

**MINUTES OF THE MEETING OF THE
LOCAL PENSION BOARD
Committee Room 1, Town Hall, Main Road, Romford
17 January 2018 (4.30 - 5.50 pm)**

Present:

Mark Holder, Scheme Member Representative (Chairman)
David Holmes, Scheme Member Representative
Virpi Raivio, Employer Representative

Officer attendance:

Caroline Berry, Pensions Projects and Contracts Manager, OneSource, LBH
Debbie Ford, Pensions Accountant, Pensions and Procurement
Lillian Thomas, Senior Accountant, Pensions and Procurement

All decisions were taken with no votes against.

21 CHAIR'S ANNOUNCEMENTS

The Chair reminded Members of the action to be taken in an emergency.

22 APOLOGIES FOR ABSENCE

Apologies for absence were received from Anne Giles, Scheme Member Representative.

23 DISCLOSURE OF INTEREST

There were no disclosures of interest.

24 MINUTES OF THE MEETING

The minutes of the meeting were agreed as a correct record and signed by the Chairman, subject to the following amendments:

- Minute No. 12, Minutes of the Meeting refers: It had been agreed that the Pensions and Contract Manager would be the lead officer for all items on the work plan.
- Minute No. 17, LPFA Update on Admin Changes refers: LPFA in the heading to be deleted and replaced with LPP.

25 TRAINING PROGRAMME

Members discussed the requirement to obtain 46 credits and whether this would be attainable. Members were requested to complete the CIPFA knowledge and skills self assessment and the information would be collated

and areas of weakness identified, which would assist in the production of an annual training plan, which would include group and individual training. Current identified areas of weakness included the Myners Principles and pension services procurement and relationship management.

Depending on the availability of Pension Committee members, training may be held before March on responsible investments and Environmental, Social and Corporate Governance (ESG) and its impact on the introduction of low carbon products. New member training would be provided in June/July.

An extraordinary meeting of the Pensions Committee would be held on the 6th March 2018 for members to receive presentations from potential new investment advisors, as the existing contract would expire in March 2018.

Actions:

- i) All board members to review CIPFA knowledge and skills self assessment.
- ii) Chair to email link to members for the Pension Regulator's toolkit for training on the Code of Practice number 14.
- iii) Chair to email DF a list of training requirements to help plan for group training sessions.
- iv) Chair to email training plan template to board members.
- v) Board members to add a couple of areas where they will undertake individual training over the coming year to template and return to Chair.

26 LIABILITY INSURANCE

Officers reported that it was likely that members of the Local Pension Board were indemnified under the council's insurance policy, however clarification was needed on the distinction of what constituted an employee and a member.

Action:

Caroline Berry – To chase insurance team and get confirmation whether members of the Local Pension Board are covered for any liabilities within the scope of the councils own indemnity provisions.

27 COMPLIANCE CHECKLIST

Members received a document which outlined how the London Borough of Havering complied with The Pensions Regulator's (TPR) Code of Practice No. 14 Governance and Administration of Public Service Pension Schemes (the TPR Code) in relation to the management of the London Borough of

Havering Pension Fund, which is part of the Local Government Pension Scheme (LGPS).

The document highlighted all the key elements of the TPR Code and evidenced whether the London Borough of Havering met these areas of best practice. A Compliance Summary Table was circulated at the meeting and members agreed that Section B, Knowledge and Understanding and Section E, Managing risk and internal controls, would be discussed at the meeting due to a number of TPR requirements being reported as partially compliant.

The following sections were discussed and points noted:

Section B - Knowledge and Understanding

B8 – Are all pension board members investing sufficient time in their learning and development? - Once an annual training plan had been established, the TPR requirement would be fully compliant.

B9 – Does the Fund offer pre-appointment training for new pension board members or mentoring by existing members? – Pre-appointment training had not been offered, however potential new pension board members were invited to discuss the roles and referred to yourpension.org where roles and responsibilities were explained. Induction training had been delivered late to new members and in future would be delivered in a more timely manner to ensure that the TPR requirement was fully compliant. It was agreed that the section be amended to state ‘fully compliant’.

B12 – Have the pension board members completed the Pension Regulator’s toolkit for training on the Code of Practice number 14? – Pension board members were responsible for completing the online training module. It was agreed that this requirement remain at partially compliant as part of ongoing member development.

Section E - Managing risk and internal controls

E1 – Is there an agreed process for identifying and recording scheme risks? - There was a process for identifying and recording scheme risks. Internal controls of the scheme assets included monitoring these quarterly and presenting formal reports to the Pensions Committee and risk was addressed as part of the quarterly monitoring processes. Risk implications were a standard inclusion in the reports to the Pensions Committee and the Local Pension Board. There was a need to ensure that the risk register was maintained and current.

E2 – Does the fund have an adequate process to evaluate risks and establish internal controls? - Work was ongoing with LPP regarding procedures on admission agreements and documenting procedures would be built up over time. Internal documentation was currently under review.

E3 – Does the Administering Authority have a risk register to record all risks identified and action taken? - The risk register had not been updated since June 2015, however it had been identified on officer's work plan to be reviewed.

E4 – Does the Administering Authority review the effectiveness of the risk management and internal control systems of the Fund? – The requirement was non-compliant due to the non-maintenance of the risk register, however once adequate processes were in place to evaluate risks and internal controls established, the requirement would be reassessed. It was requested that once internal controls had been reviewed, that internal audit be asked to carry out a check to ensure that procedures were sufficiently robust.

