

EAST RIDING OF YORKSHIRE COUNCIL

LOCAL PENSION BOARD

3 NOVEMBER 2017

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

Also in attendance: Darren Stevens (Interim Director of Corporate Resources), Julian Neilson (Head of Finance), Graham Ferry (Pensions Manager) and Mark Lyon (Head of Investments)

Also in attendance: Press - 0
Public - 0

The Board met at County Hall, Beverley.

80 APOLOGIES FOR ABSENCE - Apologies for absence were submitted on behalf of Peter Doherty.

81 ELECTION OF CHAIRMAN - Nominations were sought for the position of Chairman for the following year.

Resolved - That Councillor Burton be elected Chairman for the following year.

82 DECLARATIONS OF PECUNIARY AND NON-PECUNIARY INTEREST - All members of the Board declared a non-pecuniary interest in Minutes 84 to 94 as members of the Local Government Pension Scheme.

83 MINUTES - Resolved - That the minutes of the Local Pension Board held on 30 June 2017 be approved as a correct record.

84 REVIEW OF THE LOCAL PENSION BOARD'S TERMS OF REFERENCE - The Interim Director of Corporate Resources submitted a report which reminded 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 Scheme. A report setting out the proposed composition and Terms of Reference for the East Riding Pension Fund Local Pension 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.

On 2 October 2015 the Board approved the Terms of Reference and on 4 November 2016 the Board increased the number of meetings per year from two to three in 2017.

The Board was requested to review the Terms of Reference and consider any required amendments following the Board's second year of operation under the Terms of Reference.

Resolved - (a) That the Board continue to meet three times a year in 2018, and

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

85 LOCAL PENSION BOARD WORK PLAN 2018 - The Interim Director of Corporate Resources submitted a report which reminded the Board that the Public Service Pensions Act 2013 requires local pension boards to be established to assist administering authorities with all aspects of governance and administration of the Local Government Pension Scheme. To meet those requirements the East Riding Pension Fund Local Pension Board (The Board) determined its own work plan for 2017 and covered a number of topics at each meeting. The Board was now requested to agree the work plan for 2018 including future meeting dates.

It was asked if the Board felt they were meeting the expectations of the members of the East Riding Pension Fund and whether the Board was undertaking similar work to other local pension boards. How to consult with members was discussed and it was suggested that feedback could be requested from both employers (through the employer bulletins) and employees (via the website www.erpf.org.uk). It was also noted that the Board was mentioned in the annual benefit statements that went out to active and deferred members and in the pensioner member annual newsletter. It was suggested that employers could be invited to attend the Local Pension Board in November 2018.

Resolved - (a) That future meetings be held on 23 February 2018, 29 June 2018 and 2 November 2018, and

(b) that the work plan for 2018 as presented be agreed.

86 LOCAL PENSION BOARD TRAINING PROGRAM 2018 - The Interim Director of Corporate Resources submitted a report which requested the Board to consider specific Local Government Pension Scheme topics for their Training Programme for 2018. Training sessions, based on the agreed topics would be arranged to meet individual and group training requirements.

It was agreed that the Pensions Committee should be invited to the training event in February 2018. It was also noted that the Border to Coast Pension Partnership training event held in York had been very good and the Head of Investments confirmed that it was the intention to make this an annual event.

Resolved - (a) That Board members considered 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 2018.

87 UPDATE ON SCHEME EMPLOYER YEAR END RETURN EXERCISE 2016-17 - The Interim Director of Corporate Resources submitted a report that provided details of the progress to date of the 2016-17 year end exercise. All scheme employers were required to submit their year end returns which included member pay details to enable the East Riding Pension Fund to issue annual benefit statements by 31 August 2017.

