

EAST RIDING OF YORKSHIRE COUNCIL

LOCAL PENSION BOARD

17 FEBRUARY 2017

PRESENT: Councillor A Burton (in the Chair), Caroline Bell, Julie Davey, Peter Doherty, Martin Eaden and Natasha Halsall.

Also in attendance: Julian Neilson (Interim Head of Finance), Graham Ferry (Pensions Manager), Mark Lyon (Head of Investments) and Liz Vollans (Assistant Pensions Manager).

Also in attendance: Press - 0
Public - 0

The Board met at Goole Leisure Centre.

52 ELECTION OF CHAIRMAN - Nominations were sought for the position of Chairman. Councillor Burton indicated his willingness to continue to Chair on a meeting by meeting basis and for this item to be added to the next agenda for further consideration.

Resolved - (a) That Councillor Burton be elected Chairman for this meeting, and
(b) that election of Chairman be added to the agenda for the next meeting.

53 DECLARATIONS OF PECUNIARY AND NON-PECUNIARY INTEREST - All members of the Board declared a non-pecuniary interest in Minutes 55 to 64 as members of the Local Government Pension Scheme.

54 MINUTES - Resolved - That the minutes of the meeting of the Local Pension Board held on 4 November 2016 be approved as a correct record.

55 REVIEW OF THE FUNDS INVESTMENT STRATEGY STATEMENT - The Director of Corporate Resources submitted a report which informed the Board that the revised Investment Regulations required the publication of an Investment Strategy Statement from 1 April 2017 at the latest. This statement would replace the existing Statement of Investment Principles. DCLG had issued guidance on preparing and maintaining an Investment Strategy Statement which had been followed when drafting the proposed statement for the Pension Fund. The Pensions Committee would consider the proposed statement for approval at its meeting on 17 March 2017.

Resolved - That the proposed Pension Fund Investment Strategy Statement be noted.

56 REVIEW OF THE GOVERNANCE POLICY - The Director of Corporate Resources submitted a report which sets out the Pension Fund's Governance Policy Statement which will be reviewed by the Pensions Committee at its meeting on 17 March 2017. The proposed Pension Fund's Governance Policy Statement would take effect from 1 April 2017. The Board considered the statement and suggested a minor amendment.

Resolved - (a) That the Pension Fund's proposed Governance Policy Statement and evidence of compliance be noted, and

(b) that the suggested amendment be presented to the Pensions Committee on 17 March 2017 for their consideration.

57 REVIEW OF THE COMMUNICATIONS POLICY - The Director of Corporate Resources submitted a report which informed the Board that the Local Government Pension Scheme Regulations (LGPS) 2013 state that administering authorities must prepare, maintain and publish a written statement of policy detailing how they communicate with members, representatives of members, prospective members and scheme employers.

The policy should pay particular regard to:

- The provision of information and publicity;
- the format, frequency and method of delivery;
- the promotion of the scheme.

The draft Communications Policy was attached to the report for consideration. The draft policy would be presented for approval by the Pensions Committee at their meeting on 17 March 2017.

Resolved - That the draft Communications Policy be noted.

58 PENSION FUND RISK REGISTER - The Director of Corporate Resources submitted a report which presented the six monthly review of the Pension Fund Risk Register and associated scoring matrix. Following feedback from the Local Pension Board at the last meeting, the format had been revised in order to ease understanding. Following the format review, the existing risks had been amalgamated into a smaller number of key risks. For ease of reference, the original risk numbers had been included in the register. Other than the format review, no amendments had been made to the existing risks and new risks had been identified.

The report also provided the record of breaches for the legal requirements that govern the Pension Fund. There were two new breaches recorded as a result of a small number of employers failing to submit an accurate year end return for 2015/16 by 31 August 2016.

Resolved - That the Pension Fund Risk Register be noted.

59 UPDATE ON THE 2016 VALUATION RESULTS - The Director of Corporate Resources submitted a report which informed the Board that the East Riding Pension Fund's Actuary, Hymans Robertson, presented the initial draft results for the whole fund for the 2016 actuarial valuation to members of the Pensions Committee and the Local Pension Board on 4 November 2016. The report provided an update on the issue of individual employer results. During the first week of December 2016, scheme employers were provided with their organisation's formal valuation Draft Results Schedule for the 2016 valuation. The schedule set out their proposed employer contribution rates for 2017-20. All scheme employers were invited to an employer forum on 15 December 2016 so that the Fund's Actuary, Hymans Robertson, could explain the concept of the valuation, the assumptions used and the actual experience of the fund from 2013 to 2016. One to one sessions were available after the forum for employers to ask more specific individual questions to the Actuary. A number of employers had raised queries with their results schedules and were currently in discussions with officers of the Fund. The Actuary had to prepare a rates and adjustments certificate confirming the employer contribution rates for 2017 to 2020 by 31 March 2017.

Resolved - That the report be noted.

60 REVIEW OF THE FUNDING STRATEGY STATEMENT - The Director of Corporate Resources submitted a report which advised the Board that the Local Government Pension Scheme Regulations (LGPS) 2013 state that administering authorities must revise and publish their written Funding Strategy Statement (FSS) as part of the tri-annual evaluation process. The current FSS has been updated to take account of the findings of the 2016 valuation. The FSS sets out the East Riding Pension Fund's approach to funding employers pension liabilities under the LGPS. The revised FSS was issued to all the fund employers as part of the consultation process on 21 December 2016, with a closing date of 20 January 2017. Following the end of the consultation period, the FSS was updated where required and will be presented to the Pensions Committee on 31 March 2017 for approval.

Resolved - That the Funding Strategy Statement be noted.

61 PENSION COMMITTEE MINUTES - The Board received for information the minutes of the Pensions Committee held on 4 November 2016 and 3 February 2017.

Resolved - That the minutes be noted.

62 EXCLUSION OF THE PRESS AND PUBLIC - **Resolved** - That the press and public be excluded from the meeting for consideration of Minute 63 and 64 on the grounds that they are likely to involve disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act.

In making its decision, the Board confirmed that having regard to all the circumstances it was satisfied that the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

63 EAST RIDING PENSION FUND - REQUIREMENT FOR ASSET POOLING - The Director of Corporate Resources submitted a report that informed the Board of the proposed next steps to ensure the Council, as the Administering Authority of the East Riding Pension Fund, can meet the regulatory obligations for Local Government Pension Scheme funds to pool their assets. This includes confirming the Border to Coast Pension Partnership as the chosen means of meeting the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016, subscribing for the relevant shareholdings in Border to Coast Pension Partnership Ltd, a wholly owned local government company regulated by the Financial Conduct Authority (FCA), appointing suitable individuals as Shareholder and Joint Committee representatives, and agreeing and entering into the various legal agreements with authority delegated to the Director of Corporate Resources to finalise the legal documentation. At its meeting on 3 February 2017, the Pensions Committee agreed to recommend these proposals to Council.

Resolved - That the report be noted.

64 SHAREHOLDER VOTING RECORDS - QUARTER ENDING 31 DECEMBER 2016 - The Director of Corporate Resources submitted a report that informed the Board of the voting record of the Internal Investment Manager for the quarter ended 31 December 2016.

Schroders had provided the voting record for their discretionary equity portfolios for the quarter ended 31 December 2016.

Resolved - That the report be noted.