

LOCAL PENSION BOARD

MINUTES of the meeting held on Friday, 26 April 2019 commencing at 10.30 am and finishing at 12.11 pm

Present:

Voting Members: Mark Spilsbury – in the Chair

Alistair Bastin
Stephen Davis
Lisa Hughes
Councillor Bob Johnston
District Councillor Sandy Lovatt
Sarah Pritchard

Other Members in Attendance: Councillor Mark Lygo, Pension Fund Committee Member (for the whole meeting as an observer)

Whole of meeting S. Collins and S. Whitehead

The Committee considered the matters, reports and recommendations contained or referred to in the agenda for the meeting 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.

16/19 WELCOME BY CHAIRMAN

(Agenda No. 1)

The Chairman welcomed all to the meeting.

In particular he welcomed Lisa Hughes who had joined the Board as an Employer Member and Councillor Mark Lygo who as a member of the Pension Fund Committee was attending as an observer.

17/19 APOLOGIES FOR ABSENCE

(Agenda No. 2)

All Members were present.

18/19 DECLARATIONS OF INTEREST - SEE GUIDANCE NOTE OPPOSITE

(Agenda No. 3)

There were no declarations of interest.

19/19 MINUTES

(Agenda No. 5)

The Minutes of the last meeting held on 18 January 2019 were approved and signed as a correct record.

In response to a query on Minute 5/19 Mr Collins advised that the first investment performance report referred to in the preamble had not gone to the Oversight Board on 31 January. It was now due out next week and would be circulated to members of the Board. It would be an item on the next meetings of the Pension Fund Committee and the Board.

20/19 EXCLUSION OF PRESS AND PUBLIC

(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

21/19 EXEMPT MINUTES - 18 JANUARY 2019

(Agenda No. 7)

The exempt Minute of the meeting held on 18 January 2019 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.

22/19 EMPLOYER MANAGEMENT - IMPROVEMENT PLAN

(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 version of the Improvement Plan which is aimed at ensuring the Fund meets its statutory targets in terms of data quality and services to scheme members and employers. The Board **AGREED** to request that the next report should include an update on actual performance against SLA targets. Comments should be included

where deadlines had been missed and it would be easier to read if headings appeared at the top of each page of the Plan.

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

23/19 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 its meeting on 8 March 2019; and the Annual Business Plan for 2019/20, as agreed at the same meeting; and to offer any views back to the Committee (LPB9).

Mr Collins introduced the contents of the report, updating members on the position regarding the Brunel Pension partnership and commenting that at the next meetings of the Pension Fund Committee and the Board there would be more detail on the Funding Strategy Statement.

Responding to a question from a Member about the Investment Strategy Mr Collins advised that all policies were going to the June Pension Fund Committee. However, the Committee would have a fundamental review after the Asset Allocation Review planned for March 2020. The Board as required would have an opportunity to comment at that stage. The Chairman added that after the next Actuarial Review the Board would have an opportunity to feed into the major review.

In response to a comment from an employer member that someone had dropped out of the scheme due to the ESG matters and asking whether there was a member friendly statement Mr Collins referred to a later agenda item where the Board could comment of the Responsible Investment Statement produced by the Pension Fund Committee.

During consideration members:

- Expressed surprise at the lack of customer focus either in relation to employer or scheme members. There was nothing in the Plan about customer service or the customer experience.
- Discussed the need for effective member communications.
- Highlighted the issue of training for Pension Fund Committee members and noted the omission of a training plan. Mr Collins explained the way in which

training was provided noting that there would be a session before the September meeting of the Committee. A number of councillors had also attended various external training. It was difficult to identify a single training plan and the principle was that no one member would know everything but together they would have the necessary skills and knowledge. They looked to fill gaps in skills and knowledge across the Committee as a whole. A member noted that training opportunities were not always taken up and it was suggested that attendance at some training events should be mandatory. Mr Collins added that the Annual Report included a full record of all the training undertaken.

- Queried why management fees were shown as going up in 2019/20 from 2018/19 (page 41) when the intention with the Brunel Partnership was that management fees should reduce. Mr Collins explained how the figure was arrived at and noted that no funds had been managed by Brunel in 2018/19 and few funds would be managed by Brunel in 2019/20.

The Local Pension Board **AGREED** to raise with the Pension Fund Committee that they felt that the Business Plan lacked a clear customer focus. They also **AGREED** to **RECOMMEND** that consideration be given by the Committee to mandating attendance by Committee members at certain training events.

24/19 RISK REGISTER

(Agenda No. 10)

The Board reviewed the latest Risk Register, as updated after consideration by the Pension Fund Committee on 8 March 2019 (**LPB10**) and were invited to offer any further views back to the Committee.

During consideration:

- A member commented that the likelihood of 1 recorded at Item 6 (on the risks of climate change) was likely to rise. Mr Collins explained the issue was balancing the scoring of the likelihood and the risk to the fund.
- A member referring to paragraph 5 relating to the risks of climate change stated that he had been asking for evidence of engagement with each potential investment company to understand the risks specific to them and how these risks are being dealt with by management. Mr Collins advised how that was carried out and the role of the Committee in questioning Fund Managers on the engagement they carried out. Work was ongoing with Brunel Partnership to ensure that the outcome of engagement was transparent. He confirmed that in line with the policy statement there had been no engagement between a Fund Manager and a Company at the specific request of the Pension Fund Committee.
- There was surprise at the low risk rating for staff issues given the recruitment problems and there was a question as to the date of review and whether the date shown was the last time the issue had been reviewed. Mr Collins advised that every risk was reviewed each quarter.
- It was suggested that changes be highlighted in the covering report.

The Board noted the latest Risk Register and **AGREED** to **RECOMMEND** that in future the date when the risk was last reviewed should be shown for all risks on the register. The Board also requested that all changes made to the risk register since it was last reviewed by the Pension Fund Committee should be highlighted in the covering report.

25/19 RESPONSIBLE INVESTMENT STATEMENT

(Agenda No. 11)

The Board was invited to consider the Responsible Investment Position statement, as agreed by the Committee following their meeting on 8 March 2019, and to offer any views back to the Committee in advance of the June 2019 discussion on the Investment Strategy Statement (LPB11).

Following discussion, the Board **AGREED** to ask the Committee to consider whether the statement should be amended to clarify that direct engagement and the selection of fossil fuel companies for investment is undertaken via the appointed Fund Managers.

26/19 ITEMS TO INCLUDE IN THE BOARD'S REPORT TO THE PENSION FUND COMMITTEE

(Agenda No. 12)

- Improvement Plan – suggestions for information to include in and formatting of future plans
- Annual Business Plan – lack of customer focus and suggestion about some mandatory training for Committee Members
- Risk Register – suggestions about the format of future reports
- Responsible Investment Statement – suggestions to improve clarity

27/19 ITEMS TO BE INCLUDED IN THE AGENDA FOR THE NEXT BOARD MEETING

(Agenda No. 13)

The following items were noted for the next meeting:

- Improvement Plan Update
- Fees Analysis Report

28/19 DATE OF NEXT MEETING

(Agenda No. 14)

The Board noted that the next meeting was to be held on Friday 19 July 2019.

..... in the Chair

Date of signing 2019

LPB