

**Minutes of the meeting of the
Local Pension Board of Warwickshire Pension Fund
held on 26 February 2018**

Present:

Members

Keith Bray (Chair), Keith Francis, Alan Kidner, Councillor Dave Parsons and Councillor Jill Simpson-Vince

Officers

Helen Barnsley, Democratic Services Officer
Neil Buxton, Pensions Manager
Gary Dalton, Employment Solicitor
Mathew Dawson, Treasury and Pension Fund Manager
Chris Norton, Strategic Finance Manager

1. Introductions and General business

(1) Apologies

Andy Crump and Jeff Carruthers

Chris Blundell was welcomed to the Local Pension Board. The Board noted that Mr Blundell was a replacement for Jeff Carruthers

(2) Board Members' Disclosures of Interests

Chris Blundell stated that he has a son who attends a free school in Rugby and that the school was a member of the Warwickshire Pension Fund. It was recognised that this was unlikely to present any issues but still worthy of recording.

(3) Minutes of the meeting held on 24 November 2017

With regards the accuracy of the minutes, Alan Kidner noted that Jeff Carruthers should have been included in the attendance. This was duly amended.

On page two of the minutes, paragraph four, the minutes were amended to state that "Gary Dalton was able to confirm that the Local Authority Insurance Company *are proposing to* indemnify any board members up to the value of £1 million."

This led to a discussion regarding the current provision of insurance, members of the board concluded that the current situation was nowhere near adequate. Alan Kidner raised concerns that the policy seems very limited in scope and excludes the required liability.

The Chair confirmed that current legal opinion is that the Local Pension Board is not a committee of Warwickshire County Council so is therefore not covered by normal committee insurance; the options available are for the current insurance to be extended to cover the Board or for the Board to seek their own independent cover. The Board wished it to be recorded that they have grave concerns regarding the significant delay in arranging suitable cover for the Board and wish for a representative from the insurance company should be present to answer questions and concerns.

Gary Dalton, Employment Solicitor, confirmed that a representative had been invited to the meeting but had been unable to attend. The Board felt strongly that, at the next meeting of the Board in July, there should be someone present. It was agreed that a paper should be circulated before the July meeting in order for members to prepare any questions that they have.

Following a discussion regarding the creation and development of a work plan for the Board, it was agreed that a revised fund business plan would be circulated as soon as possible to members of the Board and that it would also be added to the agenda for the July meeting.

2. Review of Risk Register

Mathew Dawson, Treasury and Pension Fund Manager, presented the report which summarises the impact and likelihood of risks to the Local Pension Board. It was noted that having a risk register enables better decision making, it is a useful tool for any committee to have. Consultants, actuaries and advisors all have an input in the discussions that lead to the creation of the final register. Confirmation was given to the Board that the register had been reviewed and approved by the Pension Fund Investment Sub-Committee. In response to a question regarding the scale of the scores used, it was noted that Hymans run modelling for actuarial risks but it is more judgement than science.

Following a questions regarding the process of establishing a risk register, it was confirmed that there is no set process. The risk register is an evolving document that is under constant review. The Board agreed that the document should be shared with other groups, such as the pension officer group, in order to identify best practice.

The following points from the report were highlighted to the Board –

- Strategic asset allocation and actuarial valuations are key requirements so carry higher risks
- With regards to the long term investment strategy regular reviews are essential and fresh look is required at least every three years.
- Low interest rates can lead to higher fund liabilities.

3. Pension Fund Administration Update

Neil Buxton, Pensions Manager presented the report to the Board and highlighted the following points -

With reference to the breaches register it was confirmed that work was underway to ensure that good practice was picked up from similar organisations in order to ensure that all breaches were correctly reported. It was noted that information relating to breaches will be available on the website.

With reference to the concerns regarding the location of the website, the Board was informed that there has been communication with the web team regarding the unacceptable service received. The web team believed that the information related only to Warwickshire County Council staff but acknowledged that there had been no consultation.

Regarding Internal Dispute Resolution Procedures – the Board was informed that there are approximately two per year however they are dealt with through the -- employer rather than the Board.

With reference to data accuracy, the Fund undertook a compliance review which is now complete. The final report highlighted some areas to improve; further details will be provided to the Board in future reports.

Concerns were raised regarding the Fund's performance regarding the accuracy of address data. The Board was reassured that work is currently underway to ensure that the performance improves; this includes working with tracing agencies.

The Chair confirmed that moving forward an administration update will be provided at every schedule meeting of the Board.

4. Pooling – verbal update

Mathew Dawson provided a verbal update to the Board with the following points –

Border to Coast has submitted an FCA application and the first queries have just been returned. The deadline is June 2018 and although this is a tight deadline things are currently on track.

Warwickshire have sold the hedge fund investment in favour of private debt transactions as these are considered a better fit for the pension fund under pooling.

5. MIFID II – verbal update

Mathew Dawson provided a verbal update to the Board. In particular, attention was drawn to the need for a formal training plan. Members were asked to consider where they felt they would benefit from training.

Hymans Robertson presented their annual training plan to the Pension Fund Sub Committee at the last meeting in December 2017 and will present an updated version on 12 March 2018.

6. Review of the Minutes of the Pension Fund Investment Sub-Committee for 18 December 2017

The Board reviewed the minutes.

Under matters arising, following a question from the Board it was agreed that Mathew Dawson would send through further information regarding the costs and fees involved with private debt management.

It was agreed that the Board would be kept informed of all training offered to the Pension Fund Sub Committee. The Board was reminded that they are able to request any training that they think will benefit them in their role. The Chair will re-circulate the training needs analysis form to all members.

7. Any other business

Alan Kidner raised concerns about the proposed takeover of GKN by Melrose Plc and asked the Board for support by instructing the asset managers to vote against the takeover.

The Chair agreed that the points Alan Kidner had raised were all valid but that as a Board they were unable to advise the investment committee on how to vote. If members of the Board, collectively or individually, were agreeable then the concerns could be shared with the committee.

Following a discussion it was agreed that the majority of the Local Pension Board of Warwickshire Pension Fund supported the concerns raised by Alan Kidner and that Mathew Dawson would pass this onto the committee.

- 7.1** The Board was informed that Mathew Dawson would be leaving his position at Warwickshire County Council in May 2018 to take up a position at Borders to Coast as Client Director. The Board wished it to be placed on record their thanks for all the hard work and support Mathew had given since being part of the Local Pension Board of Warwickshire Pension Fund. The Board passed on their congratulations and good wishes to Mathew on his new role.

The board rose at 12:30

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Chair