

Item: 23.1

**Pension Fund Sub-committee, together with Pension Board:
15 June 2022.**

1. Recommendations

It is recommended:

1.1.

That the Committee approves the attached minute as a true record.

2. Appendix

Draft Minute of the Meeting of the Pension Fund Sub-committee, together with the Pension Board, held on 15 June 2022.

Minute

Pension Fund Sub-committee, together with Pension Board

Wednesday, 15 June 2022, 14:00.

Council Chamber, Council Offices, School Place, Kirkwall.



Present

Pension Fund Sub-committee:

Councillors Heather N Woodbridge, P Lindsay Hall, Steven B Heddle, Kristopher D Leask, James W Stockan and Mellissa-Louise Thomson.

Pension Board:

Employer Representatives:

Councillors Graham A Bevan and Owen Tierney, Orkney Islands Council.

Trade Union Representatives:

Karen Kent (Unison), Eoin Miller (Unite) and Eileen Swanney (Unison).

Present via remote link (Microsoft Teams)

Pension Fund Sub-committee:

Councillor Rachael A King.

Clerk

- Sandra Craigie, Committees Officer.

In Attendance

- Colin Kemp, Interim Head of Finance.
- Shonagh Merriman, Interim Corporate Finance Senior Manager.
- Bryan Hay, Service Manager (Payroll and Pensions).
- Paul Maxton, Solicitor.

Hymans Robertson:

- David Walker, Chief Investments Officer.

In Attendance via remote link (Microsoft Teams)

Audit Scotland:

- Colin Morrison, Senior Auditor.

Not Present

Pension Board:

Employer Representative:

- Councillor James R Moar.

Trade Union Representative:

- Mark Vincent (GMB).

Declarations of Interest

- No declarations of interest were intimated.

Chair

- Councillor Heather N Woodbridge.

1. Disclosure of Exempt Information

The Sub-committee noted the proposal that the public be excluded from the meeting for consideration of Appendix 1 of Item 3 and Item 4 as the business to be discussed involved the potential disclosure of exempt information of the classes described in the relevant paragraphs of Part 1 of Schedule 7A of the Local Government (Scotland) Act 1973 as amended.

2. Orkney Islands Council Pension Fund – Annual Audit Plan

After consideration of a report by the Corporate Director for Enterprise and Sustainable Regeneration, copies of which had been circulated, and after hearing a report from the Senior Auditor, Audit Scotland, the Sub-committee:

Noted the external audit annual plan for 2021/22 in respect of the Council's Pension Fund, prepared by Audit Scotland, attached as Appendix 1 to the report by the Corporate Director for Enterprise and Sustainable Regeneration.

3. Pensions Administration – Performance

After consideration of a report by the Head of Finance, copies of which had been circulated, and after hearing a report from the Service Manager (Payroll and Pensions), the Sub-committee:

Noted:

3.1. That the Orkney Islands Council Pension Fund invested and administered pensions on behalf of five current and former employers, including Scheduled Bodies brought into the Fund by legislation and Admitted Bodies who were permitted to join the Fund.

3.2. The main Pension Fund administration activities for the period 1 April 2021 to 31 March 2022, as detailed in sections 4 to 9 of the report by the Head of Finance.

The Sub-committee scrutinised:

3.3. The Pension Fund administration performance indicators for the period 1 April 2021 to 31 March 2022, as detailed in paragraph 6.3 of the report by the Head of Finance and obtained assurance.

4. Statement of Managed Pension Funds

On the motion of Councillor Heather N Woodbridge, seconded by Councillor P Lindsay Hall, the Sub-committee resolved that the public be excluded from the meeting for this item on the grounds that it involved the disclosure of exempt information as defined in paragraph 6 of Part 1 of Schedule 7A of the Local Government (Scotland) Act 1973 as amended.

After consideration of a report by the Head of Finance, copies of which had been circulated, and after hearing a report from the Interim Corporate Finance Senior Manager, the Sub-committee:

Noted:

4.1. The investment monitoring report for the Pension Fund produced by Hymans Robertson, the Council's appointed investment advisor, attached as Appendix 1 to the report by the Head of Finance, relating to the performance of managed funds for the quarter to 31 March 2022.

4.2. That the Pension Fund investments returned a loss of £54,000,000, or minus 9.6% over the quarter to 31 March 2022, which was 8.3% behind benchmark and was considered very poor.

4.3. That the value of the Pension Fund had decreased by 3.0% over the 12-month period to 31 March 2022, which was considered poor in absolute terms, but was 9.6% ahead of the benchmark over that period.

4.4. That an average return of 8.2% per annum for the Pension Fund remained positive but was marginally behind the benchmark over the five-year period and therefore behind target, which was to outperform the aggregate benchmark.

4.5. The Governance Summary extracted from Baillie Gifford's performance report for the quarter ending 31 March 2022, attached as Appendix 2 to the report by the Head of Finance.

4.6. The Corporate Governance Summary extracted from Legal and General's investment report for the quarter ending 31 March 2022, attached as Appendix 3 to the report by the Head of Finance.

5. Conclusion of Meeting

At 14:53 the Chair declared the meeting concluded.

Signed: Heather Woodbridge.