

Local Pension Board

MINUTES OF THE LOCAL PENSION BOARD MEETING HELD ON 11 NOVEMBER 2021 AT ONLINE MEETING.

Present:

Mark Spilsbury (Chairman), Paul Smith (Vice-Chairman), Marlene Corbey, Laura Fisher, Ian Jones, Rod Lauder and Mike Pankiewicz

Also Present:

Cllr Richard Britton, Cllr Jonathon Seed, Cllr Robert Yuill, Claire Anthony and Cllr Vijay Manro

51 **Apologies**

There were no apologies.

It was confirmed that Laura Fischer had been formally appointed to the Board since the last meeting.

52 **Minutes and Action Tracking**

The action log and minutes of the previous meeting were considered, and it was,

Resolved:

To approve and sign the minutes of the meeting held on 24 August 2021 as a true and correct record.

53 **Declarations of Interest**

There were no declarations.

54 **Chairman's Announcements**

There were no announcements.

55 **Public Participation**

There were no questions or statements submitted.

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

The minutes of the meeting of the Wiltshire Pension Fund Committee held on 30 September 2021 and the Investment Sub-Committee meeting held on 2 September 2021 were received for comment, and it was,

Resolved:

To receive and note the minutes of the meetings of the Wiltshire Pension Fund Committee and Investment Sub-Committee.

57 **Scheme, Legal, Regulatory and Fund Update**

A report was received from the Head of Pension Administration and Relations on Scheme, Legal, Regulatory and other Fund developments,

The Board noted the overseas pensioner existence exercise, and that the small number who had had their pension suspended had not contacted the Fund nor could not be found by Fund's tracing agent and are therefore assumed to be deceased

The Board also noted the update on forthcoming changes to the Fund senior management structure and other staffing matters.

At the conclusion of discussion, it was,

Resolved:

To note the Scheme, Legal, Regulatory and Fund update.

58 **Training Update**

An update on Board and Committee training was provided by the Fund Governance and Performance Manager. The Chairman noted that all Members had responded to the knowledge self-assessment which had been provided. Fund governance and investment training had been most requested.

Details were provided of the four-year training plan, with a flexible policy to guide the training of required knowledge over the period. It was also stated that the role of the Chairman of the Committee would be incorporated in the next review of the terms of reference. There was an update on the initial uptake of the online training provided by Hymans, and all Members were encouraged to complete the various modules.

The Board discussed the minimum training requirements which were proposed for Members and Senior Officers, at 6 and 12 hours respectively. It was confirmed a report on the online training would be provided six-monthly. Comments were also received on the draft documents, the importance of training on actuarial methods, the training of new committee members following

the most recent elections and the requirement for reviewing training needs on an annual basis.

At the conclusion of discussion, it was,

Resolved:

- 1) **To recommend to the Pensions Committee the approval of the new members training policy.**
- 2) **To approve and adopt the 4-year knowledge and skills framework and to recommend that the framework be adopted and approved by both the Committee and senior officers of the Fund.**
- 3) **To approve and adopt the training plan for 2022/23 and to recommend that this training plan be approved by the Committee.**
- 4) **To note the six-monthly progress report of member training in connection with the Hymans on-line learning academy.**

59 **Annual Benefit Statements (ABS) 2021 Process Review**

A report was received from the Head of Pension Administration and Relations on the Annual Benefit Statements (ABS) 2021 process review. It was stated there had been year on year improvements on the percentage of statements sent on time, with the Fund also benefitting from holding higher quality data. The report identified some remaining minor areas of improvement, which it was anticipated would take place as more employers moved onto the i-Connect, which enabled the Fund to issue statements earlier and requiring less resource.

As the shortfall to 100% of ABS production by August 2021 was very small, officers considered the percentages at a sufficiently high level to not be considered a material breach by the Pension Regulator (tPR), and therefore that it would not be necessary to report the minor shortfall as a breach.

The Board discussed the report, noting that the Fund had produced 99.5% of ABS's by 31 August 2021 and congratulating Fund officers for their work. The Board therefore supported the view this would not be considered a material breach, and it was,

Resolved:

To note the update and agree not to report the minor shortfall in statements as a tPR breach.

60 **Administration Quarterly Key Performance Indicators**

A report was received from the Head of Pension Administration and Relations on administration Key Performance Indicators. It was stated there had been a mixed performance on some measures.

