

WILTSHIRE COUNCIL

WILTSHIRE LOCAL PENSION BOARD

01 February 2022

Effectiveness review 2022

Purpose of the Report

1. To consider the recommendations identified by Hymans Robertson in their “Member Effectiveness Review” report 2022.
2. To update members on the Fund’s implementation of the Pension Regulator’s (tPR) anticipated new single code of practice and its effective system of governance (ESoG) requirement.

Background

Member Effectiveness Review

3. The purpose of the effectiveness review questionnaire was to provide a framework within which members can comment on the effectiveness of both the Pension Committee (PC) & Pension Board (PB). Overall, the responses received in 2022 followed a similar pattern to those seen in 2018. The responses received to the specific statements set out in the questionnaire suggested a high proportion of positive feedback with the majority of respondents being comfortable with the effectiveness of their respective group.
4. Following the 2018 review a working group was set up to address those recommendations. On comparing the outcomes highlighted in the 2022 report against the 2018 report, officers note that five items continued to be identified as areas of concern by members. These are numbered in paragraphs 5 and 10. However, there were eight 2018 recommendations (listed below) which have been successfully embedded.
 - a) The terms of reference for both groups were updated and restated
 - b) Implementation of tPR guidance on effective pension meetings – In particular, agenda planning meetings & the meetings timetabling
 - c) Clarity over what is Fund business and what is Employer (Wiltshire Council) business at meetings
 - d) Clarification on how the Fund’s action logs are managed by both groups
 - e) A review of the design of the LPB Annual Report
 - f) Initiating a monthly update report from the Head of Pensions
 - g) Fostering cross-observation by Members, by attending each other’s meetings: &
 - h) Implementing induction training for new members
5. Based on the 2022 effectiveness review the concerns raised by members covered the following areas.
 - a) **(1)** Uncertainty from PC members around their role and the relationship between the PC, PB and officers, despite a positive response regarding the overall objectives of the Fund:
 - b) A concern from PC members regarding the escalation process to be followed
 - c) **(2) & (3)** Various concerns, mainly from the PC, around knowledge and training, including use of tPR’s toolkit and Hymans on-line learning academy

- d) The opportunity to adequately input into the Fund's issues log (This relates primarily to the Fund's Risk register)
 - e) A lack of understanding of the Council's Scheme of Delegation
 - f) A lack of understanding amongst some PC members on the role of the investment pool
 - g) A lack of understanding on the role of a number of advisers amongst by the PC members; and
 - h) **(4) & (5)** Some lack of clarity from PC members on all areas concerned with key documents and policies
6. Members will note that the five new areas of concern highlighted consist of the Scheme of Delegation, investment pooling and advisers, which suggests that the roles of outside parties need further clarification. In addition, the Fund's escalation arrangements may need to be further investigated by any working group formed.

TPR Single Code of Practice

7. Following the presentation to members concerning tPR's new Single of Code of Practice last August, officers have prepared an actions log outlining the progress made to date in implementing tPR's anticipated requirements. The actions log is based on tPR's draft consultation document issued in March 2021 and since then the Regulator has received considerable feedback from its stakeholders. At the LGPS Governance Conference on 20 January 2023, the Regulator advised that a further document had been prepared, although not published and that it will include a number of key changes from those advised in March 2021.
8. Given that the final guidance is due in 2023, officers felt it may be better to delay the circulation of their current actions log until such time as the key changes are known. However, it should be noted that to date, officers have determined which of tPR's modules (based on the draft code dated March 2021) the Fund should implement, undertaken a gap analysis of the Fund's strategic internal controls, outlined the data points by which to assess the Fund's effectiveness under this new guidance and created an Own Risk Assessment (ORA) tool & draft policy to conduct the Fund's first assessment of its effectiveness following receipt of final guidance.
9. Along with the Good Governance Review actions log, the final Code of Practice actions log will operate as the Fund's project plan ensuring that the recommendations from both sources are implemented in a co-ordinated manner. In addition, the implementation of these requirements will also incorporate the findings of our member effectiveness review, with the aim of creating an integrated governance framework for the Fund.

Considerations for the Board

Member Effectiveness Review

10. The table below sets out the suggested recommendation identified by Hymans Robertson which the Fund should consider based on feedback from members.

Subject area	Suggested recommendations
Structure & Culture	<ul style="list-style-type: none"> • PC training – to ensure understand distinction between PC/PB and officers • (1) Clarification to be given to the PC on the role and purpose of the PB within an LGPS fund and why both groups have distinctive and different objectives

Management of meetings	<ul style="list-style-type: none"> • Provide guidance to PC and PB members on the process to escalate any issues that might arise during meetings
Knowledge & training	<ul style="list-style-type: none"> • (2) All PC and PB members to be encouraged to complete TPR's online toolkit. • (3) The Fund to ensure it maintains a comprehensive training plan and seeks to ensure relevant training is made available to PC and PB members as required. • As part of training plan and Fund consider relevant LOLA modules required to be completed ahead of relevant PC or PB meeting • Officers to promote use of LOLA amongst PC members
Risks & conflicts	<ul style="list-style-type: none"> • Ensure greater focus is given to covering Fund risks as part of PC and PB agendas, providing training on Fund related risks where appropriate • Provide PC and PB members with access to the Council's Scheme of Delegation and provide explanation of how this relates to Fund business • Officers to provide clarification to the PC and PB on how the Investment pool operates and how this links to the day-to-day business of the Fund
Advisers	<ul style="list-style-type: none"> • Officers to provide clarification to the PC on the role and purpose of advisers and other interested parties, and how they add benefit and provide support to the running of the Fund
Documents & policies	<ul style="list-style-type: none"> • (4) Ensure Fund objectives are clearly defined, and processes are put in place to monitor them and report progress to both the PC and PB • (5) Ensure an improvement plan is in place for the Fund and regularly reported to the PC and PB • Conduct a training session covering the contents of the main Fund policies, and in particular ensuring members are aware of where these are stored, and how often they are reviewed. PC and PB members should also be aware of the role they play in any review/sign off of these policies
General comments & key actions	<ul style="list-style-type: none"> • (1) Clarification given to the PC on the purpose of the PB within an LGPS fund and why both groups have distinctive different roles and objectives • Provide guidance to PC and PB members on the process to escalate any issues that might arise during meetings • (2) PC and PB members to be encouraged to complete TPR's online toolkit and Hyman's on-line learning academy modules • (4 & 5) Confirmation and communication to both the PC and PB on the Funds current improvement plan and the objectives

11. Officers have already reviewed the recommendations and started actioning a number of points raised. These include.

- a) Raising the profile of the risk register and how risk is being managed by the Fund.
- b) Developing a 2023/24 training plan which will address the requirements of the Committee and Board members: and
- c) Preparing a 3-year business plan setting out the objectives of the Fund, a timetable of review against the progress of those objectives, which will include an improvement plan.

12. The Board is asked to consider Hymans Robertson's recommendations, in conjunction with the full report and offer any additional feedback to officers concerning the implementation of those recommendations.

Environmental Impact of the Proposal

13. Not applicable.

Financial Considerations & Risk Assessment

14. There are no financial considerations.

Legal Implications

15. There are no material legal implications from this report.

Safeguarding Considerations/Public Health Implications/Equalities Impact

16. There are no known implications at this time.

Proposals

17. The Board is asked to recommend that the actions outlined in the Member effectiveness report 2022 be implemented by officers.

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Appendix 1 – Member Effectiveness Review Report