

PENSION COMMITTEE**18 June 2018 at 4.00 pm**

MEMBERS: Councillor Jill Whitehead (Chair), Councillor Ben Andrew (Vice-Chair) and Councillors Edward Joyce

ABSENT Councillor(s) Nali Patel, Martina Allen and Param Nandha

1. WELCOME AND INTRODUCTIONS

The Chair welcomed all those present, and asked all Members to introduce themselves.

2. APOLOGIES FOR ABSENCE

Apologies were received from Councillors Nali Patel and Councillor Sam Weatherlake attended as substitute. Apologies were also received from Councillor Param Nandha.

3. DECLARATIONS OF INTEREST

There were no declarations of interest.

4. MINUTES OF THE PREVIOUS MEETING

RESOLVED: that the minutes of the meeting held on 12 March be agreed as an accurate record and signed by the Chair.

5. MEMBER TRAINING - GOVERNANCE

A member development session on governance was delivered by Mr John Raisin of John Raisin Financial Services Limited.

6. GOVERNANCE REVIEW UPDATE

Lyndsey Gamble, Head of Investment Risk and Commercial Finance, presented the report and updated members on the background to Mr Raisin being appointed to complete his review in 2016.

The Pension board requested that Mr Raisin be commissioned to undertake a further review in early 2018, and he reported back to the Pension board on their latest meeting, and was now sharing these findings with the Pension Committee.

Mr Raisin confirmed his conclusion that 17 of the 20 recommendations have been fully implemented and provided an update on the 3 ongoing actions.

Members sought clarification on the implementation of recommendation 3 (Which was to make clear in any future Governance Compliance Statement the source of “Guidance” used for the “Assessment” in relation to both the Administering Authority and the Pension Board). The Head of Investment Risk and Commercial Finance confirmed this would be picked up as part of an annual report. She further clarified that in respect of recommendation 10 (That the Pension Committee formally receives and reviews the Risk Register on a six monthly basis), this had been discussed with the Pension board which recommended to committee that they see the risk register on a quarterly basis, but only discuss it if a change in risk level is identified. The Chair proposed that it should only be reviewed where new or ongoing Amber or Red issues are identified.

Finally, in respect of Recommendation 15 (That the Pension Administration Update report be extended to include regular consideration of quality and performance issues including information on the adherence to the requirements of the Code of practice No 14 by both the Pension Fund and individual Employers within the Fund together with the monitoring of agreed Performance Standards in terms of processing issues relating to individual members of the Fund), Mr Raisin advised that this was the most complicated and difficult of the remaining recommendations. He wanted to highlight that progress had been made but that work remaining outstanding.

RESOLVED: that the report from John Raisin Financial Services Limited, attached as Appendix A, and the implementation of the action plan, was commented on and noted.

7. TRAINING PLAN

Paul Audu Investments, Insurance and Commercial Manager, advised the skills survey would be shared and results would inform the training plan. An online tool kit of the Pension regulator online tool kit was highlighted to Members.

RESOLVED: that the Pension Fund Training policy and Plan as set out in Appendix A and Appendix B be approved.

8. PENSION ADMINISTRATION UPDATE

David Kellond, Pension Administration Manager presented the report. He highlighted a number of key points to Members as follows:

He discussed the roll-out of Pensions online and how the online service is used to communicate with employees. He advised this will enable Pension Scheme Members to update and access their records online, which should encourage take-up. The main focus of the team at present was stated to be annual returns and annual benefit statements.

Members enquired about ‘Pensions Online’ and expressed concern at the 20% take up level. The Pension Administration Manager advised that it may be that there is less interest from people that are a long way from retirement. He confirmed that, if requested, a paper statement of benefits could be provided to scheme members.

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Gerald Almeroth, Strategic Director - Resources, advised Members that the previous committee agreed that an employer can be fined if their payroll provider does not provide timely and accurate information.

Finally, in respect of capacity issues, Members asked how this is being resolved. The Pension Administration Manager advised he is looking at workloads and team structure to make improvements where possible.

RESOLVED: that the Pension Administration Update was noted.

9. QUARTERLY INVESTMENT PERFORMANCE REPORT

Lyndsey Gamble, Head of Investment Risk and Commercial Finance presented the report and highlighted it as one of the regular reports brought to committee.

The value of the fund at the end of March had decreased by £17.7M on the previous quarter mainly due to a drop in equity markets during this period. However, since that date, Members were advised that performance has recovered as would be shown in the next quarter.

Members were advised that the table on page 67 (Total fund Performance for the latest quarter ended 31 March 2018) contained some errors. Regarding the "Alternatives line" the benchmark return, fund return and variance should all be shown as N/A. The fund return on Pooled Multi assets, also known as Diversified Growth funds, should read -0.8 and thus the variance should be reported as underperformance of 1.7%

Members asked about the changes in performance and if the changes in equity markets are unusual. David Walker, Actuary, Senior Investment Consultant and Head of LGPS Investments. Hymans Robertson, advised the levels of changes are quite usual: they are expected to outperform in the long term but there is volatility over shorter periods.

Members asked for clarity on the Invesco position. The Head of Investment Risk and Commercial Finance explained that residential units are still being developed and as expected rents are not coming in yet, the return is currently as expected.

The Chair asked what the expectation was on equity performance over time. David Walker advised expectations are looked at over a long period and performance is expected to be within a range of 4.5 to 5% return. The Chair requested that a smoothing line be added to the graph to show the expectation.

RESOLVED: that the Performance of the Pension Fund Investment Managers was noted.

10. REVIEW OF WORK PROGRAMME

Members were advised that the work programme may expand to cover additional developments and any matters referred by the Pension board.

Members commented they would welcome a presentation from the London CIV and requested that this be added to the work plan.

Gerald Almeroth, Strategic Director - Resources, responded that, where, previously pension fund managers have presented to committee, the London CIV should be invited. It was suggested that the Bond Performance presentation by M&G should still come to committee in September and relevant training conducted in advance.

Finally, it was suggested that an update on the investment strategy implementation come to committee in the autumn.

RESOLVED: that the Work Programme was noted.

11. ANY URGENT BUSINESS

There was no urgent business.

The meeting ended at 5.35 pm

Chair:

Date: