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**MINUTES OF THE MEETING OF THE
LOCAL PENSION BOARD
Committee Room 1-Town Hall - Town Hall
24 April 2018 (4.15 - 5.45 pm)**

Present:

Anne Giles, Employer Representative
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.

31 CHAIR'S ANNOUNCEMENTS

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

32 APOLOGIES FOR ABSENCE

There were no apologies for absence received.

33 DISCLOSURE OF INTEREST

There were no disclosures of interest.

34 MINUTES OF THE MEETING

The minutes of the meeting were agreed as a correct record and signed by the Chairman.

The following matters arose from the minutes of the previous meeting, which were not covered elsewhere on the agenda:

- Minute No. 25 (i), Training Programme refers: Board members to review CIPFA knowledge and skills self assessment and send confirmation of completion to Debbie Ford.
- Minute No. 25 (ii), Training Programme refers: It was confirmed that the link to the Pension Regulator's toolkit for training on the Code of Practice had been provided to members. Members were requested to

inform Debbie Ford when modules were completed so that the training register could be updated.

- Minute No. 25 (iii), Training Programme refers: Members were advised that training would be put in place after the appointment of the Pensions Committee.
- Minute No. 25 (iv), Training Programme refers: The Chair confirmed that the training plan template had been circulated to members.
- Minute No. 25 (v), Training Programme refers: Board members to give consideration to training needs and inform the Chair of any requests.
- Minute No. 27, (i) Compliance Checklist refers: Once internal controls and an adequate process to evaluate risks are in place, Caroline Berry to contact Sarah Bryant to suggest internal audit carry out a review to ensure that procedures are sufficiently robust. Officers reported that Internal Audit had been asked to include Pension Fund on the audit list and that areas of focus would need to be identified. Members considered that the administrative side to be of high importance and requested that a brief outlining the scope of the audit be presented to them. Members would receive a formal written report once the audit had been completed.
- Minute No.27 (ii), Compliance Checklist refers: Officers confirmed that there was no requirement to have a standing item on the Pension Committee agenda to review scheme risks. It was explained that all reports to committees had financial and risk implications embedded. It was agreed that the Compliance Checklist document be amended to reflect this. Furthermore, a risk register is held and due to be updated.
- Minute No. 27 (iii), Compliance Checklist refers: Officers confirmed that AVC arrangements with Prudential were compliant, however it had proved difficult to establish whether Standard Life were compliant due to not having access to members statements.

Actions:

- i) All board members to review CIPFA knowledge and skills self assessment and send confirmation of completion to Debbie Ford – All members.
- ii) Board members to give consideration to training needs and inform the Chair of any requests – All members.
- iii) That a brief outlining the scope of the internal audit be presented to members – Lillian Thomas.

Clarification regarding the definition of an employee and a member in respect of liability insurance had been sought. Insurers had indicated that the intention was for Local Pension Board members to be covered, however confirmation from the underwriter was awaited. An update to members would be provided once a response had been received. The Policy would be renewed on the 1 July 2018, and members liability insurance would be included in the renewed document.

Action:

An update to be provided on whether members of the Local Pension Board are covered for any liabilities within the scope of the council's own indemnity provisions.

36 **COMPLIANCE CHECKLIST**

The following sections were discussed and points noted:

Section C – Conflicts of Interest

C2 – Do pension board members have a clear understanding of their role, the circumstances in which they may have a conflict of interest and how to manage potential conflicts? It was noted that Anne Giles, Virpi Raivio and Mark Holder had completed the TPR online toolkit module covering conflicts of interest, therefore it was agreed that the requirement was compliant.

C3 – Have all Pension Board members provided appropriate information for the Administering Authority to determine whether a conflict exists (on appointment and from time to time)? As C2 above.

C4 – Does the appointment process for pension board members require disclosure of interest and responsibilities which could become conflicts of interest? Members agreed that the requirement was compliant as declarations were sought from members at each meeting.

C5 – Is the conflicts policy regularly reviewed? Members sought clarification on whom was responsible for the Conflicts Policy.

C6 – Does the Fund have a conflicts register and is it circulated for ongoing review and published? Members sought clarification as to whether their declarations should be published on the Council's website.

C7- Is appropriate information included in the register? As C6 above.

C9 – Do those involved know how to report a conflict of interest? Members agreed that the requirement was compliant as consideration had been given to training session on conflict of interests to board members.

