

EAST RIDING OF YORKSHIRE COUNCIL

LOCAL PENSION BOARD

2 NOVEMBER 2018

PRESENT: Guy Lonsdale, Julie Davey, Jayne Karlsen and Natasha McLaren.

Also in attendance: Julian Neilson (Head of Finance), Graham Ferry (Pensions Manager), Kevin Dervey (Head of Investments), Jennifer Gregory (Assistant Pensions Manager) and Liz Vollans (Assistant Pensions Manager).

Also in attendance: Press - 0
Public - 0

The Board met at County Hall, Beverley.

123 APOLOGIES FOR ABSENCE - Apologies for absence were submitted on behalf of Councillor A Burton.

124 ELECTION OF CHAIRMAN - Nominations were sought for the position of Chairman.

Resolved - That Guy Lonsdale be elected Chairman.

125 DECLARATIONS OF PECUNIARY AND NON-PECUNIARY INTEREST - All Board members declared a non-pecuniary interest in Minutes 127 to 138 as members of the Local Government Pension Scheme..

126 MINUTES - Resolved - That the minutes of the Local Pension Board held on 22 June 2018 be approved as a correct record.

127 REVIEW OF LOCAL PENSION BOARD'S TERMS OF REFERENCE - The Director of Corporate Resources submitted a report which informed the Board that in accordance with the Public Service Pensions Act 2013, the East Riding Pension Fund Local Pension Board (the Board) was established in 2015 to assist East Riding of Yorkshire Council, as administering authority, with all aspects of governance and administration of the Local Government Pension Scheme (LGPS). The inaugural meeting took place on 2 October 2015 and the Board approved the Terms of Reference.

The Terms of Reference were reviewed annually and, on 4 November 2016, the Board agreed to increase the annual frequency of meetings from two to three in 2017. The Board was now requested to review the Terms of Reference and consider any required amendments following the publication of the results of the Pensions Regulator's (TPR) Public Service Governance and Administration Survey in May 2018. TPR highlighted that local pension boards should meet a minimum of four times per annum. Its summary of the survey was attached to the report for consideration. The Board was also requested to consider the number of times a Board member may seek re-election.

The Board noted that the number of meetings held each year was linked to the work plan and therefore felt that in accordance with the work plan the number of meetings should continue to be three per year.

With regard to the number of terms a Board member could be appointed for, it was suggested that this could be restricted to two terms but in circumstances where no new members could be found a Board member could be elected for a third term.

Resolved - (a) That the Local Pension Board continue to meet three times a year;

(b) that a member serve for a period of two terms, however in the circumstances where no replacement can be found that member can be reappointed for a third term of office, and

(c) that the Terms of Reference continue to be reviewed on an annual basis.

128 LOCAL PENSION BOARD WORK PLAN 2019 - The Director of Corporate Resources submitted a report which advised the Board that the Public Service Pensions Act 2013 required local pension boards to be established to assist administering authorities with all aspects of governance and administration of the Local Government Pension Scheme (LGPS). To meet those requirements the East Riding Pension Fund Local Pension Board (the Board) determined its own work plan for 2018 and covered a number of topics at each meeting. The Board were asked to consider and agree the work plan for 2019 including future meeting dates.

Resolved - (a) That the dates of the meetings for 2019 be approved;

(b) that the items to be included in the work plan for 2019 be agreed, and

(c) that the Board content on the website be reviewed.

129 LOCAL PENSION BOARD TRAINING PROGRAMME 2019 - The Director of Corporate Resources submitted a report which requested the Board to consider specific Local Government Pension Scheme topics for their Training Programme for 2019. Training sessions based on the agreed topics would be arranged to meet individual and group training requirements.

Resolved - (a) That Board members assess their current level of knowledge and understanding by completing the training questionnaire attached to the report, and

(b) that any key areas identified in completion of the questionnaire would be used to identify the key topics to be covered in the training sessions to be held in February and June 2019.

130 PENSION FUND RISK REGISTER - The Director of Corporate Resources submitted a report that presented the six monthly review of the Pension Fund's Risk Register and the associated scoring matrix. The Risk Register and record of any breaches of the legal requirements that govern the Pension Fund was attached to the report for consideration.

There had been reductions to the scoring of two risks since the last review. The residual risk score of the "the potential for disruption, monetary losses, and adverse investment performance from the transfer of assets and personnel in the Border to Coast Pension Partnership" (Risk 4) had reduced from 16 to 12 following the successful transfer of the Internal Fund equity holdings with no significant issues arising. The residual risk score of "failure to report a breach of the law to the Pension Regulator" (Risk 9) had reduced from eight to four as the risk had been further mitigated through the addition of new pension section targets and

revised timescales issued by the Pensions Regulator. There had been no new breaches since the last review.

