

Item: 19

**Pension Fund Sub-committee, together with Pension Board:
15 September 2021.**

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 September 2021.

Minute

Pension Fund Sub-committee, together with Pension Board

Wednesday, 15 September 2021, 14:15.

Microsoft Teams.



Present

Pension Fund Sub-committee:

Councillors W Leslie Manson, Alexander G Cowie, Steven B Heddle and Rachael A King.

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

- Gareth Waterson, Interim Executive Director of Finance, Regulatory, Marine and Transportation Services.
- Colin Kemp, Interim Head of Finance.
- Shonagh Merriman, Accounting Manager (Corporate Finance) (for Items 3 to 6).
- Paul Maxton, Solicitor.

Audit Scotland:

- Colin Morrison, Senior Auditor.

Hymans Robertson:

- David Walker, Chief Investments Officer.
- Kameel Kapitan, Associate Consultant.

Observing

- Lorraine Stout, Press Officer.

Apologies

Pension Sub-committee:

- Councillor Barbara Foulkes.
- Councillor Stephen Sankey.
- Councillor James W Stockan.

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 Item 5, as the business to be discussed involved the potential disclosure of exempt information of the class described in the relevant paragraph of Part 1 of Schedule 7A of the Local Government (Scotland) Act 1973 as amended.

3. Revenue Expenditure Outturn

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

Noted:

3.1. The revenue expenditure outturn statement in respect of Pension Fund services for financial year 2020/21, attached as Annex 1 to the report by the Head of Finance, indicating a budget surplus position of £119,399,800.

The Sub-committee scrutinised:

3.2. The explanations given and actions proposed, in respect of significant budget variances, as outlined in the Budget Action Plan, attached as Annex 2 to the report by the Head of Finance, and obtained assurance that appropriate action was taken with regard to significant budget variances.

4. Revenue Expenditure Monitoring

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

Noted:

4.1. 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 30 June 2021, attached as Annex 1 to the report by the Head of Finance, indicating a budget surplus position of £5,823,000.

4.2. 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 30 June 2021, attached as Annex 2 to the report by the Head of Finance.

The Sub-committee scrutinised:

4.3. 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.

5. Statement of Managed Pension Funds

On the motion of Councillor W Leslie Manson, 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 Associate Consultant, Hymans Robertson, the Sub-committee:

Noted:

5.1. 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 30 June 2021.

5.2. That the Pension Fund investments returned a gain of £30,900,000, or 6.1%, over the quarter to 30 June 2021, which was 1.1% ahead of the benchmark and was considered good.

5.3. That the value of the Pension Fund had increased by 23.0% over the 12-month period to 30 June 2021, being 7.6% ahead of the target, which was considered exceptional.

5.4. That an average return of 12.7% per annum for the Pension Fund remained 3.1% ahead of the target over the five-year period.

5.5. The Governance Summary extracted from Baillie Gifford's performance report for the quarter ending 30 June 2021, attached as Appendix 2 to the report by the Head of Finance.

5.6. The Corporate Governance Summary extracted from Legal and General's investment report for the quarter ending 30 June 2021, attached as Appendix 3 to the report by the Head of Finance.

6. Conclusion of Meeting

At 15:00 the Chair declared the meeting concluded.

Signed: W Leslie Manson.