

**LGPS LOCAL PENSION BOARD
15 MARCH 2017**

PRESENT:

Independent Chair: Roger Buttery

Employer Representatives: Councillor M A Whittington

Scheme Member Representatives: Ian Crowther and David Vickers

Officers in attendance:-

Nick Rouse (Investment Manager), Catherine Wilman (Democratic Services Officer), Kaele Pilcher (Pension Fund Representative, WYPF) and Jon Haw (Senior Finance Technician)

31 APOLOGIES FOR ABSENCE

Apologies were received from Kirsty McGauley (Employer Representative).

32 DECLARATIONS OF MEMBERS' INTERESTS

Councillor M A Whittington declared that his wife was in receipt of a pension from the Fund.

33 MINUTES OF THE PREVIOUS MEETING OF THE LGPS LOCAL PENSION BOARD HELD ON 15 DECEMBER 2016

RESOLVED

The minutes of the meeting held on 15 December 2016 were approved as a correct record and signed by the Chairman.

34 PENSIONS ADMINISTRATION PRESENTATION - EMPLOYER ENGAGEMENT

The Board received a presentation from Kaele Pilcher, Pensions Fund Representative at West Yorkshire Pension Fund WYPF.

During the presentation, the following points were noted:

- Kaele Pilcher was now located full time in Lincolnshire, having previously split her time between Lincoln and Bradford where WYPF was based. She did however still visit the Bradford offices once every two weeks;

- Her team of Pension Fund Representatives organised Employer Workshops to inform employers and help with issues. These were moved around the county and those held in Bradford took the same format;
- Serco had been invited to attend an Employer Workshop however they'd made it clear that they did not wish to be there. Kaele explained that in the past there had been an unsettled relationship with Mouchel (Serco's predecessor) who had refused the offer of pensions training from Kaele's team and despite once having regular meetings with Serco, these had slowly reduced in frequency. This may be due to a mostly new team in post;
- Serco had improved on their monthly returns, however there was still room for improvement. There had, however, been no more late payments;
- Employer Work Trays had been devised to assist in getting benefit statements processed and would be rolled out to all employers this year;
- Lincolnshire's first employer event had been held on 23 March 2017, however it had been poorly attended. It was felt this was due to the event being the first of its kind in Lincolnshire, and also the topography of the county being a bigger and rural area than some;
- As Kaele had been in post for over 20 years, issues were raised regarding the experience and knowledge that would be lost if she left or retired from her role. Any replacement would not be able to work in Lincoln and be based in Bradford.

RESOLVED

That the presentation and report be noted.

35 PENSION BOARD TRAINING REQUIREMENTS

Consideration was given to a report which set out the training requirements previously identified by the Board, following the completion of the CIPFA self-assessment.

The report set out areas felt where additional training was required and the following points were noted:

- Pensions Legislation – needs in this area could be dealt with as the work of the Board progressed;
- Pensions Governance – again, this could be kept up to date through the work of the Board;
- Pensions Administration – this area could be assisted by the Committee's pensions administration update report being shared with the Board, and also with assistance from WYPF;
- Pensions Services Procurement and Relationship Management – as this was not currently relevant, it could be overlooked for now;
- Investment Performance and Risk Management – this related to how asset allocation was undertaken and how performance could be monitored – the Board discussed the possibility of getting an investment fund manager to

come and present to the Board on certain issues. There would be no fee for this except expenses incurred by the presenter;

- Understanding of workings of financial markets – this could also be covered by an investment fund manager.

Nick Rouse would check to see if any members of the Board were still to complete The Pensions Regulator Toolkit.

In conclusion, the training needs agreed were:

- for Ian Crowther to undertake the LGA fundamentals course;
- for the Pensions Committee and the Pensions Board to be given a presentation by a pension fund manager, likely to take place in September once the new committee had been appointed following the elections; and
- a presentation on accounting and audit standards, with a possibility of this taking place in July 2017.

RESOLVED

That the report and identified training needs be noted.

36 ASSET POOLING UPDATE

The Board considered a report which provided an update on the latest activity with the asset pooling requirements.

It was reported that at its meeting on 24 February 2017, the Full Council unanimously approved that the Border to Coast Pensions Partnership be adopted as the Council's chosen approach to meet the asset pooling requirements. It also gave unanimous approval to the other recommendations as set out in the report.

