

Minutes



Dorset County Pension Fund
Administered by Dorset County Council

Meeting: Local Pension Board for the Dorset County Pension Fund
Time: **3.00pm**
Date: **Wednesday 1st March 2017**
Venue: Committee Room 2, County Hall, Dorchester DT1 1XJ

Present:

Cllr Andrew Cattaway	Employer Representative – Dorset CC (Chairman)
Paul Kent	Member Representative (Vice-Chairman)
Adam Richens	Employer Representative – Borough of Poole + Bournemouth BC
Jeff Morley	Union Nominated Member Representative
James Stevens	Member Representative

Officer Attendance:

Anne Weldon	Pensions Benefit Manager
Thomas Wilkinson	Interim Chief Treasury & Pensions Manager
David Wilkes	Finance Manager (Treasury and Pensions)
Joseph Hollick	Communications Officer (DCPF)

Managers, Advisors and Others Attendance:

Steve Lee	Investec Asset Management
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1. Apologies for Absence

1.1. Apologies for absence were received from John Jones (Scheme Employer Representative), and Jason Vaughan (Scheme Employer Representative).

2. Declarations of interest

2.1. None

3. Minutes from previous meeting

3.1. The minutes from the previous meeting were read and agreed.

3.2. A Scheme Member Representative questioned the reason for the delay between Board Meetings, as the last meeting held was 15 March 2016. The Chairman explained that the meeting in the summer was called off due to the quorum not being reached, due to absence on the board.

4. Membership of Local Board and Terms of Reference

- 4.1. The Interim Chief Treasury & Pensions Manager said that changes suggested to the Local Pension Board's Terms of Reference are available in a tracked document.
- 4.2. The Chairman said it isn't easy to interest people, as is reflected in the current vacancy on the Board. It is important to stress the significance and importance of the Board, especially now in respect of proposals for local government reorganisation in Dorset. The Chairman said he will actively encourage people to show interest in filling the vacancy, and asked other board members to do the same.
- 4.3. A Union Nominated Member Representative proposed that at least two members of the board should be union nominated. The Interim Chief Treasury & Pensions Manager confirmed that interest has actively been sought from trade unions.
- 4.4. It was decided that two Local Pension Board meetings will be held per annum, with an additional two dates arranged as 'reserve dates'.

5. Papers from the Pension Fund Committee

- 5.1. The agenda and minutes of the Pension Fund Committee meetings that were held on 24 July 2016, 12 September 2016, 24 November 2016, 9 January 2017, and 1 March 2017 were reviewed. The Chairman suggested these were reviewed with the most recent first. This was agreed.

- 5.1.a. The papers from the Pension Fund Committee held on 1 March 2017 were reviewed, stating that Valuation 2016 results were delivered late from Dorset County Pension Fund's (DCPF) actuaries. This caused difficulties for some employers when setting budgets.

The Interim Chief Treasury & Pensions Manager said that the DCPF was unhappy with the lateness of the results, and the increases to future employer contribution rates, some of which had been much larger than expected. The scheme have asked the actuaries for indicative rates for years 4 & 5 in future, to help employers plan.

It was reported that the introduction of the new LGPS 2014 scheme on 1 April 2014 had caused difficulties for the actuaries, due to the necessity for them to essentially assess three different schemes. (Pre 2008, 2008-2014, and Post 2014 (CARE))

The Chairman suggested that changes in Scheme Legislation should become a regular item on future board meetings' agendas. This was agreed.

- 5.1.b. The papers from the Pension Fund Committee held on 9 January 2017 were reviewed, in which it was stated that a recruitment agency has been appointed to recruit a chairman and two non-executive directors to Brunel Pensions Partnership Ltd, the investment pooling vehicle set up by the Dorset Fund and nine other LGPS funds in the south west

region. A third non-executive director, a Chief Executive and other staff will be appointed in due course.

An Employer Representative asked if there would be performance related pay awarded to these appointees, and if so, whether this is sensible in the current financial climate. The Interim Chief Treasury & Pensions Manager said there may be an element of performance related pay for some employees, but that any such arrangements would be considered by the Shadow Oversight Board to ensure fairness.

- 5.1.c. The papers from the Pension Fund Committee held on 24 November 2016 were reviewed, in which CRBE, the Fund's property manager, provided a report of their portfolio. Concern was raised over the future of the Cambridge Science Park, which the fund is investing in, as it is yet to be fully developed.

