

LOCAL PENSION BOARD

MINUTES of the meeting held on Friday, 26 October 2018 commencing at 10.30 am and finishing at 12.40 pm

Present:

Voting Members: Mark Spilsbury – in the Chair

Alistair Bastin
Stephen Davis
Councillor Bob Johnston
David Locke FCA
District Councillor Sandy Lovatt
Sarah Pritchard

Officers:

Whole of meeting S. Collins, and S. Whitehead (Resources)

The Committee considered the matters, reports and recommendations contained or referred to in the agenda for the meeting, together with an additional document tabled for item 12 and decided as set out below. Except as insofar as otherwise specified, the reasons for the decisions are contained in the agenda and reports and additional document, copies of which are attached to the signed Minutes.

37/18 WELCOME BY CHAIRMAN

(Agenda No. 1)

The Chairman welcomed all to the meeting.

David Locke, FCA advised that on taking up a new role he would cease to be a member of the Board from 31 December 2018. The Chairman noted that Sean Collins will make arrangements to have a new appointee in place by the next meeting.

38/18 APOLOGIES FOR ABSENCE

(Agenda No. 2)

All members were present.

39/18 DECLARATIONS OF INTEREST - SEE GUIDANCE NOTE OPPOSITE

(Agenda No. 3)

There were no declarations of interest.

40/18 MINUTES

(Agenda No. 4)

Subject to the following correction the Minutes of the last meeting held on 13 July 2018 were approved and signed as a correct record:

Reference to an 'employee representative' on page 5 of the minutes was corrected to read 'member representative'.

Under matters arising from the minutes, in response to a query, Sean Collins confirmed that the Brunel Pension Partnership may well reduce costs and was reducing costs but the target was about net performance.

41/18 PETITIONS AND PUBLIC ADDRESS

(Agenda No. 5)

There had been no requests to address the meeting or to submit a petition.

42/18 EXEMPT ITEMS

(Agenda No. 6)

RESOLVED: - to exclude the public for the duration of Items 7 and 8 since it is likely that if they were present during these items there would be disclosure of exempt information as defined in Part 1 of Schedule 12 A to the Local Government Act 1972 (as amended) and specified in relation to the respective item in the Agenda and since it is considered that, in all circumstances of each case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

PROCEEDINGS FOLLOWING THE WITHDRAWAL OF THE PRESS AND PUBLIC

43/18 EXEMPT MINUTE - 13 JULY 2018

(Agenda No. 7)

The exempt Minute of the meeting held on 13 July 2018 was approved and signed as a correct record

(The public is excluded during this item because its discussion in public would be likely to lead to the disclosure to members of the public present of information in the following prescribed category:

3. *Information relating to the financial or business affairs of any particular person (including the authority holding that information) and since it was considered that, in all the circumstances of the case, the public interest in maintaining the exemption*

outweighed the public interest in disclosing the information, in that such disclosure would distort the proper process of free negotiations with another party.

44/18 EMPLOYER MANAGEMENT

(Agenda No. 8)

The Board considered the latest in the series of reports to the Pension Fund Committee and this Board on the Fund's approach to employer management. It included the latest position in terms of the performance against the targets agreed with the Pension Regulator in the Improvement Notice, and the subsequent discussions and action plans.

The public should be excluded during this item because its discussion in public would be likely to lead to the disclosure to members of the public present of information in the following prescribed category:

3. *Information relating to the financial or business affairs of any particular person (including the authority holding that information) and since it is considered that, in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information, in that such disclosure would distort the proper process of free negotiations with another party.*

RE-ADMISSION OF PRESS AND PUBLIC

45/18 REVIEW OF THE ANNUAL BUSINESS PLAN

(Agenda No. 9)

The Board was invited to review the latest position against the Annual Business Plan for 2018/19 as considered by the Pension Fund Committee at their meeting on 14 September 2018, and to offer any views back to the Committee (LPB9)

Mr Collins introduced the contents of the report, updating members on the position with regard to the Brunel Pension partnership and commenting that a major report would be going to the Oversight Board.

Responding to questions the Board was advised:

- that the Local Pension Board would not receive a copy of the report referred to above but that an engagement day was planned on 5 November where the whole of the business plan would be presented, including the priorities. Mr Collins undertook to resend the invitation for the event.
- that the first investment performance monitoring report, referred to at paragraph 5 was very close to being published. Mr Collins indicated that it would be limited to the L& G passive fund and the report to the Pension Fund Committee would be wider. However, he saw no reason why the monitoring report should not be circulated. The Chairman stressed that if it did come to the Local Pension Board the role of the Board would be to consider whether the Pension Fund Committee was getting the correct information.
- that it would be possible to include a Gantt chart in future reports

- that iConnect was not referred to but would be part of the next meeting when the Improvement Plan was considered.
- the budget position was in the report but more detail would be included in future versions of the report.

During discussion members advised that they liked the self-service portal although one member was surprised that the information was in word format and not a pdf. Concern was expressed over the vacancies set out at paragraph 18 which it was feared could lead to a backlog in business as usual. Mr Collins advised that the Pension Fund Committee received information on staffing to every meeting. The Committee was clear on the need to fill vacancies and supportive but accepted the difficulties in filling the posts.

