

Pension Board

Meeting of held on Thursday, 11 January 2018 at 2.00 pm in F10 - Town Hall

MINUTES

Present: Michael Ellsmore (Chair);

Councillor Maggie Mansell, Teresa Fritz, Richard Elliot, Keith Oxspring, David Whickman, Ava Watt.

PART A

1/17 Minutes of the Previous Meeting

The minutes of the meeting held on 6 July 2017 were agreed as an accurate record.

2/17 Disclosure of Interests

There were none.

3/17 Urgent Business (if any)

There were no items of urgent business.

4/17 Governance Review

The Head of Finance and Treasury introduced the item and reported that the Fund was now up to date with all the necessary policy and strategy documents and an external consultant had been commissioned to undertake work around compliance with the Pension Regulator Code of Practice.

In response to question from the Board it was stated that a policy had been worked on by officers in relation to cash management and when completed it would be submitted to the Pension Committee for formal adoption. In addition the discretions policy had been adopted in 2014 but was reviewed annually by officers.

Board Members expressed general satisfaction with the progress made since the governance review, however it was noted that further work needed to be undertaken on the treasury management and discretions policies. The Board

requested that officers look to instruct Aon Hewitt in the following year to deliver a high level review of the progress made since the original governance review was undertaken.

5/17 **Administration Update**

The Pensions Admin Manager updated the Board on progress with clearing the administration backlog within the Fund. Resources were continuing to be allocated to clearing the backlog where possible and prioritisation was in place to ensure the Fund was in a position to make payments when required, such as when a member retires.

In response to a question from the Board it was stated that a recruitment campaign was underway to increase the staffing in the department however there was a shortage of experienced staff in this sector of the job market and local authorities struggled to offer competitive salaries. The alternative was to undertake in-house training of staff but this would take a longer time to make an impact on the delivery of the service, and there was a need to tackle the backlog sooner rather than later.

At 14.25pm Councillor Mansell left the meeting.

The Pensions Admin Manager additionally updated the Board on the new Pensions Payroll software that had recently been rolled out. An additional large learning curve was staff was the Council decision to move the employee payroll system back in-house and the key was to ensure a smooth transition into the new systems. By undertaking a lot of the work internally the service had made considerable savings compared to using external companies to undertake the work.

In response to a question from the Board officers confirmed that year-end information would be provided to employers as soon as possible after the data had been collated.

Board Members stated their support for the considerable work being done by the administration team. The Board requested more in-depth detail on the data figures, specifically in relation to whether the backlog of cases was seeing a net decrease when measured against new cases coming into the system.

6/17 **The General Data Protection Regulation**

The Head of Pensions and Treasury introduced the report and the regulations that were due to take effect in May 2018 – it was noted that the regulations would affect the entire of the Council and not just the Pension Fund.

In response to questions from the Board it was stated that the Data Protection Officer for the Council had been appointed and was the Head of Corporate Law. In addition, although there were potentially onerous responsibilities imposed on local authorities by the new regulations, officers would work

closely with employers and software providers to make compliance as simple as possible.

7/17 **Risk Management Policy**

The Head of Pensions and Treasury introduced the report noting that the risk management policy was one of the last gaps of policy work identified by the governance review. The policy linked into the Council's own risk register. The Pension Committee had adopted the policy at its meeting in December 2017. The Board noted the contents of the report.

8/17 **Review of Risk Register**

The Board considered the risk register and the risk surrounding academies were examined with officers, particularly as it seemed likely that in the near future all schools would be academies; the key would be to ensure good communication with academies to ensure a good working relationship. Officers noted that generally academies had been good at providing data, and the sticking point was more around the contributions to the deficit, and an employer representative on the Board stated that communication had improved considerably between the Fund and scheme members.

In response to a question from the Board officers expressed disappointment that few scheme members had opted for the ill health liability insurance. In relation to the risks surrounding MiFD II, officers reported success in being awarded quasi-professional status from all current fund managers and the Fund was now fully compliant with the directive. Additionally, officers reported that the litigation with the academy trust regarding deficit contributions had been preferred to the Ombudsman. A response was respected from the Ombudsman by February 2018. It was noted that despite it being a slow process, all options had to be exhausted before escalating the litigation.

The Board resolved to formally thank officers for their work in making the Fund compliant with the MiFD II regulations.

9/17 **Asset Transfer to London CIV**

The Head of Pensions and Treasury introduced the report and noted that half the Fund's equities were invested through Legal and General and satisfied the pooling requirements. Officers were exploring what options the CIV provided for fixed interest investments which was hoped to be completed by the end of 2018. It was also reported that the CIV was developing options for infrastructure and private equity investments which officers would monitor and evaluate as the details were fleshed out in the coming years. There had been recent changes in personnel within the CIV, the implications of which were yet to be seen.

Officers present highlighted a recently commissioned governance review of the CIV and noted that a lot of work was still required to define roles and responsibilities within the organisation.

In response to a question from the Board it was noted that whilst authorities within the CIV had different profiles, CIV officers were identifying commonalities such as the need for growth to match liabilities.

The Board noted the contents of the report.

10/17 **Forward Plan**

Board Members discussed what they would like to see in upcoming meetings and identified in particular to receive a progress update on costs transparency and to scrutinise the investment strategy review due to be submitted to the Pension Committee.

The Board also discussed topics for future training sessions and identified tax and reporting breaches as two key areas to be covered in the upcoming meetings scheduled for 2018.

11/17 **Review of Pension Committee Agenda**

The agenda papers of the previous Pension Committee were noted by the Board.

12/17 **Exclusion of the Press and Public**

“That, under Section 100A(4) of the Local Government Act, 1972, the press and public be excluded from the meeting for the following items of business on the grounds that it involves the likely disclosure of exempt information falling within those paragraphs indicated in Part 1 of Schedule 12A of the Local Government Act 1972, as amended.”

The motion was put and it was agreed by the Board to exclude the press and public for the remainder of the meeting.

The meeting ended at 3.29 pm

Signed:

Date:

.....
.....