

## LOCAL PENSION BOARD

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### MINUTES OF THE LOCAL PENSION BOARD MEETING HELD ON 24 JANUARY 2019 AT WEST WILTS COMMITTEE ROOM, COUNTY HALL, BA14 8JN.

#### Present:

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

#### Also Present:

Cllr Tony Deane and Cllr Tom Rounds

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#### 1 Welcome

The Chairman welcomed all to the meeting including the Associate Director for Finance & Procurement, Chair and members of Wiltshire Pension Fund Committee, officers from pensions team and a representative of the press.

#### 2 Apologies

Apologies were received from David Bowater.

#### 3 Minutes and action tracking

Officers reported that the action log had been edited and subject to revision due to considerations arising from ongoing internal review.

The following actions were subject to update.

Action 12.10 That the fund pays for its audit was confirmed.

Action 12.15 The planned review of Investment Strategy Statement and Strategic Asset Allocation will be conducted over the coming months. Factors arising from Environmental Social Governance concerns will be addressed throughout this process of planned review.

Action 13.2 - LPB Chairman's review of the Fund's Annual Report was classed as completed

Action 13.5 – Further details on the key contract costs be presented to the Wiltshire Pension Fund Committee was classed as completed

Action 13.9 - The Chairman to approach Multi-Academy Trusts for an Employer Member Representative was classed as completed

**Resolved:**

**The minutes from the previous Local Pension Board held on 11 October 2018 were confirmed.**

**Action 7.15 Revise parameters of benchmarking to base this work upon outputs that have been developed as standard metrics across similar funds and that are practical and affordable.**

**Action 8.7 The details of this action would be amended to note that the Fund will use the new Annual Report format produced by CIPFA as a means to identify the most meaningful and useful KPIs which can be compared across Funds. Due to methodological complications, metrics on costs-per-process would not be actioned. The recommendation to measure performance against statutory timeframes would remain. This basket of KPIs would be shared across Board and Committee.**

4 **Declarations of Interest**

There were no declaration of interests.

5 **Chairman's Announcements**

The Chair announced that members of the Board and an Officer had attended the LPGS Governance Conference in Bristol 17 and 18 January 2019. Horizon scanning at the conference covered anticipated case law, the introduction of four year valuation cycle, the pensions dashboard and member training.

6 **Public Participation and Councillors Questions**

There were no public questions or statements.

7 **Minutes and Key Decisions of the Wiltshire Pension Fund Committee**

The Board considered the key decisions of the Wiltshire Pension Fund Committee meeting held on 12 December 2018 and noted the emergence of a new way of working between Board and Committee.

The Associate Director for Finance & Procurement, outlined ongoing discussion on how the benefits of each governing body could be fully realised so as to drive the pension fund forward through a more holistic approach to governance. The relationship between Board and Committee was emphasised as being iterative and two-way.

The Chair emphasised that the Board is not a decision-making body and that its primary focus was in supporting the Committee through advising on compliance.

Tony Deane, Chair of Wiltshire Pension Fund Committee, highlighted how the Hymans Robertson survey of members had surfaced duplication between Board and Committee that could be streamlined through better co-ordination.

Richard Britten requested that it be noted he was listed as being present as an elected member when he is not present in that capacity.

**Resolved:**

**The Board noted the minutes of the previous Wiltshire Pension Fund Committee held on 12 December 2018.**

**8 Training Item: Introduction of new software and use of new online services**

Officers talked through three new online services; Member Self-Service, Docmail, and iConnect. Member Self-Service allows members to manage key aspects of their account. Docmail improves member communications by enabling more efficient mailshot operations. iConnect allows data exchange between employers and the administering authority.

These changes should make for greater efficiency and could reduce costs. 100% take up of services by members was held to be an unrealistic aim whilst 30-40% take up of Member Self-Service would deliver significant cost savings. Implementation of these software applications were recognised as significant pieces of work and in some cases would take three to five years to complete.

**Resolved:**

**The Board noted the impact of the new services detailed in the report.**

**The Chair requested that an update be brought to Board and Committee in 12 months to allow assessment of efficiencies and cost-reductions derived from these services.**

**9 Governance Effectiveness Review**

Officers talked through the completed Hymans Robertson 'Effectiveness Review' highlighting the concerns and the room for improvement that it had evidenced. A discussion on priorities emphasised the inter-relation of the

aspects addressed by the review, but training was highlighted as being of pre-eminence.

Following discussion on the cost of the review, it was suggested that the review be repeated at regular intervals.

**Resolved:**

**The Board noted the value of the Effectiveness Review and agreed with proposal for officers to address the recommendations stated in the report.**

10 **LPB self-assessment against its achievement of its core functions 2015-2018**

Officers talked through a report that indicated the Local Pension Board to be achieving up to 75% of its core functions. Areas of development were to be included in a future programme of work. The impact of ongoing technological change was illustrated with reference to iConnect. iConnect granted more control over data exchange with employers and therefore would extend the range of functions that can be improved by the administration team.

The Chair suggested that the annual or quarterly iteration of core functions be reviewed to ensure a balance between operations and strategy within capacity limitations. Given the increasing quantity of guidance to local pension funds, ensuring that there is a well-understood, efficient and effective working relationship between Board and Committee is all the more necessary.

**Resolved:**

**The Board noted the self-assessment.**

**The Board recommended that the frequency of assessment against core functions be better balanced with capacity within the team to conduct this self-assessment.**

11 **LPB Training policy and plan for 2019-2020**

Officers talked through a tabled report that outlined a programme of training for the next three years.

