1, reducing to a lower fee in Year 5. He said that this will offer a reflection of how the audit work will be conducted rather than any direct correlation between actual hours undertaken and the fee.

Decision:

The Committee and Board NOTED the contents of the Audit Plan 2017/18 for Shetland Islands Council Pension Fund from external auditors, Deloitte LLP.

06/18

General Data Protection Regulation (GDPR) – Impact on Pension Funds

The Committee and Board considered a report by the Executive Manager – Finance [F-030] that informed on the impacts of the EU General Data Protection Regulation (GDPR) which replaces the existing UK data protection legislation from 25 May 2018.

The Executive Manager – Finance introduced the report.

Decision:

The Committee and Board NOTED the contents of the report.

The meeting concluded at 2.40pm.

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Chair