LOCAL PENSION BOARD

Minutes of the meeting held at 2.27 pm on 6 November 2018
(start of the meeting delayed from the scheduled start time of 2pm)

Present

Pinny Borg (Chairman)
Emma Downie
Lesley Rickards

Also Present

Fahar Rehman, Pensions Manager
Keith Pringle, Democratic Services Officer

1 APOLOGIES FOR ABSENCE

Apologies for absence were received from Geoff Wright and Lesley Rickards conveyed her apologies for late arrival.

2 APPOINTMENT OF CHAIRMAN

It was agreed that Pinny Borg would continue as Chairman until the term of office for all Board Members expires on 30th June 2019.

3 DECLARATIONS OF INTEREST

There were no declarations.

4 MINUTES OF THE PREVIOUS MEETING HELD ON 10 APRIL 2018

The minutes were agreed subject to the final sentence of Minute 14 being amended to:

"Pinny Borg was appointed Chairman of the Board for the current twelve month period."

5 MINUTES OF THE GENERAL PURPOSES AND LICENSING COMMITTEE MEETINGS HELD ON 29 MAY 2018, 25 JULY 2018, AND 26 SEPTEMBER 2018

The minutes were noted.

6 MINUTES OF THE PENSIONS INVESTMENT SUB-COMMITTEE MEETINGS HELD ON 22 MAY 2018, 24 JULY 2018, AND 13 SEPTEMBER 2018

The minutes were noted. In so doing attention was drawn to the increased market

value of the L B Bromley Fund at £1,044.3m as of 31st July 2018.

For minutes of the Sub-Committee's meeting on 24th July 2018, reference was made to the Pension Fund Risk Register and two significant risks affecting the responsibilities of the Pensions Manger i.e. governance risk and operational risk The former could include the cessation of an admitted body due to not having any active members, a body dissolving, or reaching the end of the contract term with the ceasing body unable to pay the calculated cessation value. Operational risk could include a loss of data due to system failures, causing membership data to be lost, and making the payment of pensions impossible to calculate and pay.

Controls to reduce the financial risk comprised procedures in place, particularly on newer contracts, to have bond or guarantors to cover any cessation debts, covenant reviews, and monitoring of the membership profile of scheme employers. For the operational risk, daily data backups are made by the software provider Aquila Heywood. Through existing controls, risks are mitigated, presenting a low likelihood of occurrence. As such, both risks hold a low risk rating and both are monitored monthly. A full risk register is being produced to cover all Pension admin risks and will be presented at the next Local Pension Board Meeting and to the General Purposes and Licensing Committee.

7 INTRODUCTION TO THE LGPS FOR BOARD MEMBERS (PRESENTATION)

The Pensions Manager outlined details of the Local Government Pension Scheme (LGPS) as provided in the presentation slides for the item (**Appendix A**). This forms part of the Board's training in acquiring and retaining knowledge and understanding of the LGPS.

8 LOCAL PENSION BOARD ROLES AND RESPONSIBILITIES

A Pensions Regulator guide on public service pension boards was provided to help convey Board Member roles and responsibilities.

A further document outlined the requirement level, source of knowledge/information, and RAG rating for:

- aspects of knowledge and understanding needed by Board Members;
- conflicts of interest and Board Member representation; and
- publishing information about schemes.

Highlighting a training need for Board members, Lesley Rickards felt that an overview would be appreciated on the requirement for a Pension Board to be conversant with scheme rules and documented Administration policies. The Pensions Manger confirmed that specific training can be arranged and particularly recommended Trustee training through the Pension Regulator's website with a certificate provided on conclusion of the course.

Concerning a further requirement for Board members to be conversant in the performance of outsourced service providers, the Pensions Manager advised the Board of an example of an outsourced employer that had significantly reduced active employees since their admission and that risk assessments had been carried out with a view to controlling pension liabilities.

Overall, the L B Bromley Pension Fund is performing well and further training for LPB Members is an area to be taken forward (**ACTION: Pensions Manager**).

9 PENSION FUND ANNUAL REPORT 2017-18

Board Members considered the L B Bromley Pension Fund Annual Report 2017/18, previously presented to the Pensions Investment Sub Committee at its meeting on 24th July 2018.

The annual report includes *inter-alia* the following documents:

- Governance Policy Statement
- Funding Strategy Statement
- Investment Strategy Statement
- Communications Policy Statement.

The report was provided to the Board for oversight purposes and attention was drawn to the analysis of pension overpayments, recoveries and amounts written-off (page 8 of the Annual Report). Of 65 overpayments to pensioners in 2017/18 totalling £25,231.93, a sum of £5,933.75 remained outstanding of which £351.71 related to death notifications received from January 2018. The level of overpayments had reduced from 2016/17 (at £39,974.48) as had the total outstanding (at £23,588.04 in 2016/17). It can be difficult to recover pension overpayments and sometimes families do not report the death of a pensioner. To help further reduce overpayments arising from this issue the Pensions Manager was exploring the possibility of introducing regular mortality screening for pensions in payment.

The contract with Aquila Heywood for software to administer the L B Bromley Fund had been renewed with provision for a five-year extension.

Reference was also made to the Fund's increased level of funding between 2013 and 2016. At the 31st March 2013 actuarial valuation the funding level stood at 82% compared to 91% for the 31st March 2016 valuation.

10 LOCAL PENSION BOARD DRAFT ANNUAL REPORT

Report FSD18081

Terms of Reference for the Board require production of an Annual Report.

Board members agreed the draft Local Pension Board Annual Report dated October 2018. This will now be provided for information to the L B Bromley Full Council meeting on 10th December 2018 via meetings of the Pensions Investment

Sub-Committee (7th November 2018) and General Purposes and Licensing Committee (27th November 2018).

RESOLVED that the draft LPB Annual Report appended to Report FSD18081 be approved.

11 LOCAL PENSION BOARD WORK PLAN

The Board agreed its Work Plan for the coming year as detailed at **Appendix B**.

For Task 1 concerned with reviewing monthly Pensions Administration Reports and Key Performance Indicators (KPI's), the reports are produced by the Pension Fund's third party administrator, Liberata, and are circulated by the Pensions Manager on a monthly basis to Board members (**ACTION: Pensions Manager**).

For Task 9, *Review the training requirements of Board members,* the Pensions Manager intends to send a self-assessment form to each Board member for self-assessment against standards expected of Board members (**ACTION: Pensions Manager**).

12 ANY OTHER BUSINESS

The Local Pension Board Terms of Reference allow the Board to meet up to four times a year and with the appointment terms ending in June 2019, the Board felt it would be beneficial to hold a meeting shortly after appointments are made for the new term of office.

As such it was agreed that the Board's next meeting will be held just after the appointment of Board Members for the next four-year term. To this end, provisional date options for the next meeting will be emailed to Board Members in due course (**ACTION: Democratic Services**).

13 LOCAL GOVERNMENT ACT 1972 AS AMENDED BY THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) (VARIATION) ORDER 2006 AND FREEDOM OF INFORMATION ACT 2000

14 EXEMPT MINUTES OF PENSIONS INVESTMENT SUB-COMMITTEE MEETINGS HELD ON 22 MAY 2018, 24 JULY 2018, 13 SEPTEMBER 2018

The exempt (not for publication) minutes of the above Pensions Investment Sub-Committee meetings were noted.

In so doing, the Pensions Manager briefly outlined background to the London Collective Investment Vehicle and the Government's pooling agenda for Pension Funds of the LGPS.

The Meeting ended at 3.24 pm

Chairman