MINUTES OF THE MEETING OF THE LOCAL PENSION BOARD
Committee Room 2 - Town Hall
7 October 2015 (4.00 - 5.40 pm)

Present:

Justin Barrett (Employer Representative) (Chair)
Mark Holder (Scheme Member Representative)
Marsha Jane Thompson (Scheme Member Representative (MJT)

Officers:
Debbie Ford (Pensions Accountant) (DF)
Mo Jones (Pensions Programme Manager (MO)
Anthony Clements, Principal Committee Officer
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All decisions were taken with no votes against.

8 **CHAIR'S ANNOUNCEMENTS**

The Chair announced details of arrangements in the case of fire or other event that would require the evacuation of the meeting room.

9 **APOLOGIES FOR ABSENCE**

Apologies were received from David Holmes, employer representative.

10 **DISCLOSURE OF PECUNIARY INTERESTS**

There were no disclosures of pecuniary interests.

11 **MINUTES OF THE MEETING**

The minutes of the meeting held on 26 August 2015 were agreed as a correct record and signed by the Chair.

The Committee Officer would investigate issues raised regarding the payment of attendance allowances to members of the Board.

Officers would check the position with the availability of the amended minutes of the previous meeting.

Under matters arising, DF agreed that a copy of the Pensions Committee workplan would be put on the website. This did not however include the Board workplan. Training on the TUPE transfer was being arranged for December 2015.

It was emphasised that the Board needed to decide its own workplan using the Annual Report, Risk Register etc. The exact budget for the Board was not known at this stage as this depended to some extent on what work the Board wished to undertake. National guidelines on Pensions Board workplans were available on the yourpension.org website.

It was agreed that the Board members would arrange a private meeting in order to establish a workplan for the Board. The Committee Officer would arrange a room at the Town Hall on an agreed date in order to facilitate this.

It was noted that the Board had the power to ask the Pensions Committee how it had arrived at decisions but was unable to reverse those decisions.

12 LOCAL PENSION BOARD BUDGET

DF explained that some figures in the budget were estimates while others were based on historical funding levels. It was noted that the figure for printing in 2015/16 should have read £3,400 rather than as stated.

Concerns were raised that the budget would not cover an annual consultation with scheme members although officers pointed out that most members could be contacted electronically or via the existing pension newsletter. A Board member felt however that any consultation needed to be separate from this process and DF indicated that the budget may be able to be revised if necessary. A web-based survey such as Survey Monkey could also potentially be used.

The Self Service system could be used to gather feedback for the Board although the use of this for Pension Scheme enquiries etc was currently being agreed by Audit and a list of scheme member e-mail addresses would need to be compiled. MJT pointed out that 5-6% of scheme members did not have e-mail access. Postal communication was very expensive however and DF suggested the Board consider this further when it was ready to launch a large scale communication.

It was suggested that scheme members could be asked about the level of service from the pension administration team or what they would like the board to do etc. People's use of the pensions website could also be investigated in this way.

The £10,000 training budget was shared with the Pensions Committee and any increase to elements of the Board's budget would require the approval of the Group Director. The training strategy would be approved initially by the Pensions Committee and training would, where possible and appropriate, be shared by the Pension Board and Pensions Committee.

DF would send to Board members a CIPFA self-assessment form which allowed the targeting of training. A member added that she understood that a new Government on-line programme for members needed to be completed within six months. Board member was going to provide information on this as officers were not aware of this.

It was noted that the discussion on Sharepoint at the previous meeting was not reflected in the minutes. MO would investigate why Sharepoint was not currently working for external people. The Chair suggested that shared documents could also be set up using Google Docs.

It was **agreed** that the Board noted:

a) **the allocated budgets for the Local Pensions Board** and
b) **any budget variations to be agreed by the administering authority's section 151 officer.**

It was further **agreed** that updates on the budgetary position would be taken to the Board on a six-monthly basis.

13 **PENSIONS COMMITTEE ANNUAL REPORT 2014/15**

DF explained that the annual report had been published earlier than normal as this had enabled the former Council auditors to sign off the full Council accounts within the given deadline.

All statutory policy documents included in the report were being revised and would be submitted to the Pensions Committee in November. The report layout was in line with CIPFA guidance.

It was noted that six new employers had joined the scheme in the previous year, resulting in a lot of extra administration work for the pensions team. Overall administration costs had decreased however as the prior year included licensing fees.

