

LOCAL PENSION BOARD

MINUTES of the meeting held on Friday, 12 July 2019 commencing at 10.30 am and finishing at 12.30 pm

Present:

Voting Members: Mark Spilsbury – in the Chair

Alistair Bastin
Stephen Davis
Lisa Hughes
Councillor Bob Johnston
Sarah Pritchard

Officers:

Whole of meeting S. Collins and G. Warrington
Part of meeting

Agenda Item **Officer Attending**

The Board 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.

29/19 WELCOME BY CHAIRMAN

(Agenda No. 1)

The Chairman welcomed all to the meeting.

30/19 APOLOGIES FOR ABSENCE

(Agenda No. 2)

Councillor Johnston asked what was happening regarding the vacancy on the Board following results in the recent district council elections.

Members were advised that the process to appoint a replacement had started and it was expected that the situation would be resolved soon.

31/19 DECLARATIONS OF INTEREST - SEE GUIDANCE NOTE OPPOSITE

(Agenda No. 3)

There were no declarations of interest.

32/19 MINUTES

(Agenda No. 5)

The minutes of the meeting held on 26 April 2019 were approved and signed as a correct record.

With regard to Minute 22/19 Employer Management - Improvement Plan Mr Collins confirmed that the Plan had not been updated since June as requested as targets had been amended. It was anticipated that that would be done by September.

33/19 EXCLUSION OF PRESS AND PUBLIC

(Agenda No. 6)

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

34/19 EXEMPT MINUTES

(Agenda No. 7)

The exempt minutes of the meeting held on 26 April were approved and signed.

Mr Collins gave an update with regard to Edwards and Ward. There had been a number of late returns which had been accepted and work was continuing to validate those. The issue was now between staff members and Edwards and Ward and he would be contacting Unison to see how they wished to proceed and undertook to copy in the Branch Chairman.

35/19 ANNUAL REPORT OF THE LOCAL PENSION BOARD

(Agenda No. 8)

The Board considered (LPB8) a report setting out the work of the Local pension Board for the last year and the key issues considered during 2018/19 and the work programme for 2019/20.

RESOLVED: to approve the Local Pension Board Annual Report for 2019/20.

36/19 EMPLOYER MANAGEMENT - IMPROVEMENT PLAN

(Agenda No. 9)

The Board considered (LPB9) a report setting out the latest position against objectives and milestones as set out in the Improvement Plan.

Some concern regarding the availability of key performance indicators to enable the Board to assess progress. Performance against standard KPIs had dropped whilst the backlog of work had been addressed. Interim targets had been set to allow

progress to restoring performance to be addressed. Regular reports are to be made on KPIs.

Mr Collins highlighted continuing problems with the standard of returns with 46% failing to meet basic tolerance tests and needing to be returned. There were still a number of mistakes being repeated all of which had put a great deal of pressure on staff resources.

His team had worked closely with HR in order to address issues with recruitment and retention. Regarding turnover of staff there was no common theme for staff leaving but it been difficult to deal with workload over the last few years.

RESOLVED: to note the latest position regarding implementation of the Improvement Plan.

37/19 REVIEW OF THE ANNUAL BUSINESS PLAN

(Agenda No. 10)

The Board considered (LPB10) a review of the latest position against the Annual business Plan for 2019/20 as considered by the Pension Fund Committee in June 2019.

Mr Collins updated on the development of the Brunel partnership and the appointment of a new CEO there.

Board members discussed the development of the Brunel portfolios and the desire to switch assets from the current portfolio to low carbon portfolios, transparency around the work of the fund in delivering its ESG policy as included in the Investment Strategy statement; the possibility of mandatory training for members and appointment of named substitutes who would be required to receive the same training as Committee members.

RESOLVED:

- (a) note progress against the key service priorities included within the 2019/20 Business plan; and
- (b) approve the amendment to the measure of success in respect of Service Priority 5 – Improve Scheme Member Communications as set out in paragraph 19 of the report LPB10

38/19 RISK REGISTER

(Agenda No. 11)

The Board had before it the latest Risk Register as considered by the Pension Fund Committee on 7 June 2019 with an invitation to review and offer any further views.

