

Minutes

PENSION FUND COMMITTEE

**MINUTES OF THE MEETING OF THE PENSION FUND COMMITTEE HELD ON THURSDAY
30 NOVEMBER 2017, IN MEZZANINE ROOM 2, COUNTY HALL, AYLESBURY,
COMMENCING AT 10.05 AM AND CONCLUDING AT 12.40 PM.**

MEMBERS PRESENT

Mr J Chilver (Chairman), Mr T Butcher, Mrs A Cranmer, Mr D Martin and Mr J Gladwin

OTHERS PRESENT

Carolan Dobson, Independent Adviser
Julie Edwards, Pensions and Investments Manager
Mark Preston, Finance Director, Business Services Plus
Matthew Passey, Mercer Investment Consulting

AGENDA ITEM

1. APOLOGIES FOR ABSENCE / CHANGES IN MEMBERSHIP/ APPOINTMENT OF VICE CHAIRMAN

The Chairman welcomed Mrs A Cranmer to the meeting.

Apologies were received from Mr N Miles and Mr M Barber.

Mr D Martin was appointed Vice-Chairman of the Pension Fund Committee.

2. DECLARATIONS OF INTEREST

There were none.

3. MINUTES

In relation to item 5 (Administering Authority Discretionary Policy), Ms J Edwards was yet to circulate the amended version of discretionary policy to Committee Members. Ms Edwards confirmed that she would do this before the next meeting.

ACTION: Ms J Edwards

Mr S Mason was recorded as representing Aylesbury Vale District Council in error. This should be changed to the Pension Fund Board.

Subject to this amendment, the minutes of the meeting held on 20th September 2017 were agreed as a correct record.

ACTION: Ms L Dale

4. BUCKINGHAMSHIRE PENSION BOARD MINUTES

The Committee noted the minutes of the meeting of the Buckinghamshire Pension Fund Board held on 18 October 2017.

Members noted that there had been a reduction in leaver checking tasks from 1,600 to 1,400. Ms Edwards confirmed that this matter had been reported to the Regulatory and Audit Committee. While there was still a backlog, significant progress had been made with the intention of clearing the backlog by March 2018. Ms Edwards confirmed that there were approximately 1,050 tasks outstanding as of that morning.

Ms Edwards agreed that a statement would be brought to the Regulatory and Audit Committee meeting in March to confirm this had been completed.

ACTION: Ms J Edwards

5. FORWARD PLAN

Ms J Edwards, Pensions and Investments Manager presented the forward plan.

A brief discussion took place regarding the agenda for next March.

RESOLVED

The Committee noted the Forward Plan

6. GOVERNANCE UPDATE

Mrs C Lewis-Smith, Principal Pensions Officer and Ms Julie Edwards, Pensions and Investments Manager, presented the report to the Committee. The following points were raised in discussion and in answer to Members questions:

- The proposed changes would take effect from 1 May 2018.
- The number of meetings would be reduced to five with the option of holding additional meetings if required.
- Page 5, point 4, relating to the appointment and termination of the custodian and fund managers, would be removed from the Terms of Reference as this function will be managed by Brunel Pension Partnership moving forward.
- It was explained that amendments to the Terms of Reference were required to

align with future pooling arrangements.

There had been a change in the wording of points 3.3 and 3.4 of the Governance Compliance Statement: 'statement of investment principles' had been amended to 'investment strategy statement'.

RESOLVED

The Committee AGREED the revised terms of reference as set out in Appendix 1 prior to Full Council approval.

The Committee AGREED the Governance Policy Statement as set out in Appendix 2 and the Governance Compliance Statement, Appendix 3.

7. PENSION FUND RISK REGISTER

The Chairman thanked Ms Edwards for providing the Committee with the Pension Fund Risk Register.

Ms Edwards gave an overview of the report and explained that there had been a migration of data from a spreadsheet to a Risk Register Tool called Pentana. The register would now show risks alongside descriptions and mitigating actions.

