

MINUTES of the meeting of the **SURREY LOCAL PENSION BOARD** held at 1.30 pm on 4 July 2016 at Committee Room C, County Hall, Kingston upon Thames, Surrey KT1 2DN.

These minutes are subject to confirmation by the Committee at its meeting on 19 October 2016.

Elected Members:

A Paul Bundy
* Mr Nick Harrison (Chairman)
A Tina Hood
* Mr John Orrick (Vice-Chairman)
* Paresh Rajani
* David Stewart
* Claire Williams-Morris
* Trevor Willington

In attendance

Sue Grimstead, Operations Manager, Pension Services
Denise Le Gal, Chairman of the Surrey Pension Fund Committee and Cabinet Member for Business Services and Resident Experience
Neil Mason, Senior Advisor (Pension Fund), Pensions and Treasury
Alex Moylan, Senior Accountant, Finance, Pension Fund and Treasury
Phil Triggs, Strategic Finance Manager

18/16 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS [Item 1]

Apologies were received from Paul Bundy and Tina Hood.

The Board welcomed Paresh Rajani who had been appointed as a member representative to the Board following nomination by Unison. His appointment had been made by the People, Performance and Development Committee on 3 May 2016.

19/16 MINUTES FROM THE PREVIOUS MEETING: 9 MARCH 2016 [Item 2]

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

20/16 DECLARATIONS OF INTEREST [Item 3]

Trevor Willington asked that it be noted that he is a governor at Nescot College, which is an employer in the scheme.

David Stewart asked that it be noted that he was employed by Hammersmith and Fulham, an authority whose pension administration is provided by Surrey County Council as part of the Orbis Partnership.

21/16 QUESTIONS AND PETITIONS [Item 4]

There were no questions or petitions received.

22/16 ACTION TRACKER [Item 5]

Declarations of interest:

None.

Witnesses:

Sue Grimstead, Operations Manager, Pension Services
Neil Mason, Senior Advisor (Pension Fund), Pensions and Treasury
Alex Moylan, Senior Accountant, Finance, Pension Fund and Treasury
Phil Triggs, Strategic Finance Manager

Key points raised during the discussion:

1. The Board reviewed its action tracker. It was noted that the pooled investment governance structures had been circulated to the Board, and this would be marked as complete on the tracker. The final deadline for submitting the consultation response was 31 July, and the fund's submission would be taken as an item to the Surrey Pension Fund Committee on 11 July 2016.
2. The Board agreed that the Chairman would have regular oversight of FOI requests regarding the fund, and would flag any specific concerns to the Board as appropriate.
3. The Board noted the response from the Cabinet Member for Business Services and Resident Experience, following the Chairman's correspondence concerning pension administration. This response is included as an annex to these minutes. The Chairman noted that Pension Services expected to see improvement in the second quarter of 2016/17.
4. The Board was informed that the majority of employers had returned data submissions for the triennial valuation. Officers informed the Board 11 employer submissions were pending. It was confirmed that benefit statements were expected to be distributed by 31 August 2016.

Recommendations

None.

Actions/further information to be provided:

Chairman to receive a quarterly update on number and subject of FOI requests.

23/16 FORWARD PLAN [Item 6]

Declarations of interest: None

Witnesses:

Sue Grimstead, Operations Manager, Pension Services
Neil Mason, Senior Advisor (Pension Fund), Pensions and Treasury
Alex Moylan, Senior Accountant, Finance, Pension Fund and Treasury
Phil Triggs, Strategic Finance Manager

Key points raised during the discussion:

The Board noted that an item on the Fund's breaches policy had been added to the Forward Plan. It noted that there were two items concerning an annual report - that of the Pension Fund, and also the annual report of the Local Pension Board.

Recommendations:

None.

Actions/further information to be provided:

None.

