



CITY OF WESTMINSTER

MINUTES

Pension Board

MINUTES OF PROCEEDINGS

Minutes of a meeting of the **Pension Board** Committee held on **Monday 27th July, 2015**, Room 5 - 17th Floor, City Hall.

Members Present: Councillor Peter Cuthbertson (Chairman), Dr Norman Perry (Vice Chairman and Scheme Member Representative), Marie Holmes (Employer Representative), Susan Manning (Scheme Member Representative) and Christopher Smith (Scheme Member Representative)

Apology for Absence: Councillor Adnan Mohammed

1 MEMBERSHIP

- 1.1 Members noted that Marie Holmes had been appointed as the remaining Employer Representative on the Board since the agenda had been published.

2 INTRODUCTIONS OF BOARD MEMBERS

- 2.1 Members and attending officers each gave a brief introduction to the Board.

3 APPOINTMENT OF CHAIR AND VICE CHAIR FOR THE 2015/16 MUNICIPAL YEAR

- 3.1 RESOLVED:

That Councillor Peter Cuthbertson and Dr Norman Perry be appointed as Chairman and Vice Chairman respectively for the 2015/2016 municipal year.

4 DECLARATIONS OF INTEREST

- 4.1 No declarations of interest were made. The Board noted the report regarding the Conflicts of Interest Policy and that any declarations of interest would be recorded in the Pension Board minutes.

5 BACKGROUND AND ROLE OF PENSION BOARD

- 5.1 David Hodgkinson (Assistant City Treasurer) introduced the report and advised

that it was a new statutory requirement for local authorities to have Pension Boards. The Board's main functions included acting as a scrutiny body to the Pension Fund Committee, including reviewing the work of the Committee, the administering of the Pension Scheme and to ensure that regulations were being complied with. David Hodgkinson advised that training would be provided to help the Board have a greater insight into the Pension Fund and he asked Members to consider what they wanted from the training, what type of scrutiny should the Board undertake and whether Members wished to attend Pension Fund Committee meetings.

- 5.2 During Members' discussions, clarification was sought as to whether the Board's primary role was to undertake scrutiny of decisions made in respect of the Fund and whether the Chair of the Pension Fund Committee would attend Pension Board meetings. A Member emphasised the importance of training, particularly as Members had legal obligations to adhere to. He suggested that scrutinising the way the Pension Fund Committee challenged the decisions made by investment managers would be an appropriate function for the Board, as well as how investment managers were chosen and how often they were rotated. He added that reviewing the Fund's performance and ensuring robust measures were in place were also important roles for the Board to play.
- 5.3 Members suggested benchmarking of performance of Fund Managers and the costs and fees involved should be looked at. It was suggested that the Board should receive the same reports that the Pension Fund Committee received. It was also suggested that the Board receive the same training as Pension Fund Committee members, although it was remarked that there should not be undue replication as the Board's role differed from that of the Committee. A Member suggested that a comparison of the effectiveness and costs between when the HR aspect was operated under LPFA and the new contract under Surrey County Council be undertaken.
- 5.4 In reply to the issues raised, David Hodgkinson referred to the role of the Board as set out in the report that emphasised its functions in securing compliance with the Local Government Pension Scheme (LGPS) governance regulations and other relevant legislation concerning governance and administration of the LPGA. The Board also played a role in securing compliance with any requirements imposed by the Pensions Regulator and in ensuring effective and efficient governance and administration of the Scheme. David Hodgkinson added that the role of the Board was to review, assist and monitor the administration of the Scheme, which was distinct from the Pension Fund Committee's role in making operational and investment decisions concerning the Fund.
- 5.5 Nikki Parsons (Pension Fund Officer) added that the Board could consider the decisions made by the Pension Fund Committee and Board Members could also attend Pension Fund Committee meetings as observers. The Board heard that the Chairman of the Pension Fund Committee was not intending to attend Pension Board meetings, however he had suggested a meeting with the Chairman of the Pension Board. Nikki Parsons advised that the training would be tailored to help Members understand the role of the Pension Board and in helping its review and monitoring functions.

- 5.6 Trevor Webster (Senior HR Manager) stated that the HR aspect of the Fund had been outsourced to Surrey County Council. He advised that information from Surrey County Council could be provided to Members, however he suggested that a programme detailing what information the Board wanted was sent well in advance to Surrey County Council in order to ensure there was sufficient time to compile the information. The Board noted that BT, who had a working relationship with Surrey County Council, were responsible for the payroll function.
- 5.7 The Board agreed to a Member's suggestion that it should receive the same reports and at the same time that the Pension Fund Committee received. Members then discussed the frequency of meetings for the Board. The specific dates would be agreed later in the year as the Board formulated an idea as to when would be appropriate. It was agreed that the Pension Board meet on a quarterly basis, reflecting the same frequency that the Pension Fund Committee met. The Board noted the Terms of Reference and discussed the possibility of nominating substitute Members. Christopher Smith (Scheme Member Representative) advised that he wished to nominate a substitute from Unison, Jim Howard, who had received substantial training and had attended Pension Fund Committee meetings. He added that it was important that substitutes attended the same training that Members received. Susan Manning (Scheme Member Representative) advised that there was no-one in her organisation sufficiently acquainted with the Pension Fund to be nominated as a substitute. She enquired if a written submission would be accepted in the case of absence from the meeting and the Chairman indicated that this would be acceptable. It was noted that Dr Norman Perry (Scheme Member Representative) and Marie Holmes (Employer Representative) would not be able to nominate a substitute.

