



## **Committee and Date**

Pensions Board

7 July 2017

## **PENSIONS BOARD**

### **Minutes of the meeting held on 10 February 2017**

**In the Bridgnorth Room, Shirehall, Abbey Foregate, Shrewsbury, Shropshire, SY2 6ND**

**10.00 am - 12.10 pm**

**Responsible Officer:** Michelle Dulson

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### **Present**

Liz Furey – Employer Rep

Pat Hockley – Pensioner Rep

Mike Morris – Pensioner Rep (Chairman)

### **1 Apologies**

1.1 An apology was received from Stuart Wheeler.

### **2 Declarations of Conflicts of Interest**

2.1 No conflicts of interest were declared.

### **3 Minutes of the previous meeting**

#### **3.1 Paragraph 10 – Outline of the Institutions for Occupational Retirement Provision Directive 11 (IORP11)**

It was confirmed that this item would be discussed at a future meeting.

#### **3.2 Paragraph 12.2 – Pension Related Complaints**

In response to a query, it was reported that the stage 2 appeal had not gone any further and progress would be reported to a future meeting.

#### **3.3 RESOLVED:**

That the Minutes of the meeting held on 25 July 2016 be approved and signed by the Chairman as a correct record.

### **4 Public Question Time**

4.1 No public questions were received.

## **5 Update on Insurance Liability Cover for Pension Board Members**

- 5.1 The Head of Treasury and Pensions informed the Board that Mr Sulman from Aon Risk Solutions had been double booked and was unable to attend the meeting. He was however available from 10am on Monday 20 February 2017.
- 5.2 A brief discussion ensued and Members expressed concern about their personal liability should anything happen to the Pension Fund and wished to go ahead with the insurance cover. Members therefore requested sight of the draft Insurance Policy followed by a conference call with Mr Sulman to discuss the level of cover etc.

### **5.3 RESOLVED:**

That a conference call be arranged for 11am on Monday 20 February 2017 with Mr Bill Sulman from Aon Risk Solutions.

## **6 Administration and Regulatory Updates**

- 6.1 The Board received the report of the Pensions Administration Manager – copy attached to the signed Minutes - which provided Members with the latest administration and regulatory updates affecting the local Government Pension Scheme. The Pensions Administration Manager took Members through the main points of the report and answered a number of queries.
- 6.2 In response to a query, the Pensions Administration Manager explained how access to the system was restricted and that penetration testing was undertaken to ensure that the system could not be hacked. Employees with access were bound by the Council's Rules and Policies and were trained in protecting information on an annual basis. She was happy that information about Scheme Members was fully protected. The Section 151 Officer assured Members that the Council had very robust processes in place upon which it was audited.

### **6.3 RESOLVED:**

That the contents of the report be noted.

## **7 Pensions Committee Updates**

- 7.1 The reports considered by the Pensions Committee at its meeting on 25 November 2016 had been received by the Board. The Head of Treasury and Pensions updated Members in relation to the LGPS Central Investment Pool and he reported that the Pension Committee's Terms of Reference needed to be updated as they would no longer have responsibility for appointing Investment Managers.
- 7.2 The Head of Treasury and Pensions informed the Board that a head hunter had been appointed to assist with finding suitable candidates for the key roles. Candidates would be expected to have LGPS and/or Investment Management experience and be employed on open ended contracts with, it was hoped, an attractive salary. The packages had not yet been agreed however performance would be monitored by the Shareholder Forum.

- 7.3 It was confirmed that the Head of Finance Governance & Assurance (S151 Officer) sat on the Programme Board which met every three weeks and which Local Authorities were able to hold to account. The Head of Finance Governance & Assurance (S151 Officer) agreed to check whether Members of the Pensions Board could receive copies of the reports and Minutes from those meetings.
- 7.4 In response to a query the Head of Treasury and Pensions explained the cost sharing principles that had to be agreed and included in the Business Case to ensure it was fair and equitable to all funds involved.
- 7.5 It was confirmed that the 2016 Actuarial Valuation Report by the Funds Actuary, Mercer had been undertaken. At the last valuation in 2013, the funding level was determined to be 76% (i.e. the assets held to meet future liabilities were valued at 76% of those liabilities.) In the latest valuation, the funding level had increased and was now at 84%.
- 7.6 It was reported that the Funding Strategy Statement had been out to consultant and would be presented to the Pension Committee for approval in March. The Fund had increased by £200m since March 2016 and the December figures were expected shortly. The Head of Treasury and Pensions expected to see an increase in inflation of 1% however this had not yet been confirmed.