The importance of the i-Connect system was highlighted, with work being undertaken with small employers to be onboarded onto the system, and also with Swindon Borough Council where some reporting difficulties had delayed continued onboarding. The Board requested additional details of the onboarding figures, with the latest figures from June 2021, with the data to be included retrospectively in future updates and to be aligned to allow for the discrepancies due to employers being onboarded and then removed again due to difficulties.

The Board also discussed backlog monitoring, and in response to queries it was stated there were often increased in refund requests and deferrals around August as those working in schools changed status, and it would be expected to reduce in the rest of the year.

At the conclusion of discussion, it was,

Resolved:

To note the update on Administration Quarterly Key Performance Indicators.

61 **Pensioner Payroll Database Reconciliation**

A report was presented by the Head of Pension Administration and Relations on the ongoing reconciliation project between the pension administration system (Altair) and the pensioner payroll system (SAP). Details were provided in the report on the number of cases with inconsistencies, actions taken and correspondence from Fund members.

It was noted that the Pension Fund Committee had approved the purchase of an integrated pensioner payroll system with a view to go live in late 2022. However, it was explained that this had been delayed by the Council until after the Evolve programme to replace SAP went live, which had been delayed until at least mid to late 2023, and quite possibly into 2024.

The Board noted the decision by the council and its S151 officer taking account of risks as set out in the report but expressed disappointment at the delay noting the importance of an integrated system to prevent future inconsistencies from occurring. Some comments expressed concern that the requirements of Fund ICT administration had not received as much focus as was appropriate.

The Board considered it necessary to request regular monitoring reports on progress with the reconciliation project and progress with an integrated system.

At the conclusion of discussion, it was therefore,

Resolved:

1) To note the update on the Pensioner Payroll Data Reconciliation.

2) To request future monitoring reports every 6 months on the reconciliation project and the move to an integrated pensioner payroll system.

*Note: A two-minute silence was held at 1100-1102 for Remembrance Day
Note: The agenda item was brought forward with agreement of the Board.*

62 **Audit Update**

A report was received presented by the Fund Governance and Performance Manager, the Head of Pension Administration and Relations and the Head of Pension Fund Investments. Details were provided on proposed commissioning of audits for forthcoming Scheme year, audit actions from 2020/21 and further progress proposed on the outstanding audits for 2021/22.

It was explained that the standard annual internal and external audits might be considered as not representing the complete range of potential audits to fulfil the oversight function of both Committee and Board, and provide independent assurance that all laws, regulations and practice by which the Fund operates had been adhered to appropriately. There were therefore proposals to focus on non-standard audits, in some cases through specialist auditors, such as relating to cyber security, statutory returns and investment governance. Specialist auditors might require additional budgeting to appoint.

It was confirmed audits had been increased as a risk on the risk register, also noting that Wiltshire Council's audits had not all been timely, which could have an impact on the Fund audit processes. It was also stated an annual audit had looked at the transfer to the Brunel pool.

The Board discussed the report and update. There were comments that specialist auditors would be appropriate given the complexity of certain areas, and whether this would mitigate the concerns raised relating to reliance on the administering authority. The Board welcomed the proposal from officers for further audits to be undertaken, noting that the cost of any such audits would be not be high particular as compared to the extent and importance of the assets managed.

After consideration the Board requested that a further non-standard audit be added to the recommendations made by officers. This audit should be entitled "*Administering Authority internal arrangements*" and its scope should cover services and conflicts in the context of the requirements of the contract management framework.

It was also requested that the Board be provided opportunity to comment on the proposed terms of reference and scope of the specialist audits and other audits at a future meeting.

At the conclusion of discussion, it was,

Resolved:

- 1) **To recommend to the Committee that they approve the scope of audits and auditors set out in paragraph 4 of the report, including the use of specialist auditors where appropriate.**
- 2) **To recommend to the Committee that within the 2022/23 budget appropriate additional provision is made for the appointment of specialist auditors in relation to ad-hoc or ongoing strategic audits.**
- 3) **To recommend to the Committee that it reaffirms the terms of reference it expects the Fund's appointed auditors to adhere to.**

63 **Business Plan Objectives 2021/22**

A report was received from the Head of Pension Fund Administration and Relations on the progress of the Fund against its listed objectives. A reformatted version of the document had been circulated ahead of the meeting.

It was stated that a higher priority had been assigned to accessibility regulations following an audit of the Fund website highlighting areas of improvement. The website provider was being informed, and a report could be brought to the Board on progress. No other major issues were identified.

It was therefore,

Resolved:

To note the update on the Business Plan Objectives 2021/22.

