

PENSION COMMITTEE**12 June 2017 at 7.00 pm**

MEMBERS: Councillor Sunita Gordon (Chair), and Councillors Richard Broadbent, Edward Joyce, Neil Garratt and Nick Matthey

ABSENT Councillor Hamish Pollock

1. WELCOME AND INTRODUCTIONS

The Chair, Councillor Sunita Gordon, welcomed all those present, and advised the committee that Andy Banham, Head of Pensions, would be retiring after this meeting. The committee expressed their thanks to the Officer.

2. APOLOGIES FOR ABSENCE

No apologies were received.

3. DECLARATIONS OF INTEREST**13. Pensions Administration Strategy.**

Councillor Sunita Gordon, Non Pecuniary, Governor of Carshalton College.

4. MINUTES OF THE PREVIOUS MEETING

RESOLVED: that the minutes of the meeting held on 20 March 2017 be agreed as an accurate record.

5. MEMBER TRAINING

David Walker, Senior Investment Consultant at Hymans Robertson, provided training on the investment strategy process, looking in particular at:

- The background to investment strategy
- Investment Beliefs and Objectives.
- Understanding asset / liabilities modelling
- Current Investment Strategy

6. TRAINING PLAN

Lyndsey Gamble, Head of Financial Strategy and Planning, presented the report outlining the pension fund training policy and plan.

The Head of Financial Strategy and Planning highlighted that the information used to write the training plan had been taken from a knowledge and skills survey completed by Members. The plan was also explained to incorporate training provided by fund managers and partners.

In response to a question by Councillor Richard Broadbent, the Head of Financial Strategy and Planning commented that skills gaps had been identified as well as solutions. Further discussion ensued as to an online toolkit available on the pension regulator website.

Councillor Nick Matthey asked if workshops could be arranged to review more complex topics and to work through practical examples. The Chair responded that when previous workshops were arranged, Members had not been able to attend. Councillor Richard Broadbent requested clarification on training dates. It was suggested that the Head of Financial Strategy and Planning would propose specific training dates and that this could be jointly with Members of the Pension Board.

RESOLVED: that the pension fund training policy and plan as set out in Appendix A and B be agreed.

7. QUARTERLY INVESTMENT PERFORMANCE REPORT (TO MARCH 2017)

Lyndsey Gamble, Head of Financial Strategy and Planning, presented the report, drawing attention to the following amendments:

- Details on equity performance: the report figures take into account the disinvestment and distorted performance for the quarter. This had been revised to re-calculate performance on a like-for-like basis: Newton (4.1%), Harding Loevner (7.7%) and Schroders (4.8%).
- Paragraph 6.2: Harding Loevner benefited from stock selection, with consumer stock in particular, while holding in IT stock struggled to keep up performance.
- London CIV: Some managers have moved over to the CIV and conversations have taken place regarding performance reporting. It was proposed that a representative from the CIV should present the details to the committee.

Pension Committee
12 June 2017

Following the presentation, Members principally discussed the scrutiny of the CIV. The Head of Financial Strategy and Planning reported a consistent approach from the Council with regards to performance data from the CIV. The Chair added that each participating authority is asking for information in a different way, so capacity is being built to provide the relevant information.

RESOLVED: that the performance of the Pension Fund Investment Managers be noted.

8. PRESENTATION BY SCHRODERS (GLOBAL EQUITIES) FOR INVESTMENT PERFORMANCE RESULTS TO MARCH 2017

Lyndon Bolton from Schroders, provided a presentation on Investment performance results to March 2017 which the Committee noted.

9. PENSION GOVERNANCE UPDATE

Lyndsey Gamble, Head of Financial Strategy and Planning, presented the report highlighting that the Council are on track to achieve all the recommendations by September this year. It was confirmed that a larger piece of work is ongoing providing online information on the pension fund to its members.

RESOLVED: that the progress on the updated governance action plan as set out in Appendix A be considered and noted.

10. PENSION FUND BUSINESS PLAN

Lyndsey Gamble, Head of Financial Strategy and Planning, briefly presented the report, explaining this to consist of the first draft of the plan, taking into account guidance from CIPFA on what should be included.

