

Minutes

Pensions Committee

2.00pm, Tuesday 12 December 2017

Present:

Councillors Rankin (Convener), Child, McVey, Miller and Rose; John Anzani and Richard Lamont.

Pension Board Members Present:

Eric Adair, Thomas Carr-Pollock, Sharon Dali, Diane Hogarth, Darren May and Brian Robertson.

1. Minutes

Decision

To approve the minutes of the Pensions Committee of 27 September 2017 as a correct record.

2. Referrals/recommendations from Pensions Audit Sub-Committee

Councillor Rose advised the Committee of the discussion and decisions taken at the Pensions Audit Sub-Committee on 11 December 2017.

Decision

To note the update and that Councillor Rose would raise any specific issues as each agenda item was considered.

(Minute of Pensions Audit Sub-Committee Committee 11 December 2017)

3. Agenda Planning

Details were provided of potential reports for future meetings of the Pensions Committee and Pensions Audit Sub-Committee, including meetings in March and June 2018.

Decision.

To note the agenda planning document.

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

4. Stewardship and Engagement

Details concerning 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, including the approach to environmental, social and governance (ESG) issues, were provided.

Decision

- 1) To note the report by the Executive Director of Resources.
- 2) To nominate Councillor Rankin to the Local Authority Pension Fund Forum (LAPFF).
- 3) To continue to lobby for governance improvements at LAPFF.

(References – Pensions Committee 6 December 2016 (item 6); report by the Executive Director of Resources, submitted.)

5. 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 approve that consultation would be undertaken with employers on the “Voluntary Scheme Pays” taxation charge in respect of the “Annual Allowance”, including the stipulation that the Fund would only consent to apply such discretion with the prior agreement of the respective employer to accept all cost risks arising, e.g. member longevity.
- 3) To note that officers, in consultation with the Convener, would respond to the Scottish Government’s consultation on the scheme regulations.

(References – Pensions Committee 27 September 2017 (item 15); report by the Executive Director of Resources, submitted.)

6. Appointment of Providers

An update on the appointment of providers for services to the pension funds covering the period since the last report in March 2016 to date was provided.

Decision

- 1) To note the appointments of the providers for the pension funds as detailed in the report by the Executive Director of Resources.

- 2) To thank Sarah Smart, Independent Professional Observer, for her support to the Pensions Committee and the Pension Board.

(References – Pensions Committee 15 March 2016 (item 8); report by the Executive Director of Resources, submitted.)

7. Webcast Pensions Committee - Motion by Councillor Miller

Decision

To note that Councillor Miller had withdrawn the motion.

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

8. Resolution to consider in private

The Committee, under Section 50(A)(4) of the Local Government (Scotland) Act 1973, excluded the public from the meeting for the following items of business on the grounds that they involved the disclosure of exempt information as defined in Paragraphs 6 and 9 of Schedule 7(A) of the Act.

9. Risk Management Summary

An overview was provided of the Lothian Pension Fund's risk analysis and the material risks facing the Fund.

Councillor Rose reported that the Pensions Audit Sub-Committee had discussed a report providing an in depth review of risk management.

Decision

Detailed in the Confidential Schedule, signed by the Convener, with reference to this minute.

(References – Pensions Audit Committee 11 December 2017 (item 11); report by the Executive Director of Resources, submitted.)

10. Collaboration Update

An update on collaborative integration with other Pension Funds was provided.

Decision

- 1) To note the progress made by the Fund in relation to wider collaboration initiatives with Falkirk and Fife.
- 2) To note the progress to extend LPFI's Financial Conduct Authority (FCA) permissions to provide investment management to collaborative partners.

- 3) To note the progress made by LPFI regarding its business strategy to collaboratively invest with other Local Government Pension Scheme (LGPS) pension funds in the private markets (including infrastructure).
- 4) To agree that consultation takes places with members of the Committee regarding their involvement in the procurement of certain providers, such as the Actuary and investment advisers.

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