

# MINUTES OF THE PENSION BOARD

Tuesday 23 October at 2pm

PRESENT: Stephen Warren, Adam Barrett, Elizabeth Sclater

Also Present: Robert Browning (Principal Accountant), Carol Eldridge (Payroll Manager), Sarah Assibey (Clerk)

Apologies: Adam Bowles, David Austin

## 1. Declarations of Interest

Adam Barrett and Elizabeth Sclater both declared an interest as Members of the Pension Scheme.

## 2. Minutes

The minutes of the last meeting are to be amended as:

Under Declarations of Interest, the Board agreed that the minutes were amended to reflect Adam Barratt's declaration of an interest as a representative of a scheme employer.

Under Updated Terms of Reference, the Board agreed that "triennial evaluation" be amended to "triennial valuation".

Under Training Needs and Forward Work Plan, the Board agreed that "...identifies, mitigates and monitors the Risk Register and how it is maintained" be amended to "...identifies, mitigates and monitors risk, and how the Risk Register is maintained".

## 3. Work Plan and Compliance

The Principal Accountant introduced this report.

He reported that, to ensure the scheme is compliant with Pension Fund regulations and governance obligations, procuring a compliance analysis from Pension Fund advisors or an organisation in the same field provides better assurance than a self-assessment would as advisors have had experience undertaking such analysis. He reported that officers have ascertained that Aon Hewitt have produced an independent review and compliance analysis for other LGPS schemes and that the Pensions Investment Committee advisors, Hymans Robertson, have also quoted a fee of £2,500 to undertake the analysis.

Members expressed concern for employing Hymans for this work due to a conflict of interest. They however observed that the cost is low and that a reputable firm would advise on any potential threats to independence and associated safeguards.

The Board agreed that the criteria for selection process should be that analysers are reputable, independent, the costs are proportionate. The Board noted that the annual

budget for the Pension Board was £10,000 and that officers would follow a procurement process that complied with the Council's procurement procedures.

RESOLVED Members agree to procure compliance analysis of the scheme with regards to administrative and governance obligations and delegate the procurement of that service to officers, using the Board's available budget and a single tender action report to be signed off by an Executive Director

#### **Action**

Officers will research the scale of work and the full scope of the analysis with a preferable model output, as well as cost, for the Board. A report will be sent to officers ahead of the next meeting.

#### **4. Pensions Investment Committee Update**

The Principal Accountant summarised the content of this report.

He reported that the Pensions Investment Committee met in June 2018, the first meeting of the financial year, and again in September. In these meetings, the Investment Strategy Statement was drafted and discussed by the Committee. The statement will reflect the Fund's ESG policy and carbon exposure. Officers are procuring a service to identify the Fund's carbon footprint later in the year.

Members noted that the Board's concern was compliance with relevant legislation and guidance in developing and implementing an ESG policy.

The Board noted that currency hedging, in the current climate, is considered at the point of investment by the Fund. The Board noted that the Committee is receiving professional advice on this risk and that it is scheduled to be discussed as an item at the next Committee meeting in November.

RESOLVED the Board noted this report.

#### **5. Risk Register 2018/19**

The Principal Accountant summarised the content of this report.

The updated Register went to the Committee in June with no amendments made.

It was recommended by the Board that:

- the Risk Register be included on the agenda for PIC at least annually;
- for high risks, officers report on the effectiveness of mitigation and progress in implementing agreed actions more regularly;
- the Risk Register should contain more detail of the controls in place to mitigate risks;
- management should routinely use the Risk Register, including as the basis for monitoring of the effectiveness of mitigations in place.

Some potential amendments to the Risk Register were considered. The Board recommended that:

- Under reference O01 the risk rating should be marked as 5 instead of 10 to correct an arithmetic error;
- Under O03, where the Current Controls state the Board assists the administering authority to ensure compliance with governance and administrative requirements, the wording should be amended as the Board is not part of internal management of the Council and cannot be instructed by the Council.

#### **Action**

Officers to consider the recommendations made by the Board and report back to the next Panel meeting.

## **6. General Update**

The Board noted the current Register of Conflicts of Interests and agreed to forward their updated individual Register of Interest forms to the clerk.

The Board also agreed to adopt the Pension Regulator's Breaches of Law log for ongoing use and to have it reported as a standing item for future meetings.

The Board agreed to delegate to the Chair the drafting of the Pension Board Annual Report 2017/18, for inclusion in the Pension Fund Annual Report. The Chair agreed to draft the report by the start of November.

Members agreed to report all training of interest and training attended to officers to record so that a statutory training log can be updated.

The Board noted that the new finance system, Oracle Cloud, will also include HR and Payroll (including Pensions payroll) modules in an integrated cloud-based environment.

The Board requested that the issue of indemnity insurance for members be investigated by officers and reported back to Board by the next meeting, specifically whether it was required and, if so, that it be obtained and in place for the next meeting."

#### **Action**

1. Panel members to forward Register of Interest forms to the Clerk.
2. Breaches of Law log to be included as standing item for future meetings.
3. Chair to draft Pension Board Annual Report 2017/18.
4. Panel members to advise officers of training of interest and attended.
5. Officers to maintain training log.
6. Officers to investigate indemnity insurance, identify whether required, secure if necessary and report to the next meeting.

## **7. Future Meetings**

The Board discussed the timescale and content of future meetings.

Members agreed that:

- it was not vital for the Board to integrate meeting with PIC and would favour meetings approximately a month after each PIC meeting. However, the timing of the next meeting was also dependent on the receipt of the review commissioned under item 3 above;
- they would like to see the minutes of PIC meetings in advance of Board meetings;
- the Pension Scheme Annual report should be seen at the next meeting.

The Clerk agreed to canvass a range provisional dates to Members for the end of January.

**Action**

Clerk to consult with Panel Members and arrange a meeting by the end of January 2018.

The meeting finished at 3.28pm