

Minutes

Pensions Committee

2.00pm, Tuesday 6 December 2016

Present:

Councillors Rankin (Convener), Child, Orr and Rose.

Pensions Board Members Present:

Darren May, Alan Williamson, Graeme Turnbull, Sharon Dalli, Catrina Warren, John Rodgers, Jim Anderson, Paul Ritchie, Richard Lamont.

1. Minutes

Decision

To approve the minute of the Pensions Committee of 28 September 2016 as a correct record, subject to including a further decision under item 3 to read 'To agree that a report on the Fund's engagement with companies on environmental, social and governance issues would be considered at a future meeting of the Pensions Committee'.

2. Referrals and Recommendations from Pensions Audit Sub Committee

Councillor Rose advised the Committee of the discussions and decisions taken at the Pensions Audit Sub-Committee on 5 December 2016.

Decision

To note the update.

3. Considerations and matters to be raised by the Pensions Board regarding any items on the agenda

Decision

To note the issues raised by the Pensions Board.

4. Agenda Planning

Details were provided of potential reports for future meetings of the Pensions Committee and Pensions Audit Sub-Committee meetings in March 2017 and June 2017.

Decision.

To note the agenda planning document.

(Reference – report by the Acting Executive Director of Resources, submitted.)

5. Pension Fund Cost Benchmarking

Details were provided of the benchmarking of investment for Lothian Pension Fund and pension administration costs for Lothian Pension Fund, Lothian Buses Pension Fund and Scottish Homes Pension Fund.

Decision

- 1) To note the report by the Acting Executive Director of Resources
- 2) To note that the CEM Investment Benchmarking Analysis 2015 and the CIPFA Pensions Administration Benchmarking 2016 comparator reports had been provided, on a confidential basis, to the Convener of the Pensions Committee, Convener of the Pensions Audit Sub-Committee and the Independent Professional Observer.

(Reference – report by the Acting Executive Director of Resources, submitted.)

6. Stewardship

An annual update on the Funds' class action activity was provided as well as an annual update on the activity of the Lothian Pension Fund, Lothian Buses Pension Fund and Scottish Homes Pension Fund (the Funds) in relation to the stewardship of the assets of the Funds was provided.

Emma Hunt and Bruce Duguid, on behalf of Hermes, delivered a presentation regarding the engagement undertaken on behalf of the fund and the benefits of maintaining the current arrangements. From the beginning of the financial year 2016/17, Hermes had voted on behalf of Lothian Pension Fund at 367 meetings covering 5,292 resolutions.

Decision

- 1) To note the report by the Acting Executive Director of Resources.

- 2) To nominate Councillor Rankin to stand for election to the Local Authority Pension Fund Forum (LAPFF) Executive at the January 2017 AGM (the appointment being subject to approval by Council).

(Reference – report by the Acting Executive Director of Resources, submitted.)

7. Service Plan Update

An update was provided on progress against the 2016-18 Service Plan, including performance indicators and the key actions of the Fund.

Decision

- 1) To note the progress of the Fund against the 2016-2018 Service Plan.
- 2) To note the responses on the issue of the full cost transparency of investment management fees from Chartered Institute of Public Finance and Accountancy and the Scheme Advisory Board.

(Reference - report by the Acting Executive Director of Resources, submitted.)

8. Lothian Pension Fund Discretions Policy

Approval was sought to make minor amendments to The Lothian Pension Fund's (Discretions) Policy.

Decision

To approve the amended Lothian Pension Fund's Discretions Policy, as shown at Appendix 1 in the report by the Acting Executive Director of Resources.

(Reference – report by the Acting Executive Director of Resources, submitted.)

9. Risk Management Summary

An overview of the pension fund's risk analysis as at 25 October 2016 was provided.

Decision

To note the Quarterly Risk Overview.

(Reference – report by the Acting Executive Director of Resources, submitted.)