

LOCAL PENSION BOARD

PART 1 MINUTES OF THE LOCAL PENSION BOARD MEETING HELD ON 13 JULY 2017 AT THE NORTH WILTSHIRE ROOM - COUNTY HALL, TROWBRIDGE BA14 8JN.

Present:

Cllr Richard Britton, Lynda Croft, Sarah Holbrook, Mike Pankiewicz, Howard Pearce (Chairman) and Barry Reed

26 Membership

The Chairman welcomed Cllr Britton to the meeting, Cllr Britton had replaced Cllr Christopher Newbury on the Board.

Resolved:

To note the change to the membership as detailed above.

27 Attendance of non-members of the Board

Officers from the Wiltshire Pension Fund were in attendance.

28 Apologies

Apologies for absence were received from David Bowater.

29 Minutes

The minutes of the previous meeting and the Board's action log were presented.

The Board considered the action log and it was requested that action 6.21 in respect of feedback on CIPFA guidance could be set to complete and action 8.12 to review the Investment Strategy Statement be set to an April 2018 deadline. It was understood that action 6.8 was soon to be completed as the tPR checklist on publishing scheme information would be included in the Fund's Annual Report.

Resolved:

To confirm the minutes of the meeting held on 6 April 2017.

To note the action log and to update actions 6.21, 8.12 and 6.8 as detailed above.

30 Declarations of Interest

There were no declarations of interest.

31 Chairman's Announcements

The Chairman updated that himself and the Vice Chairman had recently attended a CIPFA conference at which there had been much discussion around new information from the Pensions Regulator and insurance indemnity for Board members. Advisers at the conference had recommended that funds purchase insurance for their Board members, since they were non-Council committees and therefore were not covered by their insurance policy. It was noted other Funds had not developed their Local Pension Boards and risk management to the same extent as Wiltshire.

Resolved:

To note the update from the Chairman.

32 Public Participation and Councillors Questions

There were no members of the public present.

33 Election of the Vice-Chairman

Nominations were sought for the position of Vice Chairman, the Vice Chairmanship of the Board was to alternate each year between the employer and scheme member representatives.

Resolved:

To appoint Mike Pankiewicz as Vice Chairman for 2017-18.

34 Key Decisions of the Wiltshire Pension Fund Committee

The Head of Pensions updated on the key decisions from the Wiltshire Pension Fund Committee held in June; the Committee had agreed the legal documentation for Brunel Pension Partnership and agreed to its Admitted Body Status in the Wiltshire Pension Fund. A further update was to be provided under Part 2 of the agenda.

Resolved:

To note the update from the Wiltshire Pension Fund Committee.

35 Training Item- Complaints and Dispute Handling

The Fund's Benefits Manager provided a training session on complaints and dispute handling within the Fund. It was explained that once a dispute was raised with the Fund, officers would try to resolve this, if the matter couldn't be resolved it would be referred to an independent adjudicator, and following that to the Associate Director for Finance with support from Hymans Robertson. Should a dispute progress past these stages, the final stages were referral to the Ombudsman and then the courts. The Fund's complaints process was similar in that officers would initially try and resolve complaints, they would then be referred to the Head of Pensions, following that to independent complaints officers at Wiltshire Council, and then to the Ombudsman. Following both disputes and complaints, the Fund would always analyse the events to see where lessons could be learnt to prevent similar issues in the future.

Details were provided as to when the Fund would consider making Distress and Inconvenience payments, it was highlighted this was recompense when the Fund recognised it had made an error. Members heard that employers were required to provide details of the adjudicators they used in disputes, the Fund had requested these details and recently provided employers with further guidance, particularly in respect of ill health retirement cases. Approximately 30 employers had submitted details of their adjudicators to date

In response to questions it was confirmed what over the last 3 years, only 6 disputes had reached stage 1, and 2 at stage 2, none had gone to the Ombudsman, no complaints had progressed to independent review.

Resolved:

To thank Craig Payne for the informative training session.

36 Scheme, Legal, Regulatory and Fund update

The Head of Pensions provided Board members an update on Fund, Scheme, Legal and Regulatory matters.

A key update included a recent High Court decision which ruled that Government guidance that funds should not pursue policies contrary to UK defence or foreign policy was unlawful. The ruling would impact on guidance for preparing an Investment Strategy Statement. The implication of the Markets in Financial Instruments Directive II (MiFid II) consultation paper was discussed, the Fund had responded to the consultation and an update on the matter would be brought to the next meeting. The Board also heard that PwC had produced a

report 'Options for Academies in the LGPS', which highlighted issues experienced by stakeholders, recommendations on the matter would be progressed by the Scheme Advisory Board (SAB). In respect of the Wiltshire Pension Fund, it was heard that officers were in the process of introducing an ill-health liability insurance for scheme employers, this was to be available from August 2017.

