

## Local Pension Board

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### MINUTES OF THE LOCAL PENSION BOARD MEETING HELD ON 18 FEBRUARY 2021 AT ONLINE MEETING.

#### Present:

Marlene Corbey, Mike Pankiewicz (Vice-Chairman), Paul Smith, Mark Spilsbury (Chairman), Cllr Richard Britton, Ian Jones and Rod Lauder

#### Also Present:

Richard Bullen, Andy Cunningham, Jennifer Devine, Cllr George Jeans and Cllr Tony Deane

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#### 102 Membership

It was noted that there was one impending change to the membership of the Local Pension Board which was the requirement to elect a Vice-Chairman for the forthcoming year.

The Chairman thanked Mike Pankiewicz for undertaking the role for the previous year.

#### **Resolved**

**The Board elected Paul Smith as the Vice-Chairman of the Local Pension Board for the forthcoming year, 2021-22.**

#### 103 Apologies

There were no apologies for absence received from members of the Board but apologies from Andy Brown, Director of Finance and Procurement, were noted.

#### 104 Minutes

The Part I (public) minutes of the previous meeting held on 15 October 2020 were considered. The Chairman noted, with regard to Minute Item 85, the positivity of the Committee's decision to adopt the Hymans-Robertson training platform for all Committee members. In response to a question from the Chairman regarding when it would be made available, officers confirmed that the toolkit was still in the development process and that they would update Board members as soon as they had further details.

Richard Bullen, Fund Governance and Performance Manager, raised three comments with regard to the Board's action log. Members were made aware

that the Wiltshire Pension Fund's (WPF) 2019-20 accounts were not signed off during the last meeting of the Audit and Governance Committee on 10 February 2021. Cllr Richard Britton, Chairman of the Audit and Governance Committee, noted that they were not signed off as a result of resourcing issues between the external auditors and Wiltshire Council, not due to any issues with the Fund's accounts, and that members should not be concerned by the delay. Officers confirmed that they were expecting the accounts to be signed off at the next meeting of the Audit and Governance Committee which was due to be held on 28 April 2021.

Item 83 was highlighted, and it was noted that as it formed part of the KPI reporting, officers were recommending that it be closed from the Board's action log. Item 12 was also highlighted, and it was noted that as regular updates were brought forth to the Board, and their budget formed part of the quarterly budget report reviewed by the Committee, officers were recommending that it also be closed from the Board's action log.

Following which, it was:

#### **Resolved**

- 1) The Board approved and signed the Part I (public) minutes of the previous meeting held on 15 October 2020 as a true and correct record, and the Board's action log was noted.**
- 2) The Board resolved that in the event that the 2019-20 Annual Report and Accounts were not signed off and approved by the Audit and Governance Committee at their next meeting on 28 April 2021, the matter would be brought back to the Board for further consideration.**
- 3) The Board agreed to close Items 83 and 12 from the Board's action log.**

#### 105 **Declarations of Interest**

There were no declarations of interest.

#### 106 **Chairman's Announcements**

The Chairman reiterated the role of the Board as a non-decision-making body that seeks to support the Wiltshire Pension Fund in being compliant with legislation and regulations.

#### 107 **Public Participation and Councillor Questions**

There were no statements or questions from the public or Councillors.

## 108 **Minutes and Key Decisions of the Wiltshire Pension Fund Committee**

The Part I (public) minutes from the last ordinary meeting of the Wiltshire Pension Fund Committee held on 17 December 2020 were considered.

The Chairman emphasised for the benefit of any members of the public listening, that the minutes for the last extraordinary meeting of the Wiltshire Pension Fund Committee and last ordinary meeting of the Investment Sub-Committee held on 14 January 2021 and 2 December 2020 respectively, were under Part II of the agenda. It was highlighted that if members of the public wanted to access the Part I papers for both meetings, they could do so by visiting the Wiltshire Council website.

