

PENSION FUND COMMITTEE – 7 JUNE 2019

REPORT OF THE PENSION BOARD

Report by the Independent Chairman of the Pension Board

Introduction

1. At the first meeting of the new Pension Fund Committee on 23 June 2017, it was agreed at the suggestion of the Chairman, that each future meeting of the Committee should receive a written report from the Pension Board, setting out the key elements of their work and any matters which the Board wished to draw to the Committee's attention.
2. This report reflects the discussions of the Board members at their meeting on 26 April 2019. The Board was attended by the Independent Chairman and all six of the scheme employer and scheme member representatives. Lisa Hughes, the Chief Operating Officer of the River Learning Trust attended her first meeting as the new scheme employer representative. Cllr Mark Lygo also attended the Board meeting as an Observer.
3. Since the Board meeting, Cllr Sandy Lovatt who represented scheme employers on the Board lost his District Council seat as part of the May elections and therefore no longer meets the criteria to serve as a scheme employer representative. Action is underway to address this vacancy.

Matters Discussed and those the Board wished to bring to the Committee's Attention

4. The Board considered the improvement plan as discussed at the March Pension Fund Committee. A number of comments were made about the ability to measure performance against the Plan through reviewing actual scores against KPI's. It was also noted that there were individual line items in the Plan where target dates had been passed with no commentary added to the Plan. Finally the Board Members asked if the column headings could be repeated on each page of the plan. The comments were all accepted, and will be built into future updates, including the update elsewhere on this Committee's agenda.
5. The Board considered the report received by the Pension Fund Committee on the review of the Annual Business Plan. There was an observation that the Business Plan lacked a customer focus. In particular, it was noted that the measures of success for the improvements in scheme member communication were expressed as benefits for the Administering Authority rather than the scheme members itself. Amendments have been proposed to

address these concerns on the latest report to this Committee elsewhere on the agenda.

6. The Board also considered the lack of a detailed training plan within the overall Annual Business Plan. The Board suggested that this Committee should consider mandating attendance at certain training events for Committee members. It is noted that at the current time, unlike the requirements for Pension Board members, there is no requirement for Committee members to hold a given level of skills and knowledge to sit on the Pension Fund Committee. It is further noted that for the Committee to act effectively, it is not essential that all members have reached the same level of skills and knowledge, but that the requisite skills and knowledge are held by the Committee members as a whole, with additional support from the officers and independent financial adviser. The Independent Chairman commented that in Gloucestershire, there was an expectation that all Committee members would attend the LGA's three day LGPS Fundamentals Training Course.
7. In its review of the risk register and the accompanying report, the Board noted inconsistency in the completion of the review date. They asked that in future all risks should show when the risk was last reviewed, with any changes to the risk scores, mitigations etc referenced in the covering report. Officers were happy to accept the request.
8. The final item reviewed by the Board was the position statement on responsible investment issued following the March Pension Fund Committee. Board Members questioned the wording in the document, which it believed could be mis-leading in that it implied that the Committee engaged directly with all companies, rather than through its Fund Managers, Brunel and collaborative groupings such as the Local Authority Pension Fund Forum. The Committee may choose to consider the wording of future publications in this area.

RECOMMENDATION

9. **The Committee is RECOMMENDED to:**
 - (a) note the comments of the Board in respect of the Improvement Plan, Annual Business Plan and Risk Register, and the subsequent changes made to these documents elsewhere on today's agenda;**
 - (b) consider whether it is appropriate to mandate training at certain training events for Committee members; and**
 - (c) note the comments of the Board in respect of future responsible investment statements and the need to clarify that all engagement with companies is through third parties rather than directly by the Committee itself.**

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