Pension Fund Committee members have asked for a 'due diligence' report so they can assess the situation.

An employer representative noted that usually the fund would tend to wait for development to be finished to minimise risk. The Interim Chief Treasury & Pensions Manager said DCPF already own the land, and any proposed investment would be run by CRBE for assessment before final approval.

- 5.1.d. The papers from the Pension Fund Committee held on 12 September 2016 were reviewed, where the Fund's auditors, KPMG, provided their audit opinion on the 2015/16 accounts.

The Interim Chief Treasury & Pensions Manager said the 15/16 audit was more difficult than usual due to the unexpected passing of the Fund Accountant.

The Committee received an Investment Management Arrangements report which stated that Investment Managers should be formally reviewed every 3 years, and subject to good performance, be reappointed for a further three. Underperforming managers should be reviewed more frequently.

- 5.1.e. The papers from the Pension Fund Committee held on 24 July 2016 were reviewed, where the paper on pooling of funds for Project Brunel was discussed.

The chairman suggested a new regular item on future Local Pension Board meetings should be dedicated to an update on progress in implementing Project Brunel.

6. LGPS reform update

- 6.1. The Interim Chief Treasury & Pensions Manager confirmed a Financial Conduct Authority (FCA) approved company will be created, called Brunel Pensions Partnership Ltd. This is intended to be operational by April 2018.

- 6.2. The Chairman said an Oversight Board will start taking oversight of the company.
- 6.3. The Interim Chief Treasury & Pensions Manager said one of the benefits of Project Brunel will be that currently each of the 10 funds has a custodian bank holding its investment assets, but after the company is formed, there will only be the need for one shared custodian.
- 6.4. A scheme representative queried the extent of the running costs of the project. The Interim Chief Treasury & Pensions Manager said the estimated fee savings will outweigh the cost.
- 6.5. Members of Project Brunel are currently lobbying the government and local MPs about the significant cost of this process, particularly in relation to potential windfall stamp duty receipts for HM Treasury.
- 6.6. The Chairman said he would like representation from Dorset. A letter is being written, which the Dorset Local Pension Board will sign.

7. Future Agenda & Business Plan

- 7.1. The Pensions Benefit Manager highlighted that the Risk Register needs to be reviewed, and will bring information to the Local Pension Board meeting in September.
- 7.2. Internal audits need to take place, especially as more employers join the scheme. We need to make sure all have sufficient bonds in place.
- 7.3. The Pensions Benefit Manager pointed out that the Communications Strategy needs to be updated.
- 7.4. There has been an addition to the Administration Strategy, which stipulates that active members of the scheme will be charged £50+ VAT if they request more than one estimate in a rolling 12 month period. This is due to the time taken and complex nature of calculating these requests. This has had positive effects on the pension team's workloads.
- 7.5. A Scheme Representative asked if this was also in place for redundancy requests, as these may be out of the employee's hands. The Pensions Benefit Manager confirmed that all redundancy estimate requests come from employers, and a charge of £100 + VAT was in place for employers, should they make more than 2 requests for the same individual in a rolling 12 month period.
- 7.6. The Interim Chief Treasury & Pensions Manager highlighted the tight timescales of the End of Year processes, with the issuing of Annual Benefit Illustrations and checks on Annual Allowance. It is hoped that employers will get more involved in this process to ease these difficulties.
- 7.7. The Key Performance Indicators (KPIs) are currently positive and looking good. The Pensions Benefits Manager said that DCPF is currently in its quiet period, so it may be that KPIs aren't as good at the next review.

7.8. The Pensions Benefit Manager encouraged board members to attend the Local Government Pension Committee Trustees conference in June, where it is likely fund pooling, the impact of Brexit, deficits, data consistency and cost management will be discussed.

8. Any other Business

8.1. A Scheme Representative brought up training needs for Local Pension Board members. A template will be sent to all members for them to complete, allowing them to identify areas they require further training on.

8.2. The Interim Chief Treasury & Pensions Manager pointed out that there will be Council elections in May 2017, which means there will potentially be new Board members for the Pension Fund Committee in June 2017.

9. Meeting closed at 16:50

10. Date of next meeting – 2pm 13 September 2017