1. Apologies for Absence

The Chair noted that with all Trustee Members present, no apologies had been received.

2. Declaration of interest

Following enquiry from the Chair, there were no new declarations of interest.

3. Minutes and Synopses

3.1 Minutes and Synopsis of the Governing Body meeting held on 28 November 2017

Subject to some drafting and clarification amendments, the minutes and synopsis documents of the Governing Body meeting held on 28 November 2017 were APPROVED.

4. Matters Arising and Action Points

Progress with the completion of actions as shown in the action log was NOTED by the Governing Body and the Chief Operations Officer provided an update on his actions.

5. Financials, Performance & Investments

5.1 Chief Executive's Report

The Governing Body discussed the CEO’s report on developments since the last meeting. The CEO provided an overview of the report and noted that the financials and loan forecast had been covered within the Initial Funding Requirement Forecast and 3-Year resource plan papers under agenda items 6.1 and 6.2.

The CEO provided updates to the Governing Body on:

i. NEST operations, financials and volumes, including the end of staging in March 2018 and the expected impact of phasing from April 2018;
ii. The 2018-19 Corporate Scorecard and the development of the Corporate Reporting Pack;

iii. The Department for Work and Pension (‘DWP’) consultation on the draft Occupational Pension Schemes (Master Trust) Regulations 2018; and

iv. Items included in Service Release 16.

5.2 Corporate Reporting Pack

The Corporate Reporting Pack for December 2017 was NOTED by the Governing Body and had been discussed as part of agenda item 5.1.

In response to the Chair, the Chief Financial Officer reported that the new Corporate Reporting Pack would be ready for discussion at the May 2018 Governing Body meeting.

6. Principal Matters for Discussion and Decision

6.1 Initial Funding Requirement Forecast (‘IFRF’)

The Chief Financial Officer introduced the IFRF paper, which was NOTED by the Governing Body.

It was noted that the IFRF had been discussed at the Executive Board (‘EB’) meeting on 10 January 2018.

The Chair noted that the document was extremely useful and the Trustee Members discussed the content. Graham Berville noted that he had provided oversight of the process on behalf of the Governing Body and had analysed the data and model performance. Trustee Members discussed the uncertainty of phasing, though it was noted that this uncertainty and impact was not unique to NEST and would impact the market as a whole.

Following further discussion, the Governing Body RESOLVED to APPROVE the latest loan forecast and Initial Funding Requirement Forecast for submission to the DWP ahead of the deadline of 31 January 2018.

6.2 3-Year Resource Plan

The Chief Financial Officer introduced the 3-Year Resource Plan. It was reported that this was the culmination of the business planning process which had taken place between September 2017 and January 2018. It was noted that this report was the resourcing plan only and the full business plan would be submitted to the Governing Body in March 2018, to ensure that this was clearly linked to the strategic priorities. The 3-Year Resource Plan was NOTED by the Governing Body.

Trustee Members discussed the resource plan and the business planning assumptions.

Following discussion, the Governing Body RESOLVED to APPROVE the 3-Year Resource Plan for 2018-19 to 2020-21. The Chair noted that it was an extremely useful document.

6.3 Statement of Investment Principles (‘SIP’)

The Director of Investment Development and Delivery noted that the SIP had been reviewed as part of the triennial review process required by law. It was reported that the main changes to the document related to clarification of the relationship and roles of the NEST Investment Committee and Investment Team following completion of an external governance review.

The Governing Body noted that the Employers’ Panel and Members’ Panel had both reviewed the revised SIP and provided comments, which had been incorporated. Trustee Members noted that this was extremely positive.

It was reported that a more fundamental review of the underlying drivers of the investment approach would take place later in 2018.
Following further discussion, the Governing Body RESOLVED to APPROVE the revised Statement of Investment Principles for March 2018-2021.

6.4 Value for Members and Costs and Charges

The Chief Customer Officer provided an overview of the Value for Members (‘VFM’) assessment and information about costs and charges document. It was reported that both documents and information on the processes followed to produce these documents had been discussed at the Audit Committee in December 2017.

It was noted that this assessment covered the period from 1 October 2016 to 30 September 2017, and the previous assessment had covered the reporting period from 1 January 2016 to 31 December 2016. It was noted that the overlap would be for this year only while the reporting period was moved to a date that was more appropriate to NEST.

Subject to some drafting and clarification amendments, the Governing Body RESOLVED to APPROVE, with effect from 25 January 2018:

i. the ‘Value for members’ assessment, ‘Value for members’ summary report and ‘Information on costs and charges’ documents for the period ending 30 September 2017;

ii. that NEST should report on this assessment in the Chairman’s report in the Scheme Annual Report and Accounts; and

iii. the publication of the ‘Value for members’ summary report.

