

EAST RIDING OF YORKSHIRE COUNCIL

LOCAL PENSION BOARD

2 OCTOBER 2015

PRESENT: Brendan Arnold, Caroline Bell, Councillor A Burton, Julie Davey, Martin Eaden and Natasha Halsall.

Also in attendance: Caroline Lacey (Interim Director of Corporate Resources), Graham Ferry (Pensions Manager), Mark Lyon (Head of Investments).

Also in attendance: Press - 0
Public - 1

The Board met at Council Offices, Goole.

1 APOLOGIES AND INTRODUCTIONS - There were no apologies for absence. Members introduced themselves and gave details on which capacity they were serving on the Board.

2 ELECTION OF CHAIRMAN - Nominations were sought for the position of Chairman of the Local Pension Board.

Resolved - That Brendan Arnold be appointed as Chairman of the Local Pension Board.

3 APPROVAL AND ADOPTION OF THE TERMS OF REFERENCE - The Interim Director of Corporate Resources submitted a report which informed the Board that the Public Service Pension Act 2013 required Pension Boards to be established to assist administering authorities with all aspects of governance and administration of the Local Government Pension Scheme (LGPS). A report setting out the proposed composition and Terms of Reference for the East Riding Pension Fund Local Pension Board (The Board) was approved by the Pensions Committee on 6 February 2015. The proposed composition and Terms of Reference for the Board were recommended to Full Council and were adopted on 25 February 2015. The Board was now requested to review the Terms of Reference and consider any implications arising from the approval and adoption.

It was suggested that the number of meetings per year be increased to three given the possible volume of work that the Board may need to undertake.

Resolved - (a) That the Terms of Reference be approved, and

(b) that the Terms of Reference be reviewed in two meetings time.

4 ADOPTION OF CODE OF CONDUCT AND CONFLICTS OF INTEREST POLICY - The Interim Director of Corporate Resources submitted a report which informed the Board that they were expected to act in accordance with the East Riding of Yorkshire Council's Code of Conduct for Members, and any other requirements provided for in associated Government guidance and relevant legislation where applicable. The Public Service Pensions Act 2013 made it a legal requirement that members of Local Pension Boards do not have a conflict of interest and that they declare this position. A conflict of interest was defined by the 2013 act as 'a financial or other interest which was likely to prejudice the person's exercise of functions as a member of the Board' (but does not include a financial or other interest arising immediately by virtue of membership of the scheme or any connected scheme). Declarations of interest by Board members had been made as part of the appointment process and it was proposed that members will make a declaration at

each Board meeting. A draft Code of Conduct and Conflicts of Interest Policy for Board members was attached to the report for consideration.

Resolved - That the draft Code of Conduct and Conflicts of Interest Policy be approved.

5 DECLARATIONS OF PECUNIARY AND NON PECUNIARY INTERESTS - All members of the Board had declared an interest in Minutes 6-13 as either members of the Local Government Pension Scheme or a recipient of a Local Government pension.

6 PROCEDURE ON REPORTING BREACHES OF THE LAW TO THE PENSIONS REGULATOR - The Interim Director of Corporate Resources submitted a report which informed the Board that there were many and various laws relating to the Local Government Pension Scheme (LGPS) which placed a statutory duty on certain people including members of Local Pension Boards to report material breaches of the law to the Pensions Regulator (the Regulator). In April 2015, the Regulator published its Code of Practice No 14 (the Code) on the governance and administration of public service pension schemes to assist schemes to establish a procedure so that those with a responsibility to make reports were able to meet their legal obligations.

The report which had been presented to the Pensions Committee sets out the proposed procedure which related to all of the East Riding Pension Fund's (the ERPF) areas of operation. Following approval of the procedure all persons required to report breaches of the law would be informed of their legal obligation. The Board were invited to comment on the appropriate methods of communicating the procedure to officers of employers participating in the ERPF including the issue of an Employer Bulletin summarising the procedure which will also be covered at Employer Forums.

Members asked a number of questions which were responded to.

Resolved - (a) That the procedure for reporting breaches of the law to the Regulator and their role in reporting breaches be noted by the Board, and

(b) that a list of breaches and actions taken be brought to future meetings.

7 EAST RIDING PENSION FUND LOCAL PENSION BOARD WORK PLAN 2015-16 - The Interim Director of Corporate Resources submitted a report which informed the Board that the Public Service Pensions Act 2013 required Pension Boards to be established to assist administering authorities with all aspects of governance and administration of the Local Government Pension Fund (LGPS). To meet those requirements the East Riding Pension Fund Local Pension Board (the Board) would need to determine its own work plan.

The Board was requested to agree the work plan including future meeting dates and consider the information to be published on the East Riding Pension Fund website with regard to the activities of the Board.