Following which, it was:

### **Resolved**

**The Board noted the Part I (public) minutes from the last ordinary meeting of the Wiltshire Pension Fund Committee held on 17 December 2020.**

## 109 **Scheme, Legal, Regulatory and Fund Update**

Andy Cunningham, Head of Pension Administration and Relations, updated the Board on the various Scheme, Legal, Regulatory and Fund updates.

Officers noted that since the report had been written, the Treasury had unexpectedly decided to disapply the legislation around the exit cap payments, with the intention that it would therefore be legally revoked in the coming months. Exact details and reasonings were not publicised, but officers explained that the statement made reference to unintended consequences of the legislation. As such, all of the past issues concerning the contradictory legislative position were eliminated. Officers emphasised that as the Fund was operating under conflicting legislation, they had encouraged employers to delay taking action until further clarity on the situation was achieved but had noted in previous meetings that the majority of redundancy cases had fallen under the cap. As a result of this advice, officers did not need to correct anything, and the Fund did not need to make any additional payments. It was confirmed that employers had already been contacted by Fund officers to make them aware of the legislative changes.

Officers additionally noted that The Department of Work and Pensions consultation was due to go live during March 2021. It was clarified that it did not apply to the WPF, but it would be looking at how pension schemes handle climate change risk, and that a similar consultation from MHCLG was anticipated to be released soon. Officers confirmed that if the changes being consulted on came into law, then the WPF were in a good place as they were already implementing a lot of the recommendations, such as climate change modelling.

## **Resolved**

**The Board noted the report.**

### 110 **Training Update**

Richard Bullen, Fund Governance and Performance Manager, provided a verbal update outlining the training plan for 2021-22, and Andy Cunningham, Head of Pension Administration and Relations, delivered a presentation on Administering Authority Discretions to lead into the subsequent Agenda Item.

It was requested that members submit their training records to allow officers to update their master records. The new Hymans-Robertson training tool was raised, and members were asked to express their opinions as to the recommendation that Board members, in addition to participating in, also monitored the training for members of the Board and Committee. The Chairman noted his personal support of the recommendation. The Chairman of the Wiltshire Pension Fund Committee (WPFC), Cllr Tony Deane, noted his apprehension of both the recommendation and the extent of the training proposed which he felt was compelling members to become experts in the field of pensions. The Chairman of the Board acknowledged his concerns and offered his understanding of the training tools, which were to be a more general overview of the relevant topics. Officers reinforced this and clarified that each module, including topical modules, would take members approximately 10-20 minutes to complete and were designed to make members aware, and give them context of, the different areas/topics that could and would be discussed.

The Chairman suggested that the Board have sight of the training information on a biannual basis; once as part of the Annual Report and once at another point in the year. Other members of the Board echoed their support of the recommendation.

Andy Cunningham began the presentation by providing a quick background on Administering Authority Discretions Policies and moved onto explaining the objectives and general approach of the policy, namely: transparency; consistency; to act reasonably; balance; pragmatism; and complaint management. The key existing policy areas were discussed, such as: requiring a satisfactory medical before agreeing application to pay APC, allowing transfer of (non-club) pension rights into the Fund, and deciding to whom a death grant is paid. It was noted that the most frequent and significant policy area was death grants. It was explained that the Fund ultimately had discretion over who it pays a death grant to; this could in some cases be different to a named preference submitted by the member. It was clarified that as a result there was a separate policy to manage this and that it would be discussed later on in the Agenda.

## **Resolved**

**The Board agreed to monitor members' training records and self-development progress on a no more than sixth-monthly basis.**

## 111 **Administering Authority's Discretion Policy**

Andy Cunningham, Head of Pension Administration and Relations, briefly introduced the report which followed on from discussions in the previous Agenda Item.

It was highlighted that the last time the full policy had been reviewed was 2016, and as such officers were looking to undertake more frequent reviews into the future. Additionally, officers noted that the main change to the policy was regarding death grants which would be discussed in more detail in the next Agenda Item.

There were no suggested recommendations for changes by members of the Board.

