

LOCAL PENSION BOARD

PART 1 MINUTES OF THE LOCAL PENSION BOARD MEETING HELD ON 18 OCTOBER 2017 AT THE KENNET ROOM - COUNTY HALL, TROWBRIDGE BA14 8JN.

Present:

David Bowater, Lynda Croft, Sarah Holbrook, Mike Pankiewicz (Vice-Chairman) and Howard Pearce (Chairman)

Also Present:

Peter Riedel and Michael Hudson (Treasurer)

55 Membership

There were no changes to the membership of the Board.

56 Attendance of non-members of the Board

Peter Riedel (Hymans Robertson) was in attendance.

57 Apologies

Apologies for absence were received from Barry Reed and Cllr Richard Britton.

58 Minutes

Members reviewed the minutes of the previous meeting and the Board's action log. The Chairman requested the deadline for action 4.7 be changed to January 2018 as the Governance Compliance Statement would be reviewed at this point. It was also requested action 7.20 requiring a benchmarking exercise against training completed by other funds to be put against a deadline of July 2018.

Resolved:

To confirm the minutes of the meeting held on 13 July 2017.

To amend deadlines on the Action Log as follows:

- **3.5 deadline changed to June 2018**
- **4.7 deadline changed to January 2018**
- **7.20 deadline changed to July 2018**

59 Declarations of Interest

David Anthony, Head of Pensions, declared for transparency purposes in respect of agenda item 22 he was to leave the Wiltshire Pension Fund at the end of November to take up a position at Brunel Pension Partnership.

The Chairman reminded members to review their Register of Interest and professional bio on the Fund's website.

Resolved:

That members review their Register of Interest and professional bio.

60 Chairman's Announcements

The Chairman reminded members the Fund's Investment Away Day was to be held on 1 November, and also a Brunel Pension Partnership Engagement Day had been organised for 15 November. Members were also encouraged to inform officers of attendance at training events so this could be included in their training record.

A question was raised as to whether it was appropriate for school and/or college governors to attend training events provided to those employers, in response to which the Head of Pensions advised he would explore individual training requirements with the specific employers concerned.

61 Public Participation and Councillors Questions

There were no members of the public present.

62 Minutes, Key Decisions, and Annual Report of the Wiltshire Pension Fund Committee

The minutes of the Wiltshire Pension Fund Committee meeting held on 27 September were circulated to members, alongside the Fund's Annual Report.

Resolved:

To note the minutes and key decisions of the Wiltshire Pension Fund Committee meeting held on 27 September and the Fund's Annual Report 2016-17.

63 **Training Item: Fraud Prevention and Mitigation**

Pete Riedel provided an overview of fraud prevention within the LGPS and Wiltshire Pension Fund. It was explained that whilst there could be genuine mistakes from both members and the Fund in respect of data provided, measures were in place to try and prevent fraud. Key focus of fraud prevention was on: cyber-fraud, fraud by scheme members, and fraud committed by employees working for the Fund. On a national level, the National Fraud Initiative encouraged members to submit accurate information to the Fund, particularly in relation to the death of a member or dependant. Within the Fund itself the Governance Compliance Statement, Scheme of Delegation, Breaches of the law policy, Mortality screening, internal controls, Overpayments policy, Contribution Framework, Risk Register, Administration Strategy and both internal and external audit worked to mitigate fraud. The impact of the forthcoming General Data Protection Regulations in May 2018 was discussed, and it was understood the Fund was working with the Council's Information Governance team to establish measures the Fund should take to prepare for the new regulations.

Following questions, it was confirmed the Fund safeguarded against fraudulent investments by employing an external auditor and custodian to check on investments held. Similar arrangements would also be in place for Brunel Pension Partnership. It was noted scheme members were at risk of being tricked into transferring out of the Fund and making poor investments by rogue companies, the Fund warned members against transferring out of the Fund, however was not able to stop them. In respect of employer members in the Fund, it was noted they had a requirement to ensure accurate employee records were submitted to the Fund.

The Board thanked Pete Riedel and David Anthony for the presentation and noted that robust procedures were in place to mitigate fraud.

Resolved:

To note the training on Fraud prevention and mitigation.