Resolved:

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

37 **Risk Register Update**

The Board was presented with the latest Risk Register for the Fund. PEN011 'Lack of expertise of Pension Fund Officers & PEN012 'Over-reliance on key officers' had been raised to a red risk, despite mitigation action, as the Strategic Pension Manager had resigned, meaning a considerable loss of expertise. Two further resignations had recently been received at the administrator level. The Pension team roles were being considered for realignment as a result of this change and also the development of Brunel Pension Partnership.

PEN026 'Impact of MiFid II Regulations' had been added as a risk to reflect current concerns over the implementation of the regulations which would mean the Fund would be classified as a 'retail' investor. PEN 020 'Pooling of LGPS assets' remained a red risk due to the significant resource required by officers to progress the project to implementation stage.

Members discussed the staff turnover at the Fund, it was acknowledged that at present turnover was high, however staffing had been stable for a long time prior to this. Officers considered the recent changes were due to an increase in the scale and complexity of the work staff were required to undertake and the difficulty the Fund had in matching salaries offered in the private sector. The Board recommended administrative support for the Fund remain in house and the Fund should review staffing to ensure it firstly supported the statutory requirements of the Fund. It was acknowledged that poor performance in meeting statutory obligations could lead to complaints/disputes and thus further cost and resource pressures on the Fund.

Resolved:

To note the Risk Register and recommend that the Fund review resource allocated to fulfilling its statutory requirements.

38 **Review of the Wiltshire Pension Fund Statement of Accounts**

The Strategic Pension Manager introduced the Fund's Statement of Accounts for 2016-17 which would form part of the Annual Report and also Wiltshire Council's accounts. The Chairman recommended that wording in the Statement

of Accounts be amended to reflect the remit of the Board to provide advice and support to the administering authority. It was also noted that section 17 of the report referred to Related Party Disclosures and recommended the Fund look into the new requirement to disclose the names of key management personnel. The Strategic Pension Manager advised these changes would be made to future reports.

Resolved:

To note the Wiltshire Pension Fund Statement of Accounts.

To recommend future reports contain the details of key management personnel and wording describing the role of the Local Pension Board be amended as detailed above.

39 **Internal Audit**

A summary of the Internal Audit Report was provided; the report had given the Fund a 'reasonable assurance' rating with only two medium priority recommendations in respect of GMP, Altair and payroll reconciliations.

Members noted the risks identified by the audit were the same as in the previous year and recommended resource be invested to ensure they be addressed. The Head of Pensions advised he had two staff working on reconciliations and an update on progress would be provided to a future meeting. It was explained that employers paid for reconciliation work through their contribution rates and the Fund did this in-house to reduce costs. The Chairman also recommended resource be directed to ensure the Fund's compliance with the General Data Protection Regulation which was to come into force in 2018. Officers noted data management was an important issue and would bring a report on data management to a future meeting. The Head of Pensions advised he would report on the implementation of audit recommendations in 6 months' time, the auditor would also monitor this.

Resolved:

To note the Internal Audit report and recommend that resource be directed to address the risks in respect of reconciliations and data management.

40 **Feedback from the Wiltshire Pension Fund Annual General Meeting**

The Head of Pensions presented feedback on the Fund's first AGM which had been held on 21 June 2017. The officer advised that an AGM was an opportunity to improve communication with members and was recommended by CIPFA. The attendance from the first AGM had been 25, with a mixture of employer and scheme members present. It was considered the first AGM had been a successful event.

The AGM had included presentations from officers, the Actuary, Mercer, Baillie Gifford and had featured an open forum for members to ask questions. Feedback from the event had been very positive, a priority for next year was to work on the balance between items of interest for employers and scheme members. The Board supported the idea of holding the 2018 AGM in September/October, inline with the finalisation of the Annual Report. It was also suggested thought be given to whether to split the AGM into two halves, one for employers, one for members.

Resolved:

To note the update from the AGM and support a move to hold this later in the year to coincide with the publication of the Annual Report.

To recommend officers review the format of the AGM in response to the needs of employers and scheme members.

41 Review of Governance Compliance Statement

Members were presented with the Fund's Governance Compliance Statement which set out the delegations from Wiltshire Council around the operation of the Fund. Officers advised the details of the Local Pension Board would be included as an appendix. The Chairman advised the DCLG guidance referenced in the Governance Compliance Statement was out of date and DCLG would need to renew this.

Resolved:

To note the Governance Compliance Statement.