### **Resolved**

**The Board noted the proposed amendments to the Administering Authority Discretions Policy.**

## 112 **Death Grant Policy**

Andy Cunningham, Head of Pension Administration and Relations, introduced a report outlining the key contents and changes to the Death Grant Policy.

Officers explained that who could be entitled to a death benefit and how it was calculated varied depending on when a member joined the Scheme; generally speaking, for an active member it is a multiple of their salary at the point of death. For deferred members it is a multiple of their deferred salary, but this was dependant on when they left the Scheme and what their salary was. Pensioners usually received a balance of 10 years, so if they received 6 years' worth of benefits then they would receive a death grant of 4 years to make the total to 10 years.

With regard to the Fund's discretion itself, it was clarified that the Fund could choose to split the grant between more than one recipient and that they could decide what the split itself would be. However, three principles would be applied to that decision: firstly, around the deceased's stated or perceived wishes. For example, has the deceased completed an expression of wish form and who have they named on it? Officers however could look at the reasonability of the named person(s) and see if this matches other documents such as a Will or marital status. Secondly, Fund officers have the responsibility to make reasonable decisions, for example; if a person names a friend on their expression of wish form without full reasoning as to why, and the deceased had young dependent children who were not financially looked after, then the Fund could use their discretion to go against the deceased's wishes. Thirdly, Fund officers have a responsibility to act reasonably, professionally and robustly, meaning they must take reasonable efforts to gain the information needed to fully understand the circumstances of the deceased and make a decision. Whilst the Fund ultimately had discretion, any decision taken needs to be

justifiable. However, officers did note that in certain situations there could be a level of subjectivity, with two officers potentially coming to different conclusions, nevertheless both of these conclusions would need to be justifiable. Officers acknowledged that this area was one that occasionally received complaints as there were situations in which you could not appease two opposing parties, however, officers were confident that the decisions made were appropriate.

One member of the Board asked for more clarity surrounding the expression of wish form and questioned what would happen if a situation arose in which the deceased's Will contained an explicit statement of the distribution of the benefits which contradicted that made in a past expression of wish form. Officers clarified that in that specific circumstance they would investigate the order in which the declarations were made, however as the Fund ultimately have discretion then the Will didn't necessarily have to be considered, but timings would be critical and they would fully investigate the case to gather all of the information needed to make a decision. However, officers felt that that scenario was rare as contradictions did not occur often.

Officers clarified that members were regularly encouraged to keep their expression of wish forms updated either annually as part of their annual benefit statement or when their circumstances materially changed such as a member reaching retirement.

Cllr Tony Deane, Chairman of the WPFC, raised the issue of subjectivity when coming to a conclusion as to who a death grant should be paid to and suggested the introduction of a panel system to assess each grant. Additionally, he asked officers how long it typically took for a death grant to be paid. Officers explained that all death grant cases were looked at as a matter of priority and that it was the Fund officer's aim to make the right decision, even if that caused a delay to any payments. It was further explained that there was an escalation process that was followed dependant on the amount of the death grant, for example if a grant exceeded a certain threshold then the line manager would become involved and so on. Additionally, if two people could not agree on who the grant should be paid to then again, it would be raised to senior officers who would then investigate further to come to a decision. However, officers reiterated that these contradictory cases or complex situations were rare, and the vast majority of cases were clear cut. In response to a question, officers clarified that if a case were to be challenged, then they would undergo an internal dispute process and if that could not solve the issue then an independent advisor would be sought to make a decision. If the challenge was still being sustained after these steps, then a second stage would be initiated and would finally be submitted to the ombudsmen if the challenge persisted.

One member of the Board noted that officers had two years to make a decision, allowing a certain level of freedom and time to ensure that the correct decision is made.

There were no suggested recommendations for changes by members of the Board.

## **Resolved**

**The Board noted the contents of the policy.**

### **113 Proposed Business Plan - 2021/22**

Andy Cunningham, Head of Pension Administration and Relations, introduced the report providing an update on the Fund's Business Plan actions for 2020-21 with a proposal for new actions for 2021-22.

