

## Pension Board

Friday, 27 September 2019, County Hall, Worcester - 9.30 am

### Present:

### Minutes

Mr K Bray (Independent Chairman), Mr P Ferrett and Mr P Grove

### Available papers

The members had before them:

- A. The Agenda papers (previously circulated); and
- B. The Minutes of the meeting held on 25 April 2019 (previously circulated).

**133 Apologies  
(Agenda item 1)**

Apologies were received from Mr R J Philips and Ms K Wright.

**134 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.

**135 Confirmation of  
Minutes  
(Agenda item 3)**

**RESOLVED that the Minutes of the meeting held on 25 April 2019 be confirmed as a correct record and signed by the Chairman.**

**136 Pensions  
Committee - 21  
June 2019  
(Agenda item 4)**

The Board received the Agenda papers and Minutes of the Pensions Committee meeting held on 21 June 2019. Members received a brief summary and commentary on various items considered by the Committee.

- In response to a query, Keith Bray the Independent Chairman explained that the issues experienced by Kent County Council referred to in the Minutes related to the adoption of a high-risk investment approach by the Council which had gone disastrously wrong
- Rob Wilson, Finance Manager - Pensions Treasury & Capital confirmed that the Pension Fund Accounts have been signed off unqualified and on time
- Rob Wilson provided an update on the transition arrangements for LGPS Central. A new Chief

Executive, Mike Weston had been appointed. He had visited all partner funds and would be reporting his findings to the next Pensions Committee meeting. The emerging markets Investment portfolio had successfully transitioned to LGPS Central. It was anticipated that Active Corporate Bonds Investment portfolio would be transitioned in early 2020

- Rob Wilson anticipated an update on the GMP Reconciliation would be reported to the Pensions Committee meeting in January 2020.

**The Committee Reports and Minutes were noted.**

**137 Pension Board Risk Register (Agenda item 5)**

The Board considered its Risk Register.

Keith Bray welcomed the introduction of a risk register for the Board which should be reviewed from time-to-time to ensure that it was fit-for-purpose.

**The Board noted its Risk Register.**

**138 Summary note of the Local Government Scheme Advisory Board meeting - 8 July 2019 (Agenda item 6)**

**The Board noted the summary note of the Local Government Scheme Advisory Board meeting - 8 July 2019.**

**139 McCloud Judgement (Agenda item 7)**

The Board considered the outcome of the McCloud Judgement.

Michael Hudson indicated that the Supreme Court had rejected the Government's appeal against the McCloud judgement. It should be noted that there were implications for the Fund of the Judgement even though there was no direct link with the case. Employers had therefore been recommended to take the impact of the judgement into account when undertaking the valuation.

**The Board noted the outcome of the McCloud Judgement.**

**140 Work Plan (Agenda item 8)**

The Board considered its work plan.

In relation to the Investment Strategy and Actuarial Valuation, concern was expressed about the length of

time that GAD took to publish their assessment report on the actuarial valuation. Michael Hudson advised that the reporting timeframe for the GAD was a matter for the Government. The Government had different views on assessing the outcome of the valuation process and were more focused on benchmarking information. Although benchmarking was important, it only took place every three years. The key issue and concern for the Fund was the findings of the Fund's actuary.

**The Board noted its work plan.**

**141 Pension Board Annual Report 2019 (Agenda item 10)**

**The Board received its Annual Report for 2019.**

**142 Governance and Administration Risks (Agenda item 11)**

The Board considered the Pensions Regulator report on the findings of the recent survey of the governance and administration of 10 UK LGPS funds.

In the ensuing debate, the following points were raised:

- The Pensions Regulator had set out a series of recommendations in their report in relation to the training of Board members. It was important to remember that Board member were volunteers and any training provided should not be too arduous
- It was likely that the Pensions Regulator would take a greater interest in the Fund's relationship with LGPS Central
- Michael Hudson emphasised the importance of keeping an equal focus on administration and liability issues as well as investment management. As a result, he was undertaking a review of the governance arrangements to increase the number of representatives from both the Employers and Members sides to strengthen their involvement as well as increase the level of challenge of the Pensions Committee. A report would be brought to the next meetings of the Pensions Committee and full Council and then reported back to the Board
- Keith Bray requested that the Pension Regulator toolkit be circulated to all members of the Board. The toolkit made reference to breaches and in particular, the obligation of the Board to report serious breaches to the Pension Regulator.

**143 Any Other Business (Agenda item 9)**

**The Board noted the Pensions Regulator report on the findings of the recent survey of the governance and administration of 10 UK LGPS funds.**

**Leaving Presentation to Keith Bray (Independent Chairman)**

As part of the impending review of the pension governance arrangements, the role of the Independent Chairman would become defunct. As a result, Keith Bray would be standing down from the role he had held since the Board's inception in 2015. Michael Hudson presented a gift to Keith on behalf of the Board in thanks for his contribution over the life of the Board. He added his personal thanks which was replicated to by those Board members present. Keith thanked all Board members and officers past and present for their valued support over his term of office.

The meeting ended at 10.55am.

Chairman .....