

LOCAL PENSION BOARD

MINUTES OF THE LOCAL PENSION BOARD MEETING HELD ON 16 JULY 2015 AT WEST WILTSHIRE ROOM - COUNTY HALL, TROWBRIDGE BA14 8JN.

Present:

David Bowater, Kirsty Cole, Lynda Croft, Mike Pankiewicz, Cllr Christopher Newbury and Howard Pearce (Chairman)

1 Membership

It was noted that Kirsty Cole and Cllr Christopher Newbury had been appointed to the Local Pension Board (LPB) by Full Council on 14 July 2015

2 Appointment of the Chairman and Vice-Chairman of the Board

Members received a report on the responsibilities of the Chairman and Vice-Chairman of the Board and considered appointments to these positions.

Resolved:

To ratify the appointment of Howard Pearce as the Chairman of the Local Pension Board, as agreed by Full Council on 12 May 2015.

To appoint Mike Pankiewicz as Vice-Chairman of the Local Pension Board.

3 Attendance of non-members of the Board

There were no non-members of the Board present.

4 Apologies

Apologies for absence were received from Barry Reed.

5 Declarations of Interest

There were no declarations of interest.

6 **Chairman's Announcements**

The Chairman welcomed all members and gave an introduction to the role of the Board as a 'critical friend' to the Wiltshire Pension Fund and with an evolving role.

David Anthony, Head of Pensions, was invited to update the Board on highlights from the budget announcement. It was noted that LGPS Funds were now expected to pool investments in order to reduce fees spent on investment managers. A full briefing note would be issued to members in due course.

7 **Public Participation**

There was no public participation.

8 **Adoption of the Local Pension Board Terms of Reference**

Members considered the LPB Terms of Reference (ToR) and discussed the practicalities of the current provisions for quorum. It was agreed that the quorum should be of at least fifty percent of voting members whilst ensuring one from each of the employer and scheme members representatives was present. The Chairman suggested that the ToR be amended to allow for their review following the issuing of any relevant scheme guidance. It was noted that Michael Hudson, Associate Director for Finance, had delegated authority to amend the ToR.

Resolved:

To adopt the Terms of Reference, subject to the following amendments:

Paragraph 64 ' A meeting is only quorate when at least 50% of voting members are present, with at least one scheme member and employer member representative present'.

Paragraph 99 'These Terms of Reference shall be reviewed on each material change to those parts of the Regulations *and relevant scheme guidance* covering local pension boards and at least every 5 years'

9 **Introductions of Members of the Local Pension Board**

Members of the Board introduced themselves and their employment history. It was commented that the membership allowed an insight into a variety of roles in local government and experience in various financial and pensions matters.

Mike Pankiewicz expressed the view that he would like this Board, where possible, to become involved in items such as the Fund's discretions policy and processes like the awarding of ill health retirement cases.

10 Overview of the Conflict of Interest Policy

David Anthony introduced a report which covered the duties applicable to members to ensure they did not have a conflict of interest whilst working on the Board. All members were bound by the requirements in the Terms of Reference and Wiltshire Councillors were also to be bound by their own Code of Conduct. External members on the Board were to comply with the 'Nolan Principles': Selflessness, Integrity, Objectivity, Accountability, Openness, Honesty, Leadership and relevant scheme regulations. All members were reminded to notify Democratic Services of any potential conflict of interest arising as a result of their position on the Board.

The Board supported developing a comprehensive conflicts of interest policy and register of interests to bring to the next meeting in October.

Resolved:

To adopt the Conflict of Interest policy and the following recommendations:

- a) **request Wiltshire Council develop a Code of Conduct and Conflicts of Interest Policy for approval;**
- b) **request officers provide further training to LPB Members on Code of Conduct and Conflicts of Interest; and**
- c) **note the requirement for Members to declare any potential conflict of interest arising from their position on the LPB.**

11 Purpose & Role of a Local Pension Board

It was explained that the national purpose of Local Pension Boards was to raise the standard of management and administration of public service pension schemes and to achieve more effective representation of employer and employee interests in that process.

The Board would work to ensure the Fund was compliant with the regulations and act as a 'critical friend', only holding responsibilities outlined in the ToR.

Members discussed how the Board would examine the Fund's compliance with the Pensions Regulator (tPR) code of practice and would need to develop a breaches policy.

Members questioned the depth to which the Board would need to review information to fulfil its role and it was confirmed that the Chairman was well-experienced and would steer the Board. External advisors could also be

commissioned to undertake more in-depth research. The Board would be supported by officers and also internal and external audit reports.

The Board agreed that it should examine the delegations the Wiltshire Pension Fund Committee had granted to the Investment Sub-Committee (ISC). Other potential lines of work would be a comparison of the Board's perception of the Fund's risk register compared with the view of the Pension Fund Committee. It was considered that a measurement of success should be developed for the Board and noted that the Chairman of the Pension Fund Committee determined success in relation to helping them to address the funding deficits and liabilities.

Resolved:

To note the report.

To begin work on developing a breaches policy.

