

Item: 13

**Pension Fund Sub-committee, together with Pension Board:
27 November 2019.**

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 27 November 2019.

Minute

Pension Fund Sub-committee, together with Pension Board

Wednesday, 27 November 2019, 10:30.

Council Chamber, Council Offices, School Place, Kirkwall.



Present

Pension Fund Sub-committee:

Councillors W Leslie Manson, James W Stockan, Alexander G Cowie, Rachael A King, Stephen Sankey and Graham L Sinclair.

Pension Board:

Employer Representatives:

Councillors J Harvey Johnston, Owen Tierney and Duncan A Tullock, Orkney Islands Council.

Andrew Blake, Orkney Ferries Limited.

Trade Union Representative:

Eoin Miller (Unite).

Clerk

- Sandra Craigie, Committees Officer.

In Attendance

- Gareth Waterson, Head of Finance.
- Shonagh Merriman, Accounting Manager (Corporate Finance).
- Michael Scott, Solicitor.

Apologies

Pension Fund Sub-committee:

- Councillor Steven B Heddle.

Pension Board:

Trade Union Representative:

- Karen Kent (Unison).

Not Present

Pension Board:

Trade Union Representatives:

- Sally George (Unison).
- Mark Vincent (GMB).

Declarations of Interest

- No declarations of interest were intimated.

Chair

- Councillor W Leslie Manson.

1. Disclosure of Exempt Information

The Sub-committee noted the proposal that the public be excluded from the meeting for consideration of Item 5 and Appendix 1 of 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. Revenue Expenditure Monitoring

After consideration of a report by the Head of Finance, copies of which had been circulated, the Sub-committee:

Noted:

2.1. The revenue financial summary statement in respect of Pension Fund services for the period 1 April to 30 September 2019, attached as Annex 1 to the report by the Head of Finance, indicating a surplus position of £19,294,000.

2.2. The revenue financial detail by Service Area statement for the period 1 April to 30 September 2019, attached as Annex 2 to the report by the Head of Finance.

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.

Councillor Owen Tierney joined the meeting during discussion of this item.

3. Local Government in Scotland: Supplement 2 – Financial Overview

Scottish Local Government Pension Scheme

After consideration of a report by the Head of Finance, copies of which had been circulated, the Sub-committee:

Noted:

3.1. The Local Government in Scotland – Supplement 2, Financial Overview 2017 to 2018: Scottish Local Government Pension Scheme, published in December 2018 by Audit Scotland, attached as Appendix 1 to the report by the Head of Finance.

3.2. The key messages arising from the national audit report, a summary of which was detailed in section 4 of the report by the Head of Finance.

4. Pension Administration – Performance

After consideration of a report by the Head of Finance, copies of which had been circulated, the Sub-committee:

Scrutinised the performance of Pension Fund administration for the period 1 April to 30 September 2019, as detailed in sections 4 to 12 of the report by the Head of Finance, and obtained assurance on the performance of the Pension Section.

5. Statement of Managed Pension Funds

On the motion of Councillor W Leslie Manson, seconded by Councillor James W Stockan, 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 Accounting Manager (Corporate Finance), the Sub-committee:

Noted:

5.1. The review of the investment manager's performance for the quarter to 30 September 2019, attached as Appendix 1 to the report by the Head of Finance, prepared by Hymans Robertson, the Council's appointed investment advisors.

5.2. That, although Pension Fund investments returned a gain of 1.6% over the quarter to 30 September 2019, this was 1.5% behind the benchmark and was considered poor.

5.3. That the value of the Pension Fund had increased by 6.7% over the 12-month period to 30 September 2019, being 1.1% behind the benchmark, which was considered poor performance.

5.4. That an average return of 11.3% per annum for the Pension Fund remained 1.8% ahead of the benchmark over the five-year period.

5.5. The performance review commentary provided by the Fund Manager, attached as Appendix 2 to the report by the Head of Finance.

5.6. The Governance Summary extracted from the Fund Manager's performance report for the quarter ending 30 September 2019, attached as Appendix 3 to the report by the Head of Finance.

6. Conclusion of Meeting

At 11:35 the Chair declared the meeting concluded.

Signed: L Manson.