To note the fraud detection and prevention safeguards currently utilised by the Fund and highlighted within the report

64 **Scheme Legal, Regulatory and Fund update**

A report provided an update on the latest Scheme, Legal, Regulatory and Fund developments for the Board. Two items which were categorised as high risk were the implementation of the General Data Protection Regulations in May 2018 and the Markets in Financial Instruments Directive II. In preparation for the GDPR the Fund was developing a project plan to ensure its data controller and data processor practices were compliant with the new regulations and was

sharing best practice with other funds to ensure its practice was pension-specific. In response to MiFid II the Fund was in the process of opting up to 'professional' investor status and had sent letters to its investment managers.

The Chairman advised the Scheme Advisory Board survey on the operation of Local Pension Boards had received a low response, therefore the deadline had been extended. The survey results were now expected in December.

Resolved:

To note the Scheme, Legal, Regulatory and Fund update and changes highlighted within the report.

65 Risk Register Update

A report presented the Risk Register of the Wiltshire Pension Fund and members noted two risks had increased since the last report: PEN009 Failure to Hold Personal Data Securely and PEN023 Resources of Officers and Members to Meet the Expansion of Business Items. PEN009 had risen from green to amber to reflect the increasing importance of prioritising resources to ensure the required changes to processes and documentation were implemented ahead of the new General Data Protection Regulations. PEN023 had risen from amber to red to reflect the risk posed by the resignation of the Head of Pensions following the departure of the Strategic Pension Manager.

In addition to these two changes, current staffing levels meant PEN011 Lack of Expertise of Pension Fund Officers, PEN012 Over-reliance on Key Officers and PEN020: Pooling of LGPS assets all remained red risk. The Head of Pensions addressed risks arising from staffing, explaining that job adverts for the Head of Pensions Administration and Head of Pensions Investments were soon to be posted and there was to be restructure in the wider team, with a net increase in two posts. The Head of Investments would then oversee the Fund's transfer of assets into Brunel Pension Partnership.

The Board noted the processes in place to prepare for the implementation of GDPR and understood the Fund was undertaking self-assessment to identify whether it would be compliant with the new regulations. The reporting currently indicated 95% of Fund data was compliant.

Resolved:

To note the Risk Register and measures being taken to mitigate risks, and report on WPF compliance with GDPR to be presented to its April 2018 meeting.

66 Administration Key Performance Indicators

A reported presented the Fund's administration Key Performance Indicators which had been developed following a commitment in the Business Plan to assist performance reporting, and also in line with the Pensions Regulator's increased focus on the governance of public service pension schemes. The KPIs identified that Active to Retirement cases had seen a fall each quarter in meeting the target timeframe due to resourcing issues. Refund of contributions had also seen a fall in terms of meeting targets, the main reason for this was that Pension Assistants had primarily focused on processing leavers to Deferred status ahead of the Annual Benefit Statement (ABS) exercise.

Officers would consider these matters as part of the review of pension team staffing to ensure a better balance of resources at the correct levels to address the targets in the KPIs. Comments from the Board included it could be useful to compare performance and costs with other funds. It was confirmed the costs were compared in the CIPFA benchmarking report, however performance comparisons were difficult to make as they were not like for like. The Chairman mentioned that inter-fund transfers were low relative to the target and this was perhaps an area to monitor in the future.

Resolved:

To note the Fund's performance against its Key Performance Indicators and that future reports would include performance against legally defined deadlines.

67 External and Internal Audit Update

A report outlined the outcome of the 2016-17 external audit, the developments in the appointment of the new external auditors, along with an update on the proposed 2017 internal audit plan. The Board understood that no issues had been identified from the KPMG external audit and the Fund's external auditor for 2017-18 was to be appointed via a national contract, although the outcome of the tender process had yet to be announced.

The Board suggested the Fund's internal audit plan include a check against the Pensions Regulator Code of Practice 14 checklist.

Resolved:

To:

a) note the attached Final Audit Report;

b) note the verbal update on the appointment of the Fund's external auditor; and

c) recommend to officers the Fund be audited against the Pensions Regulator Code of Practice 14 as part of the 2018 internal audit plan.

68 Guaranteed Minimum Pension (GMP) Project update

A report provided an update on the progress of the Fund's GMP Project reconciling members' records with those of HMRC. The process needed to be completed by December 2018 and two Data Quality Analysts had been appointed for this project. Some records were on HMRC's list but not on Wiltshire Pension Fund records and the various reasons for this were outlined in the report, for instance due to National Insurance number mismatches. Until December 2018 the Fund would be able to challenge the GMP values where it believed discrepancies were the result of HMRC errors, after this date, no further challenges would be accepted.

