Minutes of the Norfolk Pension Fund Pensions Oversight Board meeting held on Wednesday 10 February 2016 at 10.30am.

Present:

Chairman
Kevin McDonald Director of Pensions, Essex Pension Fund

Employer Representatives
Debbie Beck Norfolk County Council
David Hicks Diocese of Norwich Education and Academies Trust
Cllr Chris Walker Poringland Parish Council

Scheme Member Representatives
Laurie Rainger Pensioner member
Rachel Farmer Trade Union

Also Present
Nicola Mark Head of the Norfolk Pension Fund
Jo Quarterman Business Development and Project Manager, Norfolk Pension Fund
Alex Younger Pension Fund Investment & Actuarial Services Manager
Glenn Cossey Chief Investment Manager, Norfolk Pension Fund
Mark Alexander Pensions Manager, Norfolk Pension Fund
Tim Shaw Committee Clerk

1 Apology For Absence

1.1 An apology for absence was received from John Harries, Active/Deferred Member.

2.1 Minutes

The minutes of the previous meeting held on 10 November 2015 were confirmed as a correct record and signed by the Chairman.
2.2 Matters Arising

2.1 Members discussed issues about the confidentiality of the information that was made available to them as Board Members, the Board’s terms of reference and its relationship with the Pensions Committee. Members were reminded about the requirement for them to disclose conflicts of financial or other interest which were likely to prejudice the exercise of their functions as Members of the Board.

3. Declarations of Interest

There were no declarations of interest

4. Matters of Urgent Business

4.1 There were no matters of urgent business.

5 Local Government Pension Scheme Reform

5.1 The Board was updated on LGPS reform since the previous meeting of the Board in November 2015.

5.2 The Board noted the information that was shared with them on a confidential basis about the Chancellor’s proposals for Pensions reform, the scale and size of pooled investments and the current status and common features of the group of funds (including the Norfolk Pension Fund) that were likely to participate in the ACCESS pool.

5.3 Members were informed that regular meetings were now held between officers of the Funds that were likely to participate in the ACCESS pool so as to agree on equitable ways to share the costs of establishing the pool and the principles and governance arrangements by which the pool would run. There would be no single dominant Fund in the ACCESS pool in terms of size. The Funds that could make up the ACCESS pool had similar investment strategies and a significant level of overlap of investment managers.

5.4 It was pointed out that for some asset types it would be necessary to let existing investments run to their natural termination date to avoid the costs of early termination. This meant that the potential savings from pooling and new investment platforms would not be fully achieved until year 10 or later. In the long term the estimated eventual annual savings were likely to be between £200m and £300m.

5.5 Members were informed that nothing on this level of LGPS reform had ever been done before. The changes in the LGPS were seen as presenting an enormous undertaking, particularly in the context of the continuing budgetary pressures on local government and the internal
resource constraints that were being placed on the Norfolk Pension Team.

5.6 It was noted that European legislation prohibited EU Pension Funds restricting investment to the infrastructure of any one EU country.

5.7 It was also noted that the date for the initial response to the Government about pooling arrangements had been extended until 23 February 2016 and that Officers were developing a detailed project plan to support the development of the detailed response to the pooling criteria required by July 2016.

5.8 It was understood that the current target date for the introduction of LGPS reform was 1 April 2018.

5.9 Members of the Board asked to be provided with a link to the Government criteria and guidance for pooling which was set out in the document ‘Local government pension scheme: investment reform criteria and guidance’.

Note:
This can be found at the following link: https://www.gov.uk/government/publications/local-government-pension-scheme-investment-reform-criteria-and-guidance

5.10 Members of the Board also asked for the Norfolk Pension Fund website and the next edition of the employers’ newsletter to include a brief explanation of the Government’s proposals for LGPS reform and the likely implications for scheme members.

6 Pensions Committee- Feedback from Pensions Committee meeting

6.1 The agenda that had been presented to the January 2016 meeting of the Pensions Committee and the supporting papers and minutes of that meeting were available to Board Members prior to this Board meeting.

6.2 It was pointed out that several Members of the Pensions Board had attended the January 2016 meeting of the Pensions Committee and that the Board would continue to look to send at least one observer to every meeting of the Pensions Committee.

6.3 It was agreed that Board Members should (at the discretion of the Chairman of the Pensions Committee) have an opportunity to speak at the Pensions Committee about issues that related to the work of the Board. It was suggested that this should be done when the Pensions Committee considered the Administration Report.

6.4 It was noted that the next meeting of the Pensions Committee was
scheduled for 23 February 2016.

7 Training- An overview of administration and investments

7.1 The Board received a presentation from Mark Alexander, Pensions Manager, Norfolk Pension Fund, about the administration of the LGPS and its delivery in Norfolk. The presentation included details about the implications of recent changes in LGPS legislation, the use of computer records and secure document exchanges, details as to numbers of employers and scheme members and the prestigious awards to the Norfolk Pension Fund for scheme administration.

7.2 Members of the Board discussed the computerised pension administration scheme used by 80 plus LGPS funds in the UK to keep records, perform calculations and produce the benefits statements, run the pensioner payroll and make one off payments.

7.3 The Board then received a presentation by Glenn Cossey, Chief Investment Manager, Norfolk Pension Fund and Alex Younger, Pension Fund Investment & Actuarial Services Manager about understanding the cost of investing fund assets. This presentation (which was subject to time constraints at the end of the meeting) considered different fee levels and transactions costs associated with different asset classes and markets, and mentioned how Norfolk had benefited from a number of fund managers introducing LGPS specific tariffs and had achieved fee discounts where appropriate during periods of underperformance.

7.4 It was agreed that the next meeting of the Pension Board should revisit the training on investments (which had been curtailed at this meeting due to time constraints), and provide Members with an opportunity to develop an understanding of what drives the overheads of the Fund; and the valuation / valuation process, and the impact on stakeholders.

8 Pensions Oversight Board: Next Steps: To agree the focus for the Pensions Oversight Board

8.1 The Chairman said that the Government planned to undertake a review of the governance arrangements for Pensions Boards later in the year.

8.2 It was noted that to prevent any conflicts of interest that might arise from pooled investments the forthcoming review could result in changes in the arrangements for the chairing of Pensions Boards.

9 Knowledge and Skills

9.1 It was noted that this issue had been largely discussed when the
Panel considered the other items on the agenda.

9.2 Members of the Board were asked to complete and return to Jo Quarterman the Training Needs Analysis sheet that was laid on the table and which would be emailed to Members after the meeting. The responses would then be combined to help develop a picture of training needs looking ahead.

10 Date of next meeting

10.1 It was agreed that officers should consult with Board Members on possible dates and times for forthcoming meetings of the Pensions Board to be held before the Pensions Committee met on 14 June 2016 and after the Pensions Committee met on 6 December 2016.

The meeting concluded at 1.15 pm

Chairman