

**Minutes of the meeting of the
Local Pension Board of Warwickshire Pension Fund
held on 10 July 2018**

Present:

Members

Keith Bray (Chair), Keith Francis and Alan Kidner

Officers

Shirley Round, Democratic Services Officer

Neil Buxton, Pensions Manager

Jane Pollard, Legal Services Manager

Chris Norton, Strategic Finance Manager

1. Introductions and General business

(1) Apologies

Councillor Dave Parsons

Chris Blundell

(2) Board Members' Disclosures of Interests

The Chair stated that he was an Officer of the Local Authority Pension Fund Forum and also worked for American lawyers who had pension fund clients but these did not include Warwickshire. Alan Kidner stated that his sister-in-law worked for J.P. Morgan. It was recognised that these were 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 under Section 3 on Page 3 the following be included following the penultimate paragraph:-

- Looking at the CIPFA Pension Administration Benchmarking Club Annual Analytics, the key concern of the Board for the past two years has been the very high payroll cost per pensioner for Warwickshire. Neil Buxton confirmed that this would change from April 2018 and the Board would see a figure more comparable to the PABC benchmark. This was duly amended.

And under Section 4 on Page 3 the following should be added as a new final paragraph:-

- In answering points raised by Alan Kidner, Matthew confirmed that the BCPP will be signing up to the LGPS Code of Transparency, once its FCA registration has been completed. This was duly amended.

Also under Section 6 page 4 the following wording be amended:-

- "...the costs and fees involved with private debt management." Should read ...the management costs and fees related to private debt asset class investment. This was duly amended.

Matters Arising

Accuracy of address data

The Chair enquired on the progress made on the Fund's performance on accuracy of address data and was advised that this was currently on hold.

An update was also requested by Alan Kidner as to whether Border to Coast had received FCA approval and were advised that it had.

Recruitment to the post of Treasury & Pension Fund Manager

A query regarding the recruitment to the post of Treasury & Pension Fund Manager, vacated by Matthew Dawson was raised by the Board and Chris advised that so far they had been unable to recruit to the post. It was explained that the post is in a specialist field and therefore only a small number of people would be suitably qualified. However, Michael Nicolaou had been appointed for an interim period until a permanent replacement is recruited.

Alan Kidner asked if the loss of Matthew had been recognised as a risk and what was being done to address it? Chris stated that it could be included in the Risk Register but also that the team arrangements were under review in order to mitigate the risk as far as possible.

Investment pooling and issues for the Board

The Chair mentioned the changes through investment pooling (which Chris had been involved with) and noted that the inclusion of two respected independent members on the Board would help steer the Investment Sub-Committee. Chris stated that he was also part of an officers group which met on a monthly basis where networking, sharing of information and support was available. Council's nationally were facing the same issues as WCC.

The Board had been provided with a set of notes and information to update from the last meeting:-

- A briefing note on insurance options for the Board
- CIPFA –Local Pension Boards ‘ A Technical Knowledge and Skills Framework’ guidance for Local Pension Boards
- A briefing note on the costs associated with private debt asset class investments

Alan Kidner suggested that Section 4 Special Exclusions paragraph 5 should be headed 'Member Benefits' not 'Employment benefits' with the remainder of the first paragraph being amended accordingly. It was agreed to amend this.

The Board then had a discussion about what the insurance issues were for the Board members and whether it put them at any financial risk. Jane advised that the risk of liability accruing to the members were low.

Alan Kidner pointed out the Boards responsibilities regarding effective management of the £2b Pension Scheme and that any failure on its part could result in losses in excess of £1m. Jane reassured the Board that their role was only to assist the Council, who were the responsible body, and therefore on a personal level for Board members the risk was very low.

The Chair stated that he agreed with Jane's view but did question then why, the insurers would not cover the additional cost themselves? He went on to say that he had recently been to a CIPFA event where the issue of Board member insurance had been discussed and highlighted as a national concern. What had come out of the discussion, which was a cause of possible concern, was that Elected Members and Officers of the Council are covered but independent board members are not because a Board is not a Council Committee. However, when considering the £bs worth of funds a few £ks for insurance seems negligible.

The papers identified the ZM policy excess deductible as £266,582 per event and Keith Francis wanted assurance, in writing, that this would be covered by the Council. Jane confirmed that would be the case.

The Board requested that officers confirm that the cost of the cover quoted by AON could be covered by the Board's budget.

2. Administration Update

Neil Buxton, Pension Services Manager, presented a report which summarised the issues raised at the last meeting. The following comments were made:-

- Website – development is ongoing
- Risk Register – An online tool is now available for Members to view
- Benchmarking – Fund would register for the CIPFA Benchmarking Club
- New Employers – Listed in the report. The Board sought assurances that new employers coming into the scheme would not cause some of the financial problems for the pension fund at a later date, as some had in the past.
- Cessations – Several cessations being dealt with. Stratford on Avon had now transferred all members to the WMPF and this was done within 9mths.

- Community Admission Bodies – Exit of several employers will be concluded by the end of the year.
- GDPR – the GDPR audit had been concluded. Staff are receiving the required training and all members of the pension fund will receive information of the Council's obligations relating to GDPR.

