

MINUTES OF PENSIONS BOARD

Friday 11 October 2019 at 2pm

Present: Stephen Warren, Elizabeth Sclater, Gary Cummins, Adam Bowles

Apologies: Alex Bush

Also Present: Robert Browning (Principal Accountant), Stephanie Fleck (Lawyer), Sarah Assibey (Clerk)

1. Declarations of Interest

None declared

2. Minutes

The minutes of the last meeting were held as an accurate record.

3. Matters Arising/Outstanding Actions

The Principal Accountant presented this report. He highlighted that:

- the updated Risk Register will be presented at the Q1 meeting;
- the Breaches of Law policy will be presented at the Q2 meeting;
- the existing Work Programme will continue to be presented at each meeting;
- members are to complete the Learning Needs Analysis by 30 November 2019; and
- he proposed that the report on how the Administering Authority obtained assurance over the governance and risk management of the CIV would be presented to the next meeting of the Board.

The Board:

- noted the report;
- endorsed the revised timetable for receipt of the report on assurance of the governance and risk management of the CIV;
- requested the attendance of a legal advisor when it considered that paper; and
- endorsed the receipt of a paper analysing the on the Fund's Annual Report in the context of CIPFA's guidance by the next meeting.

4. Compliance Review Action Plans

The Principal Accountant presented this report.

The Administering Authority has not yet endorsed its action plan, which is currently in draft.

The Board:

- noted the report;
- recommended that the Administering Authority promptly adopt its action plan and that management of the Administering Authority subsequently monitor its implementation;
- requested an update on implementation of the Board's action plan and the Administering Authority's action plan to each subsequent meeting;
- made the following observations on the Administering Authority's action plan:
 - C1: there should be a clear distinction between the Administering Authority's policies (reflected on its action plan) and Board policies (reflected on its action plan);
 - E6: this should be moved to the Pension Board action plan;
 - I2/3/8: this action is for the Pensions Team to administer;
 - K12: this should be copied and reflected in both action plans;
 - When reporting back at subsequent meetings, a direction of travel measure should be added to the compliance table.
- made the following observations on the Board's action plan:
 - K3/4: the policy should be observed alongside the learning needs analysis;
 - K6: the Board endorse receipt of this report and asked the lead officer to explore the mechanisms for providing ready access to the documents in soft format and report back on actions to the Board;
 - K10: the completed Register of Interests should be included in the agenda as a standing item.

5. Pensions Investment Committee

The Principal Accountant presented this report.

He reported that:

- the Committee's main item of business was around the transition into low carbon funds. The results of the carbon footprint analysis will be used to inform the Committee's next steps in moving equity holdings from high carbon holdings to low carbon funds. The Committee have been working on its statement of investment beliefs. The objectives are informing its decisions. With regards to engagement with the CIV offering climate aware funds suitable for the objectives of authorities, the CIV has indicated a desire to discuss with its members what they want as opposed to what can be offered; and

- the Committee discussed the recent Competition and Markets Authority (CMA) Order requiring ‘trustees’ of LGPS Schemes to set objectives for their investment consultants and asked that draft objectives be prepared ahead of the next meeting in November.

The Principal Accountant undertook to report back to the Board about the outcome of deliberations on objectives for investor advisors.

The Board noted the report.

6. General Update

The Principal Accountant presented this report.

The Board:

- noted the report;
- in relation to the Register of Interests:
 - agreed that the lead officer would circulate details of the interests to be declared to Board members;
 - agreed that Board members would make the necessary declarations by 30 November;
- in relation to Integrated Risk Management:
 - agreed that its scope does not place obligations on the Board as it is independent of the Pensions Investment Committee and advisory in nature;
- in relation to Internal Audit:
 - agreed that the lead officer would report back on the recommendations arising and planned response;
- in relation to the comparative review of performance against the global results of the Pension Regulator’s survey:
 - A3: Agreed that meetings in January, April, July and October 2020 should be scheduled promptly in consultation with members of the Board;
 - A4: Emphasised that the Board does not run the scheme;
 - A6: Noted that an evaluation of the knowledge, understanding and skills of the Board is underway;
 - C2: Recommended that officers should give some consideration to appropriate key performance indicators for the Fund and report back;
 - G2a: Requested details of the five complaints referred to;
- in relation to the Pension Regulator’s report on governance and administration risks in public service pension schemes:
 - noted the key improvement areas identified;
- in relation to the Board’s Annual Report for inclusion in the Pension Fund’s Annual Report:

- delegated responsibility for preparation to the Chair of the Board;
- in relation to training:
 - agreed that members should review the training log in the Appendix to the report and inform officers of any necessary amendments prior to publication;
 - agreed that Board members complete their own identification of training requirements and return them to the Principal Accountant by 30 November;
 - requested the Principal Accountant to lead on the development of an induction pack for new members;
 - recommended that the Administering Authority prepare a succession policy for the Board to mitigate the risk of most or all members leaving officer at the same time.

The meeting finished at 3.55p.m