Section G – Maintaining Contributions

G1 – Does the Fund have procedures and processes in place to identify payment failures? Member requested that an explanation be provided of the process in place to identify late payments.

G4 – Are these procedures regularly reviewed to ensure they are effective? Members considered that the Council were compliant in this area as finances were checked on a monthly basis against schedules, payroll and the bank. Furthermore, the situation was checked at year end.

G5 – Do the Administering Authority's processes include managing overdue contributions in line with TPR's suggested approach? The Council had a Charging Policy, however it did not contain specific information regarding late payments, however regulations allowed for this. Members suggested that when the Charging Policy was next reviewed, that reference be included to charging a fee for administration for processing late payments and interest charges.

G6 – Does the Fund maintain a record of any investigations and communications with employers? Members agreed that the Council would be compliant as of the 1 April 2018, when all communication between the pension fund and an employer regarding contributions would be held on a central record.

G8 – Is there a satisfactory process in place to assess the materiality of any payment failures and ensure that those which are material are reported to the Regulator within a reasonable period? Members were advised that consideration to the process would be given during the review of the Charging Policy.

Actions:

C5 – Details of who hold responsibility for the Conflicts Policy to be provided to members, together with details of frequency of review – Victoria Freeman.

C6 – Clarification to be provided as to whether Local Pension Board members declarations should be published on the Council's website – Lillian Thomas.

G1 - An explanation to be provided of the process in place to identify late payments – Caroline Berry.

G5 - Members suggested that when the Charging Policy was next reviewed, that reference be included to charging a fee for administration for processing late payments and interest charges – Caroline Berry.

37 **KEY PERFORMANCE INDICATORS**

Members received the Performance Indicators Quarterly report. It was noted that there were areas for improvement and consideration was being

given to presenting information in respect of cases on hold and Members expressed concern that without this information they were unable to take a view on the report. Caroline Berry confirmed that spot checking for accuracy on cases was carried out.

LPP would complete the comments box for the next quarterly report to explain the context for the measures and explain the reasons for failure to meet the target. Members raised concern in respect of the data on deaths, retirements and employer estimates and requested that LPP be invited to attend the next meeting to present the data.

Action:

LPP to be invited to attend the next meeting to present the performance indicator quarterly report.

38 GENERAL DATA PROTECTION REGULATIONS (GDPR)

Caroline Berry reported that she had received template documents from the LGA, which included a template of understanding which would go to all employers and that privacy notices would be sent to all members together with an explanation before the 25 May 2018. An LGA question and answer document would also be made available on the website.

39 TO RECEIVE FEEDBACK FROM RECENT MEETINGS OF THE PENSIONS COMMITTEE

Members received feedback from the Pension Committee meeting held on the 13 March 2018, during which the following were noted:

- The Committee received and noted the Audit Plan as issued by Ernst and Young LLP for the work they planned to undertake for provision of an audit opinion on the pension fund accounts for the year ending 31 March 2018.
- Members received and noted a report which sought to set out the work of the Pensions Committee during 2017/18 and the plan of work for the forthcoming three years and of which would form the basis of the Pension Fund Business Plan.
- The Committee received and noted a report which informed of the decision to extend the investment Adviser contract for a further year until 31 March 2019.
- Members were presented a report on the London CIV consultation on their proposed strategy.
- The Committee received an overview of the performance of the Havering Pension Fund investments for the quarter to 31 December 2017. The net return on the Fund's investments for the quarter to 31

December 2017 was 3.2% (or £22m to £715m). This represented an outperformance of 0.9% against the combined tactical benchmark and under performance of 0.7% against the strategic benchmark.

40 **LOCAL PENSION BOARD ANNUAL REPORT**

The Chair advised that the Board's Annual Report would be finalised in the forthcoming weeks and would be presented at the Annual General Meeting in June 2018. The Chair would circulate the draft report to members for comment.

The Board would like clarification on their jurisdiction with regards the terms of reference and process to make changes. It was suggested that the number of members be increased due to the risk of David Holmes resigning from the board in 2019 and Mark Holder's term of appointment ending in 2019 and the need for contingency planning. Members were advised that a business case may be required due to the associated additional costs.

Action:

Draft Annual Report to be circulated to members for comment and the final version to be presented at the Annual General Meeting.

Chairman