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PENSION BOARD THURSDAY, 13 JUNE 2019

A MEETING of the PENSION BOARD will be held in the COUNCIL CHAMBER, COUNCIL HEADQUARTERS, NEWTOWN ST BOSWELLS on THURSDAY, 13 JUNE 2019 immediately following the joint meeting of the Pension Fund Committee and Pension Board. **A pre-meeting will be held at 9.45 am in Committee Room 1.**

J. J. WILKINSON,
Clerk to the Council,

31 May 2019

| BUSINESS | | |
|-----------------|--|---------|
| 1. | Welcome and Introductions | |
| 2. | Apologies for Absence | |
| 3. | Minute (Pages 3 - 6) Minute of Meeting held on 30 November to be noted and signed by the Chairman. (Copy attached). | 2 mins |
| 4. | Joint Meeting of Pension Committee and Pension Board Consideration of any issues required to be raised. | 10 mins |
| 5. | Any Other Items which the Chairman Decides are Urgent | |
| 6. | Any other Items Previously Circulated | |
| 7. | Date of Next Meeting The next meeting is scheduled to be held on Thursday, 12 September 2019 following the Pension Fund Committee and Pension Board joint meeting. | |

NOTES

1. Timings given above are only indicative and not intended to inhibit Members' discussions.
2. Members are reminded that, if they have a pecuniary or non-pecuniary interest in any item of business coming before the meeting, that interest should be declared prior to commencement of discussion on that item. Such declaration will be recorded in the Minute of the meeting.

Membership of Committee:- Councillors S. Aitchison (Chairman), Mr E Barclay (Vice-Chairman), Mr M Drysdale, Ms T Dunthorne, Ms K M Hughes, Ms L Ross, Ms H Robertson and Ms C Stewart

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**SCOTTISH BORDERS COUNCIL
PENSION BOARD**

MINUTE of Meeting of the PENSION BOARD held in Council Chamber, Council Headquarters, Newtown St Boswells on Friday, 30 November 2018 at 9.30 am

Present:- Cllr Aitchison (Chair), Mr E Barclay (Vice Chair), Mr M Drysdale, Ms L Ross and Ms C Stewart.
Apologies:- Ms K M Hughes, Ms H Robertson.
In Attendance:- Chief Financial Officer, Pension & Investments Manager, Democratic Services Officer (J Turnbull)

1. **CHAIRMAN**
Mr Barclay in the Chair.

2. **MINUTE**
There had been circulated copies of the Minute of the Meeting of 13 September 2018.

DECISION
NOTED for signature by the Chairman.

MEMBER
Councillor Aitchison joined the meeting following consideration of the above item.

3. **CHAIRMAN**
Councillor Aitchison in the Chair.

4. **REVIEW OF THE STRUCTURE OF SCOTTISH LOCAL GOVERNMENT PENSION SCHEME - CONSULTATION RESPONSE**

4.1 With reference to paragraph 2 of the Minute of 13 September, there had been circulated copies of a report by the Chief Financial Officer seeking approval of the consultation response to the review of the structure of the Scottish Local Government Pension Scheme. The report explained that following a request from Scottish Government, the Scheme Advisory Board had launched a consultation process on the future structure of the Scottish Local Government Pension Scheme. The process had been launched in June 2018 and sought to establish the views of employee and employers' representatives on four options: (i) To retain the current structure with 11 funds; (ii) To promote cooperation in investing and administration between the 11 funds; (iii) To pool investments between the 11 funds; and, (iv) to merge the 11 funds into one or more funds. The Pension Fund Committee and Pension Board had received all information available to the Fund and at the joint meeting on 13 September all the options had been fully discussed, with the majority of Pension Board members being supportive of Option (ii) above. The Pension Board had agreed to submit a separate response to the consultation and a draft response had been circulated with the agenda, for approval. It was noted that responses had to be submitted no later than 7 December 2018.

4.2 The Chief Financial Officer, Mr Robertson, discussed the response in detail, highlighting the relatively recent establishment of the Board, in 2015, which had significantly enhanced the governance and scrutiny of the Fund's activities and provided a voice for local employer and employee representatives. The response also referred to the Board's conclusion that there was no compelling empirical case for reform, and that any change could have a significantly detrimental effect on member confidence, investment

performance and funding levels. However, the Board had accepted that more collaboration between funds could have the potential to deliver cost benefits, upgrading of systems and sharing of best practice. Following discussion, it was agreed that the response also make reference to a concern that a merger of funds could have an impact on smaller employers in terms of future liabilities and higher contribution rates which could affect jobs.

- 4.3 In response to questions, Mr Robertson advised that one of drivers for reform was a political desire for pension funds to invest in infrastructure. Scottish Borders Council's Pension Fund, through collaboration with Lothian Pension Fund, already invested in infrastructure as part of a balanced approach to investment. Mr Robertson further advised that the only circumstance in which the Fund should be expected to merge would be if there was evidence of failure around governance or if the Fund was unable to meet future liabilities. Regarding the opinions of other pension funds in Scotland, Mr Robertson advised that from responses submitted to date, Lothian and Falkirk favoured a merger; the other 11 funds, including the largest - Strathclyde Pension fund - favoured option 2; with Cosla also supportive of Option 2. The Board agreed that the consultation response be submitted, as amended; and thanked officers and managers for their contribution to the effective governance and the advice given to the Pension Board.

DECISION

AGREED:

- (a) **That the response to the consultation include reference to the detrimental impact full merger could have on smaller employers in terms of future liabilities and higher contribution rates; and**
- (b) **To submit the amended response from Scottish Borders Council Pension Board, attached as Appendix A to the Minute.**

ADJOURNMENT

The meeting was adjourned at 10.00 am and recommenced at 11.30 pm, following the joint meeting of the Pension Fund Committee and Pension Board.

5. JOINT MEETING OF PENSION COMMITTEE AND PENSION BOARD

The Board discussed the joint meeting, there were no concerns.

DECISION

NOTED.

6. URGENT BUSINESS

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

7. PENSION BOARD MEMBERSHIP

Mrs Robb advised that following the resignation of Mr Smith, Border's College had appointed Ms Hazel Robertson, Vice Principal, as their representative on the Pension Board. It was noted that Mr Terras, one of Unison's representatives, had also tendered his resignation and that Unison had appointed Ms Terry Dunthorne as their other representative on the Pension Board.

DECISION

- (a) **NOTED the resignation of Mr J Terras.**
- (b) **AGREED the membership of the Pension Board as follows:-**

Councillor S Aitchison (Scottish Borders Council)
Mr E Barclay (Unite)

Mr M Drysdale (GMB)
Ms T Dunthorne (Unison – Council’s Trade Union Consultative Group)
Ms K M Hughes (Unison)
Ms L Ross (Admitted Body)
Ms H Robertson (Borders College)
Ms C Stewart (Admitted Body).

8. PENSION BOARD MEMBERSHIP

Following the resignation of Mr P Smith, to appoint an employer representative to the Pension Fund Investment and Performance Sub-Committee. It was noted that Ms K M Hughes was the Union’s representative on the Sub-Committee. The Board unanimously agreed that Ms Linda Ross be appointed as the Pension Board employer’s representative on the Pension Fund Investment and Performance Sub-Committee.

DECISION

AGREED to appoint Ms L Ross to the Pension Fund Investment Performance Sub-Committee.

The meeting concluded at 11.45 am

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