The report contained a suggested work plan for the Board to consider however it was stated that these were only a starting point for consideration and additional items could be added and that matters could be removed if requested.

The Board considered the suggested programme of work and the following additional suggestions were put forward for inclusion for future consideration:-

- Actuarial performance - to consider the work of the actuary and the financial impact of that work.

- To undertake scrutiny of the administration performance of the fund as this was not done by East Riding of Yorkshire Council.
- To receive a brief from Sarah Bates, Independent Advisor to the fund, on strategic risk.
- To consider the Board's involvement in the final accounts for the fund.
- The extent to which funds nationally were in a deficit and how to bring about improvement.
- Consideration also needed to be given on how the Board could interact with employers and the impact of the work undertaken by the Board which would be publicised on the East Riding Pension Fund website.
- It was asked how the performance of the Board could be measured. The Board needed to identify an effective work plan and be able to measure success.

A question was raised regarding internal audit and the Board were informed that the fund administration had received significant assurance with no major issues from internal audit and from KPMG the external auditor.

Consideration was given to the number of meetings to be held per year. The Interim Director of Corporate Resources felt that three meetings per year would be a good starting point given the business to be undertaken.

Members were asked to provide a brief biography and a photograph to be put on the website.

The work plan once finalised would also be put on the website.

- Resolved -**
- (a) That the suggested timings of three meetings per year be agreed;
 - (b) that the items to be included on the work plan as discussed be agreed,
- and
- (c) that the information to be published on the website be agreed.

8 EAST RIDING PENSION FUND LOCAL PENSION BOARD TRAINING PROGRAMME - The Interim Director of Corporate Resources submitted a report which informed the Board that the Public Service Pensions Act 2013 required that every individual who was a member of a Local Pension Board must have a certain level of knowledge and understanding about the scheme regulations and policies in order to fulfil their role. This requirement was covered in greater detail in the Pension Regulator's Code of Practice No 14: Governance and Administration of Public Service Pension Schemes (2015). In the context of the Local Government Pension Scheme (LGPS), Board members would require knowledge and understanding of the legislative framework of the LGPS, the rules and responsibilities of the administering authority and scheme employers as well as investment matters, actuarial valuations, accounting and auditing.

In order to help members of the East Riding Pension Fund Local Pension Board (the Board) meet these requirements, officers would provide a questionnaire for Board members to rate their knowledge on specific scheme topics. Information from the questionnaires would be used to develop group and individual training plans for Board members. Board members would also be encouraged to complete the Pensions Regulator e-learning modules on Local Pension Boards and familiarise themselves with the Fund's core documents.

- Resolved -**
- (a) That the Board note the requisite level of knowledge and understanding required for the role;

(b) that members determine areas in which training was required through self-assessment and return completed self-assessment documents by 31 October 2015;

(c) that members complete the e-learning modules provided by the Pensions Regulator, and

(d) that members familiarise themselves with the Fund's core documents.

9 LOCAL AUTHORITY PENSION FUND FORUM - BUSINESS MEETING - The Interim Director of Corporate Resources submitted a report which summarised the business meeting of the Local Authority Pension Fund Forum (LAPFF) which had been held in June 2015 to discuss a number of current corporate governance and investment issues. The membership of the LAPFF, in addition to the voting advice and services the fund received from Pension and Investment Research Consultants (PIRC) and the knowledge and experience of the internal and external investment managers, enabled the pension fund to efficiently and effectively discharge its corporate governance and engagement responsibility.

Resolved - That the report be noted.

10 DRAFT PENSION FUND ANNUAL REPORT AND ACCOUNTS 2014-15 - The Interim Director of Corporate Resources submitted a report which provided a draft version of the pension fund annual report and accounts 2014-15. The accounts had been audited and an unqualified audit opinion was issued on 30 September 2015.

KPMG's annual governance report 2015 was also provided within the report and made no recommendations with regard to the pension fund annual report and accounts.

Resolved - That the contents of the annual report and accounts be noted.

11 EXCLUSION OF THE PRESS AND PUBLIC - Resolved - That the press and public be excluded from the meeting for consideration of Minutes 12 and 13 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.

12 ANNUAL PERFORMANCE REPORT AND REVIEW 2014-15 - The Interim Director of Corporate Resources submitted a report which considered the overall performance of the Fund, using data supplied by WM Company, for the financial year ending 31 March 2015 and the three years ending 31 March 2015.

Resolved - That the report be noted.

13 CORPORATE GOVERNANCE AND VOTING ACTIVITY - The Interim Director of Corporate Resources submitted a report which informed the Board of the voting record of the Internal Investment Manager for the quarter ended 30 June 2015.

Schroders (the External Manager) had provided the voting record for their discretionary equity portfolios for the quarter ended 30 June 2015.

Resolved - That the report be noted.