The Board in noting the report **AGREED** that the Pension Fund Committee be advised of the Boards continuing concerns on vacancies. It was further agreed that future reports include a table on vacancies.

46/18 RISK REGISTER

(Agenda No. 10)

The Board considered the latest risk register as presented to the Pension Fund Committee on 14 September 2018. The Board was invited to review the report (**LPB10**) and offer any further views back to the Committee.

Mr Collins introduced the contents of the report and indicated that the Committee's view had been that the risk register was robust, through the work of this Board and the Committee.

During discussion a member suggested that there should be a specific risk included relating to climate change. After some discussion it was agreed that this issue be raised at the training session of Environmental, Social and Governance (ESG) and to note that it would be helpful following that session to reflect whether the Register correctly reflects risks. In response to a query Mr Collins advised that Risk 18 remained un-changed but it was continually monitored. The Board asked that they be kept informed.

The Board **AGREED** that they had no comments for the Committee.

47/18 BRUNEL PENSION PARTNERSHIP

(Agenda No. 11)

Mr Collins advised that he had nothing to add in addition to earlier discussion.

48/18 LOCAL PENSION BOARD CONSTITUTION

(Agenda No. 12)

The Board considered a report (**LPB12**) that proposed changes to the current Constitution of this Pension Board following the discussion at the last meeting about the setting of the Board's Agenda, and the addition of items of any other business.

The Board was asked to agree the changes for recommendation to the Pension Fund Committee for adoption.

The Chairman referred to concerns raised by a board member and Colin Meech, Member of the Investment and Governance Committee of the SAB following changes to the constitution at page 37. In response to those concerns a further amended page 37 was submitted to the meeting.

There was a brief adjournment to allow the Board to read the tabled amendment.

A board member indicated that the amendment having been tabled he would need to consider it and take advise.

During discussion a number of amendments were suggested, and it was AGREED that the tabled page of the Constitution as amended at the meeting be circulated for comment with a view to a further report to the next meeting of the Board.

49/18 MONITORING INVESTMENT EXPENDITURE

(Agenda No. 13)

At the request of the Board at its last meeting, the Board considered a report (**LPB13**) that covered how the Board can best fulfil its responsibilities for monitoring investment costs including custodian and transaction costs.

The Board was invited to consider the information contained in the cost transparency template, and the further contextual information contained in the report and determine its approach to monitoring investment management costs going forward.

Mr Collins introduced the contents of the report noting that the report template was that advised by the Scheme Advisory Board. He commented that if the Board was to be considering the cost information it was most important that it be done in context. The report set out the contextual issues.

A member highlighted the duty of the Board to monitor investment cost and referred to the lack of information provided to the Pension Fund Committee. He added that with the information available there was a discrepancy in the figures. He suggested that the Board could not know if the Fund was getting value for money and that the information needed to be unpacked.

During discussion a member referred to the work of the Pension Fund Committee who were able to question fund managers on a regular basis and felt that it was not for the Board to duplicate work of the Committee. It was suggested that Pension Fund Committee could be encouraged to question more closely on the costs. In response to a query Mr Collins explained what information would be coming back once the Brunel Partnership was in place. A member suggested that the Board should be advising the Pension Fund Committee that it ought to think about how it monitors investments costs under Brunel and how it could compare the position before and after Brunel to ensure value for money. There was some discussion about how this might be done but the Board recognised that this was for the Committee to determine.

It was AGREED that the Pension Fund Committee be requested to give the Local Pension Board the opportunity to consider and comment on the proposed new investment strategy before final approval by the Committee.

..... The Board further AGREED to ask the Pension Fund Committee to reflect on how the Committee monitors performance of Brunel portfolios in the context of net performance versus benchmark and fee levels.

50/18 INDEMNITY INSURANCE

(Agenda No. 14)

At the request of a Board Member at the last meeting, the Board considered a report (**LPB14**) that covered whether there is a requirement for insurance provision to be put in place to cover members of the Board when carrying out their responsibilities as Board members.

Following discussion, during which the Chairman pointed out that the advice from the S151 Officer and Monitoring Officer was that members of the Board would be covered, the Board noted the latest position.

51/18 ITEMS TO INCLUDE IN REPORT TO THE PENSION FUND COMMITTEE

(Agenda No. 15)

The Board confirmed the following issues it wished to include in its latest report to the Pension Fund Committee:

- The Board welcomed the Improvement Plan and wished to consider it at the next meeting in the context of the Committee being the body to drive the Improvement Plan.
- Concern over the level of vacancies and strong support for recruiting to all vacancies.
- Request to Pension Fund Committee to let the Board consider and comment on proposed new Investment Strategy before final approval by the Committee.
- Request for Pension Fund Committee to reflect on how the Committee monitors performance of Brunel portfolios in the context of net performance versus benchmark and fee levels.

52/18 ITEMS TO BE INCLUDED IN THE AGENDA FOR THE NEXT BOARD MEETING

(Agenda No. 16)

Item to be included in the agenda for the next Board meeting: Local Pension Board Constitution.

..... in the Chair

Date of signing

