

EAST RIDING OF YORKSHIRE COUNCIL

LOCAL PENSION BOARD

21 JUNE 2019

PRESENT: Guy Lonsdale (Chairman), Councillor Dennis, Jayne Karlsen and Natasha McLaren.

Also in attendance: Darren Stevens (Director of Corporate Resources), 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 Goole Leisure Centre.

154 APOLOGIES FOR ABSENCE - Apologies for absence were submitted on behalf of Julie Davey and Linda Bowen.

155 DECLARATIONS OF PECUNIARY AND NON-PECUNIARY INTEREST - All members of the Board declared a non-pecuniary interest in Minutes 157 to 167 as members of the Local Government Pension Scheme.

156 MINUTES - Resolved - That the minutes of the meeting of the Local Pension Board held on 22 February 2019 be approved as a correct record.

157 REVIEW OF INTERNAL CONTROLS AND ASSURANCE OF REPORTS - The Director of Corporate Resources submitted a report which covered the findings of the work undertaken to assess the internal controls and procedures in place at:

- Schroder Investment Management Limited and Border to Coast Pension Partnership, the Pension Fund's External Investment Managers.
- State Street Global Services the Pension Fund's global custodian.
- The investment section, the Pension Funds' internal Investment Manager.
- The Pension Administration section.

The conclusions of the report in respect of Schroder Investment Management, State Street Global Services, the investment section and pension administration section were that each of these managers had adequate risk controls and procedures in place. The report relating to Border to Coast Pension Partnership was not yet available and would be reported to the Local Pension Board at its next meeting on 1 November 2019.

The Investment Strategy Statement (ISS) effective from 1 April 2018 required an annual written statement from the Investment Managers that they had adhered to the principles set out in the ISS, letters of compliance with the ISS, for the financial year ended 31 March 2019, from the Director of Corporate Resources and Schroder Investment Management were attached to the report. The letters of compliance from State Street Global Services and Border to Coast Pension Partnership had been received following publication of the report.

The Pension Fund's independent advisor, Rowan Worrall, periodically provided an updated list of directorships and shareholdings. Any potential conflict of interest with the Pension Fund would be disclosed in the investment risk management schedule of the relevant quarter report.

Resolved - That the report be noted.

158 UPDATE ON PENSION ADMINISTRATION STRATEGY - The Director of Corporate Resources submitted a report which detailed the proposed amendments to the Pension Administration Strategy (PAS) which was previously approved by the Board at its meeting on 30 June 2017 and the Pension Committee at its meeting on 29 September 2017. Following the statutory consultation with scheme employers, the PAS came into force on 1 January 2018.

The amended PAS had been drafted in accordance with Regulation 59 of the Local Government Pension Scheme (LGPS) Regulations (2013). The proposed amendments were to update the performance targets for East Riding Pension Fund and for the scheme employers taking account of statutory timescales and the introduction of Monthly Data Collection (MDC). Additional scheme employer responsibilities had been added, including the supply of information following a change of payroll provider. Based on recommendations from the Board an updated PAS would be considered for approval by the Pensions Committee on 26 July 2019.

Resolved - That the revised Pensions Administrations Strategy be recommended for approval to the Pensions Committee.

159 UPDATE ON MONTHLY DATA COLLECTION PILOT - The Director of Corporate Resources submitted a report which informed the Board that the East Riding Pension Fund procured the Monthly Data Collection (MDC) software in December 2017. However lengthy delays in installing a working version of the software meant that work could not commence on the development until October 2018. The report provided an update to the Board on the significant amount of work that had been completed in the last six month to review and redevelop the workflow processes. The Fund was close to completing all of the bespoke development needed and had started a period of testing for each of the five stages within MDC. During development it became apparent that elements of the MDC process could be utilised in other areas and this had brought efficiencies forward in these areas, allowing for live testing of the software before full implementation.

Resolved - That the report be noted.

160 UPDATE ON ERPF ONLINE SERVICES FOR SCHEME EMPLOYERS - The Director of Corporate Resources submitted a report which informed the Board that since April 2018, ERPF online services had been the primary method of communication between the East Riding Pension Fund and its 321 scheme employers (as at 31 March 2019). All scheme employers were now signed up to ERPF online services and significant development had been undertaken to utilise the automation and security of the system. The report provided an update to the Board on how ERPF online services had developed during this period including the key development to move all of the monthly contributions reconciliation. The Fund had worked in partnership with Civica to develop the next version of employer online services. The upgrade would be available from autumn 2019.

Resolved - That the report be noted.

