

Minutes



To: All Members of the Pensions Committee

From: Legal, Democratic & Statutory Services
Ask for: Stephanie Tarrant
Ext: 25481

PENSIONS COMMITTEE 29 NOVEMBER 2017

ATTENDANCE

MEMBERS OF THE PENSIONS COMMITTEE

S J Boulton, Morris Bright (substituted for C M Hayward), D S Drury, J S Kaye (substituted for J M Graham), J G L King, A J S Mitchell, R G Parker, S Quilty, R Sangster, J D Williams (Chairman)

MEMBERS OF HERTFORDSHIRE DISTRICT/BOROUGH COUNCILS (NON-VOTING)

M Freeman, K Ayling

Upon consideration of the agenda for the Pensions Committee meeting on 29 November 2017 as circulated, copy annexed, conclusions were reached and are recorded below:

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

PART I ('OPEN') BUSINESS

1. MINUTES

- 1.1 Minutes (Part I and II) of the meeting of the Pensions Committee held on 31 October 2017 were confirmed as a correct record and signed by the Chairman.

2. RISK AND PERFORMANCE

[Officer Contact: Jolyon Adam, Finance Manager, Telephone: 01992 555078]

- 2.1 The Committee reviewed a report which detailed the quarterly update on Risk and Performance for the Pension Fund for the period 1 July to 30 September 2017.
- 2.2 Members noted the updates in the risk register (section 4 of the report) and were informed that the funding level noted at risk B was incorrect. It was advised that instead of the fund being 99% funded

ACTION

with a £46 million deficit, the fund was 97% funded with a £151 million deficit.

- 2.3 Members noted that the Pensions Board received and monitored details of employer late payments in the Local Pensions Partnership's (LPP's) quarterly administration report. It was also noted that the LPP were down on service level agreement performance at Quarter 2, however it was advised that a new operating model within the LPP meant that additional support will be provided by other LPP sites during periods of additional work pressure and increased transaction volumes.
- 2.4 Members noted the update on the Scheme of Employers Risk Monitoring alongside appendix A, which set out an action plan for outstanding admission agreements. In response to a Member question it was clarified that a risk category of 1 year +, meant that it had been over a year since the commencement of the employers service contract. It was noted that the Fund was obliged to admit employers to the scheme despite the time lapse as they were usually employees who had been TUPE transferred and therefore entitled to remain part of the LGPS fund. Members heard that the delay in admission agreements was not Hertfordshire specific and that funds across the Country experienced similar problems. Members discussed the options available to begin charging a penalty rate which would help address the backlog.
- 2.5 Members discussed the summary of outstanding admission agreements in Appendix A and looked at employer number 10 as an example. Officers explained that the way in which the actuary Hyman's calculated the contribution rate could result in an employer with a small number of mature employees and a small contract period having a high contribution rate. This could be mitigated if the ceding employer agreed to risk share and a lower contribution rate could be set instead. Officers are exploring alternative options with the scheme actuary with the view to developing a policy in the future.
- 2.6 In response to a Member question on where the responsibility fell if a TUPE employee was not yet admitted to the scheme by the new employer but entitled to benefits, it was advised that the ceding employer would need to make up any difference. It was noted that it was also in the ceding's employer's interest for the new admission agreement to be in place.
- 2.7 Members discussed why employers were not named in Appendix A and it was advised that there was an element of commercial sensitivity for some employers. It was however noted that the extent of detail provided for future reports would be reflected on.

**CHAIRMAN'S
INITIALS**

.....

Decision

2.8 The Pensions Committee noted the content of the report.

EXCLUSION OF PRESS AND PUBLIC

2.9 The Committee agreed to move into Part II ('closed' session').

2.10 That under Section 100(A)(4) of the Local Government Act 1972, the press and public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A to the said Act and the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

PART II ('CLOSED') AGENDA

**1. PENSION FUND – FUNDING AND INVESTMENT REPORT
(Formerly PERFORMANCE REPORT) AS AT 30 SEPTEMBER
2017**

Decision

1.1 The Minute for this item of business is set out in the separate Part II Minutes.

2. REVIEW PAPER – JANUS HENDERSON INVESTORS

Decision

2.1 The Minute for this item of business is set out in the separate Part II Minutes.

3. INVESTMENT STRATEGY UPDATE

Decision

3.1 The Minute for this item of business is set out in the separate Part II Minutes.

4. ACCESS – OPERATOR PROCUREMENT

Decision

4.1 The Minute for this item of business is set out in the separate Part II Minutes.

**CHAIRMAN'S
INITIALS**

.....

5. ACCESS – PASSIVE PROCUREMENT AWARD

Decision

5.1 The Minute for this item of business is set out in the separate Part II Minutes.

6. PENSION FUND – COST OF INVESTMENT MANAGEMENT

Decision

6.1 The Minute for this item of business is set out in the separate Part II Minutes.

**KATHRYN PETTITT
CHIEF LEGAL OFFICER**

CHAIRMAN _____

**CHAIRMAN'S
INITIALS**

.....