There was discussion regarding the recruitment of executives within the BCPP and their potential salaries which would be in line with other positions of a similar level in private investment companies. It was suggested that the Council's Communications Team prepare a release regarding this should any enquiries be received. It was agreed that Karen Spencer would be made aware of the situation and all details.

It was reported that around 60 members of staff would be needed to fully staff the BCPP, which would be a public employer, with offices located in Leeds. Some staff may be transferred under the regulations of TUPE, as many councils already had in-house investment teams.

The Board agreed that they would be interested in seeing a comparison of costs from before BCPP and then from after its operation is settled.

There was discussion regarding scheme member representation on the Joint Committee of the BCPP, following the receipt of a letter from the chair of the Tyne and Wear Local Pension Board which had suggested that there should be a person to represent the interests of scheme members at pool level. A similar question had

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been asked by Andy Antcliff, Employee Representative of the Pensions Committee at its recent meeting. Both the Chairman of the Board and the Chairman of the Committee had agreed that a scheme member representative was better suited to assist members at committee and board level where member issues were discussed, rather than where the investments would be managed.

Ian Crowther, Employee Representative on the Board requested if a ruling on the issue could be delayed while he discussed the matter with Andy Antcliff.

In addition, Nick Rouse agreed to acquire information on the role of the Joint Committee and disseminate it to the Board.

RESOLVED

1. That the report be noted;
2. That the consideration of the correspondence on scheme member representation on the BCPP's Joint Committee be delayed for Board and Committee Employee Representatives to discuss the issue.

37 VALUATION UPDATE AND FUNDING STRATEGY STATEMENT

Consideration was given to a report which updated the Board on the results of the Triennial Valuation and provided the draft Funding Strategy Statement for information. During the valuation process, it was reported that 178 employers had provided returns.

As each actuary used a different funding formula for calculating valuations, it was reported that the formula used by the Fund's actuary Hymans, was fairly conservative.

The draft Funding Strategy Statement was discussed and it was noted that this document had been approved by the Pensions Committee at its meeting on 8 March 2017.

It was highlighted that the Statement contained different approaches used for different types of employers. These were detailed in the report.

RESOLVED

That the Draft Funding Strategy Statement and Valuation Update be noted.

38 LINCOLNSHIRE PENSION FUND INVESTMENT STRATEGY STATEMENT

The Board considered the Investment Strategy Statement (ISS) which had been approved by the Pensions Committee at its meeting on 8 March 2017. The ISS replaced the Statement of Investment Principles and was required to be reviewed at least every three years.

It was noted that Myner's Principles had been incorporated into the new Investment Strategy Statement.

RESOLVED

That the Investment Strategy Statement be noted.

39 TPR CHECKLIST UPDATE REPORT

Consideration was given to a report which provided an update on the Lincolnshire Pension Fund's performance against The Pension Regulator's Checklist.

The areas that were not fully completed or compliant were listed in the report and the following points were noted:

- B10 & B12 Knowledge and Understanding –currently amber, however these areas would change to green once all training had been completed;
- F1 Maintaining Accurate Member Data – this was amber due to historical data issues. This was a work in progress which West Yorkshire Pension Fund was dealing with and would be changed to green in time;
- H1 Maintaining Contributions – the total figure for the issue of annual benefit statements this year was over 90%. Nick Rouse to find out if it should be at 100%.

It was noted that the Fund had performed well in achieving so many green statuses within the checklist.

RESOLVED

That the report be noted.

40 PENSION BOARD DRAFT ANNUAL REPORT

Consideration was given to the Pension Board Draft Annual Report which had been written by the Chairman.

The Chairman welcomed comments from the Board on the Report and it was agreed that comments be emailed to the Chairman. Once received and considered, an updated Report would be emailed to the Board members.

The Board discussed future items for consideration and the following were noted:

- WYPF Administration Update & Complaints;
- Asset Pooling Update (to be a standing item);
- Internal Audit Report (possibility of a presentation);
- Annual Policy Review;

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- Training needs;
- TPR Checklist update (Autumn 2017 meeting);
- Ethical investment (future meeting).

RESOLVED

1. That the Draft Annual Report be noted;
2. That the proposed work programme be noted.

The meeting closed at 12.45 pm