The Chair thanked the team and expressed support for the whole document that enabled both Board and Committee to respond appropriately to the increasing demands of regulation and guidance. The value of shared training for Board and Committee was highlighted as well as the need for specific training targeted at either Board and Committee.

Cllr Tony Deane, Chair of Wiltshire Pension Fund Committee, raised concerns that training requirements do not become impediments to recruiting elected members to pensions roles. The need to make pensions an attractive area to

engage in for elected members was emphasised and the contribution that Democratic Services could make was noted.

Annual self-assessments would continue, a formal MiFID II competence review would take place whilst any overarching training review would move to a four-year cycle to align with committee appointments and to allow early identification of training needs.

**Resolved:**

**The Board noted the Training Policy and Plan.**

**The Training Policy and Plan would be made available to Board and Committee members.**

**The Investment Manager would coordinate the annual MiFID II competence arrangements.**

12 **LPB Budget 2019-2020**

Officers discussed the Local Pension Board budget report for 2019-20. The report forecast a £5,000 underspend in 2018-19. The detail of expenditure figures was questioned by Barry Reed. The Chair noted that anticipated expenditure on consultancy was unlikely to be spent within the year. The Chair indicated that provision should be maintained in relation to governance advice particularly concerning CIPFA benchmarking requirements

**Resolved:**

**The Board agreed the draft Local Pension Budget and recommended to the Pension Fund Committee that it was included in the Fund's Administration budget for 2019-20.**

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

Officers talked through a report that detailed anticipated regulatory changes and indicated the perceived risk of that change to Wiltshire Pension Fund. Whilst delays with HM Treasury and CIPFA projects were noted, the increased activity of The Pensions Regulator was highlighted. Fair Deal, dashboard project and cost-cap mechanism were all discussed in terms of progress to date as was their risk categorisation using the RAG schema as 'amber'.

The CIPFA guidance on production of the Annual Report was not deemed to have raised any issues. Production of the Annual Report was being scheduled to tie-in with closure of Annual Accounts at end of July 2019.

The Chair noted attendance of The Pensions Regulator at the previous Board meeting and asked that an invitation to attend in future be made.

The Chair sought clarification on a response to the consultation on pooling. Officers detailed workshops and outlined a planned collective response from the funds being pooled by Brunel Pension Partnership as a response to this consultation.

The Chair highlighted the 'McCloud case' that is currently subject to appeal and the potential ramifications of the case was discussed in broad terms.

**Resolved:**

**The Board noted the report on legal and regulatory issues.**

**The Fund Governance & Performance Manager would liaise with the Regulator concerning the content of their presentation to the Local Pension Board.**

14 **Risk Register**

Officers reported that the risk register remains unchanged. A discussion of how to present inherent risk (the risk associated with an event) and residual risk (the risk associated with an event when mitigating action is taken into account) and its categorisation as either red, amber, green in keeping with a standard use of RAG schema followed. A discussion of targets and the extent of local control was held.

The Chair suggested that stating the extent of local control could be helpful whilst Richard Britton suggested stating the acceptance of risk or the extent to which it can be tolerated may be helpful.

Officers agreed that the risk registers targets could make the relationship of control and mitigating activity to risk clearer.

**Resolved:**

**The Board noted the attached Risk Register and the measures being taken to mitigate risks.**

**The review of the Risk Register would be used as a vehicle to clarify the distinct roles of Board and Committee in respect to the shared issue of risk management.**

**Officers would look into adopting a revised template for the risk register which uses inherent and residual risk as proposed by the Associate Director for Finance and Procurement.**

15 **Administration Key Performance Indicators**

Officers talked through a report on administration KPIs and two appendices that show the results of different reporting methods. The second method splits KPIs by Fund Administration and Employers.

Once presentational considerations have been addressed, this work was intended to build on an evidence-based approach to increasing employer engagement. Increasing employer engagement by improving communications through letters and forms needs to be balanced with the growing regulatory requirements required of those communications.

The Chair noted the difficulty of data management and reporting and thanked the team for their approach of continuous improvement in this area.

**Resolved:**

**The Board noted the Fund's performance against its KPIs and the proposed changes to future methodologies used to produce and report on KPIs to the Board.**

16 **How did the Board do?**

The Chair led a discussion of how effective the board was in conducting its business.

17 **Urgent items**

There were no urgent items.

18 **Exclusion of the Public**

**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 19-21 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.**

19 **Brunel Pension Partnership update**

**Resolved:**

**The Board noted the verbal update on Brunel Pensions Partnership.**

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

**Resolved:**

**The minutes of the Wiltshire Pension Fund Committee were noted and approved.**

21 **Local Pension Board Minutes**

**Resolved:**

**The minutes of the Local Pension Board were noted and approved.**

22 **Date of next meeting and Forward Plan**

The Chair reminded all that the Forward Plan needs to link into the overall business plan. Tony Deane, Chair of Wiltshire Pension Fund Committee, noted that the Committee would give this linkage expression through its co-ordinated work-plan.

The date of the next meeting was set for 23 May 2019 10.30 am.

(Duration of meeting: 10.00 am - 12.12 pm)

The Officer who has produced these minutes is Jim Brewster 01225 718242 of Democratic Services, direct line 01225 718242, e-mail [jim.brewster@wiltshire.gov.uk](mailto:jim.brewster@wiltshire.gov.uk)

Press enquiries to Communications, direct line (01225) 713114/713115