

PENSIONS BOARD**Minutes of the meeting held on 25 July 2016**

In the Ludlow Room, Shirehall, Abbey Foregate, Shrewsbury, Shropshire, SY2 6ND
10.00 am - 12.30 pm

Responsible Officer: Michelle Dulson

Email: michelle.dulson@shropshire.gov.uk Tel: 01743 257719

Present

Liz Furey – Employer Rep

Pat Hockley – Pensioner Rep

Mike Morris – Pensioner Rep (Chairman)

Stuart Wheeler – Employer Rep

1 Apologies

1.1 No apologies were received from Board Members.

1.2 An apology was received from Rebecca Purfitt, Pensions Communications Officer.

2 Declarations of Conflicts of Interest

2.1 No conflicts of interest were declared.

3 Minutes of the previous meeting**3.1 Paragraph 5.3 – Breaches Policy**

In response to a query, it was confirmed that the procedure for recording breaches would be covered in the Training Session on Thursday 28 July 2016.

3.2 Paragraph 6.4 - Communicating and Safeguarding of 'hard to reach groups'

It was confirmed that pension scams had been discussed at the Pensioners Annual Meeting and would be covered by the Pensions Administration Manager in her update later in the meeting.

3.3 Paragraph 9.2 – Pension Related Complaints

It was confirmed that a report would be presented to the next meeting of the Pensions Board on the performance of the 'Tell it once' service.

3.4 Paragraph 13.1 – Administration Update

In response to a query, it was confirmed that the Exit Cap would be discussed by the Pensions Administration Manager in her update later in the meeting.

3.5 **RESOLVED:**

That the minutes of the meeting held on 5 February 2016 be approved and signed by the Chairman as a correct record.

4 **Public Question Time**

4.1 No public questions were received.

5 **Regulations Updates**

5.1 The Pensions Administration Manager informed Board Members of some Regulations updates, which included the following:

- There were no changes in legislation to report.
- The DCLG had commenced a consultation on amendment regulations for the LGPS in order to change/improve some drafting errors. Also, a new underpin was being proposed for people who transferred in from other schemes. It was felt that this would increase the costs of the scheme and would be unfair. This proposal would be strongly opposed in the consultation response.
- The consultation also proposed a new system of pension protection for members who were TUPED out of the public sector whereby the contractor must offer the same scheme as the LGPS in line with Fair Deal in the rest of the public sector. It was confirmed that this would not affect Academies however other Admitted Bodies would be covered.

5.2 In response to a query about the impact on Further Education mergers, the Pensions Administration Manager confirmed that three colleges were looking to merge including Shrewsbury Sixth Form College and Shrewsbury College of Arts and Technology, but, as the Sixth Form was taking over, the terms were not changing it was just becoming a bigger employer and the actuary had agreed for the Sixth Form to subsume the assets and liabilities of Shrewsbury College of Arts and Technology. However there was no underwritten guarantee by the Government and the fund would be put at risk if the College was to cease.

5.3 The Pensions Administration Manager answered a number of queries from Members and agreed to provide them with a summary of some of the proposals contained in the consultation on amendment regulations.

6 **Administration Updates**

6.1 The Pensions Administration Manager informed Board Members of some Administration updates, which covered the following:

- The 2016 Valuation – There had been issues with the data extract used and the actuary had requested more information which had been provided in accordance with the agreed timetable. There was a meeting with the actuary later that week to discuss the likely outcome of the valuation. The results would be known in the

Autumn and once individual results were known there would be an opportunity to work with the actuary.

- Following a review, Equitable Life had started to reduce the number of unit-linked funds it offered and had closed some funds and transferred assets to an alternative fund. This had been communicated to those Members directly affected.
- The latest report from the Scheme Advisory Board was available on the website.
- Although the Government had announced that it would not force all schools to convert to Academies, there were provisos for when the Government would step in and force conversion. A greater number of employers would have implications for pensions' sections workload.
- An update was provided on the Public Sector Exit Payments Cap. A further update would be reported at the next meeting.
- The first review of the state pension age would begin next year.

6.2 In response to a query it was confirmed that two or three employers took up the opportunity to work with the actuary but the majority were accepting of the results.

6.3 The Pensions Administration Manager answered a number of queries from Members and agreed to provide them with a briefing note summarising the main issues.

It was agreed to take Agenda Item 8 – Update on the 2016 Revaluation of the Scheme next.