6 PENSION FUND COMMITTEE

- 6.1 Nikki Parsons introduced the item which included details of the present Pension Fund Committee membership, the agenda and minutes from a recent meeting and future dates of the Committee. She advised that a meeting between the Chairmen of the Pension Fund Committee and the Pension Board would be arranged.
- 6.2 During discussion, a Member sought clarification on whether Pension Board Members could also attend the confidential part of the meeting. It was noted that the Pension Fund Committee would be expected to receive the same confidential reports that the Pension Fund Committee received and so Members would also be able to attend the confidential part of the meeting. Members also heard that although Pension Fund Committee Members would be invited to the same training as Board Members, not all necessarily needed to attend as they were already sufficiently experienced and received the relevant training previously. A Member stated that errors in process in terms of administering the scheme should be brought to the attention of the Board. Another Member suggested that some of the benchmarks given to Surrey County Council seemed generous and that there was room for some of these to be tightened up.

7 CODE OF CONDUCT POLICY

- 7.1 The Board had before them the Code of Conduct Policy for noting. During discussion, a Member sought clarification over whether Board Members had responsibility as scheme member representatives or employer representatives only, or responsibility to oversee the Pension Fund as a whole. She also sought assurances that Members were adequately insured in terms of the decisions they were making as Board Members.
- 7.2 In reply, David Hodgkinson stated that he would check to ensure adequate insurance was in place for Board Members. He advised that Board Members had responsibility to oversee the Pension Fund as a whole and in acknowledging that the Code of Conduct Policy did not set out this point clearly, he advised that the Policy would be re-worded to accurately reflect this.

8 KNOWLEDGE AND SKILLS POLICY

- 8.1 Trevor Webster presented the report on the Pension Board Training Strategy and referred to the recommendations that the Board approve in principle the training strategy set out in the report and approve the initial one day training. The one day training would cover a number of key issues regarding legislation, policy and process. It was then intended that there be further training on specific issues and on-going development on later dates.
- 8.2 Annemarie Allen from the proposed training provider for the initial training day, Barnett Waddingham, was invited to address the Board. Annemarie Allen advised that the purpose of the initial training day was to ensure Members were comfortable in their role and to provide guidance and explain the relevant legislation involved. She welcomed suggestions on what Members were expecting from the training provider and what did they want to take from the session.
- 8.3 During discussion by Members, it was suggested that a 'bible of relevant regulations' would be useful. It was requested that a set of relevant documents be made available to Members to take away from the initial day session and to have access to a shared electronic platform providing relevant information. A Member enquired whether providing a personal development plan would help prove that Members were in compliance with their role. Clarification was sought on the source of funding for the training and what was the cost of the initial one day training. A Member asked if holding a tri-borough training session had been considered. It was also enquired how the training would be structured.
- 8.4 In reply to the issues raised, Trevor Webster advised that a flexible approach to training would be taken and e-learning would be available. He acknowledged that providing a personal development plan would be useful and would be considered further. Members noted that the training was offered on a day rate basis of £1,200, regardless of the number of people attending the training. Trevor Webster added that tri-borough training sessions could be

considered in the future, however it was felt that it was important that the initial training be established.

- 8.5 Nikki Parsons added that tri-borough training had been initially considered, however it was felt that the Council was at a more advanced stage than the other tri-borough councils, so at this stage training would be arranged independently. She confirmed that the training would be funded from the Pension Fund, which was separate from the Council.
- 8.6 Annemarie Allen emphasised the importance of retention of knowledge from the training and in providing various ways of accessing information. She welcomed suggestions from Members on how the initial training day could be structured. She acknowledged that an individual development plan would be beneficial with progress tracked against its objectives and some form of self-assessment may also be useful. Annemarie Allen commented that any future tri-borough training would provide an opportunity to share Best Practice.
- 8.7 David Hodgkinson advised that he had attended the Royal Borough of Kensington and Chelsea's Pension Board which had expressed an appetite for networking with other tri-borough partners.
- 8.8 At this point, Annemarie Allen left the room whilst Members considered the training proposals. The Board agreed the initial one day training and the other two recommendations. The Board also agreed that the initial one day training take place on Thursday, 27 August 2015. It was noted that Trevor Webster would liaise with the Chairman and Annemarie Allen to discuss and agree a training programme for the initial one day training.
- 8.9 RESOLVED:
1. That the contents of the paper be noted.
 2. That the training strategy as outlined in the report be agreed in principle.
 3. That the initial one day training be approved.

9 KEY DOCUMENTS

- 9.1 Nikki Parsons drew Members' attention to the various key documents. She advised that the Governance and Compliance Statement and the Communication Policy Statement were under review and an updated version would be presented at the next Pension Fund Committee for approval. The Board noted that the Statement of Investment Principles had been updated in March 2015. Nikki Parsons advised that Deloitte were the appointed investment advisers in respect of the Quarterly Fund Performance Data, whilst the Risk Register had been approved by the Pension Fund Committee at the 25 March 2015 meeting. Nikki Parsons advised that the Risk Register was reported on a quarterly basis to the Pension Fund Committee. A scoring matrix was available on the electronic version and it was agreed that this be provided at the next Pension Board meeting.

9.2 David Hodgkinson advised that the Pension Fund Annual Accounts for 2014/2015 had been closed in the fastest time in the last 70 years.

10 DATE OF NEXT MEETING

10.1 The Board agreed that the next meeting would take place on Monday, 19 October 2015.

11 ANY OTHER BUSINESS

11.1 Trevor Webster invited Members to the Pension Fund Annual General Meeting scheduled to take place on 21 September 2015. It was agreed that details of the meeting would be circulated to Members who could not attend. It was also agreed that there be discussion on the process for determining future Pension Board agendas after the initial one day training on 27 August 2015.

The Meeting ended at 7.50 pm

CHAIRMAN: _____

DATE _____