10. Customers

10.1 Member Service Improvement Programme (‘MSIP’)

The Chief Operations Officer introduced the report which provided an update on the work to monitor and improve the NEST member experience.

The Chief Operations Officer provided the Governing Body with an overview of the MSIP, including scope, agreed metrics and how this would be tracked. Following further discussion, it was noted that regular updates on MSIP would be provided to the Governing Body.

12. Stakeholders

12.1 DWP Tailored Review Report

The Chief Financial Officer noted that the DWP had almost completed the Tailored Review of NEST Corporation.

RL reported that the document was likely to be published in March 2018 and the final version would be shared with the Governing Body in due course.

13. Regulatory Landscape & Corporate Governance

13.1 NCGB and Committee External Effectiveness Report

The Chair introduced the External Effectiveness Review Report. The report was NOTED by the Governing Body. The Chair noted that with the continued growth of NEST, the Governing Body would face a number of challenges and strategic decisions in the coming months and years and an effective Board would be key to ensuring robust decision making.

Representatives from the external supplier joined the meeting and introduced the report, thanking the Trustee Members and Secretariat team for their engagement and helpfulness in the process of completing the effectiveness review. The Governing Body considered the key recommendations within the report and the Chair reported that the full recommendation list and actions would be tracked via the Nominations and Remuneration Committee.
The Chair noted that the discussion had been extremely useful and would support the Governing Body in preparing for the NEST of the future.

13.2 NEST Rules Change

The General Counsel and Corporate Secretary introduced the paper which sought Governing Body approval for the Rules change, following public consultation. It was reported that the amendments outlined within the consultation related to: contractual enrolment; bulk transfers with consent as a joining event; the ability to cease the participation of dormant employers, with notice; and the streamlining of death benefits.

Following further discussion, the Governing Body RESOLVED to APPROVE, with effect from 25 January 2018:

i. The amendments to the NEST Rules described in the consultation regarding: contractual enrolment; bulk transfers with consent as a joining event; the ability to cease the participation of dormant and employers, with notice; and the streamlining of death benefits (and withdrawal of the dependants’ annuity option for deaths on or after age 75) to take effect from 6 April 2018;

ii. Those amendments to the NEST Rules described in the consultation regarding death benefits;

The delegation of authority to the Chair to:

- sign two determinations, one revoking the existing NEST Rules from 1 April 2018 and adopt the new set of Rules from 1 April 2018 and one subsequently revoking the 1 April 2018 Rules and adopting the new set of Rules from the date of implementation of service release 16;
- sign each set of new Rules; and

iii. The delegation of authority to the CEO to sign off NEST Corporation’s response to the consultation.

15. Committee & Panel Reports/Minutes

15.1 Audit Committee

Iraj Amiri provided the Governing Body with a summary of discussions at the Audit Committee meeting held on 14 December 2017. The draft minutes of the meeting were NOTED by the Governing Body.

15.2 Risk Committee

Graham Berville provided the Governing Body with a summary of discussions at the Risk Committee meeting held on 23 November 2017. The draft minutes of the meeting were NOTED by the Governing Body.

15.3 Investment Committee

Sally Bridgeland provided an overview of the Investment Committee meetings held on 23 November 2017 and 19 December 2017. The draft minutes of the meetings were NOTED by the Governing Body.

15.4 Determinations Committee

Jill Youds provided an overview of the Determinations Committee meeting held on 28 November 2017. The draft minutes of the meetings were NOTED by the Governing Body.

15.5 Members’ Panel

The Chief Customer Officer provided an overview of the Members’ Panel meeting on 6 December 2017.

15.6 Employers’ Panel
The Chief Customer Officer provided an overview of the Employers’ Panel meeting on 14 December 2017.

16. Meeting effectiveness

The Governing Body discussed the effectiveness of the meeting.

17. 2018 Board Calendar

The calendar of items for the Governing Body in 2018 was NOTED.

18. Any Other Business

18.1 Propositions Committee

The Chair noted that as per discussion at the Nominations and Governance Committee on 27 September 2017, it had been agreed that the remit of the Propositions Committee should be reviewed and discussed with Graham Berville as Chair of the Committee, and a recommendation made to the Governing Body.

Following discussion with members of the Executive Team and with Graham Berville, it was recommended that the formal governance role of the Committee should cease. The Chair noted that the work completed by the Committee had been extremely beneficial and would be incorporated into the Governing Body agenda.

Following further discussion, the Governing Body RESOLVED to AGREE, with effect from 25 January 2018, the termination of the formal NEST Propositions Committee.

Following enquiry from the Chair, there was no other business which any Trustee Member wished to raise.

19. Date of Next Meeting

It was reported that the next NCGB meeting was scheduled for 27 March 2018.