

LOCAL PENSION BOARD

Meeting held on Thursday 2 July 2015 at 2pm
in Room 1.10, Bernard Weatherill House, Croydon, CR0 1EA

WRITTEN MINUTES – PART A

Present: Mr Michael Ellsmore (Chair);
Employer Representatives;
Councillor Mike Selva, Mr Richard Elliot, Mr Jolyon Roberts
Employee Representatives;
Mr David Whickman, Ms Nana Jackson-Ampaw, Mrs Teresa Fritz

In attendance: Freda Townsend (Pensions Manager), Nigel Cook (Head of Pensions and Treasury), Solomon Agutu (Head of Democratic Services and Scrutiny)

A01/15 APOLOGIES FOR ABSENCE

There were no apologies for absence.

A02/15 CONFLICTS OF INTEREST

The procedure for declaring conflicts of interests was discussed and the Chair declared, for reference, that he was the Chair of the Local Pension Boards in Sutton and Southwark .

It was noted that being employed by an employer member of the scheme did not constitute a conflict of interest on the part of an employer representative. Board members were signposted to a Local Pension Board e-learning website that contained a useful section on conflicts of interest.

A03/15 URGENT BUSINESS

There was no urgent business to consider.

A04/15 EXEMPT ITEMS

There were no exempt items however it was announced that for the purposes of this meeting the tabled Pension Committee agenda papers were to be treated as Part B documents.

A05/15

RULES OF PROCEDURE FOR THE LOCAL PENSIONS BOARD

(item 5)

The Chair led the Board through the procedure rules and in particular to the definitions section at the beginning of the document. The Head of Pensions and Treasury added that although the term for Board members was two years, it was hoped that most of the current Board would continue for at least another term given the investment in training that would be received.

As this was the first meeting, the Board discussed the distribution list. It was noted that the Pension Committee does not receive the Board meeting agenda; however it will receive a copy of the minutes which will keep the Committee informed of the Board's discussions. It was also confirmed that any issues of concern raised by the Board would be sent to the Committee and to the Section 151 Officer. Scheme members would be kept informed of the work of the Board by publishing the agenda and minutes online, including on the Pension Fund website. The Chair suggested that an annual report of the Board aimed at scheme members could be produced and a Board member recommended utilisation of the Head Teachers Association website to communicate to scheme members. Also to be included are branch chairs of the three unions – Unison, Unite and GMB.

It was noted that the Committee consisted of Councillors (all employer representatives), a staff representative and a pensioner representative. The Pension Scheme, however, had many other employer contributors not represented on the Committee. The question was asked whether the time had come to consider whether this governance arrangement needed a review to include other employers. It was agreed to take this issue under item 8 – Governance Review.

The Board **RESOLVED** to:

1. refer the Rules of Procedure for adoption to Full Council
2. agree meeting dates for the 2015-16 year as 8 October 2015, 7 January 2016 and 21 April 2016
3. agree the distribution list as amended

A06/15

POLICIES AND GUIDANCE (item 6)

The Head of Pensions and Treasury introduced the item by explaining the expenses policy to be adopted. It is identical to the Council allowance scheme and will be administrated by the clerk of the Board. The Board were also informed that there were a limited number of Oyster cards available for travel to training within London, which would speed up the expenses process.

The Conflict of Interest document was presented to the Board. It was recommended to the Board that the Conflict of Interest policy be

complemented by use of the e-learning resource on the subject prepared by the Pensions Regulator, which would be distributed to Board members after the meeting.

The Breaches of Law document was introduced as a new policy which was critical to the work of the Board. Regular training would be required for Board members to reassure scheme members that there is proper monitoring of officers and the Fund generally. Board members considered whether the policy was sufficient in relation to reporting of breaches. The current wording suggested the normal route was through the Governance and Compliance Manager. The Board agreed that the wording needed to be stronger in asserting the Board's right to circumvent the Governance and Compliance Manager where there was disagreement and refer breaches directly to the Pensions Regulator.

The Chair stated that at the last Committee meeting a breach had been announced, that seven scheme employers had failed to pay their contributions. Board members expressed their disapproval and questioned whether the names of the employers could be made public. The Pensions Manager informed the Board that since the Committee one employer had paid their deficit but six employers' contributions remained outstanding.

This discussion gave the Board an opportunity to discuss the role of the Board. The failure to make contributions was a serious breach. The role of the Board was to ask how the scheme employer was responding to non-payment. The Board was assured by the administering authority that it was closely monitoring the situation.

The Committee **RESOLVED** to:

1. Note the travel expenses policy
2. Approve the Conflicts of Interest policy
3. Approve the Breaches of Law policy, subject to stronger wording being inserted at page 4 asserting the right of the Board to report breaches directly to the Pensions Regulator. Such wording to be approved by the Chair.
4. Note the non-payment of contributions by some scheme members and the Scheme Manager's response to the non-payment.

A07/15 BOARD MEMBER TRAINING (item 7)

The Pensions Manager introduced the item by reporting back from an initial Hymans training event attended by some Board members on 10 June 2015. Slides of the presentations would be sent to those Board members who were unable to attend. Hymans had requested feedback from attendees on learning outcomes which would be helpful to identify what further areas of training are required.

There was agreement that the e-learning training was very helpful and recommended as an initial first step for Board member training. It was

agreed that Board members would be emailed a link to the e-learning training.

The Chair noted that the Pension Fund's actuarial assessment was due this year which therefore required training for Board members. The Pensions Manager informed the Board that the assessment was not due until April 2016 so there was plenty of time to schedule the training.

The Board **RESOLVED** to delegate the scheduling of Board training to the Chair and noted the information sheet provided by officers.

A08/15 GOVERNANCE REVIEW (item 8)

The Chair opened the item by discussing the importance of a Governance Review of the entirety of the Pensions Committee and for the review to report back by the January Board meeting. Board members stated that this would be very useful and should include information such as flowcharts and glossaries to make the structures as accessible as possible. An issue the Board identified to include in the review was the representation on the Committee of employer scheme members. It was considered that the make-up of the Committee, including co-opted members, should form part of the review.

The Board were informed that there was a social governance aspect as well and that the Committee adhered to the United Nations' policy on responsible investments.

The Board **RESOLVED** to commission a Governance Review of the Pensions Committee to report back by the 7 January 2016 Board meeting.

A09/15 WORK PROGRAMME (item 9)

The Board discussed the work programme for the coming year. In particular, it was considered important to receive the quarterly progress report on the performance of the fund that is received by Committee, with the report authors in attendance, and for this to be a standing item. The Board would then analyse what action the Committee had undertaken in response to the report. Monitoring asset allocation and holding fund managers to account were also identified as areas the Board should look into.

The Board **RESOLVED** to include the following topics as part of the work programme for the 2015-16 year:

1. Academies failing to pay sums due into the Fund in full
2. Asset Allocation review
3. Actuarial Assumptions
4. Employer and member engagement and communication
5. Governance Review

6. Scheme Costs
7. London Collective Investment Vehicle (CIV)

Standing Items:

1. Quarterly Performance Report – Fund monitoring
2. Referrals to Scheme Manager
3. Previous Pensions Committee Agenda

A10/15 CAMERA RESOLUTION (item 10)

There was no resolution to consider.

The Meeting ended at 3.57pm.