161 UPDATE ON ERPF MEMBER SELF SERVICE - The Director of Corporate Resource submitted a report which informed the Board that the East Riding Pension Fund had

procured a member self-service platform from Civica the Funds pension software provider. ERPF Member Self Service (ERPFMSS) would enable members to view their pension data, update their personal information, perform calculations to aid retirements planning and retire online. The report detailed the project plan for the implementation which had a projected completion date of June 2020. The fund would be developing a member engagement strategy to implement ERPFMSS and a further report would be brought to the Board on 1 November 2019.

Resolved - That the project plan be approved.

162 SCHEME EMPLOYER YEAR END RETURN EXERCISE 2018-19 - The Director of Corporate Resources submitted a report which detailed the progress to date of the 2018-19 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 2019. The results for 2018-19 show 261 (85%) scheme employers in the fund submitted a valid year end return by 14 June. The fund was now in the process of completing the 2018-19 year end return exercise to enable the annual benefit statements for active members to be issued by 31 August 2019. The Board was provided with an update on the current return figures following publication of the report.

Resolved - That the report be noted.

163 DRAFT ANNUAL REPORT OF THE LOCAL PENSION BOARD FOR PENSION FUND REPORT AND ACCOUNTS - The Director of Corporate Resources submitted a report which informed the Board that East Riding of Yorkshire Council as administering authority with prime responsibility for establishing the East Riding Pension Fund Local Pension Board (the Board), considered it appropriate and consistent with good governance for the Board to produce an annual report for inclusion in the East Riding Pension Fund annual report and accounts for 2018-19. The reporting requirements were for the Board and the Fund to determine. In order to help members consider these requirements a draft report was attached to the report for consideration.

Resolved - That the format and contents of the Annual Report for inclusion in the Fund's Annual Report and Accounts for 2018-19 be approved.

164 ITEMS FOR INFORMATION - The Board was presented with the Pensions Committee minutes from 15 March and 26 April 2019 and the LAPFF Business Meeting report from April 2019.

The Board considered the membership of the East Riding Pension Fund Pensions Committee and in particular, representation from the other local authorities within the Fund. Details were given on the attendance of the other local authority representatives and it was suggested that a letter could be written to the three local authorities to thank their members for their contribution to the Pensions Committee and to encourage their future attendance at Pensions Committee meetings.

Resolved - (a) That the Minutes of the Pension Committee held on 15 March and 26 April 2019 be received;

(b) that the report on the LAPFF Business meeting held in April 2019 be noted, and

(c) that a letter be written to the three local authorities thanking them for their members' contribution to the Pensions Committee and encouraging their attendance at future Pensions Committee meetings.

165 BORDER TO COAST PENSION PARTNERSHIP ANNUAL CONFERENCE

- The Board was informed that the annual conference would take place on 10 and 11 October and that the East Riding Pension Fund had been allocated ten places. A letter would be sent out to Board members and Pension Committee members seeking expressions of interest in attending the conference.

Guy Lonsdale informed the Committee that Local Pension Board Chairs had met at the Border to Coast Pension Partnership Offices in Leeds and gave details of the discussions that had been held.

166 EXCLUSION OF THE PRESS AND PUBLIC - Resolved - That the press and public be excluded from the meeting for consideration of Minutes 167 and 168 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 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.

167 SHAREHOLDER VOTING RECORD - QUARTER ENDED 31 MARCH 2019 -

The Director of Corporate Resources submitted a report which informed the Board of the voting record of the Internal and External Investment Manager for the quarter ended 31 March 2019. Of the 22 proposals voted, the Internal Manager voted in accordance with the UK Corporate Governance Code on 100% of occasions.

Schroeder Investment Management had provided the voting record for its discretionary equity portfolios for the quarter ended 31 March 2019. Of the 212 proposals voted, the Manager voted in accordance with its stated policy on 95.3% of occasions.

Border to Coast Pension Partnership had provided its voting record for the quarter ended 31 March 2019. Of the 914 proposals voted the Manager voted in accordance with its stated policy on 99.8% of occasions.

Resolved - That the report be noted.

168 UPDATE ON BORDER TO COAST PENSION PARTNERSHIPS - The Director of Corporate Resources submitted a report which reminded the Board that Border to Coast Pension Partnership was an alternative Investment Fund Manager authorised by the Financial Conduct Authority and wholly owned by 12 Local Government Pension Schemes administering authorities which included East Riding of Yorkshire Council. Border to Coast operated investment funds for those administering authorities to invest, invest a Pension Fund assets, based on their strategic allocation. The assets currently under management across the four live sub-funds had reached £8.8bn and was expected to exceed £10bn when the Local Equity Alpha Fund was launched in July 2019. Officers would continue to monitor the development of the pool and further updates would be provided to the Pensions Committee and Local Pension Board.

Resolved - That the report be noted.