

# Agenda

## Pensions Committee

Friday, 16 June 2017, 10.00 am  
County Hall, Worcester

This document can be made available in other formats (large print, audio tape, computer disk and Braille) on request from Democratic Services on telephone number 01905 728713 or by emailing [democraticServices@worcestershire.gov.uk](mailto:democraticServices@worcestershire.gov.uk)

If you can not understand the contents of this document and do not have access to anyone who can translate it for you, please contact 01905 765765 for help.

বাংলা। আপনি যদি এই দপিলের বিষয়বস্তু বুঝতে না পানেন এবং আপনার জন্য অনুবাদ করার মত পরিচিত কেউ না থাকলে, অনুগ্রহ করে সাহায্যের জন্য 01905 765765 নম্বরে যোগাযোগ করুন। (Bengali)

廣東話。如果您對本文檔內容有任何不解之處並且沒有人能夠對此問題做出解釋，請撥打 01905 765765 尋求幫助。 (Cantonese)

普通话。如果您对本文件内容有任何不解之处并且没有人能够对此问题做出解释，请拨打 01905 765765 寻求帮助。 (Mandarin)

Polski jeżeli nie rozumieją Państwo treści tego dokumentu i nie znają nikogo, kto mógłby go dla Państwa przetłumaczyć, proszę zadzwonić pod numer 01905 765765 w celu uzyskania pomocy. (Polish)

Português. Se não conseguir compreender o conteúdo deste documento e não conhecer ninguém que lho possa traduzir, contacte o 01905 765765 para obter assistência. (Portuguese)

Español. Si no comprende el contenido de este documento ni conoce a nadie que pueda traducirselo, puede solicitar ayuda llamando al teléfono 01905 765765. (Spanish)

Türkçe. Bu dokümanın içeriğini anlayamazsanız veya dokümanı sizin için tercüme edebilecek birisine ulaşamıyorsanız, lütfen yardım için 01905 765765 numaralı telefonu arayınız. (Turkish)

اردو۔ اگر آپ اس دستاویز کی مشمولات کو سمجھنے سے قاصر ہیں اور کسی ایسے شخص تک آپ کی رسائی نہیں ہے جو آپ کے لئے اس کا ترجمہ کر سکے تو، براہ کرم مدد کے لئے 01905 765765 پر رابطہ کریں۔ (Urdu)

كوردی سۆزانی. ننگر ناتوانی تێبگدی له ناوهرۆکی نهم بێلگهیه و دستت به ههچ کس ناگات که و بیهێگریتوه بۆت، تکایه تهلغۆن بکه بۆ ژماره 01905 765765 و داوا ی پهنۆینی بکه. (Kurdish)

ਪੰਜਾਬੀ। ਜੇ ਤੁਸੀਂ ਇਸ ਦਸਤਾਵੇਜ਼ ਦਾ ਮਸ਼ਹੂਨ ਸਮਝ ਨਹੀਂ ਸਕਦੇ ਅਤੇ ਕਿਸੇ ਅਜਿਹੇ ਵਿਅਕਤੀ ਤੱਕ ਪਹੁੰਚ ਨਹੀਂ ਹੈ, ਜੋ ਇਸਦਾ ਤੁਹਾਡੇ ਲਈ ਅਨੁਵਾਦ ਕਰ ਸਕੇ, ਤਾਂ ਕਿਰਪਾ ਕਰਕੇ ਮਦਦ ਲਈ 01905 765765 'ਤੇ ਫ਼ੋਨ ਕਰੋ। (Punjabi)

## DISCLOSING INTERESTS

There are now 2 types of interests:  
**'Disclosable pecuniary interests'** and **'other disclosable interests'**

### WHAT IS A 'DISCLOSABLE PECUNIARY INTEREST' (DPI)?

- Any **employment**, office, trade or vocation carried on for profit or gain
- **Sponsorship** by a 3<sup>rd</sup> party of your member or election expenses
- Any **contract** for goods, services or works between the Council and you, a firm where you are a partner/director, or company in which you hold shares
- Interests in **land** in Worcestershire (including licence to occupy for a month or longer)
- **Shares** etc (with either a total nominal value above £25,000 or 1% of the total issued share capital) in companies with a place of business or land in Worcestershire.

