

Minute

Pension Fund Sub-committee, together with Pension Board

Wednesday, 15 February 2023, 14:00.

Council Chamber, Council Offices, School Place, Kirkwall.



Present

Pension Fund Sub-committee:

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

Pension Board:

Employer Representatives:

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

Trade Union Representative:

Eoin Millar (Unite).

Present via remote link (Microsoft Teams)

Trade Union Representative:

Karen Kent (Unison).

Clerk

- Sandra Craigie, Committees Officer.

In Attendance

- Gareth Waterson, Corporate Director for Enterprise and Sustainable Regeneration (for Items 1 to 3).
- Robert Adamson, Service Manager (Payroll and Pensions).
- Shonagh Merriman, Service Manager (Corporate Finance).
- Paul Maxton, Solicitor.

Not Present

Pension Board:

Trade Union Representatives:

- Mark Vincent (GMB).
- Eileen Swanney (Unison).

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 Item 6 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. Revenue Expenditure Monitoring

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

Noted:

2.1. The revenue financial summary statement, in respect of service areas for which the Pension Fund Sub-committee was responsible, for the period 1 April to 31 December 2022, attached as Annex 1 to the report by the Head of Finance, indicating a budget deficit position of £47,734,100.

2.2. The revenue financial detail by service area statement, in respect of service areas for which the Pension Fund Sub-committee was responsible, for the period 1 April to 31 December 2022, attached as Annex 2 to the report by the Head of Finance.

The Sub-committee scrutinised:

2.3. The explanations given and actions proposed, in respect of significant budget variances, as outlined in the Budget Action Plan, attached as Annex 3 to the report by the Head of Finance, and obtained assurance that action was being taken with regard to significant budget variances.

3. Pension Fund – Draft Budget

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

Resolved that the draft revenue budget for the Orkney Islands Council Pension Fund for financial year 2023/24, attached as Annex 1 to the report by the Head of Finance, be submitted to the Policy and Resources Committee for consideration through the budget setting process.

4. Pension Fund Training

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 (Corporate Finance), the Sub-committee:

Noted:

4.1. Progress made over the 12-month period to 31 December 2022 in relation to meeting the training needs of members of the Pension Fund Sub-committee and the Pension Board, against core areas of the Public Sector Pensions Finance Knowledge and Skills Framework, attached as Appendix 1 to the report by the Head of Finance.

4.2. That, over the 12-month period to 31 December 2022, a total of 20 hours of training was offered to members of the Pension Fund Sub-committee and the Pension Board.

4.3. That all members of the Pension Fund Sub-committee, together with 9 of the 10 members of the Pension Board, had, over the 12-month period to 31 December 2022, achieved the minimum requirement of participation in at least one training event, or equivalent to five hours training.

4.4. That the member of the Pension Board who had not achieved the minimum requirement for training was a union representative and had cited work pressure as making it difficult to attend training events.

The Sub-committee resolved, in terms of delegated powers:

4.5. That the Annual Training Plan for 2023 for members of the Pension Fund Sub-committee and the Pension Board, attached as Appendix 1 to this Minute, be approved.

5. Pension Fund Risk Register – Review

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 (Corporate Finance), the Sub-committee:

Resolved, in terms of delegated powers, that the updated Risk Register relating to the Orkney Islands Council Pension Fund, attached as Appendix 2 to this report, be approved.

6. Statement of Managed Pension Funds

On the motion of Councillor Heather N Woodbridge, seconded by Councillor Rachael A King, 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 Service Manager (Corporate Finance), the Sub-committee:

Noted:

6.1. 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 December 2022.

6.2. That the Pension Fund investments returned a gain of £9,300,000, or 2.0% over the quarter to 31 December, which was 0.4% ahead of benchmark and was considered good.

6.3. That the value of the Pension Fund had decreased by 17.9% over the 12-month period to 31 December 2022, which was 12.3% behind benchmark over that period and was considered very poor.

6.4. That an average return of 4.2% 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.

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

6.6. The extract from IFM Global Infrastructure's quarterly investor report, showing the responsible investment update for the quarter ending 31 December 2022, attached as Appendix 3 to the report by the Head of Finance.

6.7. The Corporate Governance Summary extracted from Legal and General's investment report for the quarter ending 31 December 2022, attached as Appendix 4 to the report by the Head of Finance.

Councillor Mellissa-Louise Thomson left the meeting during discussion of this item.

7. Conclusion of Meeting

At 15:01 the Chair declared the meeting concluded.

Signed: H N Woodbridge.