## **8 Breaches of LGPS Regulations**

- 8.1 The Board received the report of the Pensions Communication Officer – copy attached to the signed Minutes – which informed Members of the steps taken to reduce the number of breaches of the LGPS regulations being recorded which were due to employers not adhering to the regulations.
- 8.2 The Pensions Communication Officer informed the Board that as at November 2016 41 breaches had been recorded but none were deemed materially significant to report to the Pensions Regulator. 13 of the breaches related to the payment of contributions whilst 27 related to employers not preparing a Discretions Policy. 16 Discretion Policies had since been received.

### **8.3 RESOLVED:**

That the contents of the report be noted.

## **9 Overview of Ill-Health Retirements**

- 9.1 The Board received the report of the Pensions Communication Officer – copy attached to the signed Minutes – which provided Members with an update on the number of ill health retirements which took place in 2015/16 and to date in 2016/17.
- 9.2 In response to a query it was confirmed that the Independent Registered Medical Practitioner (IRMP) would be appointed by the employer and it was the employers' decision whether to agree with the opinion of the IRMP. The fund was at liberty to challenge any decision it felt was incorrect.

**9.3 RESOLVED:**

That the contents of the report be noted.

**10 Tracing Deferred Pension Members**

10.1 The Board received the report of the Pensions Communication Officer – copy attached to the signed Minutes – which provided Members with an update on the regulatory requirements for record keeping in the LGPS. In particular, it provided details on the number of ‘gone away’ records held on the Pensions Administration System and the plans in place to trace them.

10.2 It was reported that due to a resource issue, a Member Tracing exercise was only undertaken when benefits became due for payment however specialised companies had been approached to work with the Fund in order to assist with tracing ‘gone away’ members.

**10.3 RESOLVED:**

That the contents of the report be noted.

**11 Disaster Recovery Plan for Funds Pensions Administration System**

11.1 The Board received the report of the Pensions Administration Manager – copy attached to the signed Minutes – which provided Members with an update on the Funds current disaster recovery plan.

11.2 It was reported that the current disaster recovery plan was not felt to be robust enough, as, although the most recent test had been successful in terms of transferring the system to the Nuneaton site and back again, the mirror server ran much slower and it would prove difficult for more than three users to connect to the server at any one time. The Fund therefore may have to look at external providers in the future due to the lack of space on the Shropshire Council server.

**11.3 RESOLVED:**

That the contents of the report be noted.

**12 Work Plan**

12.1 The Board received the report of the Pensions Communication Officer – copy attached to the signed Minutes – which provided Members with information on areas to be considered for future work planning. The Pensions Communication Officer circulated a summary of the assessment exercise which set out the five priority areas identified as requiring improvement.

12.2 It was suggested that these areas could be fed into topics to be covered in future training sessions which could be tied in to meetings of the Board. It was confirmed that details of the Trustees Annual Conference would be forwarded to Members once

received. Members were also booked on to the Pensions Board Seminar, details of which were awaited.

### 12.3 **RESOLVED:**

That the contents of the report be noted and that items for future work planning be identified.

## 13 **Date of Next Meeting**

13.1 It was agreed that the next meeting would be held on Friday 7 July 2017.

13.2 A brief discussion ensued in relation to compliance monitoring and whether it was robust enough. It was explained that both Internal and External Audit reviewed compliance of the scheme and any issues raised should be reported to the Board. It was requested that Internal Audit be a standing item on future agendas.

## 14 **Exclusion of Press and Public**

### 14.1 **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 item 15 on the grounds that it involves the likely disclosure of exempt information as defined by the categories specified against it.

## 15 **Exempt Minutes (Exempted by Category 3)**

### 15.1 **RESOLVED:**

That the exempt Minutes of the meeting held on 25 July 2016 be approved and signed by the Chairman as a correct record.

Signed ..... (Chairman)

Date: .....