A board member asked the difference between scheduled and admitted bodies. Officers explained that in the case of scheduled bodies such as schools, the Council had no say over whether these organisations were admitted to the Pension Scheme. An admitted body providing for example outsourced services, could also not be refused admission but admittance was subject to signing the necessary agreements. A designated body such as a Voluntary Aided School could designate staff to be admitted to the Pension Scheme but this did not happen in reality.

The Board discussed Collective Investment Vehicles in light of the recent announcement by the Chancellor that pension fund assets should be pooled. The London Collective Investment Vehicle should lead to management and procurement cost savings but managers had not been appointed to the vehicle at this stage, prior to FCA approval. There would be a consultation on pooling models in the autumn but it would be mandatory to join a pooled vehicle.

The scheme currently held an increased amount of cash due to needing to make payments as a result of restructures but cash flow policy would be reviewed. MJT added that all oneSource restructures were now scheduled to take place in the second year of oneSource and that there were also 12 school restructures in progress. DF added that only staff over 55 years of age affected by the restructures would impact on the pension fund.

Whilst many administration targets had not been met in the year under review, DF confirmed that these had been met in the past and felt that they were still achievable. Many of the problems had been due to the introduction of the Career Average Related Earnings scheme and MJ explained that problem with the software did not fully reflect the new Regulations, resulting in a lot more manual work for the pension team.

The team's caseload was shown in the report and MJ would supply the average time taken for the notification of deferred benefits and other indicators. For legal reasons, priority was given to retirements, death benefits and estimates related to divorce cases.

It was noted that it was sometimes difficult to recruit and retain staff in the pensions team. Apprenticeships had been used in the past but the scheme was now very complex in nature. The administration performance indicators were the industry standard and officers did not wish to amend these. The future plans for the size of the pensions team were not known at this stage and the Chair suggested that perhaps this could be presented to a future meeting of the Board. It was also not known at this stage if there were any plans to merge the pensions team with that of Newham or Bexley, the other oneSource partners.

It was confirmed that monitoring and performance information on fund managers was presented to the Board on a quarterly basis. One or two fund managers also attended meetings of the Committee to answer questions about their performance. Each fund manager was rated by the Council's investment adviser.

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The Board asked if the Pensions Committee asked had access to the fund manager transaction reports. DF explained that they did and agreed to send to the Board the reports on this area but reminded members that these were confidential and could not be shared with anyone else. The Committee Officer would confirm that all Board members were on the distribution list for Pensions Committee agendas and if this also applied to exempt items.

Of the £2.5 million paid in management fees, it was confirmed that £797,000 related to transaction fees. Officers confirmed that most fees were paid to active fund managers and this was now dealt with in a more transparent way. It was not known how this compared to fees paid in other boroughs. It was emphasised that the level of fees paid could not be looked at in isolation. Some risks needed to be taken in order to reduce the deficit which meant the use of active funds with higher fees. Fees needed to be considered in relation to the return received. Information on the fees paid by other boroughs could be obtained from the scheme advisory board website.

Benchmarking was undertaken using WM Local Authority data. Havering had previously been ranked 46th of 85 funds but rose in the first quarter of 2015/16 to 24th. Performance was affected by markets and Havering's fund ranking had risen as the fund had relatively low exposure to the recent equities fall. Contributions to the fund had gone down as the Council had paid a one-off contribution of £11.5 million last year.

The overall fund was worth £575 million at the end of March but had lost £20 million (in line with the impact on all funds) due to the Greece and China economic difficulties. The value of fund assets needed to be as high as possible by the time of the next fund valuation in March 2016.

The Board asked why we had no administration strategy and officers explained that it was not mandatory to have a pensions administration strategy and it had been an officer decision not to have one at this time. In answer to a question about how the website is communicated MJ explained that the pensions website was shown to all Academies joining the scheme and the website address was included on all pension letters and factsheets. QR codes were also printed on documentation in order to promote the website as much as possible.

The scheme communications strategy was being revised and would be taken to the Pensions Committee in November.

A board member asked about voting and officers clarified that that the pension fund can only vote if shares are held in their name and as most of the funds are pooled the Fund did not have the right to vote at board meetings of companies the fund had invested in. Any voting that was required was left to the discretion of the fund manager.

14 NEXT MEETING

It was agreed that the next meeting should consider the following items:

Agreement of the Board's workplan
Outcome from TUPE training
Training strategy

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Chairman