

Pensions Sub-Committee

Minutes

Wednesday 24 June 2015

PRESENT

Committee members: Councillors Michael Adam, Nicholas Botterill, Iain Cassidy (Chair), PJ Murphy and Guy Vincent.

Officers: David Hodgkinson (Assistant City Treasurer), Ibrahim Ibrahim (Assistant Committee Coordinator), Neil Sellstrom (Interim Head for Pensions Shared Service) and Nicola Webb (Pension Fund Officer).

External: Kevin Humpherson (Deloitte) and Alistair Sutherland (Deloitte).

1. MINUTES OF THE PREVIOUS MEETING

RESOLVED –

THAT, the minutes of the meeting held on 17 March 2015 were agreed as a correct record and signed by the Chair.

2. APOLOGIES FOR ABSENCE

Apologies for lateness were received from Councillor Michael Adam.

3. DECLARATIONS OF INTEREST

There were no declarations of interest.

4. APPOINTMENT OF VICE CHAIR

RESOLVED –

THAT, Councillor Michael Adam be appointed Vice Chair of the Pensions Sub-Committee for the 2015/16 municipal year.

5. PENSION FUND QUARTERLY UPDATE PACK

The committee received an update on the Pension Fund for the quarter ending 31 March 2015. Nicola Webb (Pension Fund Officer) drew Members attention to page 38; appendix 4 of the report, which showed a negative cash

flow position towards the end of the 2015. It was noted that a strategy would be proposed to resolve the deficit.

ACTION: Nicola Webb, Pension Fund Officer

Nicola Webb drew Members attention to page 39; appendix 5 of the report, which revealed that 3 new risks had been added to the risk register. It was reported that the statutory deadline for the first meeting of the Pensions Board would be on 31 July 2015 and that HR were working towards identifying Board members.

In light of the issues with BT Managed Services, Members were concerned with respect to the data transfer and pensions payroll following the Council's transfer of Pension Administration Services from Capita to Surrey County Council on 1 April 2015. Nicola Webb noted that page 49; appendix of the report 5 described the risk as 'very low' although the HR department was leading this. Nicola Webb agreed to pass Members comments on to Debbie Morris (Bi-Borough Director for HR).

ACTION: Nicola Webb, Pension Fund Officer

Members queried page 36; appendix 3 of the report, as the paper suggested a higher contribution rate would be required. In response, Nicola Webb said that Barnett Waddingham would conduct a further detailed analysis by 31 March 2016 although confirmation would be sought from the Pension Fund Actuary, Graeme Muir (Barnett Waddingham).

ACTION: Nicola Webb, Pension Fund Officer

Alistair Sutherland (Deloitte) drew Members' attention to page 12 – 30; appendix 2 of the report, which set out the Investment Performance Report. It was reported that the Fund was performing ahead of benchmark, which was largely attributed to Majedie and Ruffer. In addition, it was reported that MFS and Goldman Sachs were continuing to deliver poor returns. Goldman Sachs' performance was described as disappointing, which was largely attributed to poor duration calls over the last 18 months. In addition, it was reported that correct decisions had not been backed with great conviction.

RESOLVED –

THAT, the report be noted.

6. GOVERNANCE COMPLIANCE STATEMENT

Nicola Webb introduced the draft governance compliance statement as set out on pages 54 – 59; appendix 1 of the report. The statement was last approved by Members in 2011 and following the establishment of the Pensions Sub-Committee in December 2014 and the Pensions Board in February 2015, it was considered appropriate to review the statement.

Members were concerned that a Pensions AGM had yet to be arranged as this had been discussed on many occasions in the past. Nicola Webb reported that was being led by the HR department.

RESOLVED –

THAT, the Sub-Committee approved the Governance Compliance Statement, subject to consultation with employers of the Pension Fund, and that the agreement of the final version be delegated to the Director for Finance in Consultation with the Chair of the Sub-Committee.

7. KNOWLEDGE AND SKILLS POLICY

Nicola Webb introduced the report. Pension Board members were required by Law to demonstrate knowledge and skills and undertake training, although Pensions Sub-Committee Members do not have the same legal requirement. It was noted that CIPFA's (Chartered Institute of Public Finance and Accountancy) code of practice recommends that Pensions Sub-Committee Members adopt the policy.

Nicola Webb drew Members attention to pages 66 – 69; appendix 1 of the report, which provided Members the opportunity to complete a knowledge and skills self-assessment although it was unclear the degree of knowledge and skills required. In addition, it was noted that when required in the past, ad-hoc training sessions had been arranged for Members. In response to this, Nicola Webb agreed put forward detailed proposals for Members.

ACTION: Nicola Webb, Pension Fund Officer

In addition, Members suggested that it would be helpful to arrange a joint meeting of Members from the Pensions Sub-Committee and Pension Board, once the Pension Board Members had been identified.

ACTION: Nicola Webb, Pension Fund Officer

RESOLVED –

(a) THAT, the Sub-Committee adopted the statements set out in 5.1 from the CIPFA Code of Practice on Public Sector Pensions Finance Knowledge and Skills.

(b) THAT, the Sub-Committee approved the draft Knowledge and Skills policy statement.

8. AUTHORISATION AND APPROVAL OF PENSION FUND ACCOUNTS - 2014/15

Nicola Webb introduced the report. It was noted that the Pension Fund Accounts were integrated with the Council's overall Statement of Accounts, which must be approved by 30 September each year. It was proposed that the responsibility be delegated to the Audit, Pensions and Standards

Committee for approval on 15 September 2015, although an information item would be presented at the next meeting of the Pensions Sub-Committee on 9 September 2015.

RESOLVED –

THAT, the Sub-Committee Members approved the delegation of the 2014 – 2015 Pension Fund Accounts to the Audit, Pensions and Standards Committee.

9. DATE OF THE NEXT MEETING

9 September 2015, 7pm.

10. EXCLUSION OF THE PUBLIC AND PRESS

The Chair requested for any members of the public and press to leave the meeting room, as all the public reports had been heard and the Committee were then moving onto exempt items.

RESOLVED –

THAT, under section 100A (4) of the Local Government Act 1972, the public and press be excluded from the meeting during the consideration of the following items of business, on the grounds that they contain the likely disclosure of exempt information, as defined by paragraph 3 of Schedule 12A of the said Act and that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

11. EXEMPT MINUTES OF THE PREVIOUS MEETING

THAT, the exempt minutes of the meeting held on 17 March 2015 were agreed as a correct record and signed by the Chair.

12. PENSION FUND MANAGEMENT EXPENSES

RESOLVED –

THAT, the report be noted.

13. ASSET TRANSITION SUMMARY

RESOLVED –

(a) THAT, the Sub-Committee approved the recommendations contained within the report.

(b) THAT, the Sub-Committee approved the recommendations contained within the report.

14. INVESTMENT STRATEGY NEXT STEPS

RESOLVED –

THAT, the report be noted.

Meeting started: 7:00pm

Meeting ended: 9:50pm

Chair

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