**NB Your DPIs include the interests of your spouse/partner as well as you**

### WHAT MUST I DO WITH A DPI?

- **Register** it within 28 days and
- **Declare** it where you have a DPI in a matter at a particular meeting
  - you must **not participate** and you **must withdraw**.

**NB It is a criminal offence to participate in matters in which you have a DPI**

### WHAT ABOUT 'OTHER DISCLOSABLE INTERESTS'?

- No need to register them but
- You must **declare** them at a particular meeting where:  
You/your family/person or body with whom you are associated have a **pecuniary interest** in or **close connection** with the matter under discussion.

### WHAT ABOUT MEMBERSHIP OF ANOTHER AUTHORITY OR PUBLIC BODY?

You will not normally even need to declare this as an interest. The only exception is where the conflict of interest is so significant it is seen as likely to prejudice your judgement of the public interest.

### DO I HAVE TO WITHDRAW IF I HAVE A DISCLOSABLE INTEREST WHICH ISN'T A DPI?

Not normally. You must withdraw only if it:

- affects your **pecuniary interests OR** relates to a **planning or regulatory** matter
- **AND** it is seen as likely to **prejudice your judgement** of the public interest.

### DON'T FORGET

- If you have a disclosable interest at a meeting you must **disclose both its existence and nature** – 'as noted/recorded' is insufficient
- **Declarations must relate to specific business** on the agenda
  - General scattergun declarations are not needed and achieve little
- Breaches of most of the **DPI provisions** are now **criminal offences** which may be referred to the police which can on conviction by a court lead to fines up to £5,000 and disqualification up to 5 years
- Formal **dispensation** in respect of interests can be sought in appropriate cases.

## Pensions Committee

**Friday, 16 June 2017, 10.00 am, County Hall, Worcester**

**Membership:** Mr R W Banks (Chairman), Mr A I Hardman,  
Mr R C Lunn, Mr P Middlebrough and Mr P A Tuthill

### Coopted Members

|                 |                         |
|-----------------|-------------------------|
| Mr V Allison    | Employer Representative |
| Mr A Becker     | Employee Representative |
| Mr R J Phillips | Herefordshire Council   |

## Agenda

| Item No | Subject   | Page No   |
|---------|---|-----------|
| 1       | <b>Named Substitutes</b>  |           |
| 2       | <b>Apologies/Declarations of Interest</b>   |           |
| 3       | <b>Public Participation</b><br><i>Members of the public wishing to take part should notify the Head of Legal and Democratic Services in writing or by e-mail indicating the nature and content of their proposed participation no later than 9.00am on the working day before the meeting (in this case 15 June 2017). Further details are available on the Council's website. Enquiries can be made through the telephone number/e-mail address below.</i> |           |
| 4       | <b>Confirmation of Minutes</b><br>To confirm the Minutes of the meeting held on 13 March 2017 (previously circulated – pink pages)  |           |
| 5       | <b>Administering Authority - Administration Update</b>  | To follow |
| 6       | <b>Malvern Hills Trust</b>  | 1 - 4     |
| 7       | <b>Pension Investment Update</b>  | To follow |
| 8       | <b>Infrastructure and Property Investments</b>  | To follow |
| 9       | <b>Alternative Indices Investments</b>  | To follow |

Agenda produced and published by Simon Mallinson, Head of Legal and Democratic Services, County Hall, Spetchley Road, Worcester WR5 2NP

To obtain further information or a copy of this agenda contact Simon Lewis, Committee Officer on 01905 846621, slewis@worcestershire.gov.uk

All the above reports and supporting information can be accessed via the Council's website

