

Pension Board

**Wednesday, 15 November 2017, County Hall, Worcester -
2.00 pm**

		Minutes
Present:		Mr K Bray (Chairman), Ms L-M Chapman, Ms K Wright, Mr P Grove and Mr N Shaw
Available papers		The Members had before them: A. The Agenda papers (previously circulated); and B. The Minutes of the meeting held on 19 July 2017 (previously circulated).
79	Apologies (Agenda item 1)	None.
80	Declarations of Interest (Agenda item 2)	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.
81	Confirmation of Minutes - 19 July 2017 (Agenda item 3)	RESOLVED that the Minutes of the meeting held on 19 July 2017 be confirmed as a correct record and signed by the Chairman.
82	Pensions Committee - 6 October 2017 (Agenda item 4)	The Board received the Agenda papers and Minutes of the Pensions Committee meeting held on 6 October 2017. Mark Forrester and Bridget Clark gave a brief summary and commentary on the various items considered by the Pensions Committee. <u>Administering Authority – Administration Update</u> <ul style="list-style-type: none">• Bridget Clark indicated that the meeting of the administration Forum planned for October 2017 had not taken place and a new date would be arranged. Members of the Board would be notified of the new date• In response to a query, Bridget Clark commented

that the Administration Forum provided an opportunity for employers to raise issues however it had been difficult to encourage employers to suggest topics for the agenda. The Forum was primarily focussed on admission issues but other issues were discussed

- In response to a query, Bridget Clark stated that there were no outstanding issues or appeals with the Pensions Regulator or Ombudsman

Pension Investment Update

- What were the implications of being 'on watch' for the Investment Management company? Mark Forrester commented that Investment Managers would be subject to additional scrutiny of their work to ensure that they were following the agreed processes and were able to meet their mandate in the future. The Independent Chairman added that poor performance in one quarter did not necessarily justify being placed 'on watch'
- The performance of JP Morgan Emerging Markets had been disappointing for some time. Mark Forrester responded that their performance had been strong in recent quarters as their investment style had come back into favour.

LGPS Central Update

- What was Worcestershire Pension Fund's contribution to the interviewing process for the appointment of senior positions in LGPS Central? Mark Forrester explained that the Chief Financial Officer had a position on the interviewing Panel on behalf of the Fund
- What proportion of the LGPS Central pool staff had been appointed to date? Mark Forrester commented that the senior management roles had either been appointed or were in the process of being appointed. The Investment Director positions were advertised and a number of strong applications had been received. The arrangements for the appointment/transfer of staff would be set out in the Transformation Plan which would be reported to the next meeting of the Pensions Committee
- The Independent Chairman explained that LGPS Central had achieved the most to comply with Government regulations. There were a number of pools that were currently less compliant. The Government had indicated the regulations would

be enforced, however time would tell.

Equity Protection Strategy

- Did the +5% per annum limited return from a static hedge protection policy include the dividend return? Mark Forrester confirmed that had been included in the solution that the Fund had opted for. Officers had consulted the Fund's Independent Financial Advisor who along with Fund officers had carried out research and recommended that the Fund should implement a static hedge solution. Four bids had been received to provide this service and the bids were being evaluated in consultation with the Independent Financial Advisor. The outcome would be reported to the Investment Advisory Panel and the Pensions Committee
- What type of company would be looking to bid for the work? Mark Forrester indicated that the bidders tended to be asset management firms
- Why would a company be prepared to take on the risk associated with an equity protection policy? Mark Forrester indicated that a fee would be paid and as the investments were passive in nature, the associated risks would be lower
- Would all asset classes be covered by the static hedge policy? Mark Forrester explained that at present the bidding process only related to passive developed equities. There was potential to expand the cover to include Japanese equities but this was yet to be proposed
- The Independent Chairman indicated that the static hedge of the Fund would enable the protection of investment gains going forward
- The Independent Chairman informed the Board that Mark Forrester was leaving Worcestershire County Council. On behalf of the members of the Board, he thanked him for his invaluable contribution to the work of the Pension Fund and wished him well for the future.

Pension Fund Annual Report

- In response to a query, Mark Forrester indicated that the Actuarial Valuation took place on a three year cycle as set by statute. It was possible to undertake interim reviews if felt necessary.

The Committee Reports and Minutes were noted.

83	MiFID II Opt-UP Submission (Agenda item 5)	<p>The Board considered the MiFID II Opt-UP Submission.</p> <p>In response to a query, Mark Forrester commented that the Pension Fund had an obligation to resubmit the opt-up Elective Professional Client – Status Questionnaire on an annual basis.</p> <p>The Board noted the MiFID II Opt-UP Submission.</p>
84	Annual Benefits Statements (Agenda item 6)	<p>The Board considered the Annual Benefits Statements.</p> <p>In response to a query, Bridget Clark explained that a single design had been agreed for the Annual Benefits Statement. An external company had been commissioned to facilitate the production and distribution of the Statement which had provided savings.</p> <p>The Board noted the Annual Benefits Statements.</p>
85	Pension Board Knowledge and Skills Questionnaire and Training Discussion (Agenda item 7)	<p>The Board considered the Pension Board Knowledge and Skills Questionnaire and Training.</p> <p>In the ensuing debate, the following principal points were raised:</p> <ul style="list-style-type: none"> • Mark Forrester commented that he would welcome any suggestions from members for future training events • The Independent Chairman noted that it was odd that different levels of knowledge and skills were necessary for members to be able to serve on the Pensions Committee in comparison with the Board. It would be helpful if Members were kept abreast of future training events. <p>The Board noted the Pension Board Knowledge and Skills Questionnaire and Training.</p>
86	Pension Board Work Plan (Agenda item 8)	<p>The Board considered its work plan.</p> <p>The Board noted its work plan.</p>
87	Any Other Business (Agenda item 9)	<p>The Board noted its meeting dates in 2018.</p>

The meeting ended at 3.40pm.

Chairman