

Minutes

Pensions Committee

2.00pm, Wednesday 25 September 2019

Present

Councillors Rankin (Convener), Burgess, Child, Rose and Neil Ross; John Anzani and Richard Lamont.

Pension Board Members

Jim Anderson, Sharon Cowle, Darren May, Thomas Carr-Pollock and Brian Robertson.

Independent Professional Observer

Andy McKinnell

1. Minutes

Decision

To approve the minute of the Pensions Committee of 26 June 2019 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 24 September 2019.

Decision

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

(Reference – Pensions Audit Sub-Committee 25 June 2019)

3. Agenda Planning

Details were provided of proposed potential reports for future meetings of the Pensions Committee and Pensions Audit Sub-Committee including meetings in December 2019 and March 2020.

Decision

- 1) To note the agenda planning document.
- 2) To agree to an investment activity update in December 2019.

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

4. Audited Annual Report 2019 of the Lothian Pension Fund and Scottish Homes Pension Fund, including Annual Report by External Auditor

The audited Annual Report for the year ended 31 March 2019 for the Lothian Pension Fund (LPF) and Scottish Homes Pension Fund (SHPF) was considered by the external auditor, Scott-Moncrieff, and their findings presented.

It was concluded that there were no matters which Scott-Moncrieff were required to report by exception.

Decision

- 1) To note the report by Scott-Moncrieff “Lothian Pension Funds 2018/19 Annual Audit Report to Members and the Controller of Audit” (Appendix 1).
- 2) To note the audited Annual Report for the year ended 31 March 2019 for the LPF and the SHPF (Appendix 2).
- 3) To note that the audited financial statements, for the year ended 31 March 2019, of both the wholly-owned companies, LPFE Limited and LPFI Limited, were approved by the respective Board of Directors in May 2019. These statements were shown in full at Appendices 3 and 4.
- 4) To agree to refer the report to Council for noting.
- 5) To thank Scott-Moncrieff for their work to the report.

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

5. Lothian Pension Fund - Contract Awards (Period 1 January to 30 June 2019)

An update was provided on the scope of contracts awarded by Lothian Pension Fund in the period 1 January to 30 June 2019. This provided visibility of contracts awarded under the Scheme of Delegation to Officers, inclusive of direct contract awards not openly tendered due to specific circumstances permitted in regulation and those awarded following a waiver of the Council’s Contract Standing Orders (CSOs).

Decision

- 1) To note the contents of the report and the authorisations made under the Scheme of Delegation to Officers.
- 2) To note that a further report would be submitted to the Committee in approximately six months’ time.

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

6. Overpayments of Pension

In July 2019, an error had been identified whereby the Lothian Pension Fund had been paying a pension for a dependent child into an incorrect bank account since September 2015, totalling £13,373.30. The circumstances through which this had arisen and the steps taken to rectify the error were detailed.

Members discussed the issue and the costs to the Fund as it was unlikely that the full sum could be recovered from the individual.

Decision

- 1) To note that the Fund was currently pursuing recovery of an overpayment of pension totalling £13,373.30.
- 2) To agree that the overpayment should be written off to the extent that the Fund's pursuit of recovery proved unsuccessful.

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

7. Service Plan Update

An update was provided on the progress against the 2018–2020 Service Plan, performance indicators and the actions taken to enable the fund to meet its key objectives.

Overall progress was being made against the service plan objectives for 2019/20. An underspend was projected for the financial year.

Decision

- 1) To note progress of the fund against the 2018-2020 Service Plan, together with the regulatory update.
- 2) To note an update on performance indicators and the Local Government Pension Scheme (Scotland) Regulations.
- 2) To agree to include context on the Staff Engagement Survey in a future Service Plan Update.
- 3) To thank officers for their work to the report.

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

8. Risk Management Summary

The Lothian Pension Fund's risk management procedures required the fund to maintain a detailed operational risk register which set out all the risks identified and assessed by the officers on an ongoing basis, the degree of risk associated in each case and the action taken to mitigate these risks

In line with the Fund's ongoing risk management procedures, an overview was provided of the Fund's risk analysis for consideration by the Committee.

Decision

To note the Quarterly Risk Overview.

(References – Pensions Committee 26 June 2019 (item 10); report by the Executive Director of Resources, submitted.)

9. LPFE Limited and LPFI Limited Annual Report

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

An update was provided on the business and operation of the LPFE Limited (LPFE) and LPFI Limited (LPFI).

Councillor Rose advised that there had been discussion around the operation of the LPF group's governance structure at the Pensions Audit Sub-Committee and that the Sub-Committee had produced a recommendation on this for the Pensions Committee.

Decision

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

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

10. Employer Covenant Review 2019

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

An overview was provided of the recent employer covenant analysis undertaken by the Fund.

Decision

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

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

Declaration of Interests

Sharon Cowle declared a non-financial interest in this item as her friend was Chair of Barony Housing.

11. Employers Participating in Lothian Pension Fund

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

An update was provided on current matters affecting employers participating in the LPF.

Decision

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

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

Declaration of Interests

Councillor Child declared a non-financial interest in this item as a Board Member of Edinburgh World Heritage.

Sharon Cowle declared a non-financial interest in this item as her friend was Chair of Barony Housing.

12. Lothian Pension Fund ICT Update

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

Following approval by the Committee on 26 June 2019, an update was provided on the implementation of the Fund's ICT pathway.

Decision

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

(Reference – Pensions Committee 26 June 2019 (item 12); report by the Executive Director of Resources, submitted.)

13. Governance Update

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

An update was provided on implementing the recommendations of the Fund Governance Review 2019.

Decision

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

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

14. Office Relocation

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

The business case was presented for leaving Atria One, including the context of the challenges of the current office provision and the review undertaken in response.

Decision

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

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

15. Employers Participating in Lothian Pension Fund – Visit Scotland

The Convener ruled that the following item, notice of which had been given at the start of the meeting, be considered as a matter of urgency to allow the Council to give early consideration to this matter.

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

Approval was sought to transfer all active, deferred and pensioner liabilities of VisitScotland from all their other Local Government Pension Scheme (LFPS) funds in Scotland to the LPF.

Decision

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

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

Declaration of Interests

Richard Lamont declared a non-financial interest in this item as an employee of VisitScotland and took no part in the decision on this item.