Date of Issue: Thursday, 8 June 2017

| Item No | Subject   | Page No   |
|---------|---|-----------|
| 10      | <b>LGPS Central Update</b>  | 5 - 8     |
|         | <p><b>Exclusion of Public and Press</b><br/> The Committee will be asked to exclude the press and public from the meeting for the following item as it is likely that exempt information relating to the financial or business affairs of any particular person (including the authority holding the information) will be disclosed and the public interest in maintaining the exemption outweighs the public interest in disclosure.</p> |           |
| 11      | <b>LGPS Central Regulatory Business Plan, Cost Savings and Regulatory Capital</b>   | To follow |

**PENSIONS COMMITTEE**  
**16 JUNE 2017****MALVERN HILLS TRUST**

---

**Recommendation****1. The Chief Financial Officer recommends that:**

- a) **The update on Malvern Hills Trust precept powers is noted;**
- b) **The condition that Malvern Hills Trust gain a surety bond with value of £1,178,000 is removed; and**
- c) **The Trust move from an open to a closed admission basis, on an 18 year deficit recovery plan, subject to an annual review of their financial position by the Fund, is approved by the Committee.**

**Background**

2. Malvern Hills Trust (formerly Conservators) is a resolution body within the Worcestershire County Council Pension Fund.

3. Malvern Hills Trust established a working party to review its future participation in the Fund following receipt of the 2013 Actuarial Valuation results, which set out an increase in pension contributions required by the Actuary. Malvern Hills Trust has been advised since 2015 by an independent Actuary, Gerry Walsh of Mitchell Consulting.

4. On 13 March 2017 the Pension Committee approved a recommendation for Malvern Hills Trust to move from an open to a closed admission basis, on an 18 year deficit recovery plan, subject to Malvern Hills Trust gaining a surety bond with value of £1,178,000, the value of which is reviewed at least on a triennial basis. The bond requirement was to reduce the risk to the other employers in the Fund bearing the cost of the deficit in the event that Malvern Hills Trust are unable to pay the deficit over the 18 years recover period or in the event of early termination.

**Surety Bond**

5. Following the Pension Fund recommendation on 13 March 2017, Malvern Hills Trust have contacted a number of banks but have been refused a surety bond without a charge on their assets, which they are unable to provide due to legal restrictions relating to their charity status.

## Precept Powers

6. Further details have been received from Malvern Hills Trust, attached as an exempt Appendix to this report, that clearly sets out their power to precept, which reduces the risk that Malvern Hills Trust are unable to pay the deficit over the 18 years recover period or in the event of early termination.

## Annual Financial Review

7. An annual review of Malvern Hills Trust's financial position can be undertaken by Fund officers to determine any deterioration in their financial position or change in precept powers that would increase risk to the Fund. If increased risk is identified then a further consideration for the Committee would be to enforce the ceasing of accrual for active member pension benefits.

## Contact Points

### County Council Contact Points

County Council: 01905 763763

Worcestershire Hub: 01905 765765

Email: [worcestershirehub@worcestershire.gov.uk](mailto:worcestershirehub@worcestershire.gov.uk)

### Specific Contact Points for this report

Sean Pearce, Chief Financial Officer

Tel: 01905 846268

Email: [spearce@worcestershire.gov.uk](mailto:spearce@worcestershire.gov.uk)

## Supporting Information

- Malvern Hills Trust precept powers letters – Exempt Appendix – **Please note that should members wish to discuss the information included in the Appendix they would need to consider passing the appropriate resolution and moving into exempt session**

## Background Papers

In the opinion of the proper officer (in this case the Chief Financial Officer) the following are the background papers relating to the subject matter of this report:

Agenda papers and Minutes of the Pensions Committee on 13 March 2017

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank



**PENSIONS COMMITTEE**  
**16 JUNE 2017****LGPS CENTRAL UPDATE**

---

**Recommendation**

- 1. The Chief Financial Officer recommends that the LGPS Central Update be noted.**

**Update**

2. Over the last three months considerable progress has been made on the project. One of the key areas of progress was in the appointment of an 'asset servicer' who will provide depositary and custody facilities to LGPS Central and will be key in ensuring that LGPS Central complies with its regulatory responsibilities. Northern Trust were successful following the procurement process and are now working with LGPS Central. Given the requirement to include the name of the asset servicer in the application for authorisation by the Financial Conduct Authority (FCA), which is intended to be submitted in early July, this appointment was critical. A substantial amount of work was carried out by a number of officers at the partner funds, and the process was completed in line with the tight timescale that had been set.
3. At the beginning of April 2017 interviews were held to appoint the Non-Executive Chair of LGPS Central. Joanne Segars, previously Chief Executive of the Pensions and Lifetime Savings Association (formerly known as the National Association of Pension Funds) was offered, and accepted the post. Joanne has huge experience in the pension and investment industry and is an internationally recognised expert. Her knowledge will be vital in guiding LGPS Central through its formative years and ensuring that it becomes an organisation that can surpass the expectations of the partner funds.
4. Following the appointment of Joanne as Chair, it was possible to quickly progress the appointment of a Chief Executive. Much of the work in respect of narrowing down the list of candidates had already been carried out by officers and a firm of head hunters and the interviews took place on 28 April. Andrew Warwick Thompson, currently Executive Director for Regulatory Policy at The Pensions Regulator has accepted the post. The future Chief Executive has considerable experience of building teams within an investment management and regulatory environment, and is a high quality capture.
5. With a Chair and a Chief Executive appointed (although the Chief Executive will not be formally 'in post' for some months due to a notice period), the appointment process of the remainder of the senior management team can now move ahead. Two other Non-Executive Directors (one with investment management experience and one with operational experience within an FCA authorised company), a Chief Operating Officer/Chief Financial Officer and a Chief Investment Officer will complete the senior

management team. It is expected that all of these appointments will be completed within the next three months.

6. Meetings were held with staff in Wolverhampton and Matlock at the beginning of April 2017 to update them on the progress that has been made and to provide assurance that LGPS Central is focussed on maintaining, and growing, internal management once the pool is launched.

7. A Shadow Shareholders' Forum was held on 15 March at Shropshire. Among the items discussed were; the timetable for the appointment of the senior management team, the shortlisting process for the Chair and Chief Executive posts, a proposal for how support services would be provided to LGPS Central at the Wolverhampton and Matlock sites, an updated high level overview of the Regulatory Business Plan (formerly called the Strategic Business Plan) and a plan for future meeting dates. Elections at most of the partner funds are likely to mean some changes to those members that act as shareholder representatives, and it is recognised that any new elected members will require training to bring them 'up to speed'.

8. Officers are fully aware that the May Local Elections that were held at six of the partner funds may have a meaningful impact onto the membership of both the main Pension Committees at the partner funds, and also their Local Pension Boards. A training day will take place in Chester on Monday 17 July in order to support the understanding of members who are new to the LGPS Pooling project.

9. Progress on the completion of the many policies that are required to support the FCA authorisation process has been good and most are in a process of review.

10. LGPS Central, and all of the other prospective pools, has been asked to provide an update on progress to Central Government. The forthcoming General Election means that it is unlikely that there will be any ministerial comment on progress fed back to the pools until at least the end of June 2017, but it has already been made clear that it is highly unlikely that there will be an extension to the deadline for launch. All work being carried out continues to be on the basis that LGPS Central will have received FCA authorisation in advance of 1 April 2018, and will be capable of commencing management of the assets of the partner funds on this date.

## **Contact Points**

### County Council Contact Points

County Council: 01905 763763

Worcestershire Hub: 01905 765765

Email: [worcestershirehub@worcestershire.gov.uk](mailto:worcestershirehub@worcestershire.gov.uk)

### Specific Contact Points for this report

Sean Pearce, Chief Financial Officer

Tel: 01905 846268

Email: [spearce@worcestershire.gov.uk](mailto:spearce@worcestershire.gov.uk)

## **Background Papers**

In the opinion of the proper officer (in this case the Chief Financial Officer) the following background papers relating to the subject matter of this report:

LGPS Central business case submission to government 15 July 2016.

This page is intentionally left blank