

MINUTES

A&B - Public

<p>Pension Fund Committee Council Chamber, Town Hall, Lerwick Thursday 9 May 2019 at 10.00am</p> <p>Present - Members: E Macdonald R McGregor I Scott G Smith</p> <p>Apologies: A Cooper S Coutts T Smith</p>	<p>Pension Board Council Chamber, Town Hall, Lerwick Thursday 9 May 2019 at 10.00am</p> <p>Present - Members: J Fraser A Hawick J Johnston D Marsh A Taylor</p> <p>Apologies: A Goudie</p>
<p>In Attendance: J Manson, Executive Manager – Finance J Riise, Executive Manager – Governance and Law M Smith, Team Leader - Expenditure C Bain, Treasury Accountant L Chapman, Pension Supervisor L Adamson, Committee Officer</p>	

Chair

In the absence of the Chair of the Pension Fund Committee, Ms Macdonald presided.

Circular

The circular calling the meeting was held as read.

The Chair advised that training had been arranged for Pension Committee and Pension Board Members on 3 September 2019, 9.30am to 4.30pm, in the Radio Room, Islesburgh Community Centre, Lerwick.

Declarations of Interest

None

Minutes

The minutes of the meeting held on 5 March 2019 were confirmed on the motion of Mr G Smith, seconded by Mr Scott.

10/19

Management Accounts for Pension Fund Committee: 2018/19 – Draft Outturn

The Pension Fund Committee and Pension Board considered a report a report by the Executive Manager – Finance (F-030), that presented the financial performance of the Pension Fund to ensure Members are aware of the forecast income and expenditure position and its impact on delivery of the approved budget.

The Executive Manager – Finance summarised the main terms of the report, and in responding to questions he advised that the budget is based on a 5 year rolling average. He acknowledged that it was difficult to comment on whether trends could be

identified but he assured the Committee and Board that there were no concerns as reported.

Decision:

The Pension Fund Committee and Pension Board **NOTED** the Management Accounts showing the draft outturn position for 2018/19.

11/19

Pension Fund Management Annual Investment Review 2018/19

The Pension Fund Committee and Pension Board considered a report by the Executive Manager – Finance (F-034) that presented the investment position and performance of the Pension Fund’s external investments, managed by Fund Managers, for the financial year 2018/19.

In introducing the report, the Executive Manager – Finance explained the returns on investments and advised that the excess contributions from employers and employees showed that there was more income than funds paid out in benefits.

The Committee and Board noted the performance of the 5 Fund Managers which was 8% below benchmark overall. The Executive Manager – Finance advised that the pension fund was in a growth phase, which it was expected to continue over the next 8 years, taking the long term view. He added that in his opinion this was the right strategy, with most Fund Managers either under or close to the benchmark, which he acknowledged may not be as much as hoped. In that regard, he would look to see if adjustments were required to the investment strategy.

During discussion the Executive Manager – Finance was asked whether an opportunity had been missed with the current volatility in the equities market. The Executive Manager – Finance explained that equities perform over the longer term and Fund Managers are less worried on short term fluctuations such as Brexit. He said that if Members sought a quick return then equities was not the right investment to be in.

Consideration was given to whether the benchmark was appropriate and whether it needed to be changed. The Executive Manager – Finance said that benchmarks were a key part of the Pension Fund Management Annual Investment review that would come back to Members by the end of the year.

Reference was made to the regular presentations by Fund Managers where comment was made that although they were useful it was difficult to challenge what was said, in an informative manner. It was suggested that training and briefings from Officers, prior to Fund Manager’s presentations being delivered would be helpful.

Decision:

The Committee and Board **NOTED** the contents of the report.

The meeting concluded at 10.15am.

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Chair

