

MINUTES OF A MEETING OF THE PENSIONS BOARD

WEDNESDAY 20 MARCH 2019

Board Members Present: Samantha Lloyd (Scheme Member) (Chair)
Kay Brown (Employer Representative)
Michael Hartney (Employer Representative)

Officers in Attendance: Michael Honeysett, Rachel Cowburn, Karen Chenery, Peter Gray

Also in Attendance: Councillor Robert Chapman (Observer)

1 Apologies for absence

1.2 Apologies for absence submitted on behalf of Henry Colthurst.

2 Declarations of Interests - Members to declare as appropriate

2.1 There were no declarations of interest.

3 Minutes of the previous meeting

3.1 The Minutes of the meeting held on 29th November were agreed as a correct record.

Matters Arising

3.1.1 Rachel Cowburn told the Board that the process for making appointments to the Board and the Pensions Committee with interview in May this year. Other appointments were being planned for October.

3.1.2 The Chair expressed concerns around current governance arrangements at the CIV and the direction of the organisation. She considered that the Stakeholder group should set a strategy not to take 'early money'. She confirmed that the concern for the Board was to ensure that Hackney Council did not Councillor Rob Chapman referred to cultural difficulties at the CIV with insufficient transparency. He told the Board that the governance arrangements had recently been reviewed and outlined arrangements in place. A second Chief Executive had been appointed by the Board with stakeholder involvement and it was hoped to have an open collaborative approach going forward, with engagement with stakeholders having started. Rachel Cowburn told the Board that government had issued new asset pooling guidelines and that the response would outline in clear terms that a choice of investments continued to be necessary. Further, proposals to set up a Sub Fund had also been sent asking for comment.

3.1.3 Kay Brown raised the concern of high turnover of staff at CIV and ensuring that the correct direction of travel is followed with proper support to the new Chief

Executive. Michael Honeysett stressed the importance of the role in this and need for the CIV to engage early. Councillor Chapman told the Board that members would be discussing these and other matters with the Chief Executive.

4 Data Improvement Update

4.1 Rachel Cowburn presented the report introducing a new format for the Pension Fund Risk Register, which summaries potential significant risks to which the Fund was exposed and the controls in place to manage those risks. The report also introduced an update to the Fund's Risk Policy, which was approved by the Pensions Committee in December 2018.

4.2 Rachel Cowburn told the Board that the previous difficulties around the interface between Pensions and Payroll had been resolved. Some minor issues remained with Midland. Since the resolution of the underlying issues with the database environment, final testing on the report had progress, with the majority of issues identified during previous tests now resolved. Extensive work was likely to be required during 2019 to address historic data issues. Rachel Cowburn confirmed to the Board that much data cleansing had been carried out including for new joiners and that there was confidence in the accuracy of the process. The testing process was underway and reports were being run.

Work was ongoing on uploading some reports and would go on member records. The chair asked for a report back to the next meeting on progress of pension statements.

RESOLVED:

1. To note the actions taken to improve data provision from the Council, in respect of those employees who are members of the LGPS.
2. That an update on the progress of the issue of pension's statements be made to the next meeting of the Board.

ACTION: Rachel Cowburn

5 Pensions Fund - Risk Register Review and Policy

5.1 Rachel Cowburn presented the new format for the Pension Fund Risk Register following concerns about its length of the previous register. The Register summarised potential significant risks to which the Fund was exposed and the controls in place to manage those risks. The report also introduced an update to the Fund's Risk Policy, which was approved by the Pensions Committee in December 2018. The Chair referred to risks in governance, with Rachel Cowburn's response that most of the risk was in administrative work. There was a move towards pooling to lessen the risk. The register would be submitted to every meeting of the Board.

RESOLVED:

RESOLVED:

1. To note the updates to the format of the risk register
2. To note the updated risk policy
3. To agree the provision of a high level risk summary at each meeting, with periodic (no less than triennial) review of the full underlying register

6 Review of Pensions Committee Work - October 2018 - March 2019

6.1 Rachel Cowburn introduced the report on the work undertaken by the Pensions Committee at its meetings in the period from October 2018 to February 2019 and to note items that are relevant to the work of the Pension Board. It also included a forward look at the upcoming work of the Committee during 2019.

6.2 Councillor Rob Chapman told the Board that work was underway to transfer the private debt mandate, the amount being 160m. He told the Board that the council was in the last stages of negotiating investments,

RESOLVED:

To note the report

7 Pensions Fund Admissions Policy - Admitted Bodies (2019)

7.1 Rachel Cowburn introduced an update to the Pension Fund Admissions Policy. The Policy was concerned with the admission of new employers to the Fund when external contractors take on staff who are members, or eligible to be members, of the LGPS under a TUPE arrangement. The Board reviewed the admissions policy, employer admissions to the Fund (2019) prior to approval by the Pensions Committee.

7.2 Rachel Cowburn told the Board that there had been an unexpected legislative change. The LGPS regulations 2013 now provided for the payment of the Exit Credit by the administering authority to a ceasing employer of the Fund. Where a ceasing employer's liabilities are fully funded and there is surplus of assets in the Fund relating to that employer, an exit credit must be paid by the administering authority to an exiting employer. This had significant implications for both the Fund and employers, particularly where risk-sharing arrangements are in place.

8 Compliance with Code of Practice

8.1 Rachel Cowburn introduced the report informing the Board that from 1st April 2015 the Pensions Regulator had assumed responsibility for public service pension scheme and put in place codes of practice for public service pension schemes covering a number of areas relating to the management of schemes. The Board noted that the Code of Practice for Public Service Pension Schemes came into force from 1st April and all schemes must now consider whether they comply with the scheme. Rachel Cowburn referred to the fact that a good reconciliation process was now in place.

8.2 The chair referred to the fact that an improvement was required in the area of training for members of the Board. Rachel Cowburn agreed to re-circulate the training needs analysis and the Pensions Regulation Checklist.

ACTION: Rachel Cowburn

RESOLVED:

To note the Code of Compliance Checklist and areas where further work was required and being undertaken.

9 GMP Reconciliation Update

9.1 Rachel Cowburn introduced the report providing the Pensions Board with an update on the Fund's GMP reconciliation (Guaranteed Minimum Pensions) exercise, which was being undertaken to ensure that scheme member records for periods spent contracted out of the second state pension are properly accounted for. The report provided an update on the progress of Phase 2 of the reconciliation exercise and outlined factors for considering and agreeing an increase in the budget to complete Phase 2, and to consider the proposal and budget for beginning the next phase of the project, Phase 3a – Certification & Reconciliation (initial stage). It was confirmed that GMP reconciliation was a cost borne by the fund. In response to the Board the DWP would be notified of the reconciliation.

RESOLVED:

To note the report.

10 Pension Fund Actuarial Valuation 2019 - Introduction

10.1 Rachel Cowburn introduced the report providing an introduction to the 2019 valuation process and sets out an indicative timetable. The report covered measures discussed with the Fund actuary to address potential timetabling issues resulting from later data provision and summarised the latest developments with regards to the use of the LGPS Scheme Advisory Board and Treasury Cost Cap mechanisms.

RESOLVED:

To note the report

11 Any Other Business

11.1 There was no other business

12 Exclusion of Press and Public

The Press and Public be excluded from the meeting during the consideration of agenda item 6 due to the disclosure of exempt information as defined under paragraph 7, Part 1, Schedule 12A of the Local Government Act 1972.

Duration of the meeting: 10am - 11:30pm