

Minute

Pension Fund Sub-committee, together with Pension Board

Thursday, 18 May 2023, 09:15.

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 and James W Stockan.

Pension Board:

Employer Representatives:

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

Trade Union Representative:

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

Present via remote link (Microsoft Teams)

Pension Fund Sub-committee:

Councillor Mellissa-Louise Thomson.

Clerk

- Sandra Craigie, Committees Officer.

In Attendance

- Gareth Waterson, Corporate Director for Enterprise and Sustainable Regeneration.
- Erik Knight, Head of Finance.
- Shonagh Merriman, Service Manager (Corporate Finance).
- Katie Gibson, Team Manager (Corporate Finance).
- Paul Maxton, Solicitor (for Items 2 to 5).

Hymans Robertson:

- David Walker, Partner.

Apology

- Councillor Rachael A King.

Not Present

Pension Board:

Trade Union Representatives:

- 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 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.

Councillors Steven B Heddle and James W Stockan joined the meeting at this point.

2. Annual Audit Plan

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 the external audit annual plan for 2022/23 in respect of the Council's Pension Fund, prepared by KPMG, attached as Appendix 1 to the report by the Head of Finance.

Karen Kent joined the meeting during discussion of this item.

3. Pension Fund Administration – Performance

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

Scrutinised Pension Fund administration activities, together with performance against key service standards, for the period 1 April 2022 to 31 March 2023, as detailed in sections 4 to 9 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 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 Service Manager (Corporate Finance), 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 2023.

4.2. That the Pension Fund investments returned a gain of £13,800,000, or 3.5% over the quarter to 31 March 2023, which was 0.5% ahead of benchmark and was considered good.

4.3. That the value of the Pension Fund had decreased by 5.9% over the 12-month period to 31 March 2023, which was 4.1% behind benchmark over that period and was considered very poor.

4.4. That an average return of 5.1% 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 investment report for the quarter ending 31 March 2023, attached as Appendix 2 to the report by the Head of Finance.

4.6. The extract from IFM Global Infrastructure's quarterly investor report, showing the responsible investment update for the quarter ending 31 March 2023, attached as Appendix 3 to the report by the Head of Finance.

4.7. The Corporate Governance Summary extracted from Legal and General's investment report for the quarter ending 31 March 2023, attached as Appendix 4 to the report by the Head of Finance.

Councillor James W Stockan left the meeting during discussion of this item.

5. Conclusion of Meeting

At 09:56 the Chair declared the meeting concluded.

Signed: H N Woodbridge.