MINUTES OF PENSION BOARD

Wednesday, 14 March 2018
(4:00 - 4:52 pm)

Members Present: Paul Feild (Chair), Hugo Wuyts (Deputy Chair), Wijay Pitumpe and Steve Ridley

Observers Present: Susan Parkin

Apologies: Dean Curtis and Gavin Palmer

7. Minutes of the meeting held on 13 September 2017

The minutes of the meeting held on 13 September 2017 were confirmed as correct.

8. Deliver and Decision Making in the Pension Fund

The Pension Board’s main role is having oversight of whether the aims and objectives outlined within the London Borough of Barking and Dagenham Pension Fund’s Governance and Administration strategies are being achieved; and having regard to any overriding requirements included within guidance from DCLG, and the Scheme Advisory Board.

The Pension Board’s Terms of Reference requires the Board to follow the Aon Hewitt method for governance review. The second meeting of the Financial Year, involved reviewing the Fund’s delivery (i.e. how the Fund meets its aims) and its decision-making process (governance structure, behaviour and Pension Skills and Knowledge and training).

The Board discussed the way the Pension Fund’s carries out its:

i. **Delivery:** How the Fund meets its aims (planning, performance monitoring & risk management); and

ii. **Decision Making:** Does the Fund have effective decision making (governance structure, behaviour and Pension Skills and Knowledge and training).

The Group Manager, Pensions and Treasury (GMPT) advised that all Pension Board and Panel members needed to have appropriate skills to do their duties and a comprehensive training schedule was being drawn up for 2018/19. The training requirements and proposed training was outlined in the report and a revised training programme would be submitted for agreement at the next Pensions Panel meeting on 20 June 2018.

The GMPT added that he would be e-mailing Pension Board members on their training requirements and would look to include an induction pack in future.
The Board noted the Business Plan 2017 and the Fund’s Risk Register.

9. **London Borough of Barking and Dagenham Admissions Policy and Administration Strategy**

Changes within the London Borough of Barking and Dagenham and within schools was likely to lead to several admission agreements into the Pension Fund being agreed over the coming year.

This report provided a comprehensive Admissions Agreement policy for agreement.

The GMPT advised that where payroll was provided by the Council and then outsourced to a third party, administration costs were charged due to the increase in workload and this was £550 pa for infant and junior schools and £1100 for all other LEA schools and also there would be less LGPS membership in 2018/19 owing to the outsourcing of several areas to new a new closed scheme.

The Board:

- Noted the charging mechanism that will be enforced from 1 April 2018, following a two-year introduction period; and
- Noted the reviewed Pension Fund’s Admission Policy and the Administration Strategy for 2018.

10. **Administration and Governance Report**

It is best practice for Pension Board Members to receive regular administration data and governance updates. Administration data includes cash flow, member numbers, governance and consultations. The report to the Board covered five main areas including:

i. The London Collective Investment Vehicle (LCIV) update;
ii. Actuary Contract Tender;
iii. Pension Fund Budget 1 April 2018 to 31 March 2021;
iv. Cash flow to 31 January 2018; and
v. Pension Fund Pre-Payment Options.

The Board noted:

i. that the Fund is cash flow positive;
ii. the Fund’s three-year budget for the period 1 April 2018 to 31 March 2021; and
iii. that interview dates for the actuarial tender will now be in October 2018. If any Board Member would like to be on the selection panel, please can they advise the Group Manager for Treasury and Pensions.

The Board noted the recommendation to the Pension Panel that the use of a £40m prepayment is split into:
i. £10m retained for Working capital;

ii. £30m retained for potential investment opportunities that arise from market corrections, through an increase in allocation to Diversified Growth or capital calls from infrastructure;

iii. delegate authority to the Chief Operating Officer, in consultation with advisors and the Fund’s Chair, to invest the £30m as investment opportunities arise within the market; and

iv. for officers to arrange meetings for Members to meet the four diversified growth managers on the London CIV, with the potential to either increase the allocation to Diversified Growth or to restructure the Fund’s current Diversified Growth Fund. The managers on the London CIV includes:

   - Newton;
   - Pyrford;
   - Ruffer; and
   - Baillie Gifford.

11. Additional Voluntary Scheme Review

Periodically the Council reviews its Additional Voluntary Contribution (AVC) provider to ensure that it is still appropriate and relevant to its members. In addition, a review of its performance and fees has been completed.

Appendix 1 of the report included a review of the Council’s current AVC provider, Prudential, with a summary of the key points outlined in the main body of this report.

After this report was produced, Prudential advised of a reduction in fees and the introduction of improved communications and the potential to introduce a salary sacrifice element to the Council’s current AVC offer.

The Board welcomed the review and the report and were keen for the benefits of the AVC scheme to be publicised to employees to a greater degree. This could include the need for plain English and to raise awareness. The AVC provider (Prudential) would be invited to attend the next Board meeting in September 2018.

The Board noted:

   i. The JLT AVC review report in Appendix 1;
   ii. That Prudential have agreed to:
       o Reduce the costs of the funds they provide by 1 March 2018;
       o Are improving their communication support to clients; and are able to provide a salary sacrifice option for AVC payments.

12. Future meeting dates

As agreed at the last Board meeting in September 2017, meetings of the Board would be on the same evening as that of the Pensions Committee which would
provide an opportunity for Board members to attend the Committee as observers if they wished to do so.

The meetings of the Board in 2018/19 will be on 19 September 2018 and 13 March 2019 at 4.00 pm, Committee Room 2, Town Hall, Barking and the DSO will confirm this in Board members’ diaries.

13. **Any other Business with the permission of the Chair**

The Chair underlined that as the Board meets twice a year, he requested Members to make every effort to attend these meetings. If a member did not attend two meetings consecutively, he would write to the organisation to which the member had been appointed, with a view to nominating a new Member.

It was agreed that investment managers would be invited to future meetings of the Board.

In answer to a question from the Deputy Chair, it was confirmed that the Board did not have fiduciary responsibility and or were trustees.