

Minutes



To: All Members of the Pensions Board

From: Legal, Democratic & Statutory Services
Ask for: Patrick Towey
Ext: 25148

PENSIONS BOARD 26 FEBRAURY 2016

ATTENDANCE

MEMBERS OF THE BOARD

D Ashley (Chairman) J Digby (vice-chairman) D Graham, D Devereux, W Ogley,

STANDING SUBSTITUTE MEMBERS

Employer Representatives - J Anderton, M Green, J Hurley
Member Representatives – C Roberts

Upon consideration of the agenda for the Pension Board meeting 26 February 2016 as circulated, copy annexed, conclusions were reached and are recorded below:

Note: No conflicts of interest were declared by any member of the Cabinet Panel in relation to the matters on which conclusions were reached at this meeting.

PART I ('OPEN') BUSINESS

ACTION

1. MINUTES

1.1 The Minutes of the Pension Board meeting held on 27 November 2015 were confirmed as a correct record and signed by the Chairman.

2. LGPS INVESTMENT REFORM

2.1 The board was presented with a report that outlined the government's proposal on pooled investment vehicles for Local Government Pension Schemes (LGPS) assets and the options that are being considered by the Pensions Committee.

2.2 The Pensions Committee are due to have a special meeting on 01 March 2016, where a third party review of the options will be presented to them to aid their decision regarding which pool to join. This review will provide the pros and cons for each pool, which will also be shared with Pensions Board Members.

2.3 The decision made by the Committee on 01 March 2016 will be

taken to full Council on 22 March 2016 with the final submission to the government due by 15 July 2016.

- 2.4 The report confirmed that each Pension Fund must make a commitment to infrastructure as well as joining a pool that manages a minimum of £25bn of assets. The board requested that the timescales listed on page 9 of the report be updated and circulated.
- 2.5 In response to a query, it was confirmed that the management of the Pension Fund investment strategy would remain with the Pensions Committee; however, the ability to hire and dismiss Fund Managers will be undertaken by the Pool i.e. the investment company.
- 2.6 Following an expression of disappointment that the Board had not had sight in advance of the report that was submitted to the government on 19 February 2016, it was confirmed that this was due to the tight timescales involved. Officers also confirmed that the February submission was only required to confirm who the Fund had been speaking to and whether or not a final decision had been made regarding which pool to join. The draft submission was shared with both the Chair and Vice-Chair of the Pension Board and their comments incorporated in the final submission to Government.
- 2.7

Conclusion

The Board noted the content of the report and commented that the report was tailored towards the Pensions Committee and should be amended in future in that the Pensions Board is asked to review the process followed in making the decision.

3. RISK AND GOVERNANCE REPORT

- 3.1 The Board was presented with the above report which is provided quarterly and provides the Board with an overview of the ongoing governance and risk management of the Pension Fund. It was confirmed that the Pensions Committee receive a summarised version and that more detail has been provided to the Board.
- 3.2 The Board were referred to Appendix A which shows the full criteria of the Risk Register and what action is required depending on the risk score.
- 3.3 In response to a query, it was confirmed that the funding level for the whole fund is used as the benchmark for risk assessment of employer bodies. As well as an employer's funding level, it was also stated that all employers must now have a guarantee, in the form of a financial bond or guarantor to gain admission in to the

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Hertfordshire Pension Fund.

Conclusion:

3.4 The board noted the content of the report.

4. GOVERNANCE AND COMPLIANCE STATEMENT

4.1 The Board was presented with the above report which sets out the Administering Authority's governance arrangements of the Pension Fund. The content of the report was agreed by the Pensions Committee on 05 February 2016.

4.2 In response to a query, it was noted that the Board had concerns regarding a bullet point on page 4 of the report that referred to their responsibility to review and monitor external parties.

4.3 It was commented that Board members are legally responsible to undertake training and that this was not sufficiently expressed within the report.

Conclusion:

4.4 The Board noted the content of the report and requested that their recommended amendments be noted for Pension Committee.

5. LONDON PENSION FUND AUTHORITY (LPFA) ADMINISTRATION REPORT

5.1 The Board were presented with the above report from the LPFA which provides a quarterly update of the delivery of the Pension Fund administration service.

5.2 It was confirmed that there has been an increase of active, deferred and pensioner members within the previous quarter which has also coincided with the increase of employer bodies. Four complaints were made within this quarter, all of which HCC were notified about and have been dealt with.

5.3 Page 7 of the report provided Board Members with details regarding the GMP reconciliation. In response to a query, it was confirmed that the Fund would be absorbing the additional administration costs involved in this project.

5.4 In response to a query regarding the current backlog with the reconciliation of deferred benefits, it was confirmed that the LPFA expect it to be cleared by the end of March 2016.

**CHAIRMAN'S
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5.5 The Board questioned the process currently in place regarding the prevention of recurring complaints and asked that a lessons learned and action plan was incorporated in future reports. The Board noted this as an area of concern and have requested that the Committee to continue to monitor.

Conclusion:

5.6 The Board noted the content of the report and would like to highlight their concern regarding item 5.5.

6. DATES OF FUTURE MEETINGS

08 March 2016 at 2pm
17 June 2016 at 10am

7. OTHER PART I BUSINESS

There was no other business.

**KATHRYN PETTITT
CHIEF LEGAL OFFICER**

CHAIRMAN.....

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