

London Borough of Enfield
Local Pension Board 24th March 2016
At Civic Centre Enfield

MINUTES

Members

Cllr Dinah Barry (Chair) - Employer Representative
Pauline Kettless – Employee Representative
Martin Keenan – Employee Representative
Cllr Robert Hayward – Employer Representative
Cllr Andrew Stafford – Employer representative
Paul Bishop – Employee Representative
Eileen Carberry – Employee Representative
Robert Ayling – Employee Representative

Italics Denotes absent

Officers

Paul Reddaway – Head of Finance - Pensions
Julie Barker - Head of Exchequer Services

Also attending:

Cllr Toby Simon JP – Observer
Cllr Jansev Jemal - Observer
Joanne Kent - Minute Clerk

1. Apologies

RECEIVED an apology for absence from Eileen Carberry.
RECEIVED an apology for absence from Cllr Stafford.
RECEIVED an apology for absence from Paul Bishop.
RECEIVED an apology for absence from Robert Ayling.

NOTED the absence of Councillor Hayward.

2. Declaration of Interests

None- other than those previously declared.

3. Minutes 1 December 2015 – Pension Board

RECEIVED the Pension Board Minutes of the 1 December 2015, a copy of which is included in the Minute Book.

NOTED that the Minutes were agreed and signed by the Chair as a correct record.

4. **Summary of Pension Policy & Investment Committee 2nd March 2016– minutes attached**

Cllr Toby Simon provided an update of the meeting:

- a. The Committee plan to make an investment into the London CIV with an initial investment with Baillie Gifford in an active global portfolio.
- b. The Committee also met with Blackrock who run a passive equity portfolio – index gilt and property portfolios for the Fund with a view to also transfer these funds into the London CIV.
- c. The Fund’s investment infrastructure with Arcus has performed reasonably well over the last two years. The Committee felt the Arcus management team however, have not performed well in terms of the Portuguese toll road & the investor’s ability to exit the investment.

5. **Fund Management expenses – Paper attached**

Paul Reddaway introduced a paper on Pension Fund management fees

The audited accounts show the management costs to be £1.2m however, this only reflects the management fees where fees are paid via invoices.

This figure understates the true cost of management fees within the Fund. If these management costs are teased out from the unit holdings, then the true cost of management fees would be £6.2m

The 2015/16 accounts will . fully disclose all manager fees.

PR explained how management fees are calculated and how they varied between different assets. He also raised the question of passive versus active management and whether the Fund was receiving value for money from its active managers.

6. **Key Performance indicators – update from initial review against Pension Regulator KPIs**

Julie Barker informed the Borad that the pension webpage has now been created. The introduction of members self service will be piloted soon with plans to expand the pilot to active members during the year.

Members Self Service is an easy to use web portal which enables members to access their pension records, amend contact details, request information and the ability to run their own benefit calculations.

Action: Julie Barker to arrange a presentation of Members Self Service at the next board meeting.

7. **Key Performance indicators – update from initial review against Pension**

Regulator KPIs

An initial review of the Pension Regulator's KPI indicators has been undertaken by Aon Hewitt. There are in total 106 individual key indicators covering governance & good practice. Good progress has been made on ensuring that all the KPI's become embedded into systems & procedures.

Julie Barker gave an update on E2017 – 2 hubs are still to be restructured: Exchequer Services and Procurement & Commissioning. The turnaround time for redundancy figures is 3 weeks. Cllr Barry to be informed if this increases and priority requests cannot be met.

Action: A progress report will be brought to each future Pension Board showing the progress being made against the RAG indicators.

8. Local Authority Company

Mark Gadsby attended in order to provide the board with background on the creation of a Local Authority Trading Company (LATC): Independence and Well Being Enfield Ltd.

The creation of the LATC was discussed and agreed by Cabinet in December. Expected start date of 1st September 2016.

In relation to pension implications, points to be looked at include:

- a) Confirmation of staff transferring to the new company
- b) Will the pension scheme be open or closed to new employees of the company. Mark highlighted that an open scheme would avoid a two tier workforce as an alternative scheme for new staff would not provide the same benefits currently provided to current members.

There are currently 200 employees that would transfer over but of these only 80 were members of the LGPS.

Discussion took place on the benefits and potential risks of an open and closed scheme. Cllr Simon stated he would be in discussions with TU reps to gain a members' point of view. He explained that TECKAL exemption may apply and requested further clarification from Legal Services

Action: Julie Barker to obtain a legal view on admitting the LATC to the Fund.

9. Update on consultation papers on Pooling & Investment regulations

Paul Reddaway gave an update:

Next update will be available on July 16. There are 6 CIVs. Hertfordshire and LB of Bromley have not chosen which CIV to join. Enfield hope to transfer assets into the London CIV during 2016/17. Each CIV should have at least £25bn of investments by 2018.

The DCLG have also consulted on introducing a new Prudential Code for LGPS.

Action: Paul Reddaway will bring an update to the next meeting.

10. Board training 2016/17 programme

Paul Reddaway asked the members what training they would find useful. All agreed that training on the valuation process would be useful.

Action: Cllr Barry to provide a calendar for the upcoming financial year for the board, committee and training planned

11. Work Plan 2016/17

The 2016/17 plan will be brought to the next meeting

12. Date of next meeting

Wednesday 20th July 2016 @ 2.30pm Enfield Civic Centre.

The meeting closed at 4:15pm.

Signed
Chair of Pension Board

Date.....