To recommend future items of interest:

- **To review governance arrangements of the Pension Fund Committee and Investment Sub-Committee;**
- **To review and compare attitudes to the risk register;**
- **To develop a success criteria for the Board.**

12 **Training Plans**

A report was presented which outlined the requirements for Local Pension Board Members to be conversant with the LGPS scheme, its regulations and to have a training plan in place to ensure specific training needs would be met.

Members agreed that the self-assessment form would be a useful tool initially to identify priority areas for training. It was considered useful to follow the same training plan as the Wiltshire Pension Fund Committee (WPFC) but commented that these members should be encouraged to attend as they were not obliged to undertake training. Members supported the development of a handbook as a reference point following training sessions and the Chairman encouraged members to keep a record of all related training undertaken to pass on to David Anthony.

Resolved:

To endorse the basis for the development of a training plan outlined in paragraphs 20 to 28 of the report with the following additional recommendations:

- **That training plans are aligned with the Workplans for the Board;**
- **To continuously review training plans with an aspiration to have all Board members fully trained within 12 months;**

- To share training events with the Pension Fund where possible to support a positive working relationship and save resource;
- That training policies embrace flexible ways of learning;
- That the Head of Pensions take responsibility for ensuring the knowledge and understanding framework is developed and implemented.
- That Board members are encouraged to pass details of any additional training/conference attended to Head of Pensions to include in the training logs.

13 **Consideration of the Wiltshire Pension Fund Committee Draft Minutes and Key Decisions Taken on 25 June 2015**

The draft minutes of the latest Pension Fund Committee meeting and the key documents approved, namely the Business Plan 2015-18 and Internal Audit Report were presented to the Board.

It was explained that the Board would meet 3 to 4 weeks after the main Committee and would have access to all of its supporting paperwork.

David Anthony explained highlights from the minutes which included that the key underspend for the Fund was on manager fees, it was explained that any underspends would remain in the Fund. The issue of recruiting new staff had improved as one new member of staff had been recruited.

The officer updated that the Fund's Communications policy had been reviewed to enhance the features that were most useful to members. The Fund's statement of investment principles was identified as an avenue for exploration at a future Board meeting alongside the Fund's risk register. It was noted that since the LPB and ISC were now operational the risks associated with these had been downgraded on the risk register. A summary of the Fund's investment reports was provided.

The Board heard that the Fund's internal auditors were being directed towards specific areas of investigation, as part of the audit planning process, particularly procedures, reconciliations and KPIs. The Business Plan was being considered to ensure the Fund worked to best practice and develop an action plan for this.

The Board members considered the Pension Fund minutes and noted that the Committee would receive the minutes of the Board meetings. The Chairman requested that the Board received full minutes of both the Committee and the ISC and dates of their meetings to assist members to attend were possible. Members agreed that more detailed reports from the auditors would help them to review the Fund and requested actions on the Business Plan be prioritised to reflect whether they were a statutory duty and to acknowledge resource sensitivity. It was suggested that a future item for the Board could include examining the potential impact from pooling investments and inputting into the forthcoming Government consultation.

Resolved:

To note the minutes and attached reports.

To request that the Board receive full minutes and meeting dates of both the WPF and ISC.

To request input into the consultation process for the audit plans.

To request the SWAP audit report and action plan is reviewed again by the Board.

To recommend that items on the Business Plan be prioritised and acknowledge resource sensitivity and risk and that the LPB be updated on these issues.

14 **Work Plans for 2015/16**

Board members were asked to consider areas for review over the next 12 months with regard to the Terms of Reference of the Board. Members noted that the Fund's Annual report would come to the next meeting of the Board and the Fund's valuation would be received at a 2016 meeting.

The Chairman requested that a Forward Plan be developed to track emerging agenda items and items addressed by the Board.

It was discussed that whilst the Board was deigned to scrutinise the Fund it was supported by the same officers and, although they were to attend to present information only, this potential conflict of interest should be added to the work plan for further investigation. The Chairman reminded the Committee that the officer would provide information only and it would be for the Board members to scrutinise the Fund.

Members considered that other items of interest would be to examine how effective the Fund's communications policy was and to make an assessment of the Fund's risk register and align the work programme around this. It was commented that, on occasions, the Board may wish to liaise or share experience of work plans with other Boards.

Resolved:

To add the following items to the Board's work plan:

- **To develop a Forward Plan to track statutory and emerging issues and record items addressed by the Board. This should include**

training and review of the Valuation process, review of discretions policy, and internal policies of the Fund.

- **To explore officer support for the Board in the context of overlap with supporting the management of the Fund.**
- **To explore the effectiveness of the Fund's Communications Policy**
- **To make assessments of the key risk register and consider aligning a work programme to these risks.**

15 **Urgent items**

There were no urgent items.

16 **Date of next meeting**

The next regular meeting of the Board was to be held on Thursday 22 October 2015.

(Duration of meeting: 10.30 am - 12.41 pm)

The Officer who has produced these minutes is Libby Beale (Senior Democratic Services Officer), of Democratic Services, direct line 01225 718214 , e-mail elizabeth.beale@wiltshire.gov.uk

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