

Pensions Committee**Friday, 31 January 2020, County Hall, Worcester - 2.00 pm****Present:****Minutes**

Mr P Middlebrough (Chairman), Mr V Allison,
Mr R W Banks, Mr A I Hardman, Ms P Marsh and
Mr P A Tuthill

Available papers

The members had before them:

- A. The Agenda papers (previously circulated); and
- B. The Minutes of the meeting held on 13 December 2019 (previously circulated).

219 Named Substitutes (Agenda item 1)

Ms P Marsh substituted for Ms T Fagan.

220 Apologies/ Declarations of Interest (Agenda item 2)

Apologies were received from Ms T Fagan, Mr R C Lunn and Mr J Price.

221 Public Participation (Agenda item 3)

None.

222 Confirmation of Minutes (Agenda item 4)

RESOLVED that the Minutes of the meeting held on 13 December 2019 be confirmed as a correct record and signed by the Chairman.

223 Guaranteed Minimum Pension (GMP) Rectification (Agenda item 5)

The Committee considered the Guaranteed Minimum Pension (GMP) Rectification.

In the ensuing debate, the following points were raised:

- The recommended approach to the GMP rectification was sensible although there was a degree of scepticism as to whether the proposed timescale would be achievable as the Fund's provider and the final stages of implementation were wholly reliant on receiving the last extract of data from HMRC. Bridget Clark, HR and OD Service Commissioning Manager responded that

as soon as the final GMP information was available from ITM, it was intended to manage and rectify the information as soon as reasonably practical. Michael Hudson, the Chief Financial Officer added that the original date for the final rectification had been set by ITM for June 2020 but following discussions with officers, it was agreed to push it back to August. Progress would be monitored and reported back to Committee

- Where an overpayment occurred, would that amount be reclaimed from the pensioner? Bridget Clark advised that, having taken guidance from ITM and observed the decisions of other funds, the proposal for decision would be that the Fund would not reclaim overpayments, unless they were large sums of money, and any specific cases would be brought back to Committee for consideration
- What approach would be taken against pensioners who were aware that they were being overpaid but not advised us? Bridget Clark commented that the chances of a pensioner being in such a position specifically related to GMP were very slim. Identifiable overpayments related to other reasons would be assessed individually and normally the Fund would recover such payments.

RESOLVED that rectification proposals set out in the Appendix to the report be supported and the Chief Financial Officer be granted delegated authority to undertake the final implementation with a net limit of up to £500,000.

**224 Business Plan
(Agenda item 6)**

The Committee considered its Business Plan.

In response to a query, an assurance was given that a section on Responsible Investment had been included in the Business Plan and a report on the topic would be brought to the March Committee meeting.

RESOLVED that the Worcestershire Pension Fund (WPF) Business Plan as at 10 January 2020 and the Administering Authority update be noted.

**225 Exclusion of
Public and
Press**

RESOLVED that pursuant to Section 100A of the Local Government Act 1972, the press and public shall be excluded from the meeting during item 7 on the grounds that there would be disclosure to them of information relating to the financial or business affairs of any particular person (including the

226 Local Government Pension Scheme Central (LGPSC) Budget and Strategic Business Plan 2020/21 (Agenda item 7)

authority holding the information) and the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

Summary of the proceedings of the meeting during which the press and public were excluded. (This is a fair summary of the proceedings and there are no exempt minutes.)

The Committee considered the Local Government Pension Scheme Central (LGPSC) Budget and Strategic Business Plan 2020/21.

Michael Hudson introduced the report and made the following points:

- The Shareholders Forum meeting due to take place on 11 February had been postponed due to concerns expressed by a number of shareholders (from partner funds) about the proposed budget. As the budget needed to be approved unanimously, it had been considered appropriate to reconvene the Forum meeting to allow further discussions between the concerned partners and LGPSC. To ensure that there was no further delay of the Stakeholder Forum meeting beyond this financial year, he requested delegated authority, in consultation with the Chairman of the Committee to agree to waive the required 30 days notice period for the convening of the Shareholder Forum meeting, should it be necessary.
- The main issues associated with the LGPSC budget related to the launch budget together with the creation of surpluses and their use. LGPSC had stressed the need for a larger launch budget despite not spending all of their existing launch budget. There was also uneasiness amongst partner funds that they would be contributing towards the creation of a surplus and consequently the impact this had on the cost-sharing agreement
- In light of the fact that the Shareholders Forum meeting was likely to take place in advance of the next scheduled meeting of the Committee and to avoid any unnecessary delay, he requested delegated authority, in consultation with the Chairman of the Committee to carry out due diligence on the LGPS Central budget updated proposals and to enable the Chairman as Shareholder to agree the proposed 2020/21 LGPSC budget unless the updated budget

extended the break-even position of the Worcestershire Pension Fund beyond 2038 thereby impacting on the original cost-sharing agreement.

In the ensuing debate, the following points were made:

- Were all partner funds affected by the budget proposals to the same extent? Michael Hudson advised that some partner funds had different positions with regard to funding levels and those stocks that had or had not been transitioned into LGPSC
- In response to a query about the basis for the partner funds' concerns, Michael Hudson explained that it was a combination of concerns about the current performance of some of the investments although it was acknowledged that these were long term investments and it was early days and the increase in the overall budget. Rob Wilson, Finance Manager – Pensions and Treasury Management added that the report set out the extreme sensitivities of the cost savings model to changes in relative investment performance. It was important therefore for partner funds to ensure that LGPSC were monitoring the appointed investment fund managers closely to deliver on investment performance.

RESOLVED: that

- a) the Chief Financial Officer be granted delegated authority, in consultation with the Chairman of the Committee to agree to waive the required 30 days notice period for the convening of the Shareholder Forum meeting, should it be necessary;**
- b) the Chief Financial Officer be granted delegated authority, in consultation with the Chairman of the Committee to carry out due diligence on the LGPS Central budget updated proposals and the Chairman as Shareholder to agree the proposed 2020/21 LGPS Central budget unless the updated budget extended the break-even position of the Worcestershire Pension Fund beyond 2038 thereby impacting on the original cost-sharing agreement; and**
- c) LGPSC latest version of the LGPS Central Budget**

2020/21 presentation attached as Appendix 1 to the report and the LGPS Central Strategic Business Plan attached as Appendix 2 to the report be noted.

The meeting ended at 2.35pm.

Chairman