- The Vice-Chairman suggested that Ms Edwards should liaise with the Insurance Section to ensure that only the relevant information would be included on the register. Red Risks and increasing risks should be shown and lower risks should be removed.
- The Chairman suggested that the risks should be categorised, giving the example of grouping legal and compliance risks, for ease of reference. There should be an overall representation of the biggest risks in order to focus the readers' attention.
- The Vice-Chairman suggested that the descriptions should include more detail about areas affected by each risk e.g. financial.
- Members were keen to know more about the rating given to investment strategy given the recent refresh. Ms Edwards explained that the score was amended to reflect where Committee perceived the risk to be compared to where the risk was rated previously.
- Mr T Butcher made an observation that the register should only feature risks within control as opposed to risks such as Brexit that could not be controlled.
- Ms C Dobson commented that the overall risk should be shown followed by sub risks and possible mitigating actions in order to give the reader a better view.

RESOLVED

The Committee NOTED the Pension Fund Risk Register

8. ADMINISTERING AUTHORITY DISCRETIONARY POLICY

Mrs C Lewis-Smith, Principal Pensions Officer, presented the report. The following points were raised in discussion and in answer to Members questions:

- The current policy which was updated in September, did not permit a Scheme member to elect for voluntary Scheme pays. This would allow the Fund to pay a Scheme member's annual allowance tax charge if they did not have the right to mandatory Scheme pays. The amendment will create fairness for Scheme members. It will assist members with a tapered annual allowance, due to their earnings, who may not exceed the £40,000 limit but who do exceed the lower tapered limit.
- Lifetime allowance was not included.
- While there would be no net cost to the fund, the Vice-Chairman noted that there would be a cost to officer time.
- 87 people had been written to this year as a result of the yearly annual allowance exercise required to be performed by the Fund.
- The policy does not include income or pension growth earned outside of the Buckinghamshire Local Government Pension Scheme (LGPS)
- It was noted that, while there would be associated risks in making the benefit deduction calculations, it was a requirement.
- It was noted that this amendment would affect a small number of high earners.

RESOLVED

The Committee APPROVED the Administering Authority's Discretionary Policy

9. FUNDING STRATEGY STATEMENT

Ms J Edwards, Pensions and Investments Manager, presented the report. The following points were noted in discussion and in answer to Members questions:

- The document, produced by Barnett Waddingham, would be based on the Fund's position following the triennial valuation as at 31 March 2016.
- The Committee discussed the possible impact the Strategy Statement could have on individual employers.
- It was noted that there would be bond requirements as security should the employer default.
- Mr J Gladwin highlighted that, as the Council has devolved responsibilities to academies, it was important to give full consideration to the possible impact this would have on schools as employers.
- Ms Dobson requested to see the document suite highlighting exactly which points would be relevant to give further clarity on the matter of bonds and academies. Mr M Preston and Ms Edwards agreed to look into this.

ACTION: Ms J Edwards and Mr M Preston

RESOLVED

The Committee AGREED the Funding Strategy Statement.

10. 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)

11. CONFIDENTIAL MINUTES

The Confidential Minutes of the meeting held on 20 September were agreed as an accurate record and signed by the Chairman.

12. BUCKINGHAMSHIRE PENSION FUND BOARD CONFIDENTIAL MINUTES

The Chairman of the Buckinghamshire Pension Fund Board provided the Committee with an update.

13. FUND MANAGERS PERFORMANCE

The Committee received a report on the Fund Managers' Performance.

14. FUND MANAGERS PRESENTATION

The Committee received a report from the presentation from Aberdeen Standard Investment

15. BRUNEL PENSION PARTNERSHIP UPDATE

The Committee received an update on the Brunel Pension Partnership.

16. DATE OF NEXT MEETING

1 March 2018, 10:00am, Large Dining Room, Judges Lodgings, Aylesbury

CHAIRMAN