The Head of Pensions updated the Fund was progressing well with the project, however the reconciliation would take time due to the period needed for HMRC to respond. The Board commented it was pleased with the progress of the project. In response to questions, it was highlighted that once the December 2018 deadline had passed the Fund would be left with any mismatches of information, and therefore liabilities, it had not reconciled. Following the reconciliation project, HMRC would write to members of the LGPS to advise them of the GMP exercise, the Board members noted this could cause an increase in queries to the Fund.

The Chairman recommended that risks to the Fund as a result of the GMP reconciliations be reviewed in December 2018.

Resolved:

To note the progress of the GMP reconciliations project and request any risks arising for the Fund be reviewed in December 2018.

69 Annual Benefit Statement Publication Review

A report presented the outcome of the Annual Benefit Statement Exercise for 2017 and identified the statements had been issued ahead of the statutory deadline. The design of the statement had been simplified this year, which made it easier to circulate on time, however the new format had received a negative response from some members. The Head of Pensions however highlighted that in previous years a more glossy design of the statement had been criticised by some members as unnecessary. In the future the Fund hoped to publish the statement online, giving officers longer to prepare it and more ability to improve the design with lesser cost.

Feedback from the employer member representatives included that when the Fund had been contacted about members' ABS, the staff had been very

responsive to queries. The Chairman noted the amount of incomplete data received from employers was less than in other funds, however recommended the following year that data be reviewed and employers be contacted if they had not submitted the correct data within three years.

Resolved:

To note the report on the publication of the Annual Benefit Statement.

To request that in 2018 if employers have not submitted complete and correct data to the Fund over a three year period, they be contacted to investigate the route cause, and if there is no resolution, consideration be given to reporting them to the Pension Regulator.

70 **Employers Contributions Review**

A report updated the Board on the employer contributions monitoring process and proposed changes currently being implemented. The legal requirements of the Pensions Regulator Code of Practice No.14 in respect of contributions were outlined, and the current rates of late contributions for the Wiltshire Pension Fund were detailed. Late contributions were reducing for the Fund, and of those, most were received within the month. Officers explained the Fund required a robust internal control system in place to monitor contributions now an increasing number of employers were within the Fund. The Fund was investing more into monitoring late contributions and providing a clear process of initial warning to employers, with this escalating to a fine and reporting a breach to the Board if the matter was not resolved.

The Board was satisfied with the process the Fund had in place and encouraged the use of fines to deter late contributions.

Resolved:

To note the Fund's current employer contribution monitoring position and the revised framework being implemented.

To encourage the Fund to charge employers for late contributions in accordance with the current WPF policy.

71 **Local Pension Board Feedback on the Wiltshire Pension Fund Website**

The Head of Pensions summarised the comments received from Board members in respect of the Fund's website. Members agreed the level of information on the website was good however it was not presented in an attractive way, and a self-service portal for members would be a good development. The officer advised a self-service facility was in the Fund's Business Plan and a priority for future development. It was noted that

information on the website about the staffing structure in the Fund was now out of date.

The Board was advised that Hymans Robertson would provide and manage an off-the-shelf website which would be more attractive to members, the Fund intended to progress this as a short-term solution until a bespoke site could be developed. Members were invited to visit other Fund websites managed by Hymans and to feedback on this to inform the design of the Wiltshire site.

Resolved:

To note the comments received on the content and style of the Fund's website.

To request members visit other Fund websites managed by Hymans to feedback and inform the design of the Wiltshire site.

72 How did the Board do?

There were no matters to raise under this item.

73 Urgent items

There were no urgent items.

74 Date of next meeting and Forward Plan

The Chairman advised the January meeting date was likely to be rescheduled for February 2017.

75 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 76 – 78 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

76 Brunel Pension Partnership Update

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

Resolved:

To note the progress of Brunel Pension Partnership.

To request officers provide a flow chart to outline the delegated and reserved decision-making process within Brunel Pension Partnership to improve transparency.

77 Minutes and Key Decisions of the Wiltshire Pension Fund Committee and Investment Sub Committee

Resolved:

To note the Part 2 minutes and key decisions of the recent meetings of the Wiltshire Pension Fund Committee and Investment Sub Committee.

78 Minutes

The Chairman thanked David Anthony, Head of Pensions, for his service to the Board and wished him luck in his new role at Brunel Pension Partnership.

Resolved:

To thank the Head of Pensions for his service to the Wiltshire Pension Fund and the Wiltshire Local Pension Board.

To confirm the Part 2 minutes of the meeting held on 13 July 2017.

(Duration of meeting: 10.30 am - 12.30 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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