

## **Minutes of the Pensions Committee**

**Lakeview Room, County Hall, Worcester**

**Thursday, 12 October 2023, 10.00 am**

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### **Present:**

Cllr Elizabeth Eyre (Chairman), Cllr Adrian Hardman, Cllr Karen Hanks and Cllr Luke Mallett (except for item 13)

### **Also attended:**

Cllr Roger Phillips, Chairman of the Pension Board was also in attendance.

### **Available papers**

The members had before them:

- A. The Agenda papers (previously circulated); and
- B. The Minutes of the meeting held on 28 June 2023 (previously circulated).

### **461 Apologies/Named Substitutes (Agenda item 1)**

Apologies were received from Shane Flynn and Cllr Peter Stoddart.

### **462 Declarations of Interest (Agenda item 2)**

None.

### **463 Public Participation (Agenda item 3)**

None.

### **464 Confirmation of Minutes (Agenda item 4)**

**RESOLVED** that the Minute of the meeting held on 28 June 2023 be confirmed as a correct record and signed by the Chairman.

**465 Pension Board and Pension Sub-Committee Minutes  
(Agenda item 5)**

**RESOLVED** that the Minutes of Pension Board and Pension Investment Sub-Committee be noted.

**466 Exclusion of Public and Press (Agenda item 12)**

**RESOLVED** that pursuant to Section 100A of the Local Government Act 1972, the press and public shall be excluded from the meeting during items 13 and 14 on the grounds that there would be disclosure to them of information relating to the financial or business affairs of any particular person (including the authority holding the information) and the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

Summary of the proceedings of the meeting during which the press and public were excluded. (This is a fair summary of the proceedings.)

**467 Pension Investment Update (Agenda item 13)**

The Committee considered the Pension Investment Update.

**RESOLVED** that:

- a) The Independent Investment Adviser's fund performance summary and market background be noted;
- b) The submission of the Fund's response to the Department of Levelling Up, Housing & Communities (DLUHC) Consultation: Next Steps on Investments be noted;
- c) The submission of the LGPSC Company response to the Department of Levelling Up, Housing & Communities (DLUHC) Consultation: Next Steps on Investments be noted;
- d) The submission of the Scheme Advisory Board (SAB) response to the Department of Levelling Up, Housing & Communities (DLUHC) Consultation: Next Steps on Investments be noted;
- e) The update on the investment managers placed 'on watch' by the Pension Investment Sub Committee be noted;
- f) The funding position be noted;
- g) The update on equity protection be noted;
- h) The update on responsible investment activities, Local Authorities Pension Fund Forum (LAPFF) and stewardship be noted;

- i) **The update on the Taskforce for Climate-related Financial Disclosures (TCFD) Consultation be noted; and**
- j) **The investment pipeline overview be noted and a series of funding allocations be approved.**

**468 LGPS Central Update (Agenda item 14)**

The Committee considered the LGPS Central Update.

**RESOLVED** that the LGPSC update be noted.

**469 Pension Fund Budget Forecast Outturn 2023/24 and updated Indicative Budgets 2024/25 to 2026/27 (Agenda item 6)**

The Committee considered the Pension Fund Budget Forecast Outturn 2023/24 and updated Indicative Budgets 2024/25 to 2026/27.

In the ensuing debate, the following points were made:

- Sherief Loutfy reported that it was anticipated that there would be a substantial increase (approximately 150%) in external audit fees in the next financial year due to an agreement reached as part of the national framework for external audit. As a result we expect these fees to be in the region of £90k for the audit of the 2023/24 financial year.
- How did the Fund's investment costs compare with other funds? Philip Hebson responded that this information was unavailable, but he anticipated that the Fund's investment costs would be in the lower half of any comparison information table.

**RESOLVED** that the expected outturn of the Fund's budget for 2023/24 totalling £21.585m that would result in an overall forecast underspend of £1.379m be noted.

**470 Business Plan (Agenda item 7)**

The Committee considered the Business Plan.

Richard Sultana introduced the report and commented that the Fund had been experiencing delays in receiving AVC payments made to some members because of IT issues experienced at Scottish Widows. The Fund had joined with the Greater Manchester and Derbyshire Funds to raise the matter as a joint concern with Scottish Widows. In relation to McCloud, the number of members with potential 'guarantees' to be investigated had increased from 674 to 703.

In the ensuing debate, the following points were made:

- In response to a query, Richard Sultana explained that alternative providers to Scottish Widows would be examined but it would appear that similar issues were being experienced nationally.
- In response to a query, Richard Sultana indicated that great progress had been made in introducing TME. An update would be reported to the next Committee meeting.

**RESOLVED that the Worcestershire Pension Fund Business Plan as at August 2023 be noted.**

#### **471 Risk Register (Agenda item 8)**

The Committee considered the Risk Register.

**RESOLVED that the August 2023 Worcestershire Pension Fund Risk Register be noted.**

#### **472 Governance Update (Agenda item 9)**

The Committee considered the Governance Update.

Richard Sultana introduced the report and commented that although the Fund's data score was good, there was always room for improvement especially with the push for greater automation of processes. A Data Improvement Plan had therefore been introduced.

**RESOLVED that the Worcestershire Pension Fund Governance Update and in particular the Fund's draft Data Improvement Plan as set out at Appendix 2 to the report be noted.**

#### **473 Training Update (Agenda item 10)**

The Committee considered the Training Update.

Richard Sultana introduced the report and undertook to look into the possibility of including the Hymans/Roberts remote training sessions as part of the overall pension training programme.

In response to a request, Richard Sultana undertook to provide a list of recommended training and conferences for members of the Committee for both the administration and investment functions.

**RESOLVED that the Worcestershire Pension Fund Training Update be noted.**

#### **474 Forward Plan (Agenda item 11)**

Sherief Loutfy explained that there had been a delay in the signing off of the Pension Fund Accounts beyond the statutory deadline due to factors outside the control of the Council or the Fund. Only five local authorities had had their

accounts signed off by 30 September 2023. The Fund was working with Grant Thornton, the Fund's external auditor, to finalise the accounts and the Annual Report as soon as possible.

**RESOLVED** that the Forward Plan be noted.

The meeting ended at 12.50pm.

Chairman .....