PENSION COMMITTEE

SUMMARY OF THE MINUTES: 27 FEBRUARY 2025

All members of the Committee were present.

PENSION REFORM AGENDA

The Committee considered a report introduced by Susan Greenwood and resolved to note the further announcement from the Chancellor that the government would launch a consultation to ensure that the LGPS was ‘Fit for the Future’ with a view to accelerating pooling of assets by March 2026 and supporting the Chancellor’s aims of accelerating growth and investment in the UK and to note the officers’ extensive response to the consultation.

GOVERNANCE

The Committee considered a report introduced by Dave Kellond and resolved to note the legal and regulatory changes including the announcement from the Education and Skills Funding Agency noting the Fund may consider whether the funding approach for the employers to whom the guarantee has now been extended should be revised. The Committee also noted the intention to include unused pension funds and death benefits within the value of a person’s estate for Inheritance Tax purposes. The Committee also noted the Fund Actuary had prepared the indicative quarterly funding update as at 31 December 2024 showing the position increase from June 2024 and decrease from March 2024.

PENSIONS ADMIN

The Committee considered a report introduced by Paul Punter and resolved to note the KPI position acknowledging work completed to reduce the backlog and the projects being undertaken especially around pension admin software.

QUARTERLY BUDGET MONITORING AND 2025/26 BUSINESS PLAN AND BUDGET

The Committee considered a report introduced by Russell Wood and resolved to note the Q3 forecast financial outturn position and approved the business plan and budget for 2025/26

INTERNAL AUDIT REPORT

The Committee considered report introduced by Danny Simpson and resolved to note the Pension Fund – Financial Controls Audit Report and approve the Internal Audit Strategy for Pensions and Annual Plan 2025/26. The Committee noted that the overall 2024/25 was given an opinion of substantial assurance and noted that officers will be reviewing preparedness for the pooling reforms in Q1 for 2025/26. The Committee also noted that training session on the Pensions Dashboards is planned for the Committee in September 2025.

RISK REGISTER

The Committee considered a report introduced by George Norval and noted the report after consideration of specific Risks I5 (Investment Pooling), G1 (Key Person Risk) and G3 (Cyber

Security). Committee Members were encouraged to attend a Risk Register workshop in March 2025.

INVESTMENT

The Committee considered a report introduced by Russell Wood and noted the Fund's scored against the Principals for Responsible Investment, the Stewardship report and considered and approved the strategic objectives set for Hymans Robertson under their new contract and the Counsel Opinion on implications of the current events in Gaza on the LGPS.

Iain Campbell from Hymans Robertson highlighted the valuation increase of the Fund since last reported noting the relative underperformance of the Fund's strategy to its agreed benchmark, CPI inflation for Q4, rises in gilt yields with anticipated higher bond issuance to fund tax cuts, fall of credit spreads, volatility of stocks, performance of investment managers against the board equity market and noted that Nest, have entered a binding agreement that will see Nest take a 10% ultimate ownership stake in IFM. It was agreed that Iain will provide further information about the red rating for Baillie Gifford.

WORK PROGRAM

The upcoming work program was noted. In particular the Committee noted that this year is a valuation year which is reflected in the Work Programme, the June 2025 training will now focus on valuation rather than induction following the postponement of elections and there will be income generation training and understanding the position of the Fund and managing cashflow. It was agreed that business continuity planning will be reviewed and either addressed in the workplan or the risk register.

EXEMPT ITEMS

A number of items were discussed under the Exempt part of the meeting which Board Members can have access to on request. These included the Exempt Additional Voluntary Contributions report, Breaches Log, Admissions and Cessations Report and additional exempt information on the Pension Reform Agenda Report, Investment Report and Governance Report.