

# Minutes

## *PENSION FUND COMMITTEE*

**MINUTES OF THE MEETING OF THE PENSION FUND COMMITTEE HELD ON WEDNESDAY 25 NOVEMBER 2015, IN MEZZANINE ROOM 1, COUNTY HALL, AYLESBURY, COMMENCING AT 2.00 PM AND CONCLUDING AT 5.12 PM.**

### **MEMBERS PRESENT**

Mr J Chilver (Chairman), Mr P Hardy, Mr D Martin, Mr R Scott (Vice-Chairman), Mr J Gladwin and Mr P McDonald

### **OFFICERS PRESENT**

Carolyn Dobson, Independent Adviser  
Julie Edwards, Pensions and Investments Manager  
Mark Preston, Finance Director, Business Services Plus  
James Batt, Committee Assistant  
Nick Sykes, Investment Consultant, Mercer  
Joshua Caughey, Mercer Investment Consulting

### **AGENDA ITEM**

#### **1. APOLOGIES FOR ABSENCE / CHANGES IN MEMBERSHIP**

Apologies had been received from David Carroll.

#### **2. DECLARATIONS OF INTEREST**

There were no declarations of interest.

#### **3. MINUTES**

A request was made for the Pension Fund Committee meetings to revert back to their 10:00AM start time.

The minutes of the previous meeting were agreed as an accurate record.

#### **4. BUCKINGHAMSHIRE PENSION BOARD UPDATE**



INVESTOR IN PEOPLE



The Chairman of the Pension Fund Board, Steve Mason, provided a summary of the actions from recent Pension Fund Board meetings:

Difficulties in the processing of annual benefit statements had been due to software development issues arising from the introduction of the Career Average Scheme. The majority of Pension Board statements would be sent in the New Year; although in the future the vast majority of these would be completed by 31<sup>st</sup> August. The Board would monitor this and notify the regulator if required.

A general training session would be arranged for the Board Members within the next 4 months; along with a briefing on regulatory requirements. Minutes of the Pension Fund Board would be provided for future Pension Fund Committee meetings.

The regulatory training would be provided by Julie Edwards' team and an introduction to the administration team would be included.

Steve Mason explained that employer training on Annual Allowances would be delivered before the Pension year ends.

## **5. PENSION FUND RISK REGISTER**

The Committee noted the report provided and the Pensions & Investments Manager detailed the changes since the last review took place in February:

Two new risks had been added regarding pooled investments and the EU referendum for 2017.

It was agreed that the risk in relation to inflation would be expanded to include the impact of deflation.

**Action: Pensions and Investment Manager**

Another risk had been added in respect of the late issuing of Annual Benefit Statements and as a consequence a breach would be reported to the Pensions Regulator. It was hoped that a fine would not be issued due to this being the first year that the changes had been implemented.

The Pensions & Investments Manager commented that from April 2016 employees and employers will no longer pay reduced National Insurance contributions. It was noted that there was a risk to the Pension Fund regarding a major piece of work required to reconcile Guaranteed Minimum Pension (GMP) data held by the Fund and that a comparison with HMRC data would be required.

The Pensions & Investments Manager was unable to provide an estimated cost for the reconciliation exercise. The Chairman requested that this item be included on future agendas.

## 6. VERBAL FEEDBACK FROM LOCAL AUTHORITY PENSION FORUM

David Martin provided the Committee feedback from the Local Government Pensions Investment Forum. NN Investment Partners commented that there are potential advantages of LGPS Funds including convertible bonds within their portfolios.

Mercer agreed to confirm whether the Fund held convertible bonds and provide a view on their suitability for the Fund.

**Action: Mercer**

David Martin commented that he would provide feedback on the LAPF LGPS Collaborative Working Event at the next meeting.

**Action: David Martin**

John Gladwin explained that he had recently attended the Local Authority Pension Fund Forum and commented that the LGPS reform consultation period would last a period of just 12 weeks. Feedback from the attendees was that the LGPS would not have enough funds to act as a major infrastructure financier.

An announcement was to be made in July 2016 regarding draft legislation.

## 7. LGPS REFORM

The Committee Members noted the Pensions & Investments Manager report and the document provided by Mercer and the following points were raised:

Investment regulations were to be revised to allow for the percentage of assets for each class to be decided by the administering authority.

Mercer had drafted a paper on asset pooling and the LGPS. A number of authorities had been developing a report exploring options supported by Hymans Robertson with the results from this expected in January 2016.

In response to a question from the Chairman regarding whether different types of investments were required in order to qualify for the pooled fund, the Pensions & Investments Manager explained that each Fund would have a determined asset strategy, but that the management of this would be determined by the pools which could be either regional or asset class pools.

Carolan Dobson commented that the Government's objective is to pool Funds to reduce investment management fees and improve the manager selection processes. The fiduciary responsibility remains with the administering authorities.

The closing date for responses to the Government's consultation document was 19<sup>th</sup> February 2016.

The Pensions & Investments Manager would circulate a timetable to respond to the consultation document.

**Action: Pensions & Investments Manager**

8. **FORWARD PLAN**
9. **EXCLUSION OF THE PRESS AND PUBLIC**

**RESOLVED**

**That the press and public be excluded for the following item which is exempt by virtue of Paragraph 3 of Part 1 of Schedule 12a of the Local Government Act 1972 because it contains information relating to the financial or business affairs of any particular person (including the authority holding that information)**

10. **CONFIDENTIAL MINUTES**
11. **BUCKINGHAMSHIRE PENSION BOARD**
12. **FUND MANAGERS' PERFORMANCE**
13. **MIRABAUD REVIEW**
14. **FUND MANAGERS' PRESENTATION**
15. **PRIVATE EQUITY UPDATE**
16. **INVESTMENT CONSULTANT UPDATE**
17. **DATE OF NEXT MEETING**

The next meeting will take place on 04/02/2016 in Mezzanine Room 3, NCO, Aylesbury.

**CHAIRMAN**