

MINUTES OF THE LOCAL PENSION BOARD

Tuesday, 5 December 2017 at 2.00 pm

PRESENT: Stephen Warren (Independent Chair), Adam Barrett, Adam Bowles, John Collins and Elizabeth Sclater.

1. Declarations of Interest

Stephen Warren was appointed Chair of the Board for the current Municipal Year.

No Interest was declared, apart from staff being members of the Council's Pension Scheme, and retired member receiving pension from the scheme.

2. Fund Performance

The Head of Corporate Resources introduced the report.

Following a question from the Scheme Representative about the reasonableness of the fees, Board Members were informed that the fees paid by the Council across the funds were competitive. It was noted that one of the administrators had reduced their fees and another was in discussion with officers to reduce its fees.

Board Members asked about the benefits of diversifying the pension investments. Officers advised Board Members that they rely on the Council's Advisers to make the right decision, and currently they were happy with their performances.

Board Members were concerned about the pressures on the fund given the fewer number of staff employed and this could adversely affect the longevity of the fund. The Head of Corporate Resources said that the fund was maturing and there had been a net cash out flow for the last 3 years. He informed Board Members that there had been an enrolment drive and the 50/50 option had been highlighted to staff. This was to attract those who might not be able to afford the full contribution.

Board Members wanted to know the ratio of staff leaving and joining the Council, and were told this information was not at hand. Board Members also wanted to know if officers had a funding strategy to meet the Fund's liability, and were told this would be provided for the next meeting. Members were informed that the next actuarial evaluation was in 2019.

Board Members commented that their role as the Pension Board would include looking at the reasonableness of the strategy statements, and checking whether the risk taken by the Advisers were manageable, looking at the Market they were tracking and the reasonableness of the Advisers decisions. They also noted that the Actuary longevity seemed to have tailed off. Officers said they received the actuarial advice and get a report annually. This predicts the Council's real data and uses a series of assumptions for accounting purposes.

Board Members asked how the fund could be sustained if income was less than outgoings, and were told that the Council was faced with sustainability risk.

Options open to the Council were to either ask employees for additional contributions or to rely on investments which carries risk. Board Members asked whether the pension scheme was usually mentioned during induction of new staff and were told this was done. Members commented that the recruitment strategy ought to be robust and communication to members needed to be improved. The Pensions Manager said processes were being put in place for regular communications.

Action >>>>> ED Resources and Regeneration

Board Members asked whether officers were in a position to know of major actuarial changes and take action if need be, and were told that there was an annual update on movements of contributors and this would be reported to the Pension Board. Officers were also asked why they had not made any investment as yet as part of the pooling group, and they responded that they were currently observing the market but that the funds currently offered by the London Collective Investment Vehicle (LCIV) do not align with the Funds current strategy, although the Fund remains committed to the LCIV. Board members asked whether performance of a pooling member could affect the others and were told that each member was responsible for their action.

It was agreed that officers would provide information on the following before the next meeting of the Board:

- Fund sustainability strategy
- Effective member communication
- Overseas Investment strategy
- Approach and transition to pooling

3. Roles and Responsibilities of the Board

The Head of Corporate Resources introduced the report.

It was noted that the Board would be forwarding any advice or recommendation as they see fit to Council, as the Scheme Manager.

Board Members wanted assurance that any aspect of the pension function that did not fall within the Local Pension Board's remit would fall within that of the Pension Investment Committee's remit. The Head of Corporate Resources confirmed that this should be the normal practice and said that Board Members would be sent the Pension Investment Committee's Terms of Reference for information, and, and if Board Members or officers were to identify any gaps this would be addressed.

Action >>>>> ED Resources and Regeneration

Board Members asked how the Board's £10k funding was to be spent, and were told that this was not a salary budget, as expenses would be paid from a separate budget. This budget had been provided to enable Board Members to fulfil their responsibilities without relying on the Council for funding. The money could also be used for training purposes.

The Board agreed that its Terms of Reference would need some amendments in keeping with the Pensions Regulations, and requested officers to make the necessary amendments as follows:

- Paragraph 25/26 – The Term of Office for Board Members to be determined.
- Core Functions (para 55) ‘ensure’ to be replaced with ‘assist’.
- The Pensions Investment Committee’s Terms of Reference to be examined to see whether any aspect of the pension function has been left out of both Terms of References.
- Investigate and determine options for Employees representation.

4. Knowledge and Training

The Principal Accountant introduced the report.

Board Members discussed the Regulator’s requirements for their training and agreed the following :

- The Principal Accountant, Robert Browning, to check the Pension Regulator’s guidance on training and confirm to Board Members the information required of them ahead of the next meeting.
- All Board Members to complete the learning needs analysis at their own pace and send the information to the Principal Accountant, at least 3 weeks prior to the next meeting, he will keep a central log.
- The Principal Accountant to collate this information and confidentially identify training needs of Board Members, in accordance with the Regulator’s guidance.
- The Principal Accountant to revise and update the learning policy to reflect the Board’s collective learning needs.

5. Work Plan for 2018 (Verbal)

The Head of Corporate Resources introduced the report.

Board Members discussed how often, and when they would want to meet in relation to the Pension Investment Committee meeting. Board Members agreed to meet shortly after the Pensions Investment Committee meetings quarterly in the year.

Board Members decided that as they were assisting the Pensions Investment Committee, it would make sense to meet after the Committee. The Head of Corporate Resources informed Board Members that he would draft a cycle of work from the Pensions Investment Committee programme, plus the guidance for Investment strategy and the guidance for Risk Strategy, the Pensions Regulations and circulate to Board Members. He asked that Board Members consider the information and identify their independent training needs. It was agreed this information would be sent by end of January 2018, and a meeting programmed for late February/early March starting at 2.00pm.

Meeting ended: 4.00pm

6. Other Business (verbal)

None.