

WILTSHIRE PENSION FUND COMMITTEE

PART 1 MINUTES OF THE WILTSHIRE PENSION FUND COMMITTEE MEETING HELD ON 15 MARCH 2018 AT THE USHER SUITE, TROWBRIDGE CIVIC CENTRE, ST STEPHEN'S PLACE, TROWBRIDGE BA14 8AH.

Present:

Cllr Steve Allsopp, Stuart Dark, Cllr Tony Deane (Chairman), Jim Edney, Diane Hall, Cllr Simon Jacobs, Cllr Gordon King, Cllr Christopher Newbury, Mike Pankiewicz and Cllr Roy While (Vice-Chairman)

Also Present:

Cllr Richard Britton and Howard Pearce

1 Welcome

The Chairman welcomed those present to the meeting.

2 Apologies for Absence

Apologies for absence were received from Linda Stuart and Cllr Steve Weisinger.

3 Minutes

Resolved:

To confirm the Part 1 minutes of the meeting held on 23 November 2017.

4 Declarations of Interest

Jim Edney, declared for transparency purposes, his role as the Independent Advisor to the Fund, the contract for which was referred to in the report on the Annual Business Plan.

5 Chairman's Announcements

The Chairman updated that efforts would be made to hold some future meetings of the Committee in Swindon.

It was also announced the Treasurer, Michael Hudson, was to step down from his role in May; the Chairman thanked Michael for his hard work supporting the Fund over the years.

6 **Public Participation**

There were no members of the public present.

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

The Head of Pensions Administration and Relations presented the Fund, Scheme, Legal and Regulatory update for the Committee to consider. Key updates included the Government had extended the temporary arrangements on Guaranteed Minimum Pensions (GMP), and a Private Member's Bill on reforms to public sector exit payments was expected in May 2018. Members also heard it was now confirmed the age for auto-enrolment into the LGPS would be lowered to 18, this was to take effect from the mid-2020s. In response to questions, members were advised that employees could re-enrol after 3 years if they had previously declined and the obligation was on the employer to contact employees about auto-enrolment. The Officer also advised a pensions 'Dashboard' was planned for 2019 and this project was being led by the Department for Work and Pensions.

Following questions on preparations for the implementation of the General Data Protection Regulation, it was confirmed the Fund was working with Wiltshire Council and other LGPS Funds to share best practice and preparatory work. The Fund now had a Governance and Performance Manager, Richard Bullen, in post who would lead on this work.

The Committee discussed the Scheme Advisory Board's work on the impact of academies on the LGPS and noted Multi Academy Trusts cause complications for Fund administration due to the them crossing different funds and the need to absorb additional schools or academies or responding to a split. The Committee went on to discuss the Fund's current review of its Pension Administration Software to establish how best to use technology to meet longer-term goals in the Business Plan.

Resolved:

To note the changes highlighted in the report.

8 **Pension Fund Risk Register**

The Head of Pensions Administration and Relations updated he had decreased one risk in the Fund's Risk Register, PEN023 'Resources of Officers and Members to meet the expansion of business items' since a Fund Governance and Performance Manager was now in post to support the Committee and the Board. Two high risks remained: PEN012 'Over-reliance on key officers', due to

Treasurer leaving the Fund in May 2018, and PEN020: 'Pooling of LGPS assets' due to the resource required to produce the accounts and support Brunel Pension Partnership.

The Chairman advised he had highlighted the importance that the new Finance Director have LGPS knowledge to support their role as Treasurer to the Fund. Members of the Committee were invited to ask questions, in response to which it was understood officers were confident they now had sufficient resource to support asset pooling as an interim Investment Manager was in post and Mercers were also providing short term support. On discussion of member training, it was understood the new Fund Governance & Performance Manager would review training plans and all members of the Committee, substitute members, and Local Pension Board members would continue to be invited to training events. Members were also assured that officers considered the Fund would be well-placed to become compliant with the GDPR, and was working to cover high risk areas first. The Fund was currently working on data mapping, privacy notices and responding to guidance from within the LGPS.

Resolved:

To note the Risk Register and measures being taken to mitigate risks.

9 Annual Business Plan Update

An update from the Head of Pensions Administration was provided on the progress of implementing items from the Annual Business Plan. Two actions were high priority and with medium resource risk, these related to the implementation of performance reporting and covenant reviews for employers and the GMP reconciliation project. These workstreams were both in progress and resources had been prioritised to ensure their completion.

It was explained some other, lower- priority, Business Plan actions had been delayed due to recent changes in personnel and vacancies in the structure. In particular, it was noted the contract review of the Independent Governance Adviser was considered low priority, and therefore delayed. The establishment of a formal process for reviewing the performance of advisors was also delayed since performance was already monitored informally. Further development of employer covenant reviews and KPIs was required and so a more realistic timeframe had been indicated in the report.