The Board raised some questions in relation to how the GDPR process was progressing. Alan Kidner stated that the Pension Regulations Code of Practice highlighted the importance of accuracy of data. Was the CARE Scheme data storage greater than the previous scheme had been? Neil advised that there were several reasons why GDPR was time consuming. It had to be included on the website, the amount of data to be loaded had increased as each person in the scheme from 2014 required all their salary information retained (rather than just their final salary information) to enable accurate pension payments to be calculated. A new payroll system had been introduced also. The section was therefore going to undertake a review to restructure the resources where necessary.

The Chair then sought clarification from Neil of any implications from the GMP reconciliation between HMRC and the Pension Funds. Neil advised that most had been done and that they should be concluded by November 2018. They would commence the 2nd phase of checking and the move onto rectification. The time this would take would depend on the numbers and the decisions taken on how to deal with them.

The Board requested that an update on the GMP be brought to the next meeting. The update should include what the impact on the pension fund is? Also what impact will there be on the Council's resources?

3. Annual Report of the Chair of the Board

Keith Bray, Chair of the Local Pension Board Warwickshire Pension Fund presented the report and highlighted the following points –

- The membership of the Board during 2017/18
- The meeting dates and attendance
- A summary of work undertaken including
 - The Role of the Pensions Regulator
 - Monitoring of the Fund Administration
 - Monitoring of the Investment Sub-Committee Meetings
 - Progress made on Pooling of LGPS funds
 - Monitoring of the Triennial Actuarial Valuation
 - MIFID II

Alan Kidner suggested a change to the wording on Page 1 3rd paragraph. Instead of '...equal numbers of employer and employee representatives...' it should read '...equal numbers of employer and member representatives...' together with similar amendment to any subsequent reference on Page 1 to 'employee'

The Board approved the report with this amendment.

4. Border to Coast Pension Partnership – verbal update

Chris Norton provided a verbal update to the Board.

Keith Francis asked if the proposal was to transfer the Warwickshire Pension funds over to Border to Coast Pension Partnership or was it rather to sell the funds and re-invest the money into Border to Coast. Chris explained that as much of the funds as possible would be transferred directly across.

The Chair then explained that this would minimise the transition cost. The Warwickshire Pension Fund Investment Sub-Committee would decide where their funds will be invested. However, Border to Coast will be responsible for the recruiting and management of the fund managers.

Keith Francis then asked if there were more than one fund manager would this allow WCC to pick which fund manager they preferred to manage its funds. The Chair explained that this would depend on the arrangements that were finally agreed by the partnership.

Chris Norton explained that the Warwickshire Pension Fund will make decisions about what kinds of funds it invests in, but Border to Coast set up those funds and pick and manage fund managers.

Chris Norton advised that the pooling partnership is intended to give advantages such as lower fees, and lower risk but with the same return on the money. There is consultation with partner funds in progress on how investments can be set up. The partnership is taking a collaborative approach which is working well.

5. Local Pension Board Training

Chris Norton reminded the Board that at the last meeting members were asked whether they would benefit from training. The Chair suggested that two items initially could be prioritised and selected from the 'CIPFA Local Pension Boards – A Technical Knowledge and Skills Framework'.

As a result of discussion it was agreed that, given the new partnership arrangements going forward with Border to Coast, training on governance and administration would be the two most beneficial. The Board requested that training be arranged in the morning prior to the next meeting of the Board.

6. Work Plan

Chris Norton provided the Board with the Warwickshire Pension Fund Business Plan and Actions 2018/19 to inform discussion about items the members may want to include on their work plan. As a result of that discussion the following items were identified-

- Review of the Communication Strategy in relation to the Pension Fund (this should include what information is provided to employees, scheme members, how and when is it provided, what is available on the Pension Fund website, e.g. advice given regarding GDPR)

- Monitoring of Contribution Monitoring Schedule when the review is completed

In regard to the Business Plan and Actions form layout the Chair requested that in future the final column headed Committee should be made more meaningful or be removed completely.

7. Review of the Minutes of the Pension Fund Investment Sub-Committee for 12 March 2018, 15 May 2018, and 11 June 2018

The Board reviewed the minutes and made the following comments:-

- Under matters arising from the 12 March 2018 the Board requested a copy of the Investment Strategy Statement be made available to the members.
- There were no matters arising from the 15 May 2018 as this only dealt with the appointment of the Chair and Vice-Chair of the sub-committee..
- Under matters arising from the 11 June 2018 the Board had no comment to make.
- Request made for the reports to be provided to the Board as well as the minutes from the Investment Sub-Committee in future.

The Board queried its ability to see the confidential Sub-Committee reports. Jane advised that if the Board felt that there was a particular need to see a confidential report e.g. for a piece of work that it was undertaking, this would be considered on a case by case basis. It would not be possible however, for the Board to see all confidential reports as a matter of course.

The Chair explained that the issue of confidential reports was handled differently by different local authorities with many combinations being in place. Could the Pension Scheme Advisory Board guidance be checked to see what it says on the matter?

The next meeting of the Sub Committee is on 10 September 2018 and members of this Board and the public can attend. However, it may be prudent to consider the agenda in advance to check for the number of confidential items on it.

7. Any other business

Alan Kidner reminded the Board that Andy Crump had stood down from the Board and a replacement would be required.

The Board rose at 16:30

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Chair