

Pensions Committee

02.00 pm, Wednesday, 18 December 2013

Present

Councillor Rankin (Convener), John Anzani, Councillor Child, Councillor Cook, Darren May, Councillor Orr and Councillor Rose.

Consultative Panel Members Present:

Eric Adair, Helen Carter, Alison Cosgrove, Eric MacLennan and John Rodgers

1. Minutes

Decision

To approve the minute of the Pensions Committee of 24 September 2013 as a correct record.

2. Consultative Panel and Pensions Committee Membership

Details were provided of new appointments to the Pensions Committee and Consultative Panel.

Decision

- 1) To note the appointments of Darren May and John Anzani as members of the Pensions Committee.
- 2) To welcome the new members of the Consultative Panel, John Anzani, Sharon Dalli and Helen Carter.
- 3) To thank Allison Cosgrove for her work and commitment whilst she has been a member of the Panel and Committee.

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

3. Annual Report on the 2012/13 Accounts of Lothian Pension Fund by the External Auditor

Details were provided of the Auditor's Annual Report on the 2012/13 Audit of the Lothian Pension Funds.

A representative from Audit Scotland was present for this item.

Decision

- 1) To note the Annual Report on the 2012/13 Audit of the Lothian Pension Funds.

- 2) To note the Action Plan at Appendix B of the report by the Director of Corporate Governance.
- 3) To agree that the plans for internal and external audit were developed in consultation with the Convener of the Pensions Audit Sub-Committee prior to consideration by the Pensions Committee in March 2014.

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

4. Contribution Stability Mechanism 2013

An update was provided on the work undertaken to progress a Contribution Stability Mechanism for the main Lothian Pension Fund. Consultation on the proposed contribution stability mechanism had taken place and approval was sought for the proposal until March 2021.

Decision

- 1) To approve the Contribution Stability Mechanism until March 2021.
- 2) To take a proactive approach to updating employer admission agreements.

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

5. Investment Strategy Update

The Lothian Pension Fund's investment strategy had been agreed in October 2012 and an update was provided on the progress on implementation.

Decision

To note the progress made in implementing the Investment Strategy 2012-17, in particular the transition to lower risk equities.

(Reference – Pensions and Trusts Committee 3 October 2012 (item 4); report by the Director of Corporate Governance, submitted.)

6. Service Plan Progress

An update was provided on the 2013-2016 Service Plan, performance indicators and key actions.

Two consultations had recently been received which required a reply prior to the next meeting of the Pensions Committee.

Decision

- 1) To note the progress of the Fund against its 2013 – 2016 Service Plan.
- 2) To authorise the Director of Corporate Governance to respond to the Pensions Regulator and Scottish Government Governance Consultations in consultation with members of the Pensions Committee and Consultative Panel.

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

7. Class Actions

A class action is when an investor agrees to act as a lead plaintiff in a case against a company. An update was provided on class actions involving the Lothian Pension Fund.

Decision

To note the content of the report.

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

8. Environmental Social and Governance Activity

An annual update was provided on the Lothian Pension Fund, Lothian Buses Pension Fund and Scottish Homes Pension Fund's activity on environmental, social and governance issues.

Decision

- 1) To note the contents of the report.
- 2) To endorse Councillor Cameron Rose's nomination to stand for re-election to the Local Authority Pension Fund Forum Executive and for the position of Vice Chair.

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

9. EU Tax Claims

A summary of recent activity on EU tax claims made on behalf of the Lothian Pension Fund was provided.

Decision

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

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

10. Risk Management

The Quarterly Risk Overview at 15 November 2013 was provided which highlighted the material risks facing the pension funds and identified any new risks or concerns.

Decision

- 1) To note the Quarterly Risk Overview.
- 2) To request that the Director of Corporate Governance investigates reflecting the changes in the level of risk in the period in future scatter diagrams.

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

11. Agenda Planning

An indication was provided of potential reports for future Pensions Committee and Pensions Audit Sub-Committee meetings in 2014.

The Pensions Audit Sub-Committee on 16 December 2013 had requested a fuller review of risk management at the June 2014 sub-committee and requested that the reports on EU tax claims and Investment Income Review – Cross Border Withholding Tax were considered together at the December Sub-Committee.

Decision

- 1) To note the agenda planning schedule.
- 2) To consider rescheduling reports assigned for the June 2014 committee to the March 2014 committee.

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