Mr Collins advised that it was proposed to move back to a system of traffic lighting issues in the next version.

RESOLVED: to note the changes proposed to be made to the risk register.

39/19 ANNUAL REVIEW OF FUND POLICIES

(Agenda No. 12)

The Board had before it a paper (LPB12) which covered the annual review of the Fund's policy documents as agreed by the pension Fund Committee on 7 June 2019 and which had been amended to reflect the revised recommendations agreed by the Committee.

Mr Collins presented the report.

He confirmed the Funding Strategy Statement would be reviewed again this year and brought back to the Board at its next meeting.

Regarding the Triennial Valuation and Strategic Asset Allocation Review he confirmed that he would be contacting scheme member representatives on the Board to arrange a meeting to feed views in as appropriate.

Board members highlighted a potential area of concern regarding the need to provide continuity particularly as the end of the current 4-year cycle was approaching.

Councillor Johnston referred to an added pressure arising from the potential for political change in what were volatile political times as evidenced by the recent local elections.

Mr Collins advised that a period of office could be extended and staggered so not all board members reached the end of their tenure at the same time.

RESOLVED: to note the Statement and amendments to it.

40/19 MONITORING FUND MANAGER FEES

(Agenda No. 13)

The report (LPB13) set out the latest data on Fund manager Fees. The report had been submitted following a request by the Board for a report every 6 months.

Mr Bastin tabled a spreadsheet highlighting a number of underperforming fund managers to an alarming level quoting one example to 5.2% below target with a loss to the fund of some £8.2 million as opposed to £13million profit if it had hit its benchmark. Some managers had underperformed for the last 5 years. Consequently the fund could be missing out on tens of millions.

Mr Collins accepted there were annual fluctuations and the Pension Fund Committee had felt that it was not always the best move to change managers to frequently for those reasons and in some years we were well above the benchmark and annual figures did not always present the best picture. The benchmark was the aggregate figure of all managers.

The Chairman advised some caution insofar as some managers outperformed others over a 5 year period and under the Brunel arrangements there should be more of a balance from a wider more diversified range. Also 2 of the underperformers in the table spreadsheet would be moving to Brunel.

Mr Collins advised that the next big Asset Management review would be presented to Committee next March.

Agreed to consider the information set out in the table papers and bring it back to Board members with a report setting out possible options for a 3 or 5 year review basis.

41/19 ITEMS TO INCLUDE IN REPORT TO THE PENSION FUND COMMITTEE

(Agenda No. 14)

The following items were agreed for report to the Pension Fund Committee:

1. The Board noted that the Oxfordshire Pension Fund had invested in the Brunel Pension Partnership passive global and UK equity portfolios but not in the low carbon portfolio. The Board requested that the Oxfordshire Pension Committee considers investing in the low carbon portfolio, in the context of reducing the Fund's carbon footprint and reducing climate risk, possibly funded by a reduction in the level of investments made in the global and UK equities passive portfolios.
2. Regarding the Pension Fund Business Plan 2019/20, the Pension Board was pleased that the Pension Committee had supported the change to the measure of success for service priority 5 to improved customer satisfaction.
3. Following a discussion of the Fund's Governance Policy and Governance Compliance Statement, the Board indicated its support for the proposition of having named substitutes for Pension Committee members. It also supported the need for a training plan for Committee members.
4. The Board requested that the Pension Committee consider the performance analysis (to follow), produced by a member of the Pension Board in relation to the agenda item on investment management fees, which was discussed at the Board meeting.

42/19 ITEMS TO BE INCLUDED IN THE AGENDA FOR THE NEXT MEETING OF THE BOARD

(Agenda No. 15)

Issues to be added to the Agenda for the next meeting of the Board:

Employer training
Valuation.

..... in the Chair

Date of signing