24/16 PROVISION FOR INDEPENDENT MEMBERS [Item 7]

Declarations of interest: None

Witnesses:

Sue Grimstead, Operations Manager, Pension Services
Neil Mason, Senior Advisor (Pension Fund), Pensions and Treasury
Alex Moylan, Senior Accountant, Finance, Pension Fund and Treasury
Phil Triggs, Strategic Finance Manager

Key points raised during the discussion:

1. The Chairman invited comments from the Board regarding the provision of independent members. The Board commented that there had been good access to advice from officers, and that there were no perceived gaps in the Board's range of skills and learning.
2. The Vice-Chairman noted that many local pension fund boards had appointed an independent chair, and that Surrey was not typical in this regard.

Recommendations:

The Board concluded it was content with the current arrangements and to take no action at this time.

Actions/further information to be provided:

The Board will review the provision for independent members on an annual basis.

25/16 UPDATE FROM RECENT SURREY PENSION FUND COMMITTEE MEETINGS: 13 MAY 2016 [Item 8]

Declarations of interest: None

Witnesses:

Sue Grimstead, Operations Manager, Pension Services

Neil Mason, Senior Advisor (Pension Fund), Pensions and Treasury

Alex Moylan, Senior Accountant, Finance, Pension Fund and Treasury

Phil Triggs, Strategic Finance Manager

Key points raised during the discussion:

1. The Board noted that the Surrey Pension Fund Committee had approved pooled ill health retirement self-insurance for all employers. This offered a better rate, and also would impact the actuarial assessment of the allowance. The Board was informed that the ill health allowance was anticipated to be approximately -1% of contributions on a Fund wide basis, although this will be confirmed at as part of the triennial valuation.
2. The Board highlighted that this was a position formerly adopted by the Fund, and that changes were introduced to encourage best practice and increase awareness of the costs to the employer. It was noted that the regulations around ill health had become more stringent in the intervening years. The Board was also informed that the change would have no impact on member rights.
3. The Board was informed that the Committee had reviewed the Fund's administration Key Performance Indicators (KPIs). 6 of these KPIs were not on target, and the correspondence between the Chairman and Cabinet Member was highlighted as being reflective of this. The Board discussed the benefit of being able to see KPIs such as transfers out in terms of range, in order to show how late employers had been in reporting. It was confirmed that the KPIs and manner in which they were measured would be a consideration in a planned review of the Fund's administration strategy.
4. The Board was given an update on the Committee's discussion regarding new investment regulations. There remained concern from the Committee that the regulations would see greater central government interference, and the draft response to the consultation had been strengthened to reflect that view. It was noted that the previous investment regulations had been rescinded and the draft regulations were waiting to be enacted.
5. The Board resolved:
 - that under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting as the discussion of item 7 of the Committee's agenda on 13 May 2016 would involve the likely disclosure of exempt information under the relevant paragraph of Part 1 of schedule 12a of the Act.

6. The Board discussed the decision taken by the Committee regarding the discount rate methodology for the 2016 valuation. Following this discussion the meeting was then re-opened to the public.
7. The Board discussed the result of the EU referendum, and its impact on the Fund. It was noted that there was early indications that there would be further cuts to interest rates. It was noted that the Bank of England and Chancellor had both made announcements that had sought to reassure the financial markets following the result.

Recommendations:

None.

Actions/further information to be provided:

The Board will review the results of the review of the Fund's administration strategy and changes to KPIs.

26/16 ADDITIONAL VOLUNTARY CONTRIBUTIONS [Item 9]

Declarations of interest: None

Witnesses:

Sue Grimstead, Operations Manager, Pension Services
Neil Mason, Senior Advisor (Pension Fund), Pensions and Treasury
Alex Moylan, Senior Accountant, Finance, Pension Fund and Treasury
Phil Triggs, Strategic Finance Manager

Key points raised during the discussion:

1. The Board was informed that the Fund currently had a single Additional Voluntary Contributions (AVC) provider and that contributions had been increasing on an annual basis.
2. The Board noted that the Hymans recommendations had not been implemented at the time of the report due to changing governance arrangements. It was informed that decisions about changes to AVCs could be made following recommendations to the Surrey Pension Fund Committee.
3. The Board asked what activity was undertaken to promote AVCs to active members. It was outlined that Prudential were active in this regard, producing leaflets and seminars on AVCs. The Board was informed that it was not unusual in local authorities to see low take-up of AVCs by active members. It was suggested that public sector pay freezes and changes in National Insurance contribution rates were contributory factors.

