

# MINUTES OF THE PENSION BOARD MEETING

Tuesday 6 March 2018 at 2pm

Present: Stephen Warren, Elizabeth Sclater, Carol Eldridge, Adam Bowles, Adam Barrett, Gavin Roberts, David Austin, Robert Browning, Sarah Assibey

Apologies: John Collins

## 1. Declarations of Interest

No interest were declared, however, Elizabeth Sclater and Adam Bowles noted their membership of the Pension Fund.

Stephen Warren declared an interest in a scheme of which he is a Trustee Director and within the last 18 months has invested in two of the Funds that have been selected to present at the Pensions Investment Committee Procurement meeting

## 2. Minutes

Actions arising from Item 2: It was agreed that officers would provide the information on the Funding Sustainability Strategy, which Robert Browning had cascaded via email.

The Pensions Investment Committee's Terms of Reference have been verified and are in the Council's constitution.

## 3. Updated Terms of Reference

Robert Browning presented this report of which its purpose is to seek approval of the Board's updated Terms of Reference.

The main changes to the Terms of Reference were:

Section 26: Terms of Office- updated to clarify that current members will serve until at least 2020/21

Section 55: Core Functions- to change the sentence "ensure the effective and efficient governance and administration of the scheme" to "assist in the effective and efficient governance"

The Chair confirmed with officers that the Pensions Investment Committee (PIC) had everything that the Pension Board scrutinises within its terms of remit, including the scheme administration and risk register, which they confirmed it does.

Board Members also raised concerns that part of the responsibility that the Pension Board has is the risk of breach of the regulations, which is not explicitly referenced in the Terms of Reference. The Chair responded that the role of the Pension Board is to ensure the adequacy of the arrangements, which the Council Administrator has put in place, including the arrangements to manage risk. The way in which this is done is through understanding and scrutiny of the risk register. The risk register does have

compliance for regulations. The Head of Corporate Resources stated that the administration and liability comes through the triennial evaluation, whereas any routines come stem from Financial Statement Strategy. Both are reported at the Pensions Investment Committee and the Audit Panel, which the Chair of PIC sits on both Committees.

RESOLVED to recommend the adoption of the revised Terms of Reference.

#### **4. Code of Conduct and Conflict of Interest Policy**

The Board reviewed the Code of Conduct Policy and the Conflict of Interest Policy. The Chair raised that under the Conflict of Interest Policy, it seems rather circular that the Board is scrutinising the activities of the Council scheme administrator, who can evaluate the risks arising from conflict of interest. The Head of Corporate Resources responded that the Pension Board has been formally adopted, not under a Mayoral delegation but rather a Council delegation, so where any issues should arise within the board, it would go directly to Council. Otherwise, it would sit independently but only be able to go to the Scheme Advisory Board directly for arising issues. The intent is that, annually, the Board would submit a report to ensure that it is functioning accordingly.

RESOLVED that the Committee agree to adopt both Policies.

#### **5. Papers for the PIC held on 8<sup>th</sup> February**

The Head of Corporate Resources summarised the Papers from the PIC meeting.

BlackRock came to the February PIC meeting and gave their Fund manager presentation as a routine monitoring report. They discussed their property Fund as LBL is slightly underweight in its property Portfolio.

Hymans, in addition to their regular quarterly report, gave an update on the Infrastructure Procurement, to ensure Members were satisfied with the shortlist and understood the process of which a manager would be selected. Members were notified of the differences between each of the managers and were made aware of any environmental considerations within the Funds. All three managers met the criteria of the open-ended fund required by LBL. The procurement meeting will be taking place in March.

There was some discussion of interest in ESG (environment, social and governance investing) and whether or not that could be changed within the passive strategy. The advice given was that not, as it would not be passive, but rather an active decision under a passive Fund. It was agreed that the general training for Members in June/July will be appointed to the Committee. In addition to this training, there will be training on the key themes of the market of which ESG is one, as well as an update around the Fund's current strategy and diversification approach on the back of the last triennial evaluation. The way in which ESG is being considered across all mandates is that the investment strategy, risk strategy and business plan all make specific references to ESG and are reported to the Committee, and included in the voting process for manager selection. The Fund's Investment beliefs also highlight ESG and recognise its position in the industry. Managers are briefed to highlight the