E5 – Does the Administering Authority regularly review the risk register? – Discussed under E3 above. Once reviewed, the revised Risk Register would be presented to the Pension Committee.

E6 – Is there a standing item on the Pension Board agenda to review scheme risks? – Officers were requested to seek confirmation as to the best method to cover off this requirement.

E7 – Does the Administering Authority have adequate systems, arrangements and procedures (internal controls) in place for the administration and management of the Fund and are they documented? – There were a large range of internal controls in place and these are currently under review.

E8 - Do these procedures apply equally to outsourced services, are internal controls reflected in contracts with their party providers and is there adequate reporting in relation to those controls? – Confirmation to be sought on whether the Council's AVC arrangements with Prudential and Standard Life need to be included in this section. In response to a change in legislation, confirmation as to whether the products remained fit for purpose was required. A review of the AVC providers had started – Officers to determine how to progress this review.

It was requested that an update on actions be provided at the next meeting.

It was agreed that the following priorities be discussed at forthcoming meetings in the following order:

- i) Conflicts of interest (C) and Maintaining Contributions (G)
- ii) Maintaining accurate member data (F) and Providing Information to members and others (H)
- iii) Internal Dispute Resolution (I) and Publishing information about schemes (D)

It was agreed that section A, Reporting Duties and section J, Internal Dispute Resolution were not priorities as they were fully compliant.

Actions:

- i) Once internal controls and an adequate process to evaluate risks are in place, CB to contact Sarah Bryant to suggest internal audit carry out a review to ensure that procedures are sufficiently robust.
- ii) Compliance checklist (E6) – Is there a standing item on the Pension Committee agenda to review scheme risks? To seek confirmation as to what was required – Debbie Ford
- iii) Compliance checklist (E7) - To seek confirmation on whether the AVC arrangements with Prudential and Standard Life need to be included in this section – Caroline Berry

An update on actions from sections B & E of the compliance checklist to be provided at the next meeting – Debbie Ford and Caroline Berry.

28 LPP UPDATE ON ADMINISTRATION

The LLP contract went live on the 1 November 2017, with performance being assessed during monthly review meetings. LPP had inherited a backlog of work due to previous staffing issues, it was expected that the high priority cases would be fed into business as usual and these would be cleared by mid February 2018. LPP had been requested to submit a proposal on how the general case backlog would be cleared and an update would be provided at the next meeting. It was confirmed that there had been no immediate impact on an individual as a result of the backlog.

Action:

Caroline Berry - To provide an update on how the backlog would be cleared.

29 KEY PERFORMANCE INDICATORS

A reformatted Performance Indicators Quarterly report was circulated at the meeting which was a combination of the KPI's in the LPP contract and their current performance report. It was requested that this new report be presented in this format in future. It was suggested that we could ask LPP to include an additional two indicators to the report to show work in process and work on hold. Caroline Berry will discuss this at the LPP client forum on 5th February and report back. Any other suggestions that members have should be forwarded to Caroline Berry before this date. Clarification would also be sought on 'average elapsed time' and 'average completed time' and definitions would be added to the bottom of the report.

Actions:

Caroline Berry – To get clarification on average elapsed and completed times and complete new report for next board meeting.

Caroline Berry – To capture two additional KPI's, Cases in backlog and complaints.

30 TO RECEIVE FEEDBACK FROM RECENT MEETINGS OF THE PENSIONS COMMITTEE

Members received feedback from the Pension Committee meetings held on the 21 November and the 12 December 2017, during which the following were noted:

Meeting held on the 21 November 2017

- The Committee received a report which reviewed the performance of the custodian, State Street, and the performance of the Actuary, Hymans Robertson and the Investment Advisor for the period October, 2016 to September, 2017 and noted the views of Officers.
- Members had received a report on procurement of actuarial services and investment management consultancy and agreed to join the National Framework for Actuarial, Benefits and Governance Consultancy Services, the National Framework for Investment Management Consultancy Services and to hold the service provider interviews before the Pension Committee as part of the further competition process.
- The Committee received and noted a report on employer outsourcing guide for Havering LGPS scheme employers and a report on the London Borough of Havering's Pension Fund Admissions Policy.
- Members received a report which detailed the Whistleblowing requirements of the Pensions Act, 2004 and noted the results of the annual review and the fact that no breaches had been reported.
- Members had considered a report which informed them of the proposed "closed agreement" admission of Harrison Catering services Ltd into the LB Havering Pension Fund.

Meeting held on the 12 December 2018

- Members had received a report from the Fund's Actuary Hymans Robertson, to illustrate the estimated development of the Pension Fund's funding position from 31 March 2016 to 30 September 2017 and noted the Havering Pension Fund interim funding position update to 30 September 2017, and that no action was required to change the funding plan.

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- The Committee had been presented with a summary on the responsible investment activities, of the Fund's investment managers in support of the Committee's ongoing monitoring requirement as set out in the Investment Strategy Statement. The Committee noted the Hymans summary review of fund manager voting and engagement activity and the potential development of the monitoring and review process.
- The Committee had received and noted the Local Pension Board Annual Report 2016/17.
- The Committee received an overview of the performance of the Havering Pension Fund investments for the first quarter to 30 September 2017.
- Members had received and noted a report detailing the incidents and actions taken for the cessation of May Gurney as an employer of the Havering Pension Fund.

Action:

Victoria Freeman – Pension Committee minutes to be circulated with Local Pension Board Agenda in the future.

Chairman