

LOCAL PENSION BOARD

MINUTES of the meeting held on Friday, 15 April 2016 commencing at 10.30 am and finishing at 12.50 pm

Present:

Graham Burrow – in the Chair

Voting Members:

Stephen Davis
Councillor Bob Johnston
David Locke FCA

Officers:

Whole of meeting Sean Collins (Corporate Finance); Julie Dean
(Corporate Services)

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

10/16 WELCOME BY CHAIRMAN

(Agenda No. 1)

The Chairman, Graham Burrows, extended a welcome to the members of the Board present.

11/16 APOLOGIES FOR ABSENCE

(Agenda No. 2)

An apology was received from District Cllr Roger Cox.

12/16 DECLARATIONS OF INTEREST - SEE GUIDANCE NOTE OPPOSITE

(Agenda No. 3)

There were no Declarations of Interest submitted.

13/16 MINUTES

(Agenda No. 4)

The Minutes of the last meeting were approved and signed as a correct record.

14/16 PETITIONS AND PUBLIC ADDRESS

(Agenda No. 5)

There were no requests to make a public address or to submit a petition.

15/16 COLLABORATION UPDATE

(Agenda No. 6)

Prior to receiving the update, Board members noted that the Pension Fund Committee had noted the current position (as detailed in the attached report to the Board); agreed a nominee (Cllr Stewart Lilly) and a named substitute (Cllr Nick Hards) to represent the Committee on the Shadow Joint Committee Oversight Board. The Committee had also asked to receive regular briefings by email, unless there were significant issue that arose which would require an informal briefing meeting for Committee members. **The Committee had also agreed to reserve 1 July 2016 in their diaries as the date for the agreement of the final submission. Board members were invited to attend this meeting and to give their views.**

Sean Collins reported that the submission had been agreed on 29 January and had been signed off by all 10 Pension Funds comprising Project Brunel. Favourable feedback had also been received from Marcus Jones MP at the end of March. He explained that the Government had envisaged that all collaborated Pension Funds would join an ACS (Authorised Contractual Scheme) and wanted to satisfy themselves that the chosen alternative Scheme was the best way of working. He stressed that Project Brunel were keen for their chosen structure to be a properly regulated body. Arrangements had therefore been made for members/officers comprising Project Brunel to present their chosen structure to a panel of experts in May.

As part of the Board's discussion on disinvestment in non-socially responsible investment, Sean Collins pointed out that the Government had advised that under the Regulations, Pension Funds must take into account the best interests of the scheme members when decisions were taken. He added that the Oxfordshire Pension Fund Committee had always wanted their fund managers to engage with companies in regard to issues of this kind and they would only take a decision to disinvest if it was believed that the companies were not acting in the best interests of the scheme members. David Locke reported that he believed that in some organisations, staff were required to sign their name against a statement that they understood the consequences of diversification.

Sean Collins reported that one of the first tasks of Project Brunel would be to agree a set of high level investment principles. An early draft which had been drawn up had not contained a divestment line in it. The pool had agreed that they would carry out a risk analysis and if the factors indicated that it would be unwise to invest, the investment would not happen. It had been agreed that a simple governance model be set up so as to avoid complications in what would be an abundance of governance arrangements.

Mr Collins reported that the Oversight Board had met once to date and had elected an interim independent chair, John Finch, who had recently retired from a role as consultant in the same field. A new Chairman would be elected after July.

Sean Collins was asked by the Board to explain the structure of the officers' Operations Group. The Chair and the two Vice-Chairs of the Group had the role of front-lining to the Government. He explained that there were 6 work streams reporting to the Operations Group, the Operations Group would then report on to the Oversight Board. Each work stream was made up of 2/3 shared leads of offers from the Operations Committee. The functions of the work streams were as follows:

- work stream 1 – 3 officers looking at high level structure and liaising with Government, and the other pools;
- work stream 2 – group looking at detailed structure and resourcing requirements;
- work stream 3 – group looking at investment principles and the sub-fund structure, including principles regarding the sharing of costs;
- work stream 4 – group looking at cost/saving patterns and transitions issues;
- work stream 5 – group looking at infrastructure;
- work stream 6 – group focusing on reporting and performance management and how it is ensured that individual funds are kept aware of current issues.

Sean Collins stated that the ultimate aim of Project Brunel was to ensure that the sub-fund structures met the investment requirements of the individual Committees, as determined by their liability profiles.

Sean Collins advised the Board that there would be a special meeting of the Pension Fund Committee on 1 July 2016 to which Members of the Board would be invited to participate in the discussion around the table. Briefings would be given to Committee and Board members as and when the information was available.

Members of the Board asked if the Government would, in the future, be stipulating that investment be made in large national building projects such as Crossrail. Sean Collins responded that this was the subject of a debate with the Government, but the specifics relating to the sub funds would be set up to meet the needs of the Oxfordshire Pension Fund Committee to take into account risk, capital growth and what liquidity and protection it would require.