7 Update on the 2016 Revaluation of the Scheme

7.1 The Head of Treasury and Pensions provided Members with an update on the 2016 Revaluation of the Scheme, as follows:

- The data had been sent back on time and an initial meeting was due to take place later that week.
- The Funding Strategy would be updated at the Pensions Committee meeting in November.
- An Employers meeting had been set up.
- There was to be a change in the valuation method however no decision had yet been made and discussions with the actuary were ongoing. A report would be presented to the Pensions Committee later in the year.
- The funding level was likely to increase slightly from 76% funded in 2013 to possibly 80% funded, although this was just the initial assumption.
- At the Pensions Committee Meeting in November Mercers would be discussing how gilt bonds were making the scheme unaffordable and the 19 year plan to recover the deficit.

7.2 In response to a query, the Head of Treasury and Pensions reported that investments were doing well but were not increasing in line with the liabilities however the fund had been increasing over the last few years.

8 Communicating and Safeguarding of hard to reach groups

- 8.1 The Pensions Administration Manager updated Members in relation to communicating and Safeguarding of hard to reach groups. She reported that this had been picked up at the Pensioners monthly meeting in June when the Police attended to talk about online safety and other scams. It was also included in the Administration Strategy and the In Touch magazine.
- 8.2 In response to a query, the Head of Treasury and Pensions informed the meeting how Members of the Pension Fund would be kept informed about the plans for pooling. He reported that information was available on the Shropshire Council Pension Fund website where it was hoped shortly to include a web link. The Chairman requested site of the web link before it went live.

9 BREXIT implications

- 9.1 The Head of Treasury and Pensions updated the Board. He explained that initially the value of sterling had dropped however the stock markets had recovered and the fund had increased by £90m to £1.57b. The markets were very volatile however and it was too early to say what the implications would be but this would be discussed at that week's training. Regular updates would be provided to Board Members.
- 9.2 Concern was raised whether employees understood how it may affect their pensions.

10 Outline of the Institutions for Occupational Retirement Provision Directive 11 (IORP11)

- 10.1 It was confirmed that this Directive would still become law regardless of not being in the European Union. It was agreed to look at this Directive in more detail at a future meeting.

11 Training update and Plans for 2016/17

- 11.1 The report of the Pensions Communications Officer was received – copy attached to the signed Minutes – which provided Board Members with the results of the CIPFA self-assessment matrix and an update on the training requirements in line with the Training Policy.
- 11.2 Board Members were reminded of the training session taking place on Thursday 28 July 2016. Attention was drawn to the survey by AON Hewitt asking what training was required by Board Members, Committee Members and Officers. It was left for Members to decide whether they needed to attend the training days as set out at Paragraph 6.1 of the report.
- 11.3 It was confirmed that it would be possible to hold half hour training sessions on specific topics before Board meetings. In response to a query it was agreed to send the link for the regulations to all Board Members.
- 11.4 **RESOLVED:** That the contents of the report be noted.

12 Pension Related Complaints

12.1 The report of the Pensions Communications Officer was received – copy attached to the signed Minutes – which provided a summary of the number of pension related complaints since 5 February 2016. It was confirmed that no complaints had been received during this period.

12.2 There was one stage 2 appeal under the Internal Dispute Resolution Procedure which had been reported to the Pensions Committee in June 2016.

12.3 **RESOLVED:** That the contents of the report be noted.

13 **Pensions Committee Updates**

13.1 The reports considered by the Pensions Committee at its meeting on 28 June 2016 had been received by Board Members.

13.2 **RESOLVED:** That the contents of the reports be noted.

14 **Work Plan**

14.1 Members were requested to let the Pensions Communications Officer have any items they wished to be added to the work plan.

15 **Date of Next Meeting**

15.1 The next meeting of the Pensions Board would be held at 10am on Friday 10 February 2017.

16 **Exclusion of Press and Public**

16.1 **RESOLVED:**

That in accordance with the provision of Schedule 12A of the Local Government Act 1972 and paragraph 10.2 of the Council's Access to Information Procedure Rules, the public and press be excluded during consideration of items 17 and 18 on the grounds that they involve the likely disclosure of exempt information as defined by the categories specified against them.

17 **LGPS Central - Investment Pooling (Exempted by Category 3)**

17.1 The exempt report of the Head of Treasury and Pensions was received – copy attached to the signed Minutes – which provided an update on progress regarding the pooling of investments in the Local Government Pensions Scheme.

17.2 **RESOLVED:** That the contents of the exempt report be noted.

18 **Exempt Pensions Committee Reports (Exempted by Category 3)**

18.1 The exempt reports considered by the Pensions Committee at its meeting on 28 June 2016 had been received by Board Members and a brief discussion ensued.

18.2 **RESOLVED** that the contents of the exempt reports be noted.

Signed (Chairman)

Date: