

**Pension Board****Wednesday, 5 April 2017, County Hall, Worcester - 2.00 pm**

		<b>Minutes</b>
<b>Present:</b>		Mr K Bray (Independent Chairman), Ms L-M Chapman and Mr M J Hart
<b>Available papers</b>		The Members had before them:  A. The Agenda papers (previously circulated); and  B. The Minutes of the meeting held on 8 February 2017 (previously circulated).
<b>61</b>	<b>Apologies (Agenda item 1)</b>	Apologies were received from Mr D Harlow and Mr S Harrison.
<b>62</b>	<b>Declarations of Interest (Agenda item 2)</b>	Mr K Bray declared general interests in his role as the Forum Officer of the Local Authority Pension Fund Forum (LAPFF) - the Worcestershire Fund is a long-standing Forum member and in relation to work he undertook with a firm of US lawyers who were involved with Shareholder Litigation and had the County Council as one of its clients.
<b>63</b>	<b>Confirmation of Minutes - 8 February 2017 (Agenda item 3)</b>	In response to a query about the pension legislation relating to MiFID 2, Sean Pearce, the Chief Financial Officer explained that there was a technicality in the legislation related to pension investment which was applicable but not intended at the outset to be relevant to local authority Pension Funds. Although the issue had been raised with and recognised by the Minister, as yet there was no formal guidance on the correct interpretation of the legislation but overall every stakeholder was supportive on finding a resolution for LGPS.  <b>RESOLVED that the Minutes of the meeting held on 8 February 2017 be confirmed as a correct record and signed by the Chairman.</b>
<b>64</b>	<b>Pensions Committee - 13 March 2017 (Agenda item 4)</b>	The Board received the Agenda papers and Minutes of the Pensions Committee meeting held on 13 March 2017. Sean Pearce gave a brief summary and commentary on the various items considered by the Pensions Committee.

#### Malvern Hills Conservators

- What were the chances of Malvern Hills Conservators being able to acquire a surety bond? Sean Pearce commented that there was scope in the Conservators' business plan to raise the funds, it was just a question of how much the bond cost

#### Pension Investment update

- Sean Pearce indicated that as a result of the success of the equities market, the valuation of the Fund had reached £2.45bn which was the highest value ever recorded

#### LGPS Central update

- Sean Pearce indicated that a good deal had been brokered for the Pension Fund in negotiations with partner pension funds within the LGPS Central Pool. This would mean that the break-even point for the Pension Fund would be reduced and would be within Government guidance. He thanked Mark Forrester for his work in this respect

#### Investment Strategy Statement

- In relation to the request by the Pensions Committee for the wording on ethical investments to be revisited, Keith Bray commented that the LG Pension Scheme Advisory Board had taken legal advice about the Pension Fund investment strategies which emphasised that Funds had a fiduciary and legal responsibility to exercise their duties for investment purposes. The precise choice of investment may be influenced by wider social, ethical or environmental considerations as long as that did not risk material financial detriment to the Fund. Sean Pearce added that the way that the original Statement had been worded had given the misleading impression that the Fund would take advantage of poorly run investment opportunities and invest in unsuitable enterprises. This was not the intention and the Committee requested the change of wording accordingly
- Sean Pearce explained that a further section needed to be added to the Statement to indicate that the Government had the power to intervene where a Fund's Investment Strategy was not in line with Government Policy

		<b>The Committee Reports and Minutes were noted.</b>
<b>65</b>	<b>External Audit Plan 2016/17 (Agenda item 5)</b>	<p>The Board reviewed the External Audit Plan 2016/17.</p> <p>In the ensuing debate, concern was expressed about the risks associated with the lack of Pension Fund investment in active funds compared to passive funds, in particular the risk that the fund could be susceptible to fraud. Sean Pearce responded that the only actively invested funds were in the far-east markets. Fund managers would oversee these risks and report any issues of concern.</p> <p><b>The Board noted the External Audit Plan 2016/17.</b></p>
<b>66</b>	<b>Pension Board Member Training (Agenda item 6)</b>	<p>The Board considered the training record.</p> <p>Sean Pearce drew members' attention to two forthcoming training events, the CIPFA Local Pension Board Seminar and the LGA Annual LGPS "Trustees" Conference.</p> <p><b>The Board noted the Training Report.</b></p>
<b>67</b>	<b>Pension Board Work Plan (Agenda item 7)</b>	<p>The Board considered its Work Plan.</p> <p>In the ensuing debate, the following principal points were raised:</p> <ul style="list-style-type: none"> <li>• Keith Bray commented that a case was being made for scheme member representation on pool boards of governors. Warwickshire Pension Board had considered such representation unnecessary as members' views could be expressed through the existing governance arrangements. However there was an element of support for this change to the governance of pooling arrangements. Sean Pearce commented that this proposal would be considered as part of any future review of the LGPS Central pooling governance arrangements</li> <li>• Keith Bray requested that the details of the Strategic Asset Allocation Review be shared with the members of the Board in due course.</li> </ul> <p><b>The Board noted its work plan.</b></p>
<b>68</b>	<b>Any Other Business (Agenda item 8)</b>	<p>Keith Bray indicated that he would prepare an Annual Report for the next meeting of the Board.</p>

The meeting ended at 3.05pm.

Chairman .....