In conclusion, Sean Collins informed the Board that from 1 April 2016, his job role was changing to encompass pensions only, as a result of all the work entailed in managing the change.

16/16 BUSINESS PLAN 2016/17

(Agenda No. 7)

Sean Collins reminded the Board that the actuary would be coming along to Pension Fund Committee on 10 June at 9.30am to give a presentation on their approach to the Valuation. Board members were invited to come along. This would be an opportunity for the Committee and the Board to understand the key

issues and assumptions and for the Board to consider any issues it would like to follow up on.

Mr Collins explained the actions recently taken to improve the Committee's risk register. He added that the Committee had asked for regular updates on a quarterly basis.

In response to a suggestion that the risks be looked at independently by the pensions lawyer in order to avoid a large liability shift, Mr Collins reported that this had been addressed by the Government when it had undertaken an assessment at the time when the 85 year rule had been abolished in 2008.

During discussion the Board made the following suggestions to the Pension Fund Committee:

- ***To consider how much training and guidance is given to new employers coming into the Scheme and how we engage with them; and whether new training materials could be developed in particular areas, for example, for academies as they enter the system;***
- ***To include 'skills and knowledge amongst officers' in risk 12 but to take this element out and to make it a separate risk – in order to mitigate the risk of losing a large number of staff as a result of the move from Unipart House and the incoming Agile Working Policy;***
- ***To consider the possibility of Gloucestershire and Oxfordshire undertaking a peer review of each other's policies and procedures***
- ***That risk management be placed at the forefront of both the Committee and the Board's agendas and that a 'traffic light' system be introduced in reports and updated every quarter.***

In response to a question from the Board about whether there was sufficient resources to take forward the Committee's actions, particularly then there were more scheme members joining, Sean Collins responded that he believed there were, and that the Committee had recently agreed a request to increase the overall level of resources. **The Board decided to request the Pension Fund Committee to enter this risk on the register and that the Committee request the officers to compile an action plan.**

17/16 PENSION LIABILITIES AND CASH FLOW MONITORING

(Agenda No. 8)

The Board had before them the latest position on pension liabilities and on cash flow monitoring. The report which was considered and agreed by the Pension Fund Committee was before the Board at LPB8.

Sean Collins reported that the Committee had decided that work needed to be undertaken with each of the main employers with the aim of developing a better

understanding of their medium and long term plans in relation to staff resources and to understand the likely pattern of employer contributions. Furthermore, the Committee would be consulting on a proposed new charging regime which would be reported to the next meeting.

The Board noted the above.

18/16 EMPLOYER MANAGEMENT

(Agenda No. 9)

The Board reviewed the latest position in respect of the performance of the Scheme Employers. Members of the Board were invited to offer any comments on the proposed changes to the Administration Strategy and the range of charges. The full report which was considered by the Committee on 11 March 2016 was before them at LPB9. Board members were advised that all the recommendations had been agreed. In respect of recommendation (d) of the report the Committee had decided to repeat the risk assessment work undertaken by Barnett Waddingham, but not to introduce further measures at this time.

Sean Collins made reference to an issue that the current model did not allow for employers having the same budgetary timeline. Also that there was a lack of sufficient data being provided by employers, which could result in the actuary making assumptions and could even lead to significant differences in actuarial results. The Board noted that Sally Fox, Pensions Manager, was meeting with employers to encourage them to move this issue up their priority list.

Members of the Board were asked if they wished to have more involvement in this issue. They responded that they were content with the current action being taken, but suggested that ***an academy event be held in order to raise important issues.***

19/16 FEEDBACK ON TRAINING

(Agenda No. 10)

The Board reviewed the latest Training Plan and noted feedback on the training exercise undertaken by members of the Committee prior to their meeting on 10 March 2016. This had been undertaken with the aim of providing an improved plan for members which was targeted at their needs. It was found that there were some areas which required more training.

20/16 ISSUES/ITEMS TO BE REPORTED BACK TO SCHEME MEMBERS

(Agenda No. 11)

At the last meeting of the Board it was requested that a standard item be included at the end of each agenda to consider what issues/items the Board wishes to report back to Scheme Members.

The Board asked for a method by which Scheme members could communicate their concerns. Sean Collins suggested that Philip Wilde's details as Beneficiaries Observer be placed on the Board's website.

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A member of the Board suggested that members attending the seminar on Local Pension Boards report to the next meeting.

Sean Collins advised that members of the Board should advise Greg Ley if they wished to attend training.

Sean Collins agreed to produce an 'organogram' of who the employers were and an organisational chart of the Governance model for the LGPS in Oxfordshire.

A member of the Board asked if the July meeting could be held within school term time. Julie Dean agreed to field the suggestion to all.

..... in the Chair

Date of signing