Councillor Broadbent referred to the recommendation in the governance review that cash flow should be monitored quarterly and asked why the plan proposed annual review. The Committee then discussed their preference as to frequency with the Chair suggesting that the business plan be reviewed annually or six monthly. The Committee asked for it to be noted in the minutes that they did not feel it was appropriate to review quarterly.

RESOLVED: that the pension fund medium term business plan as set out in Appendix A be agreed.

11. REVIEW OF RISK REGISTER

Lyndsey Gamble, Head of Financial Strategy and Planning, briefly presented the report, suggesting that a number of items be removed as they were no longer relevant. The Committee agreed with the Officer's suggestions. Members enquired as to the timescale for implementation and the Head of Financial Strategy and Planning agreed to update the report with such information.

RESOLVED: that the Sutton pension fund risk register be considered and approved.

12. PENSION ADMINISTRATION UPDATE

Sarah Spence, Sutton & Kingston Shared Pension Service Project Manager, presented the report.

The Pension Service Project Manager confirmed the proposed live date for the Member self-service application to be 31 July 2017.

It was advised that work is ongoing with regards to loading annual returns from payroll providers. Some information was reported as missing and it was explained that more time would be dedicated going forward to work with employers and feedback would be provided to the schools on the performance of the payroll provider.

The Chair, Councillor Sunita Gordon, sought clarification on what happens when records are incorrect and if this causes issues. Andy Banham, Head of Pension Service, reported back that the administration team was often not advised of leavers. Councillor Neil Garratt asked if there could be an automated report created to look for anomalies and the Pension Service Project Manager agreed to investigate the opportunity.

Councillor Richard Broadbent asked if there penalties exist for late returns. The Pension Service Project Manager confirmed that this was being built into the strategy. Councillor Broadbent further enquired as to the increase in NI contribution mentioned in the report. The Head of Pensions explained the contracting out of the State Earnings Related Pension Scheme (SERPS) and the reduced NI contribution ended in April 2016. The Councillor also requested information about the backlog in Kingston mentioned in the report. The Head of Pensions responded that work was being undertaken to clear it.

RESOLVED: that the Pensions administration update report was considered and be noted.

13. PENSIONS ADMINISTRATION STRATEGY

Sarah Spence, Sutton & Kingston Shared Pension Service Project Manager, presented the report and outlined the draft process and performance expectations,

Pension Committee**12 June 2017**

providing details on the main roles and responsibilities of the Sutton & Kingston PAT (Pension Administration Team). It was advised that this information would also be presented to the Royal Borough of Kingston Pension Committee on 28 June 2017.

The Committee's attention was drawn in particular to Paragraph 10.3 of the report with regards to proposed charges. Councillor Richard Broadbent asked why such charges had not been implemented previously. The Pension Service Project Manager advised that other authorities have implemented charges and Gerald Almeroth, Strategic Director - Resources, referred to the Pension Administration Strategy (PAS) to implement these charges.

Members queried the level of the proposed charges and the Pension Service Project Manager advised that the regulation doesn't set an amount but proposed charges had been compared to other authorities. Councillor Nick Matthey suggested that the proposal should include a benefit if the employer complies with requirements as well as introducing new charges where a requirement is not being met.

Members asked why some charges were fixed amounts and others dependant on time. The Pensions Service Project Manager advised that having looked at a number of strategies this particular approach was considered as the best option. Members asked for appendix A to be updated in the performance standard column to show when a timeline is given as a performance standard.

Finally, Councillor Neil Garrett suggested that the full name of schools should be reviewed and updated on the report, and the Pension Service Project Manager agreed to make these amendments.

The Chair thanked the Officers and committee for their comments.

RESOLVED: that the draft Pensions Administration Strategy was commented on and be noted to allow a final strategy to be presented to the Committee in September 2017.

14. WORK PLAN

Members reviewed the work programme and also discussed the date of the Annual General meeting, proposed as 18 July 2017.

Members requested that the September meeting should include the following agenda items:

- Update on online pension administration system
- Update on the pension administration strategy and charges to schools.
- Investment strategy review update, with the final version presented in December;

- Member training should cover the Myners principals
- One fund manager presentation only.

15. ANY URGENT BUSINESS

No urgent business was raised.

The meeting ended at 9.25 pm

Chair:

Date: