

**SCOTTISH BORDERS COUNCIL
PENSION FUND COMMITTEE AND PENSION BOARD**

MINUTES of Meeting of the PENSION FUND
COMMITTEE AND PENSION BOARD held
in KPMG, Saltire Court, 20 Castle Terrace,
Edinburgh EH1 2EG on Thursday, 7 March
2019 at 10.00 am

Present:- Councillors D. Parker (Chairman), J. Brown, G. Edgar, D. Moffat, S. Mountford, S. Scott, Mr M Drysdale and Ms L Ross

Apologies:- Councillors C. Hamilton, S. Aitchison, Mr E Barclay, Ms T Dunthorne, Ms K M Hughes and Ms C Stewart

Absent:- Councillors Ms H Robertson

In Attendance:-

1. MINUTE

There had been circulated copies of the Minute of the Meeting of 30 November 2018.

DECISION

NOTED for signature by the Chairman.

2. PENSION FUND INVESTMENT AND PERFORMANCE SUB-COMMITTEE

There had been circulated copies of the Minute of the Pension Fund Investment and Performance Sub-Committee dated 25 February 2019.

DECISION

NOTED the Minute.

3. RISK REGISTER UPDATE

There had been circulated copies of a report by the Chief Financial Officer which formed part of the risk review requirements. The report provided Members of the Pension Fund Committee and Pension Board with an update on the progress of the actions taken by management to mitigate these risks, a review of any new risks and highlighted changes to risks contained in the risk register. Identifying and managing risk was a corner stone of effective management and was required under the Council's Risk Management Policy and process guide and CIPFA's guidance "Delivering Governance in Local Government Framework 2007". It was further reflected and enhanced in the "Local Government Pension Scheme" published by CIPFA. A full risk review was undertaken on 1 May 2018 and the revised risk register was approved by the Joint Pension Fund Committee and Pension Board on 14 June 2018 with an update of the actions undertaken on 30 November 2018. With reference to Risk 2.2 – 'Employer', shown in Appendix 1 to the report, Mrs Robb highlighted that the transition from Barnett Waddington to Hymans Robertson had been completed. In response to a question regarding the amber status of Risk 6.5 – 'Regulatory & Compliance', it was noted that the Pension Fund had no control over this risk and that the current likelihood was assessed as a '4'. The consultation process on changes to the LGPS structure was also still ongoing.

DECISION

(a) NOTED:-

- (i) The management actions contained in Appendix 1 to the report; and**
- (ii) No new quantifiable risks have been identified since the**

last review.

- (b) AGREED to a full review being undertaken in June 2019.**

4. BUDGET MONITORING & SETTING

With reference to paragraph 7 of the Minute of 30 November 2018, there had been circulated copies of a report providing the Pension Fund Committee and Pension Board with an updated position of the Pension Fund budget to 31 December 2018 including proposed budget for 2019/20. The Local Government Pension Scheme (Scotland) Regulation 2014 required Administering Authorities to ensure strong governance arrangements and set out the standards they were to be measured against. To ensure the Fund met the standards a budget was approved on 14 June 2018 following the standard presentation recommended by the CIPFA accounting guidelines. The report was the third quarterly monitoring report of the approved budget. The total expenditure to 31 December 2018 was £0.82m with a projected total expenditure of £6.409m against a budget of £6.401. The projected overspend was a result of the Data Quality check required by the Pension Regulator. A budget of £6.402m was proposed for 2019/20 reflecting the revised asset allocation approved in September 2018 and the £69k for implementation of the members' Self Service portal. Mrs Robb explained that managers' fees had not been included in the expenditure to 31 December 2018.

DECISION

- (a) NOTED the actual expenditure to 31 December 2018.**

- (b) AGREED the proposed budget for 2019/20.**

5. INFORMATION UPDATE

- 5.1 With reference to paragraph 10 of the Minute of 30 November 2018, there had been circulated a briefing paper by the Pension and Investment Manager and HR Shared Services Team Leader providing members with an update on a number of areas which were being monitored and where work was progressing. Full reports on individual areas would be tabled as decisions and actions were required. In summary:
- 5.2 Guarantee Minimum Pension (GMP) Reconciliation
Stage 2 of the GMP reconciliation was progressing, with only 6% of fund members still to be reconciled.
- 5.3 Pension Regulator Scheme Return – Data Scoring
The Rectification Plan would be presented to the June meeting of the Pension Fund Committee and Pension Board.
- 5.4 Scheme Advisory Board
The Scheme Advisory Board had met on 12 February 2018; the minutes had been circulated with the agenda.
- 5.5 Training Opportunities
The next training event was scheduled for 3 September 2019; any items for the agenda should be emailed to Mrs Robb. Baillie Gifford's seminar would be held from 9-10 October 2019. There would be six places available. In response to a question, Mrs Robb advised that Pension Fund Committee and Pension Board members were required to attend two training sessions per year.

DECISION

NOTED the information update.

MEMBER

Councillor Mountford joined the meeting following consideration of the above report.

6. LOCAL GOVERNMENT IN SCOTLAND - FINANCIAL OVERVIEW 2017/18

There had been circulated copies of a report by the Accounts Commission providing an outline of the overall financial health of local government and the significant challenges for local government finance that lay ahead. The report included a local government financial overview together with a review of the Local Government Pension Scheme in Scotland. Supplement 2 to the report contained a financial overview of the Scottish Local Government Pension Scheme (SLGPS). Mr Robertson highlighted from the report: the Scottish Borders Pension Fund had the highest funding level at 114%; membership was increasing, returns over the one, three and five year period had been above the benchmark and, the contribution rate was one of the lowest at 18%.

DECISION

NOTED the report by the Accounts Commission on the Financial Overview of Local government in Scotland 2017/18, and the Financial Overview of the Scottish Local Government Pension Scheme 2017/18.

7. ITEMS LIKELY TO BE TAKEN IN PRIVATE

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 ground that they involved the likely disclosure of exempt information as defined in paragraphs 6 and 8 of the part 1 of Schedule 7A to the Act.

SUMMARY OF PRIVATE BUSINESS

8. MINUTE

The Committee noted the Private Minute of the meeting of 30 November 2018.

9. PENSION FUND INVESTMENT AND PERFORMANCE SUB-COMMITTEE

The Committee noted and agreed the Private Minute of the Pension Fund Investment Performance Sub-Committee of 25 February 2019.

10. QUARTER PERFORMANCE UPDATE

The Committee noted a private report by KPMG.

The meeting concluded at 10.40 am