



Local Pensions Board
6 July 2016

Local Pensions Board Minutes 23 March 2016

Present: Nicholas Wirz, Chris Sharkey, Mick Brodie, Jim Woodlingfield and John Pearson

Mike Harding (Head of Legal Services)

Stephen Moore (Head of Pensions)
Ian Bainbridge (Principal Investment Manager)
Nicola Wright (Ernst & Young)
Stuart Kenny (Ernst & Young)
Siân Forster-Purvis (Strategy and Democracy Support Officer)

1. Declarations of Interest

Nicholas Wirz, Chris Sharkey, Mick Brodie, Jim Woodlingfield, John Pearson, Mr S Moore, Mr M Harding, Mr I Bainbridge, and Mrs S Forster-Purvis declared non pecuniary interests in all issues, as contributing members of the Pension Fund. They remained in the meeting for the discussion and determination of all matters.

2. Minutes of 11 December 2015

Resolved: That the minutes of the meeting held on 11 December 2015 be confirmed as a true record.

3. Conflicts of Interest

There were no conflicts of interest.

4. Ernst & Young Audit Planning Report and Presentation

Nicola Wright and Stuart Kenny gave a verbal update on the Ernst and Young Audit Planning Report. The report had been to the Pensions Committee on 26 February 2016.

The report detailed:

- Risk based approaches;
- Audit scope;
- Controls considerations;
- Service delivery;
- Independence; and
- Other required communications.

It was highlighted that there were currently no areas of concern with the LGPS. There was a close working relationship between Ernst and Young and the Pensions Team. If any concerns arose they would be presented to the Pensions Committee and the Board.

As well as this process there was an internal audit process that looked at 14 different areas and therefore backed up the work undertaken by external audit.

The Board thanked the representatives from Ernst and Young for their report and attending to answer their questions.

Agreed: That the report be noted.

5. Pensions Committee Agenda and Minutes of 26 February 2016

Submitted: Report of the Corporate Director Business and Resources

The Board received the full Pensions Committee Agenda for information.

The Head of Pensions took the Board through the Pensions agenda highlighting the following items with necessary actions:

- Item 8 – Pensions Administration
The Board were made aware of the current pension administration issues. It was felt that as a Board they needed to be aware of opportunities to influence decision makers.
 - Item 15 – Pooling Assets
The Board was updated on the Pooling position. The Fund has agreed to join the Border to Coast Pool. The Fund, on behalf of the Pool has written to CLG Scheme to clarify the position
-

about whether the investment vehicles need to be fully Financial Conduct Authority (FCA) regulated. A response was still to be received, as soon as further information was available the Board would be updated..

- Item 28 – Sarasin – Global Equities Report for the Quarter Ended 31 December 2015

The Board were informed that the Fund were watching the work of Sarasin as they had been underperforming in all areas. Advice had been sought as to the way forward and it was felt that it was best to stay with them as the problems are often cyclical.

There was no set timescale however a quarter on quarter review would be taking place.

Agreed: That the update be noted.

6. Meeting Dates 2016/17

Submitted: Report of the Corporate Director Business and Resources

This report detailed the proposed meeting dates for the Pensions Committee, the Investment Panel and the Local Pension Board for the 2016/17 year.

Whilst the meeting dates would not be finalised until later in the year when the Council's formal meeting diary is signed off, Members were asked to make a note of the proposed meeting dates in their diary.

The dates were detailed as follows:

- Wednesday 6th July 2016
- Wednesday 19th October 2016
- Wednesday 21st December 2016
- Thursday 30th March 2017
- Thursday 6th July 2017

Agreed: That the report be noted.

7. Risk Management

The Head of Pensions detailed a report outlining the current Fund Level Risk Register.

A number of queries were discussed and the Board was happy with the current risk register.

Agreed: That the report be noted.

8. Consultation Paper – Exit Payments

The Chairman raised this item verbally and sought clarification on whether the Chairman of the Pensions Committee would be submitted a response on behalf of the Fund.

The Head of Pensions informed the Board that the issue was one that fell with employers and not the Fund itself; however, the Board were within their remit to write to the Chairman of the Pensions Committee and request formally if they intend to submit a response to the consultation.

Some Board members felt that the Pensions Committee should consider this as an issue affecting the Fund and thought a response was better placed coming from the Pensions Committee. It was noted that the proposals had the most effect on those employees with the longest service.

Agreed: That the Chairman write to the Pensions Committee seeking their position and whether they intend on responding to the consultation.

9. Working Groups Feedback

The Investment and Strategy sub group was to be suspended until the Board was clearer on the way forward with asset pooling. It was also reported that there was a vacancy for this sub group.

The Compliance with Legal Requirements sub group sought clarity around a number of issues relating to ill health retirements, in particular, with the timing of exit payments.

Agreed: That the update be noted.

10.Pooling Update

The Board were informed that the recent trip to Edinburgh gave Members a raft of information and an update relating to Pooling. A meeting between officers within the Pool would take place in April/May and the Chairs of the Pensions Committees would meet soon after this.

The Board would be kept updated.

Agreed: That the update be noted.

11.Resignation of Andrew McIntosh

The Chairman explained that he had received a letter of resignation from Andrew McIntosh, he read this to the Board.

The Head of Legal Services informed the Board that there was an internal process and the Council would make an appointment before the next Board meeting. The Council would be contacting Trade Unions in the very near future seeking nominations for the Pensions Committee. Nominations for the Pensions Board would be sought at the same time.

Agreed: That the process be agreed.

12.Budget 2016/17

The Head of Pensions detailed a number of items relating to the recent Budget Speech, including:

- Pension pooling/wealth funds;
- All schools to become Academies by 2022;
- SCAPE discount rate

The Board welcomed the update and thanked the Officer for their report.

Agreed: That the update be noted.

13.Scheme Advisory Board

Agreed: That the update be noted.

14. Communication with Members

Agreed: That the update be noted.

15. Response to the Consultation on Draft Investment Regulations

The Chairman updated the Board that a response had been submitted.

Agreed: That the update be noted.

16. Working Group Feedback – Response to questions from the Compliance with Legal Requirements Group

This item was discussed at item 9 of the agenda.

17. Stationery for Local Pensions Board

The Chairman requested that the Board had their own stationery, business cards and letter headed paper. Officers would look into whether this was possible and let the Chairman know directly.

18. Inviting an External Adviser

Jim Woodlingfield requested that an independent external adviser be invited to come and talk to the Board. He suggested that a Mr H Tapper from First Actuarial be contacted if the Board felt it would be of value.

The Chairman would write to the individual to request who they were, what their job was and how they could offer support in the Board's role.

Agreed: Once a response was received it would be circulated to the Board for consideration at its next meeting.

19. Evaluation of Edinburgh Training

The Board felt that the event was positive and Members came away with a lot of information. It was particularly highlighted that there was a flexible programme which was welcomed as certain areas could be focused upon.

The Chairman requested information relating to lawyer specific training and Board members requested further training regarding the Scheme Advisory Board, their role and how they interact with/build relationships with Funds.

20. Future Agenda and Work Programme

The Board members were happy with the working of the Board and would review future items at each meeting.

Agreed: That the update be noted.

21. Any other Business

The Chairman took the opportunity, on behalf of the Board, to thank the Head of Pensions for his hard work, dedication and support. This would be the Officer's last meeting before taking retirement. The Chairman and the Board wished him well for the future.

22. Date and time of next meeting

Agreed: That the next meeting of the Local Pensions Board is to be held on Wednesday 6 July 2016 at 10.00am subject to approval at Annual Council.