Resolved - That the Pension Fund Risk Register be noted.

131 UPDATE ON SCHEME EMPLOYER YEAR END RETURN EXERCISE 2017-18 - The Director of Corporate Resources submitted a report which detailed the progress to date of the 2017-18 year end return exercise. All scheme employers were required to submit year end returns which included member pay details to enable the East Riding Pension Fund to issue annual benefit statements by 31 August 2018.

The results for 2017-18 showed an improvement from the previous year with 96% of scheme employers in the Fund submitting their year end return before the deadline compared with 90% of scheme employers in 2016-17. The number of active members receiving annual benefit statements increased from 28,727 in 2016-17 to 29,344 in 2017-18.

The Fund was now in the process of completing the 2017-18 year end return exercise including the issue of improvement notices to 11 employers who did not provide an accurate year end return and notifying those active members who did not receive an annual benefit statement by 31 August 2018.

Resolved - That the report be noted.

132 ISA 260 PLUS PENSION FUND ANNUAL REPORT AND ACCOUNTS 2017-18 - The Board considered the Annual Report and Accounts 2017-18 which had been presented to the Pensions Committee and the Annual General Meeting. The accounts had been audited and an unqualified audit opinion was issued ahead of the statutory deadline of 31 July 2018. Now that the Pension Fund Annual Report and Accounts had been approved by the Pensions Committee, KPMG would certify that their audit of the accounts was complete in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

Resolved - That the report be noted.

133 UPDATE ON PENSION ADMINISTRATION STRATEGY - The Director of Corporate Resources submitted a report that provided an update on the Pension Administration Strategy which was endorsed by the Board at its meeting on 30 June 2017. The Pension Administration Strategy was drafted in accordance with Regulation 59 of the Local Government Pension Scheme (LGPS) Regulations (2013) and agreed by the Pensions Committee at its meeting on 29 September 2017, and following consultation with scheme employers, came into force on 1 January 2018.

Within the Pension Administration Strategy, there were a number of key performance indicators that a large number of employers failed to meet during Quarter 1 (April to June 2018). As a result, training sessions to help scheme employers improve their performance were being run during November 2018. Scheme employers who were identified as having made little or no improvement in the meeting of the key performance indicators by the end of Quarter 3 would be served with an informal improvement notice in line with the unsatisfactory performance procedure.

Resolved - That the report be noted.

134 ITEMS FOR INFORMATION - The Board were presented with the Pension Committee minutes from 8 June, 27 July and 28 September 2018 and the LAPFF Business Meeting and AGM held on 19 July 2018.

Resolved - (a) That the minutes of the Pensions Committee held on 8 June, 27 July and 28 September 2018 be received,

(b) that the report on the LAPFF Business Meeting and AGM held on 19 July 2018 be noted.

135 EXCLUSION OF THE PRESS AND PUBLIC - Resolved - That the press and public be excluded from the meeting for consideration of Minutes 136-138 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 1972. 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.

136 PENSION FUND ANNUAL PERFORMANCE REVIEW 2017-18 - The Director of Corporate Resources submitted a report that provided a detailed analysis of the internal and external managers performance for the financial year ended 31 March 2018 including an analysis of the longer term track record.

Resolved - That the report be noted.

137 SHAREHOLDER VOTING RECORDS - QUARTERS ENDED 30 JUNE 2018 AND 30 SEPTEMBER 2018 - The Director of Corporate Resources submitted a report which informed the Board of the voting record of the internal manager for the quarters ending 30 June 2018 and 30 September 2018.

Schroders had also provided the voting records for their discretionary equity portfolios for the quarters ending 30 June 2018 and 30 September 2018.

Border to Coast Pensions Partnership had provided its voting record for the quarter ended 30 September 2018.

Resolved - That the report be noted.

138 UPDATE ON BORDER TO COAST PENSIONS PARTNERSHIP - The Director of Corporate Resources submitted a report which reminded the Board that the LGPS Investment Regulations 2016 required LGPS funds to pool their assets in order to achieve cost savings whilst maintaining investment performance. The Pension Fund had taken a leading role in the creation of the Border to Coast Pensions Partnership.

The Border to Coast Annual Conference would take place on 8 and 9 November 2018 in Leeds. Each Partner Fund had been allocated 10 places and nominations had been made by the East Riding Pension Fund but places were still available.

Resolved - (a) That the report be noted, and

(b) that further updates be brought to future Local Pension Board meetings.