64 **Responsible Investment Update**

The Head of Pension Fund Investments provided an update on the Responsible Investment Strategy. The Chairman noted he had attended the Committee meeting on 30 September 2021, and that it had a detailed debate on the implementation of the strategy before approving all recommendations. Details were provided of the actions undertaken as listed in the report and noting that much further work would remain on member and employer engagement.

The Chairman considered the strategy a big step forward and congratulated officers for their work, and it was then,

Resolved:

To note the progress made against the Responsible Investment Plan 2021/22 actions.

65 **Investment Strategy Statement**

The Head of Pension Fund Investments provided an update on changes being proposed to the Investment Strategy Statement. It was stated these were minor changes as detailed in the report, mostly to reflect the approval of the Responsible Investment policy and other references which would need to be updated.

It was then,

Resolved:

- 1) **To approve the process for updating the Investment Strategy Statement (ISS);**
- 2) **To recommend to the Wiltshire Pension Fund Committee that the updated ISS be approved.**

66 **Local Pension Board Insurance**

A verbal update was received from the Fund Governance and Performance Manager regarding the insurance cover for the Local Pension Board. Details were provided of the current policy, as well as reported significant changes in the market for professional indemnity insurance.

The Board discussed the update, noting that the insurance premium at present was confirmed to be £3192.00 including VAT for a liability up to £1million. The Chairman stated he was not convinced the Board had an insurable risk as the Board did not take decisions, and there was also the possibility that with insurers withdrawing from the market and those left quoting excessive premiums the Board may not be able to continue its cover after 31 March 2022.

It was proposed to await the new quote, once received, and consider the position at that time, if the premium were increased and make a decision at that time.

67 **Risk Register Update**

A report was presented by the Fund Governance and Performance Manager, and details were provided on changes to risks facing the Fund - as listed in the report. In particular it was stated there had been some failures to manage potential conflicts of interest between Fund and the Administering Authority, manage internal services and the failure of auditors to conduct audits commissioned by the Committee in accordance with an agreed terms of reference.

The Board discussed the update and were supportive of the inclusion of the new risks or increase of existing risks as detailed above. It was suggested the Committee may wish to consider a formal letter to the council as administering authority regarding some of the concerns. It was suggested that a governance

audit could be undertaken in respect of risk PEN030 in relation to the failure to manage internal service providers appropriately.

Other issues discussed included the need to downgrade the risk regarding implementation of a strategy to ensure climate change considerations in its investment strategy, following recent actions with a responsible investment plan.

At the conclusion of discussion, it was,

Resolved:

- 1) **To note the Risk Register and to recommend the Committee accept the proposed changes as set out at paragraphs 5-7 of the report.**
- 2) **To recommend to the Committee that, following the proposed increase in the risk PEN030 from green to amber, a new audit be added to the 2022/23 audit plan, to examine the adequacy of the internal arrangements under which services are provided by the Administration Authority to the Pension Fund, in the context of the requirements of the contract management framework for external contracts.**

68 **Urgent Items**

There were no urgent items.

69 **Date of Next Meeting and Forward Work Plan**

The date of the next meeting was confirmed as 17 February 2021. The meeting was intended to be held in person or testing hybrid meeting arrangements.

The Forward Work Plan of the Board was also received.

70 **Exclusion of the Public**

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 Minute Numbers 71 - 73 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.

71 **Minutes**

The Part II (Private) minutes of the Board meeting held on 24 August 2021 were considered, and the Part II (Private) minutes of the Investment Sub-Committee meeting on 2 September 2021 were received, and it was,

Resolved:

- 1) **To approve and sign the minutes of the Board meeting as a true and correct record.**
- 2) **To note the minutes of the Investment Sub-Committee.**

72 **Key Financial Controls**

A report was received relating to Key Financial Controls. Details were provided on the Fund accounts, pension payroll reconciliation, with requests for repayments expected in the first quarter of 2022, and cashflow forecasting. It was noted that most areas being monitored had seen positive progress.

At the conclusion of discussion, it was,

Resolved:

To note the issues identified within the report, and the progress made to rectify problems and develop improvements

73 **Brunel Governance Review Update**

A verbal update was received from the Head of Pension Fund Investments in relation to the Brunel Pension Partnership. Details were provided of recent reporting, and continued communication from the Fund to identify any issues relating to accuracy of information or governance concerns, which had improved since earlier in 2021.

(Duration of meeting: 10.00 am - 12.00 pm)

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