

Pension Board

Minutes of the Pension Board held on 16 June 2016 at Ergon House, London

Pension Board - employers

Clive Elphick (Chair)

Gill Weeks

Kevin Ingram

Pension Board - members

Colin Chiverton

Jackie Hamer

Ian Brindley

Peter Smith

Hywel Tudor

Guests

Dawn Turner

Advisors

Karen McWilliam

Secretariat

Peter Judge

Apologies - employers

Emma Howard Boyd

Karen Burrows

1.0 Chairman's introduction and apologies for absence

- 1.1 The Chairman welcomed attendees to the meeting of the Pension Board and noted the Pension Board was starting its second year.
- 1.2 Apologies were received from Emma Howard Boyd and Karen Burrows. It was noted that Kevin Ingram was not able to attend all of the meeting.

2.0 Declarations of interest

- 2.1 The Pension Board noted the role of Clive Elphick as a member of the Brunel Shadow Oversight Board.
- 2.2 No additional interests were declared, other than those on the register of interest for Pension Board members held by the Secretariat.

3.0 Minutes of the Pension Board held on 23 March 2016

- 3.1 The minutes were approved as an accurate record of the meeting.

4.0 Action Tracking from 23 March 2016

The Pension Board:

- 4.1 noted the update provided by Dawn Turner, Chief Pensions Officer.
- 4.2 noted that regulation numbers will be included in the bi-annual review of business plan progress in September 2016.
- 4.3 noted that discussions were currently underway with the Director of Legal Services with regard to updates to Terms of Reference and Standing Orders.

5.0 Governance Oversight

The Pension Board:

- 5.1 noted the governance framework alignment to the Pensions Committee agenda.
- 5.2 discussed and agreed that the Pensions Committee had conducted itself effectively in line with the governance framework.
- 5.3 noted the changes to the funding level risk (2.1.5) "market valuations become dislocated from underlying reality" owing to the shift down in gilt yields resulting in an increase in impact from 3 to 4, the overall risk score increasing from 9 to 12 and in turn reclassifying as a high risk.
- 5.4 noted the changes to the funding level risk (2.2.3) "untimely/sub-optimal implementation of investment strategy resulting in variation of actual portfolio from investment strategy" owing to the short term targets being met and material progress being made against longer term targets, resulting in a decrease in impact from 4 to 3, the overall risk score reducing from 16 to 12 and in turn reclassifying from a very high risk to a high risk.
- 5.5 agreed that the Pensions Committee continues to manage the Funds' risks effectively.
- 5.6 agreed the Pensions Committee had delivered useful lessons around independence and seeking independent advice with regard to pooling.
- 5.6 agreed the need to be less ambitious with agenda items and manage meetings to prevent overrun.
- 5.7 agreed that potential conflicts of interest with regard to EAPF Officers and Brunel Project roles should be formally declared at each meeting and for certain agenda items to ensure transparency and manage any potential or perceived conflicts.
- 5.8 noted that a conflicts of interest paper, similar to that produced for the Chief Finance Officer, Defra, should be produced for discussion at the next meeting with regard to the EAPF Chief Pensions Officer and Chair of Pensions Committee, setting out how potential conflicts will be managed and mitigated.

Action: Dawn Turner
- 5.9 agreed that current advisors will provide independent advice where appropriate to accompany the LGPS Investment pooling paper's presentation to the Pensions Committee and Investment Sub-Committee at future meetings.

Action: Advisors
- 5.10 noted the final report to the EA Board on the Effectiveness of the Pensions Committee would be circulated to the Pension Board along with the minutes, as it had been missed out of the Pension Board's pack of papers.

Action: Dawn Turner

6.0 Review of Pension Board Effectiveness and Any Other Business

The Pension Board:

- 6.1 expressed satisfaction with today's meeting.
- 6.2 expressed satisfaction with the detailed risk and mitigation register.
- 6.3 noted the improvements of the effectiveness of the oversight of the Pensions Committee.
- 6.4 noted the need to maintain quorate throughout the meeting.

7.0 Date and time of next meeting

- 7.1 The date of the next meeting was confirmed as 28 September 2016 between 15:15 and 15.45. This would be held at Ergon House, London.