Officers advised the Pensions Regulator had updated its methodology on Record Keeping Requirements, in response to this the Fund would use software to reassess its level of compliance and put a data improvement plan in place if necessary. Following questions, it was confirmed a tender process for an investment consultant, and also for actuarial services would take place at the end of 2018. The Committee highlighted several items on the Business Plan had been delayed, to which the Treasurer advised the timescales for the GMP exercise had initially been underestimated. Members discussed the retender of

the Pension Administration Software contract and were advised the Fund prioritised the quality of an IT system as this could provide further efficiencies in administration. The Chairman questioned the final decision on the choice of Pension Administration Software, in response to which officers responded this decision was to be taken by officers. In response, the Chairman requested a business case be presented to the Committee.

Resolved:

To note the updated position from the Business Plan and agree, where applicable, the revised target dates and priority order, with the inclusion of December 2018 deadlines for actions 12 and 17.

To request a business case outlining officers' considerations and analysis used in reaching a conclusion on the choice of Pension Administration software.

10 **Administrative Key Performance Indicators**

An update was provided from the Head of Pensions Administration on the latest administrative KPIs for members to consider. The number of refunds of contributions and leavers to deferred status processes within target time had fallen, this was due to the Fund processing a high number of backlog cases, therefore affecting the short-term performance indicator. It was however noted that performance on the active to retirement metric was down on previous performance and improvement was need, therefore additional resources was to be deployed to these areas. The Head of Pensions Administration and Relations advised he planned to develop the methodology for KPIs to provide more detail on the cause of delays. The Chairman suggested it may also be useful to identify KPI trends on a line graph rather than a bar graph.

It was commented the Fund was usually successful at claiming back overpayment following the death of a member, since this could easily be done if the member's estate was still open. The Tell Us Once and National Fraud Initiative also helped the Fund mitigate against overpayments in these circumstanced. As part of the existing administration strategy, a recharge could also be made against employers if the level of their general administration reporting was poor. Officers explained the number of active to retirement cases that met targets in the last quarter had reduced due to further clarification needing to be sought from the employers on certain data received, in particular in relation to pay data.

Resolved:

To note the Fund's performance against its key performance indicators.

11 **Fund Administration Budget**

The Fund's proposed administration budget was presented, with a £1.5m increase largely due to an increase in Investment Manager fees. Officers considered the costs per member were inline with other funds and it was important the Fund invested in its administration processes to meet Regulations. Costs associated with asset pooling, members training, and the Local Pension Board has been factored into the budget.

Resolved:

To approve the Pension Fund Administration Budget for 2018-19 shown in the Appendix totalling £11.703m;

To note the indicative budget allocations for 2019-20 and 2020-21; and

To agree variations against budget will be monitored and if they become very significant, the Treasurer to the Pension Fund will approve variations to the budget and report these to the Committee retrospectively for ratification.

12 **Date of Next Meeting**

The next meeting of the Committee was to be held on 21 June 2018.

13 **Urgent Items**

There were no urgent items.

14 **Exclusion of the Public**

Resolved:

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 15 – 19 because it is likely that if members of the public were present there would be disclosure to them of exempt information as defined in paragraphs 1 & 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.

15 **Report on investment performance including PIRC data/national comparisons**

The Interim Investment Manager provided a report on LGPS performance analytics from PIRC for the Committee to consider.

Resolved:

To note the findings on the comparison of investment performance.

16 **Brunel Pension Partnership Update**

The Interim Investment Manager updated on the progress of implementing asset pooling and minutes from the last meeting of Brunel Oversight Board were attached to the agenda.

Resolved:

To note the update on the progress of Brunel Pension Partnership.

17 **Investment Quarterly Progress Report**

Three confidential reports were circulated updating the Committee on the performance of the Fund's investments as to the end of December 2018.

Resolved:

To note the attached investment reports.

To request officers feedback to State Street, the Committee's disappointment in the late report and incorrect references to Wiltshire County Council Pension Fund.

To agree the Fund move to a custodian-only report on investment in the future, once it is comfortable with the reporting arrangements.

18 **Minutes and Key Decisions of the Investment Sub Committee**

The Committee considered the minutes and recommendations arising from the Investment Sub Committee meeting held on 21 February 2018.

Resolved:

To endorse the recommendations arising from the Investment Sub Committee meeting held on 21 February 2018.

19 **Minutes**

Resolved:

To confirm the Part 2 minutes of the meeting held on 23 November 2017.

(Duration of meeting: 10.30 am - 12.45 pm)

The Officer who has produced these minutes is Libby Johnstone, of Democratic Services, direct line 01225 718214, e-mail libby.johnstone@wiltshire.gov.uk

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