It was noted by officers that there were a number of actions which were partially completed and would therefore be carried forward to the next financial year. Additionally, certain high priority actions had been reclassified as although officers would still like them actioned, they could not justify them remaining on the high priority list. Officers highlighted key administrative strategic actions such as the continued rollout of i-Connect and E-Communication improvements.

One member of the Board noted that it seemed as if a lot of the low priority actions were being completed while the bulk of the high priority actions were still only partially complete. However, they acknowledged that they felt reassured that resources were being put in place to target these high priority areas. Officers emphasised that the high priority actions had not been completed purely because of the complexity of the issues and subsequent high level of resourcing that needed to be invested to be able to complete these tasks. It was also highlighted that some of these actions had never been encountered before and as such, officers did not have any experience or precedent to look back on to aid in the rectification of these issues.

One member of the Board sought further clarification on how officers determined what should be prioritised. Officers explained that within their teams they had groups of staff that covered different areas which involved specific skills and knowledge and as each member of staff was therefore not the same, it made completing certain tasks difficult. In addition, further complications arose, such as the conflicting exit cap legislation which led to more work and preparation and was ultimately abandoned as discussed under Agenda Item 8.

The Chairman noted that while he did not disagree with the list of priorities, he did disagree with the way in which they were presented and instead suggested that the actions across the entire Fund should be displayed in priority order and not by team, for clarity and understanding.

## **Resolved**

- 1) The Board noted the Fund's progress against the actions from 2020-21.**
- 2) The Board recommended that the planned actions were reordered by level of service priority.**

- 3) **The Board recommended that the Committee agreed these recommendations at their next meeting on 30 March 2021.**

114 **LPB Budget Monitoring for 2020-21 and Budget Setting for 2021-22**

Jennifer Devine, Head of Pension Fund Investments, introduced the report that provided an update on the Local Pension Board budget.

The Chairman began discussions by suggesting that the budget was left as proposed in the paper and recommended that, as the budget was relatively small in comparison to the rest of the Fund, the Board should move from monitoring the budget on a quarterly basis to monitoring it annually unless there were significant variances which would then be addressed on an exception basis. It was additionally suggested that, as the Fund purchases investment consultancy from MJ Hudson, they submit a report to the Board annually on the effectiveness of the Fund in order to receive a level of external assurance.

The current climate with regard to budget cuts across the Country's Councils was discussed and it was proposed that the Local Pension Board budget was reduced by £2,000 in consideration of these budgetary constraints.

**Resolved**

- 1) **The Board recommended that the draft Local Pension Board budget be reduced by £2,000.**
- 2) **The Board recommended to the Pension Fund Committee that the Local Pension Budget be included in the Fund's Administration budget for 2021-22.**
- 3) **The Board resolved to review the Local Pension Board budget annually. If significant variances occur, then the budget would be submitted to the Board for review on an exception basis.**

115 **Key Performance Indicators (KPIs)**

Andy Cunningham, Head of Pension Administration and Relations, introduced the report presenting the Fund's administration KPIs.

It was noted that officers were considering utilising an external agency company that could provide quick resourcing to aid with some of the backlog work. However, it was noted that these agreements were being delayed due to GDPR compliance complications.

**Resolved**

**The Board noted the current situation and the Fund's plans for improvement.**



116 **IHER Insurance Proposal**

Andy Cunningham, Head of Pension Administration and Relations, introduced the report which outlined the details of a new approach to providing/facilitating employers with insurance against ill-health retirement strain costs which was to apply from 1 April 2021.

The Chairman noted the benefits of the proposal in protecting particularly smaller employers. It was also highlighted that the proposal had already been approved by the Committee and as such, this report was for the Board's information only.

**Resolved**

**The Board noted the new arrangements that will shortly be in place to manage employer risk.**

117 **Board Insurance Update**

Richard Bullen, Fund Governance and Performance Manager, provided a verbal update on the Local Pension Board insurance cover.

