

# Item 4.1 - Minutes

## Pensions Committee

10.00am, Wednesday, 13 March 2013

### Present

Councillor Child (Convener), Councillor Bill Cook, Alison Cosgrove, Darren May, Councillor Orr, Councillor Rankin and Councillor Rose.

### Consultative Panel Members Present:

Eric Adair, Charlie Boyd, Eric MacLennan and John Rodgers.

## 1. Minutes

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### Decision

To approve the minute of the Pensions Committee of 18 December 2012. as a correct record.

## 2. External Audit – Annual Audit Plan 2012-13

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Audit Scotland had provided details of its planned programme of work to support the statutory audit in 2012/13.

### Decision

- 1) To note the Annual Audit Plan 2012-13, as submitted by Audit Scotland.
- 2) To note the formal reliance placed on the work of Internal Audit.
- 3) To note that suitable budgetary provision had been made for the estimated audit fee.
- 4) To note that progress against the Annual Audit Plan 2012-13 would be reported to future meetings of the Pensions Audit Sub-Committee and then the Pensions Committee.

(Reference –report by the Director of Corporate Governance, submitted.)

### 3. Revisions of Pensions Discretions Policy and Communication Policy

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Details were provided of the Administering Authority discretions policy and the Lothian Pension Funds' communications policy.

#### Decision

- 1) To approve the Pensions Discretions Policy provided in Appendix 1 to the Director of Corporate Governance's report subject to the amendment of items 7 and 47. Item 7 should include reference to Committee agreeing the Funding Strategy Statement and Item 47 by replacing 'charges are set in line with' with 'charges are set with reference to'.
- 2) To approve the Communications Policy as provided in Appendix 2 to the Director of Corporate Governance's report.
- 3) To note the vital role of communication and the Director of Corporate Governance's commitment to ensuring that communications resources were adequate given the forthcoming changes to the pension scheme.
- 4) To request that the Director of Corporate Governance reports to Committee on the pension administration activity including the discretions applied by Pension Fund staff on issues such as payment of death grants.

(Reference – report by the Director of Corporate Governance, submitted.)

### 4. Service Plan 2012-2015 – Monitoring Update

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The progress against the objectives laid out in the 2012-2015 Service Plan was outlined. Details were also provided of the performance indicators for the Service Plan, including more detailed information on the split between short and long term sickness.

#### Decision

- 1) To note the progress made against the service plan.
- 2) To agree that an annual report should be submitted to the Committee in September each year on the performance of the fund.
- 3) To make the Service Plan actions more specific and to include traffic lights to illustrate the progress.

(Reference – Pensions Committee 18 December 2012 (item 8); report by the Director of Corporate Governance, submitted.)

## 5. Lothian Pension Fund Service Plan 2013-2016

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Approval was sought for the Service Plan 2013-16 for the Lothian Pension Funds and the budget for 2013-14. Details were also provided of the indicative budget figures for 2014-16.

### Decision

- 1) To approve the Service Plan 2013-16.
- 2) To approve the budget for 2013-14.
- 3) To note the indicative budgets for 2014-15 and 2015-16.

(Reference – report by the Director of Corporate Governance, submitted.)

## 6. Appointment of Providers

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Following a competitive EU procurement exercise four investment managers were appointed to a framework, which would last for 10 years for the provision of investment management services for Lothian Pension Fund's actively managed emerging market equities. Additionally, Sarah Smart of SmartCats Consulting had been appointed as the independent professional adviser, who would participate in the governance arrangements for the Lothian Pension Funds.

### Decision

- 1) To note the appointment of the managers for the Lothian Pension Fund's emerging markets equity portfolio and Sarah Smart as independent professional observer.
- 2) To request that the Director of Corporate Governance reports further on the terms of reference for the Independent Professional Observer.

(Reference – report by the Director of Corporate Governance, submitted.)

## 7. Reform of the Local Government Pension Scheme in Scotland and Regulatory Update

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An update was provided on pension regulations in particular covering the details of the Public Service Pensions Bill and its implications and a UK Government White Paper outlining proposals to reform the State Pension.

## **Decision**

To note the regulatory update in the report by the Director of Corporate Governance, the significant implications for Lothian Pension Fund and Lothian Buses Pension Fund of the Public Service Pensions Bill and the tight timescales for implementation of a new Local Government Pension Scheme in Scotland.

(Reference – report by the Director of Corporate Governance, submitted.)

## **8. Update on Employers' Participation in Lothian Pension Fund**

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An update was provided on the changes in participation of employers in regard to the Lothian Pension Fund.

### **Decision**

To note the changes in employers participating in the Lothian Pension Fund.

(Reference – report by the Director of Corporate Governance, submitted.)

### **Declaration of Interests**

Councillors Orr and Rose declared a non financial interest in the above item as advisers to the Board of Canongate Youth project.

Councillor Orr declared a non financial interest in the above item as the vice-chair of FETA.

## **9. EU Tax Claims**

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The activity on EU tax claims made on behalf of the Lothian Pension Fund was summarised.

### **Decision**

To note the progress made in reclaiming EU tax claims suffered on dividends.

(Reference – report by the Director of Corporate Governance, submitted.)

## **10. Appointment of Convener of the Pensions Audit Sub-Committee**

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In accordance with the Committee Terms of Reference and Delegated Functions paragraph A5.1, the Pensions Committee was asked to appoint a Convener from the Sub-Committee's membership.

**Decision**

To appoint Councillor Rose as the Convener of the Pensions Audit Sub-Committee.

(Reference – report by the Director of Corporate Governance, submitted.)