

Minute

Pension Fund Sub-committee, together with Pension Board

Wednesday, 23 February 2022, 14:00.

Microsoft Teams.



Present

Pension Fund Sub-committee:

Councillors W Leslie Manson, Alexander G Cowie, Barbara Foulkes, Steven B Heddle, Rachael A King, Stephen Sankey and James W Stockan.

Pension Board:

Employer Representatives:

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

Trade Union Representatives:

Karen Kent (Unison) and Eileen Swanney (Unison).

Clerk

- Sandra Craigie, Committees Officer.

In Attendance

- Colin Kemp, Interim Head of Finance.
- Shonagh Merriman, Interim Corporate Finance Senior Manager.
- Bryan Hay, Payroll and Pensions Manager (for Items 1 to 6).
- Paul Maxton, Solicitor.

Audit Scotland:

- Colin Morrison, Senior Auditor.

Not Present

Pension Board:

Trade Union Representatives:

- Eoin Miller (Unite).
- Mark Vincent (GMB).

Declarations of Interest

- No declarations of interest were intimated.

Chair

- Councillor W Leslie Manson.

1. Form of Voting

The Sub-committee resolved that, should a vote be required in respect of the matters to be considered at this meeting, notwithstanding Standing Order 21.4, the form of voting should be by calling the roll (recorded vote).

2. Disclosure of Exempt Information

The Sub-committee noted the proposal that the public be excluded from the meeting for consideration of Items 8 and 9 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.

3. Revenue Expenditure Monitoring

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

Noted:

3.1. 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 2021, attached as Annex 1 to the report by the Head of Finance, indicating a budget surplus position of £30,068,600.

3.2. 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 2021, attached as Annex 2 to the report by the Head of Finance.

The Sub-committee scrutinised:

3.3. 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.

4. Pension Fund – Draft Budget

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

Noted the draft revenue budget for the Orkney Islands Council Pension Fund for 2022/23, attached as Annex 1 to the report by the Head of Finance, which formed part of the assumptions in the overall budget setting process considered by the Policy and Resources Committee on 22 February 2022.

5. 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 Interim Corporate Finance Senior Manager, the Sub-committee:

Noted:

5.1. Progress made over the 12-month period to 31 December 2021 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.

5.2. That, over the 12-month period to 31 December 2021, a total of 27 hours of training was offered to members of the Pension Fund Sub-committee and the Pension Board.

5.3. That all members of the Pension Fund Sub-committee, together with seven of the eight members of the Pension Board, had, over the 12-month period to 31 December 2021, achieved the minimum requirement of participation in at least one training event, or equivalent to five hours training.

5.4. 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:

5.5. That the Annual Training Plan for 2022 for members of the Pension Fund Sub-committee and the Pension Board, attached as Appendix 1 to this Minute, be approved.

6. Review of Pension Fund Risk Register

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:

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 Minute, be approved.

7. Exclusion of the Public

On the motion of Councillor W Leslie Manson, seconded by Councillor James W Stockan, the Sub-committee resolved that the public be excluded for the remainder of the meeting, as the business to be considered involved the disclosure of exempt information of the classes described in Part 1 of Schedule 7A of the Local Government (Scotland) Act 1973 as amended.

Karen Kent left the meeting at this point.

8. Statement of Managed Pension Funds

Under section 50A(4) of the Local Government (Scotland) Act 1973, the public had been 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 Act.

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:

8.1. 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 2021.

8.2. That the Pension Fund investments returned a gain of £9,100,000, or 1.4%, over the quarter to 31 December 2021, which was 2.9% behind benchmark and was considered poor.

8.3. That the value of the Pension Fund had increased by 8.4% over the 12-month period to 31 December 2021, which was considered good in absolute terms but was 4.0% behind target over that period.

8.4. That an average return of 11.6% per annum for the Pension Fund remained 2.1% ahead of the target over the five-year period.

8.5. The Governance Summary extracted from Baillie Gifford's performance report for the quarter ending 31 December 2021, attached as Appendix 2 to the report by the Head of Finance.

8.6. The Corporate Governance Summary extracted from Legal and General's investment report for the quarter ending 31 December 2021, attached as Appendix 3 to the report by the Head of Finance.

9. Review of Investment Strategy

Under section 50A(4) of the Local Government (Scotland) Act 1973, the public had been excluded from the meeting for this item on the grounds that it involved the disclosure of exempt information as defined in paragraphs 6 and 9 of Part 1 of Schedule 7A of the Act.

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

Resolved, in terms of delegated powers, what action should be taken with regard to a review of the Investment Strategy of the Pension Fund.

The above constitutes the summary of the Minute in terms of the Local Government (Scotland) Act 1973 section 50C(2) as amended by the Local Government (Access to Information) Act 1985.

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Karen Kent rejoined the meeting at this point.

10. Conclusion of Meeting

At 15:30 the Chair declared the meeting concluded.

Signed: W Leslie Manson.