It was noted that the Scheme Advisory Board (SAB) had met on 5 October 2020 in which they reviewed the 2015 legal guidance issued by the Local Government Association and made the decision to continue with it. However, it was additionally noted by officers that the SAB have proposed to include a couple of questions in their biannual survey to Local Pension Boards on their approach to insurance; the results of which could lead to further guidance.

**Resolved**

**The Board agreed to continue with the current arrangements until further advice was received.**

118 **Review of the Governance Compliance Statement and Investment Sub-Committee Terms of Reference**

Richard Bullen, Fund Governance and Performance Manager, introduced a brief report reviewing the updated Governance Compliance Statement and Investment Sub-Committee Terms of Reference.

A summary of the changes relating to the Pension Committee's and Local Pension Board's Terms of Reference were submitted to the Board at their meeting in August 2020 and it was highlighted that the changes to the submitted documents were a natural consequence of the changes to the other Terms of Reference to ensure that they were all synchronised.

Officers explained that the Governance Compliance Statement (GCS) had been changed to reflect the current situation of the WPF; namely, its relationship with the Investment Sub-Committee and the move into the Brunel pool. One member

of the Board compared these documents with those of Wiltshire Council's and stated that they felt that the GCS should reference the way that the Committee seeks assurance from external agencies in order to demonstrate how the Fund executes its responsibilities. Officers acknowledged this suggestion and made reference to the eight mandatory principles that the Fund must abide by. It was highlighted that two additional principles had been included to, again, reflect the current situation of the WPF and the changes made to the Fund's structure since 2015, however these were not legally required. Officers noted that they had sought legal advice from Wiltshire Council as to the content within the documents and confirmed that no objections had been raised.

Officers additionally clarified that the SAB were in the process of undertaking the Good Governance Review and as such, further guidance or amendments may need to be incorporated in the future depending on the outcome of the review.

### **Resolved**

- 1) The Board recommended to the Pension Committee that it approves the updated Governance Compliance Statement and Investment Sub-Committee Terms of Reference.**
- 2) The Board agreed that officers should change the Governance Compliance Statement to include external assurance in conjunction with any confirmed changes arising from the Scheme Advisory Board's Good Governance Review.**

### **119 tPR Governance and Administration Survey**

Richard Bullen, Fund Governance and Performance Manager, introduced a brief report outlining the findings and recommendations from the latest tPR (the Pensions Regulator) survey issued in 2019.

The Board enquired about the lateness of the submission of this survey to them, noting the officer's response that the publication had also been late. Based on the historic cycle of this report, it was noted that deadline for completing the survey was usually in February with the results being circulated in June in time for any Q3 meetings. Officers postulated that the lateness of release could be due to the size of the report and as a result of COVID-19 restrictions. Officers stated that they were satisfied with the positive compliance position as a whole.

### **Resolved**

**The Board noted the report.**

**The recommendations for implementation arising from the report in Paragraph 9 were recorded under Agenda Items 9 and 12.**

## 120 **Risk Register Update**

Richard Bullen, Fund Governance and Performance Manager, updated the Committee in relation to the changes made to the Fund's Risk Register.

The Chairman questioned why the new risk, PEN058, was only categorised as 'Green'. Officers clarified that this was due to the fact that it was classed as a horizon risk and whilst officers were aware of it, nothing had yet been implemented. However, it was confirmed that it would be kept under review as and when more information became available.

### **Resolved**

**The Board noted the attached Risk Register and recommended the changes/actions made by officers in points 5-8 to the Committee.**

## 121 **Investment Strategy Statement Update**

Jennifer Devine, Head of Pension Fund Investments, introduced the report which outlined the process in place to update the Investment Strategy Statement (ISS).

The track changes to the ISS were briefly highlighted. It was noted that the ISS would be brought to the next ordinary meeting of the Committee on 30 March 2021. It was also highlighted that some members of the Committee had suggested that employers should be consulted on the changes which officers confirmed they were discussing.

