

## **LOCAL GOVERNMENT PENSIONS BOARD**

**Wednesday, 26 April 2017**

**Minutes of the meeting of the Local Government Pensions Board held at the Guildhall EC2 at 3.30 pm**

### **Present**

#### **Members:**

Alderman Ian Luder (Chairman)	Yvette Dunne
James Tumbridge (Deputy Chairman)	Christina McLellan
Jon Averbs	

#### **Officers:**

Chris Braithwaite	-	Town Clerk's Department
Philippa Sewell	-	Town Clerk's Department
Kate Limna	-	Chamberlain's Department
Charlie Partridge	-	Chamberlain's Department
Tom Broughton	-	Chamberlain's Department
Jeff Henegan	-	Chamberlain's Department
Graham Newman	-	Chamberlain's Department
Annemarie Allen	-	Barnett Waddingham

#### **1. APOLOGIES**

Apologies were received from Martin Newnham.

#### **2. MEMBERS' DECLARATIONS UNDER THE CODE OF CONDUCT IN RESPECT OF ITEMS ON THE AGENDA**

There were no declarations of interests.

#### **3. MINUTES OF THE PREVIOUS MEETING**

**RESOLVED** – That, subject to the amendment of a typo, the minutes of the previous meeting are approved as an accurate record.

### **Matters Arising**

#### Work Programme

Members noted that The Pensions Regulator had finished its survey of Pension Schemes but had not yet published the results. These would therefore be deferred to the Board's next meeting.

#### Accounts

The Chairman explained that, owing to the current timescale of meetings, the Pension Fund accounts would be approved by the Finance Committee in late-July and so finalised accounts wouldn't be available for the Board until their meeting in October. The Chairman proposed that the un-audited accounts be presented to the Board at their meeting early in July before going on to Finance Committee.

4. **WORK PROGRAMME**

The Board considered a report of the Town Clerk which set out a proposed Work Programme for the Board's next four meetings. Members noted that HR would be attending the meeting in July to discuss what information was given to new starters about the Pension Scheme. In response to a question from the Chairman, the Chamberlain advised that opt-out figures weren't currently kept, but they could be provided at the next meeting.

**RESOLVED** – That the Board notes the report.

5. **PENSION FUND - INVESTMENT STRATEGY STATEMENT**

The Board received a report of the Chamberlain regarding the Investment Strategy Statement which had replaced the Statement of Investment Principles. The Chamberlain advised that this was a live document and was expected to be reviewed and, if necessary, revised regularly and at least every three years on an ongoing basis. Members noted that it was likely that some revisions would be made following the actuarial valuation and, if these changes were major, the document would be republished.

In response to a Member's question the Chamberlain advised that the ISS was currently published as a standalone document on the same webpage as the accounts, but will be published as part of the Annual Report.

**RESOLVED** – That the report be noted.

6. **PENSION FUND - ACTUARIAL VALUATION AS AT 31 MARCH 2016**

The Board considered a report of the Chamberlain which provided the summary results of the triennial actuarial valuation of the Local Government Pension Fund as at 31 March 2016, which had been undertaken by the Fund's Actuary, Barnett Waddingham. The report informed the Committee that the Pension Fund deficit had increased from £127.8m as at March 2013 to £149.3m as at March 2016 and recommended an increase in the employers' contribution rate to the Fund, from 17.5% to 21%.

The Chamberlain advised that the Government Actuary's Department (GAD) will be scrutinising the assumptions used by LGPS actuaries in the March 2016 valuations to ensure that a sufficiently prudent approach was being taken to financing LGPS benefits. The GAD's report was expected to be available in 2018.

In response to a Member's question, the Chamberlain advised that the Museum of London's and City of London Academy's contributions were lower owing to the profile of membership which was generally younger than the Corporation. With regards to employee contribution, officers advised that this was set by Government, within the Scheme Regulations. Annemarie Allen from Barnett Waddingham reported that this was being reviewed and that any change to employee contributions would be likely to be from April 2019 as part of the cost cap controls.

In response to a question from the Deputy Chairman, the Chamberlain confirmed they were taking the valuations seriously but were not troubled by them. The Chairman expanded on this, confirming that, at its meeting on 31 January 2017, the Finance Committee recommended that the Pension Fund deficit recovery plan be set for 17 years from 2017/18, maintaining the 20 year recovery period agreed at the 2013 valuation, as well as increasing the employers' overall contribution rate to 21% for the financial years 2017/18, 2018/19 and 2019/20. This was approved by the Court of Common Council as part of the budget setting process on 9 March 2017.

The Chairman advised that the Finance Committee were taking the valuation seriously and addressing it appropriately. Other Board Members agreed that they were heartened by this approach.

**RESOLVED** – That the report be noted.

**7. THE CITY CORPORATION'S PENSIONS SCHEME - UPDATE**

The Board received a report of the Chamberlain regarding the annual schedule of events, the risk register and risk matrix, and the internal audit update.

Annual Schedule of Events

The Board noted the update and were happy with the progress so far.

Risk Register

The Board reviewed the risks and amended them, changing Risk 1 (Inappropriate Risk Strategy) to "Unlikely" rather than "Possible" owing to the independent advice given to the Financial Investment Board when they made investment decisions. Members also amended Risk 5 (Pension Fund Fraud) to "Minor" owing to the high level of controls (i.e. mortality screening, tell us once, National Fraud Initiative and annual contact with overseas members).

Officers advised that another Risk that should have been included on the register was Employer Covenant i.e. the cover in place for any liabilities for admitted bodies - it will be added. The Board asked that a table of admitted bodies with bonds in place (and those without) and the number of members be presented at the next meeting.

Internal Audit Update

The Board noted that pensions administration was an area being considered for the Audit Plan for next year, but this would depend on other priority areas for auditing. Members agreed that pensions was an area becoming increasingly high profile and should be a priority.

**RESOLVED** – That the report be noted.

**8. QUESTIONS ON MATTERS RELATING TO THE WORK OF THE BOARD**

There were no questions.

**9. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**

There were no items of urgent business.

## 10. **TRAINING OF BOARD MEMBERS**

The Board received a presentation from Annemarie Allen from Barnett Waddingham which set out the preliminary conclusions drawn from the Board Members' training needs assessments, and provided an update on training plan development and some training updates in important areas.

The Town Clerk noted there was lots of useful advice on The Pensions Regulator (TPR) website. Ms Allen noted that this included a useful training toolkit for Board Members, which was not LGPS-specific. Members were reminded that knowledge should be kept up to date and the Town Clerk undertook to circulate Local Government Association (LGA) updates on a monthly basis. Ms Allen advised that training needs would be reassessed annually. It was agreed that the current training needs assessments and analysis would be completed and a full training plan then produced. In the meantime, the analysis to date had been used to plan suitable training for the next meeting.

The Deputy Chairman requested greater clarity over how this Board would interact with other City Corporation Committees, with particular reference to the timing of meetings. The Town Clerk advised resolutions between each Committee were the formal route but confirmed that feedback could be emailed to Board Members between meetings, and undertook to bring a schedule of meeting dates for the Financial Investment Board, Establishment Committee and Finance Committee to the next Board meeting to inform its meeting schedule.

The Board thanked Ms Allen for her presentation and analysis, and expressed its thanks to the Town Clerk and the Chamberlain at this, their last meeting.

**The meeting closed at 4.50 pm**

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Chairman

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