

SCOTTISH BORDERS COUNCIL
PENSION FUND COMMITTEE

MINUTE of MEETING of the PENSION FUND COMMITTEE held in the Council Chamber, Council Headquarters, Newtown St. Boswells on 11 December 2012 at 10.00 a.m.

Present:- Councillors B. White (Chairman), J. Campbell, G. Edgar, G. Logan, J. Mitchell, S. Mountford.
Apology:- Councillor M. Cook.
In Attendance:- Chief Financial Officer, Treasury and Capital Manager, HR Shared Services Manager, Business Partner – Corporate Finance, Senior Finance Technician, Mr Kenneth Ettles – AON Hewitt Consulting, Mr Euan Kinghorn (Scottish Borders Housing Association), Ms Laura Bottega and Mr Peter Escott – Morgan Stanley, Ms Yvonne Thomas and Mr Malcolm Gordon – UBS, Mr Gareth Roberts – Baillie Gifford, Committee and Elections Officer (V. MacMillan).

MINUTE

1. There had been circulated copies of the Minute of the Meeting of 13 September 2012.

**DECISION
NOTED.**

AUTO ENROLMENT BRIEFING

2. A verbal update was given by the HR Shared Services Manager on Auto Enrolment. Workplace Pensions law changed in October 2012, with all employers having to take action to fulfil the new legal duties as set out in the Pensions Act 2008. Under the new pensions law employers would need to automatically enrol certain workers into a pension scheme and contribute on their behalf. This requirement applied to all employers in the United Kingdom to help more workers to save for their retirement. The responsibility to comply with the new legal requirements would fall on employers and not the Pension Fund. However, through adherence with this new legislation it was likely that there would be an increase in membership of the Pension Fund. Within the new legislation each employers was given a staging date and date of commencement, based on the size of the employer's largest tax reference number. The implementation date of auto enrolment could be deferred for up to five years and this decision would have to be taken by the Council as an employer. New employees would be auto enrolled into the Pension Fund from July 2013. The Chief Financial Officer advised that other local authorities were considering deferring auto enrolment and the implications of doing so could be noted by Scottish Borders Council. Union Members had expressed interest in terms of when auto enrolment would commence and they had been informed that a decision had not been taken yet but they would be kept informed. Officers answered Members questions.

**DECISION
NOTED.**

PENSION ADMINISTRATION SYSTEM

3. There had been circulated copies of a report seeking approval to commence the procurement project to replace the Pensions Administration System for the Scottish Borders Council Pension Fund. The licence agreement for the existing system was due to expire in November 2013 and the current application would not be developed to meet with upcoming legislation changes due in 2014/15. The system was an essential administrative tool that supported the provision of a high quality administration service for the Pension Fund. This

was an opportunity to implement a modernised application with the functionality to provide an improved and efficient experience for members of the Pension Fund, through the implementation of Self Service functionality.

DECISION

AGREED to approve the commencement of a procurement project to replace the Pensions Administration System, with a further report to be submitted for consideration once actual costs were known.

URGENT BUSINESS

4. Under Section 50B(4)(b) of the Local Government (Scotland) Act 1973, the Chairman was of the opinion that the item(s) dealt with in the following paragraph(s) should be considered at the meeting as a matter of urgency, in view of the need to keep Members informed / make an early decision.

RISK REGISTER UPDATE

5. With reference to paragraph 2 of the Minute of 13 September 2012 the Corporate Finance Manager provided an update on the Risk Register. There were four red risks identified, which were:- Equity risk, Legislation changes, Changes in composition of Pension Fund membership, i.e. active/deferred/pensioners; and Employees who can no longer afford to participate in the scheme. There were measures in place to control the risk.

DECISION

NOTED.

PRIVATE BUSINESS

DECISION

AGREED under Section 50A(4) of the Local Government (Scotland) Act 1973 to exclude the public from the meeting during consideration of the business contained in the following items on the grounds that they involved the likely disclosure of exempt information as defined in paragraph 8 of part 1 of Schedule 7A to the Act.

SUMMARY OF PRIVATE BUSINESS

Minute

1. The Committee noted the Private Minute of the meeting of 13 September 2012.

Quarter 3 2012 Investment Monitoring Report

2. The Committee noted a report by AON Hewitt Consulting.

Proposals for Procurement of Managers

3. The Committee approved a report by the Chief Financial Officer on Proposals for Procurement of Managers.

Update on Currency Hedging

4. The Committee noted an update by the Chief Financial Officer on the Currency Hedging Programme.

Admitted Body Engagement in the Pension Fund

5. The Committee approved a report by the Chief Financial Officer on Admitted Body Engagement in the Pension Fund.

Performance Update and Question Session – Morgan Stanley

6. The Committee noted a Performance Update and Question Session from Morgan Stanley.

Performance Update and Question Session – UBS

7. The Committee noted a Performance Update and Question Session from UBS.

Performance Update and Question Session – Baillie Gifford

8. The Committee noted a Performance Update and Question Session from Baillie Gifford.

Urgent Business – Delegation of Authority in Relation to Voting Rights

9. The Committee noted a report considered under Urgent Business on Delegation of Authority in Relation to Voting Rights.

The meeting concluded at 4.10 p.m.