### **Resolved**

**The Board approved the progress regarding updating and obtaining approval for the ISS.**

## 122 **Overseas Pensioner Existence Update 2020-21**

Andy Cunningham, Head of Pension Administration and Relations, introduced the report updating the Board on the progress of the Fund's overseas pensioners life existence exercise.

It was confirmed that for UK based pensioners the Fund used tracing agents on a monthly basis to flag up cases in which officers had not been informed of a member's death, but it was noted that for overseas based pensioners this process was significantly more complicated due to the increased difficulties in accessing death records in other countries. As such, officers undertake an existence exercise for overseas pensioners where they request proof that the person is still alive. It was confirmed that benefits were stopped for 14 people as they had not responded to any of the requests sent by officers; this then prompted a few more to get in touch which left approximately 10 people who had not responded. Officers explained that they would next be using an

investigator at the tracing company to determine the status of these people, which would then inform any further actions.

Officers stated that it was their intention to repeat this exercise every two years at a minimum but highlighted the need to balance the advantages and disadvantages of doing so. In response to a question, it was confirmed that there was a recovery process in place for those cases that had potentially slipped through the net. However, officers noted that the process sometimes presented difficulties, particularly when determining where the money had gone and as such, there were some situations where officers were forced to write off the costs if it was not possible to recover them.

### **Resolved**

**The Board noted the progress so far and planned next steps and requested a further update at the next Board meeting of the outcome of the remaining non-respondees.**

#### 123 **Urgent Items**

There were no urgent items.

#### 124 **Date of Next Meeting and Forward Plan**

The next ordinary meeting of the Local Pension Board would be held on 20 May 2021.

#### 125 **Exclusion of the Public**

The Board considered the recommendation to exclude the public. After which, it was:

### **Resolved**

**To agree that in accordance with Section 100A(4) of the Local Government Act 1972 to exclude the public from the meeting for the business specified in Item Numbers 25 - 29 because it is likely that if members of the public were present there would be disclosure to them of exempt information as defined in paragraph 3 of Part I of Schedule 12A to the Act and the public interest in withholding the information outweighs the public interest in disclosing the information to the public.**

#### 126 **Minutes and Key Decisions of the Wiltshire Pension Fund Committee and Investment Sub-Committee**

Members took a comfort break from 12.40pm – 12.45pm.

The Part II (private) minutes from the last ordinary and extraordinary meetings of the Wiltshire Pension Fund Committee held on 17 December 2020 and 14

January 2021 respectively, and the last ordinary meeting of the Investment Sub-Committee held on 2 December 2020, were considered.

Following which, it was:

**Resolved**

**The Board noted the Part II (private) minutes from the last ordinary and extraordinary meetings of the Wiltshire Pension Fund Committee held on 17 December 2020 and 14 January 2021 respectively, and the last ordinary meeting of the Investment Sub-Committee held on 2 December 2020.**

127 **Pensioner Payroll Database Reconciliation**

Andy Cunningham, Head of Pension Administration and Relations, presented a report on the progress of the reconciliation project.

**Resolved**

- 1) The Board noted the current position and the planned next steps as outlined in the report.**
- 2) The Board requested that updates on the project be brought to all future meetings until the situation is resolved.**

128 **Brunel Pension Partnership Update**

Jennifer Devine, Head of Pension Fund Investments, updated the Board on the Brunel Pension Partnership governance arrangements.

**Resolved**

**The Board noted the progress made towards improving the governance arrangements at Brunel.**

129 **Key Financial Controls**

Jennifer Devine, Head of Pension Fund Investments, updated the Board on the Fund's key financial controls.

**Resolved**

**The Board noted the issues identified within the report, and the progress made to rectify problems and develop improvements.**

130 **Minutes**

The Part II (private) minutes of the previous meeting held on 15 October 2020 were considered, and it was:

**Resolved**

**The Board approved and signed the Part II (private) minutes of the previous meeting held on 15 October 2020 as a true and correct record.**

(Duration of meeting: 10.30 am - 1.30 pm)

The Officer who has produced these minutes is Ellen Ghey of Democratic Services,  
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