42 Local Pension Board Annual Report and Benchmarking

The Head of Pensions presented the LPB Annual Report and results of benchmarking undertaken to compare the report to that of other Funds. The Board was advised there were very limited LPB Annual Reports in the South West, and where reports existed nationally they had varying degrees of content. It was considered that Wiltshire's Board had the most full and comprehensive report in comparison to others. Members considered that the Board had made material recommendations to the Fund over the last 12 months and was now well established.

It was recommended the Annual Report include a 'RAG status' or similar means to indicate where Board recommendations had been implemented, likewise to track compliance with the Pensions Regulator Code of Practice. The Head of Pensions advised that the tPR checklist of compliance would be included.

It was commented that the Board's response to the SAB survey on the operation of Local Pension Boards should make reference to the benchmarking of annual reports and that the Fund could explore the idea of regional LPB reports.

Resolved:

To note the Annual Report and to delegate authority to officers, in consultation with the Chairman, to amend the document to track tPR compliance and the implementation of Board recommendations.

43 The Pensions Regulator Code of Practice 14 Survey Results

The summary results of the Pensions Regulator's survey were presented and it was considered the Fund has responded positively and ensured improvement plans were in place. Currently the Fund was investigating software through which data submitted by employers would be reviewed before submission to the Fund to ensure only quality data was included.

Members made the point that summary results did not allow for differentiation between LGPS and national schemes, and some of the questions had been unclear which could have affected the results.

Resolved:

To note the results of the Pensions Regulator Code of Practice 14 Survey.

44 Proposed Response to Scheme Advisory Board Local Pension Board Survey

The Chairman presented a proposed response from the Board to the SAB's survey on the operation of Local Pension Boards nationally. Members were in agreement with the Chairman's proposal and recommended that comments requesting more collaboration and benchmarking between Boards be included.

The outcome of the SAB survey would be reported to a future meeting.

Resolved:

To agree the proposed response to the survey, with the addition of comments to support more collaboration and benchmarking between Boards.

45 Review of Wiltshire Pension Fund Website

At its last meeting, the Board had received a presentation on the Fund's website by the Communications Manager. The Chairman invited members to submit feedback on the site before the next meeting in October.

Resolved:

To request that members submit their feedback on the Wiltshire Pension Fund website prior to the October Local Pension Board meeting.

46 Implementation of Costs Transparency

The Strategic Pension Manager explained that recent SAB Guidance and CIPFA Accounting Standards recommended investment managers disclose their fees to allow for transparency and consistency in the industry. The disclosure was entirely voluntary, however that it would hopefully promote a culture change in the market, 3 of the Fund's managers had signed up to the Code. The Chairman of the SAB was promoting this new standard for funds to adopt as a policy.

The Board expressed support for costs transparency and recommended it be factored into Wiltshire Pension Fund and Brunel Pension Partnership manager appointments.

Resolved:

To note the update on the implementation of costs transparency and recommend it be factored into the Wiltshire Pension Fund and Brunel Pension Partnership manager appointment process.

47 How did the Board do?

The Chairman led a discussion on the operation of the Board and current workplan. The merits of reducing the number of meetings was discussed and it was agreed that, where possible, reports should come to the Board in advance of the Committee to allow the LPB to input into reports and for their recommendations to be considered by the Committee. It was considered the Risk Register should continue to be reviewed quarterly and that training items were important to maintain. It was noted that the outcome of the SAB survey may highlight issues to be reviewed.

Resolved:

To review the timetabling and work plan of Board meetings following consideration of the SAB survey results.

48 Urgent items

There were no urgent items.

49 **Date of next meeting and forward plan**

The next meeting was to be held on 18 October.

In light of the discussion about the Board's workload it was agreed that an item on external audit was not required at the next meeting.

Resolved:

To remove the item on external audit from the work plan for the next meeting.

50 **Exclusion of the Public**

To consider passing the following resolution:

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 51- 54 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.

51 **Local Pension Board Insurance Indemnity**

The Head of Pensions presented proposals for an insurance indemnity policy for the Local Pension Board.

Resolved:

To approve the purchase of an insurance indemnity policy for the Board for the minimum amount (£1m) at the least cost, and to review the issue in 12 months.

52 **Brunel Pension Partnership and Investment Pooling**

The Head of Pensions provided an update on the establishment of Brunel Pension Partnership.

Resolved:

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

53 Key Decisions of the Wiltshire Pension Fund Committee and Investment Sub Committee

There were no further confidential updates arising from the recent Wiltshire Pension Fund Committee and Investment Sub-Committee meetings.

54 Minutes

Resolved:

To confirm the Part 2 minutes of the meeting held on 6 April 2017.

(Duration of meeting: 10.30 am - 1.10 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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