

**MINUTES OF THE PENSIONS COMMITTEE
MONDAY, 23 JUNE 2014**

Councillors Bevan (Vice-Chair), Diakides (Chair), Doron, Marshall and Ross

Apologies Councillor Reith, and Michael Jones and Keith Brown.

Also Present: John Raisin

MINUTE NO.	SUBJECT/DECISION	ACTON BY
1.	<p>APOLOGIES FOR ABSENCE (IF ANY)</p> <p>Apologies for absence were received from Councillor Lorna Reith, and from Michael Jones and Keith Brown (non-voting advisory members).</p>	
2.	<p>INTRODUCTORY COMMENTS BY THE CHAIR</p> <p>Councillor Diakides drew attention to the complex nature of matters relating to pensions and stressed the need for members of the Committee to acquire detailed knowledge of the subject area. He went on to state that members of the Committee had already had a useful training session, but that further in-depth training sessions were required.</p> <p>Councillor Diakides referred to the fact that the Council's employers' contributions into the Pension Fund accounted for a considerable proportion of the Council's annual budget. He stressed that members of the Committee were Trustees to the Pension Fund and therefore their priority and commitment was to achieve the best results for the growth of the Fund, as opposed to optimising any financial benefit to the Council.</p> <p>Councillor Diakides pointed out that the Committee was part of a checks and balances process, along with the internal and external auditors, and therefore he wanted the Committee to be active in its work and not just a 'rubber stamping' tool. He consequently proposed that where necessary the Committee delay taking decisions on matters placed before it in order to obtain further information so that a more informed decision could be made, or request officers to explore alternative options to those proposed.</p> <p>NOTED</p>	
3.	<p>URGENT BUSINESS</p> <p>There were no items of urgent business.</p>	
4.	<p>DECLARATIONS OF INTEREST</p> <p>There were no declarations of interest.</p>	

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<p>5.</p>	<p>TERMS OF REFERENCE OF THE PENSIONS COMMITTEE</p> <p>The Committee considered the report on its Terms of Reference which had been agreed by Full Council at its meeting on 24 March 2014.</p> <p>RESOLVED:</p> <p>That the content of the report be noted.</p>	
<p>6.</p>	<p>EXTERNAL AUDIT PLAN - 31 MARCH 2014</p> <p>The Committee considered a report on the Audit Plan prepared by the external auditors, Grant Thornton, for the audit of the Pension Fund accounts 2013/14. The report was presented by Emily Hill and Paul Jacklin of Grant Thornton.</p> <p>The Committee noted that Grant Thornton had proposed a fee of £21,000 for the 2013/14 audit, which was £1,379 less than the prior year fee.</p> <p>Emily Hill highlighted the fact that there had been a number of changes in the challenges and opportunities facing the Pension Fund arising from the Public Service Pensions Act 2013 and the associated regulations. She drew attention to the significant audit risks, and other risks, referred to in the report.</p> <p>In response to a question from the Committee it was stated that the external auditors would monitor the Committee's work and comment if the auditor had concerns as to whether the Committee was acting appropriately in carrying out its duties and would look at how effective the Committee was in terms of management of the Fund.</p> <p>RESOLVED:</p> <p>That the fee of £21,000 levied by Grant Thornton for the 2013/14 audit be noted, and that 2013/14 Audit Plan prepared by Grant Thornton be agreed.</p>	
<p>7.</p>	<p>PENSION FUND - REVIEW OF PRIOR YEAR ACTIVITY</p> <p>The Committee considered a report which summarised the pension's activity undertaken by the Council's Corporate Committee in 2013/14 and which highlighted outstanding issues brought forward to the current year.</p> <p>RESOLVED:</p> <p>That the pensions issues discussed by the Corporate Committee in the last twelve months, and in particular those items carried forward into the 2014/15 work plan, including the actuarial valuation; the change from a final salary pension scheme to a career average scheme; the establishment of a 'Collective Investment Vehicle'; the revue of the</p>	

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	investment strategy, and the appointment of two new fund managers, be noted.	
8.	<p>PENSION FUND - WORK PLAN 2014/15</p> <p>The Committee considered a report which identified topics that would come to the attention of the Committee in the year to March 2015.</p> <p>It was noted that it was intended to have a day long training session in July 2014 for members of the Committee and in addition, short training sessions immediately prior to the commencement of meetings of the Committee, specifically targeted at items on the agenda for that particular meeting.</p> <p>It was drawn to the Committee's attention that a detailed strategy review had been completed in 2013/14, and that one main item carried forward from the strategy review was the required level of inflation protection, and whether this could be enhanced through the use of leverage index linked funds.</p> <p>RESOLVED:</p> <p>That the Work Plan for 2014/15, as detailed in the report, be noted, and that further consideration be given to the Committee's work plan for the remainder of the municipal year, and also its long-term work plan, at its meeting in September 2014.</p>	
9.	<p>PENSION FUND QUARTERLY UPDATE</p> <p>The Committee considered a report which reviewed investment performance for the three months to 31st March 2014.</p> <p>In response to a question from the Committee in regard to the under-performance of the fund, as highlighted on page 41 of the agenda, it was stated that the Council's decision to introduce passive, as opposed to active, fund managers, had been the right one to make, but that it would take time for the benefits of this change in strategy to be reflected in the performance of the fund.</p> <p>In response to further comments from the Committee, officers stated that the format of reports included in agendas for future meetings would be changed to suit the preference of members of the Committee.</p> <p>RESOLVED:</p> <p>That the information provided in respect of the activity in the three months to 31st March 2014, as detailed in the report, be noted.</p>	
10.	<p>DCLG CONSULTATION RESPONSE - OPPORTUNITIES FOR COLLABORATION, COST SAVINGS AND EFFECTIVENESS</p> <p>The Committee considered a report which set out the Council's</p>	

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	<p>proposed response to the Department for Communities and Local Government's consultation document 'Local Government Pension Scheme: Opportunities for collaboration, cost savings and efficiencies'.</p> <p>The Committee were informed that the proposals set out in the consultation document included support for the establishment of common investment vehicles to provide funds with a mechanism to access economies of scale, helping them to invest more efficiently in listed and alternative assets and to reduce investment costs; significantly reducing investment fees and other costs of investment by using passive management for listed assets, since the aggregate fund performance has been shown to replicate the market; keeping asset allocation with the local fund authorities, and making available more transparent and comparable data to help identify the true cost of investment and drive further efficiencies in the Scheme, and a proposal not to pursue fund mergers at this time.</p> <p>RESOLVED:</p> <p>That the proposed response to the Department for Communities and Local Government (DCLG), regarding the consultation document 'Local Government Pension Scheme: Opportunities for collaboration, cost savings and efficiencies', attached at Appendix 2 to the report, be approved, and that the Assistant Director – Finance be authorised to send the response to DCLG on behalf of the Council.</p>	
<p>11.</p>	<p>ANY OTHER BUSINESS OF AN URGENT NATURE</p> <p>There were no new items of urgent business.</p>	
<p>12.</p>	<p>DATE OF NEXT MEETING</p> <p>The Committee noted that its next meeting was scheduled for Thursday 18 September 2014 at 7.00pm.</p>	

Councillor Isidoros Diakides

Chair