Recommendations:

- That the administering authority consider a review of the AVC arrangement and report back at a future meeting.

Actions/further information to be provided:

None.

27/16 ADMINISTERING AUTHORITY DISCRETIONS [Item 10]

Declarations of interest: None

Witnesses:

Sue Grimstead, Operations Manager, Pension Services
Neil Mason, Senior Advisor (Pension Fund), Pensions and Treasury
Alex Moylan, Senior Accountant, Finance, Pension Fund and Treasury
Phil Triggs, Strategic Finance Manager

Key points raised during the discussion:

1. The Board was informed that this item was intended to demonstrate the policy making process. Officers informed the Board that the plan was to have a suite of draft policies available to take to the September 2016 Pension Committee meeting.
2. The Board questioned how officers would consult with employers in order to secure their agreement. It was highlighted that a number of these discretions were already standard practice, though the administering authority would seek to consult by the end of the year. The Board was informed that both the revised funding strategy and administration strategy would enable the administering authority to consult on and clarify discretions with the employers.
3. The Board queried how the administering authority would ensure that the outlined discretions were being consistently applied. Officers commented that this would be monitored by the Pension Services in the first instance, and that the Internal Dispute Resolution Process would also flag any trends.

Recommendations:

None.

Actions/further information to be provided:

That the Board receive a copy of the administering authority discretions once agreed.

28/16 EMPLOYER DISCRETIONS [Item 11]

Declarations of interest: None

Witnesses:

Sue Grimstead, Operations Manager, Pension Services
Neil Mason, Senior Advisor (Pension Fund), Pensions and Treasury
Alex Moylan, Senior Accountant, Finance, Pension Fund and Treasury
Phil Triggs, Strategic Finance Manager

Key points raised during the discussion:

1. The Board noted that Surrey County Council's employer discretions had been approved by the People, Performance and Development Committee on 3 May 2016. The Board was informed that this consolidated all these discretions and was available on the council's website. Officers confirmed that there was an expectation that all employers within the Fund produced a similar document. It was noted that the administering authority could not compel employers to do so, though it had indicated a six month deadline.
2. The Board sought clarification on whether there was a statutory requirement to publish the discretions. It was confirmed that there was a requirement to publish some, as per the 2013 regulations, and others were being published in line with best practice.

Recommendations:

That the Board receives an update on how many employers have published employer discretions in six months time.

Actions/further information to be provided:

That the Board receive a copy of the employer authority discretions once agreed.

29/16 DATE OF THE NEXT MEETING [Item 12]

The Board noted the next meeting was scheduled for 19 October 2016 at 10am.

30/16 EXCLUSION OF THE PUBLIC [Item 13]

The Board resolved:

That under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information under the relevant paragraphs of Part 1 of Schedule 12A of the Act.

31/16 REVIEW OF INTERNAL DISPUTE RESOLUTION CASES IN 2015/16 (QUARTER FOUR) [Item 14]

Declarations of interest: None

Witnesses:

Sue Grimstead, Operations Manager, Pension Services
Neil Mason, Senior Advisor (Pension Fund), Pensions and Treasury
Alex Moylan, Senior Accountant, Finance, Pension Fund and Treasury
Phil Triggs, Strategic Finance Manager

Key points raised during the discussion:

1. The Board received an update outlining that the single case for quarter four of 2015/16 was resolved before it reached a stage one adjudication. There were no further concerns.

Recommendations:

None.

Actions/further information to be provided:

None.

32/16 PUBLICITY FOR PART 2 ITEMS [Item 15]

The Board agreed that the item considered under Part 2 of the agenda should not be made available to the Press and public.

Meeting ended at: 3.00 pm

Chairman