Compared to the 240 Scheme employers submitting year end returns for 2015-16, a total of 267 year end returns for 2016-17 were expected to be submitted by 24 April 2017. At that date, 153 returns had been received by the Fund and further 88 returns were received by 16 June 2017 with only 26 returns outstanding. By 30 June 2017, only 16 Scheme employers had not submitted accurate year end returns. Validations carried out within the 2016-17 year end exercise highlighted a dramatic increase in data accuracy. The annual benefit statements for 28,727 active

members were delivered to home addresses by 24 August 2017, a week ahead of the deadline of 31 August 2017. The Fund was currently in the process of preparing a report to notify the Pensions Regulator of those Scheme employers who had not provided accurate year end returns.

The Board considered options for charging employers for the additional work incurred from not submitting accurate year end returns. The Board was informed that the Fund was looking to introduce a Pension Administration Strategy which would allow for charging for additional work incurred and consultation on this was currently being undertaken with Scheme employers.

Resolved - That the report be noted.

88 PENSION FUND ANNUAL REPORT AND ACCOUNTS - The Interim Director of Corporate Resources submitted a report which provided a copy of the final version of the Pension Fund Annual Report and Accounts 2016-17 which had been considered at the Annual General Meeting. The accounts had been audited and an unqualified audit opinion was issued on 14 September 2017. KPMG's Annual Audit Letter 2016-17 was attached to the report and made no recommendations with regard to the Pension Fund Annual Report and Accounts.

Resolved - That the report be noted.

89 CONSULTATION ON ACADEMIES OBJECTIVES - The Interim Director of Corporate Resources submitted a report that advised the Board that on 17 July 2017 the Local Government Pension Scheme Advisory Board (SAB) issued a consultation paper seeking responses from Local Government Pension Scheme (LGPS) Pension Fund managers and Pension Committees on draft objectives for the development of options for academies to address issues arising from the policy objective to convert all schools to academies.

The proposed draft objectives were:

- protecting the benefits of scheme members through continued access to the LGPS.
- ring fence local tax payers and other Scheme employers from the liabilities of the academy trust sector.
- improve the efficiency and effectiveness of administrative practices.
- increase the accuracy and reliability of data.

In achieving the above any options for change should not:

- significantly alter cash flows at Fund level.
- significantly alter assets at the pool level.

At its meeting on 29 September 2017, the Pensions Committee agreed that the proposed draft objectives should represent the SAB's objectives for the academies project and that the Committee did not wish to add any new objectives. The Committee's response was sent to the SAB on 29 September 2017, the closing date for responses to the consultation.

Resolved - That the report be noted.

90 ITEMS FOR INFORMATION - The Board were presented with the Pensions Committee minutes from 21 July and 29 September 2017 and a report of the LAPFF Business Meeting held in June 2017.

Resolved - (a) That the minutes of the Pensions Committee held on 21 July and 29 September 2017 be received, and

(b) that the report on the LAPFF Business Meeting held in June 2017 be noted.

91 EXCLUSION OF THE PRESS AND PUBLIC - Resolved - That the press and public be excluded from the meeting for consideration of Minutes 92 to 94 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 this 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.

92 PENSION FUND ANNUAL PERFORMANCE REVIEW 2016-17 - The Interim Director of Corporate Resources submitted a report that provided a detailed analysis of the internal and external managers' performance for the financial year ending 31 March 2017 including an analysis of the longer term track record.

Resolved - That the report be noted.

93 SHAREHOLDERS VOTING RECORDS - QUARTERS ENDING 30 JUNE 2017 AND 30 SEPTEMBER 2017 - The Interim Director of Corporate Resources submitted a report which informed the Board of the voting record of the Internal Investment Manager for the quarters ending 30 June 2017 and 30 September 2017.

Schroders had also provided the voting records for their discretionary equity portfolios for the quarters ended 30 June and 30 September 2017.

Resolved - That the report be noted.

94 UPDATE ON BORDER TO COAST PENSIONS PARTNERSHIP - The Interim Director of Corporate Resources provided a report which reminded the Board that the new LGPS Investment Regulations 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 Pension Partnership. The project was running slightly behind time but was still expected to be completed by June 2018. The project was broadly in line with the original budget.

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

(b) that further reports on progress be brought to future Local Pension Board meetings.