

LOCAL PENSION BOARD

MINUTES OF THE LOCAL PENSION BOARD MEETING HELD ON 14 JANUARY 2016 AT SALISBURY ROOM - COUNTY HALL, TROWBRIDGE.

Present:

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

Also Present:

Ian Colvin, Michael Hudson, Catherine Dix, Craig Holden and Lucy Hook.

1 **Membership**

There had been no changes to the membership of the Board since the last meeting, however David Anthony, Head of Pensions, updated that the recruitment for the vacant Group 2 position on the Board was underway and had received one expression of interest.

Resolved:

To note the update.

2 **Attendance of non-members of the Board**

Ian Colvin (Hymans Robertson), Michael Hudson, Catherine Dix, Craig Payne and Lucy Hook were in attendance.

3 **Apologies**

There were no apologies for absence.

4 **Minutes**

The Board received the minutes of the last meeting and attached action-log tracking the progress of actions and recommendations.

The Chairman requested an update on the process for selecting and reviewing auditors. Michael Hudson (Treasurer to the Pension Fund) advised that since the demise of the Audit Commission, local authorities would have to appoint

their own external auditors using an independent panel however the guidance was unclear as to the requirements on pension authorities. The Treasurer was awaiting a response to his queries and guidance on whether funds in the South West could appoint an external auditor together, as well as the timescales for this, and would report back to the Board.

Resolved:

To confirm the minutes of the meeting held on 22 October 2015.

To note the progress of actions recorded in the Board's action log.

To request that the process for reviewing external audit or appointment arrangements be reported to the next meeting of the Board.

5 Declarations of Interest

There were no declarations of interest.

6 Chairman's Announcements

There were no Chairman's Announcements.

7 Public Participation and Councillors Questions

There was no public participation.

8 Part 1 Minutes and Key Decisions of the Wiltshire Pension Fund Committee and Investment Sub-Committee

Members considered the draft public minutes of the Investment Sub-Committee held on 23 November 2015 and Wiltshire Pension Fund Committee held on 10 December 2015. Key points of note were that the Fund had adopted the Conflict of Interest Policy and Breaches Policy for the Board and had been updated on the Fund's Triennial valuation and latest news from the LGPS sector.

Resolved:

To note the minutes of the Investment Sub-Committee held on 23 November 2015 and Wiltshire Pension Fund Committee held on 10 December 2015

9 Scheme Legal, Regulatory and Fund update

The Head of Pensions updated members on recent consultations published since the last meeting. The Government's consultation on the pooling of assets was to close on 19 February 2016, by which date the Fund was expected to submit high-level proposals on pooling with other funds in the South West, with

detailed proposals required by 15 July 2016. The comprehensive proposals would need to include details of liquidity (determining how quickly pooling could take place), proposed infrastructure investments and governance arrangements. The pools were required to total £25bn in assets which the Government had described as 6 wealth funds. A change to the Investment Regulations would also be necessary arising from this pooling and the Government was currently consulting on this.

The Board heard that that a feasibility study for pooling funds in the South West had been commissioned and currently was considering a range of options from Collective Investment Pools to a joint-committee approach. A special Pension Fund Committee meeting had been set for 1 February 2016 to discuss the proposed response to the consultation. Board members commented that the most transparent approach would be their preference.

Resolved:

To note the attached consultation documents and the proposed timescale and process for formulating a Wiltshire Pension Fund response;

To encourage the Pension Fund Committee to ensure that robust governance requirements, clear auditing mechanisms and transparency are identified for the proposals arising from pooling and that the impact of pooling arrangements be communicated to Fund members.

10 **Review of the Risk Register**

The Board was presented with the current Risk Register for the Wiltshire Pension Fund, it was noted that the categorisation of the register had been undertaken following recommendations at the last meeting of the Board. Three new risks reflecting new developments in the LGPS had been identified on the register. Officers advised that the Pension Fund Committee had identified lengthy agendas as a risk and they would be cutting down the length of reports by increasing the use of hyperlinks, Board members were happy for this approach to also be applied to Board administration. The Chairman suggested that the date for completion of actions for mitigating risks should be reviewed to ensure that risks be continually reduced.

Questions were raised over the implications for employees arising from the Public Sector Exit Cap and it was confirmed that implications would be communicated to members once known.

Resolved:

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

To recommend a review of the timescales for measures to reduce risks.

To recommend that officers communicate the implications of the public sector exit cap to the Fund's members once known.

11 Training Items: the Pension Regulators Code of Practice no 14 and 2014 Record Keeping Regulations

Members received training from Ian Colvin, Hymans Robertson, on the Pension Regulator Code of Practice no. 14 and Record Keeping Regulations; the Board was expected to keep abreast of these to consider direct requirements under Public Sector Pensions Act 2013 and to assist the scheme manager in securing compliance and reporting breaches. The content of the Code was covered, including: Governance (key knowledge that members should have), Managing Risk (internal controls required for the scheme manager), Administration (records needed), and Resolving issues (internal dispute resolution and reporting breaches).

The Chairman suggested that officers review the response that other Funds in the South West had given to the Pension Regulator's governance survey since governance was important to pooling. Board members noted that the Code and Regulations required Fund members to receive scheme information in a simple and engaging way however acknowledged that this was difficult to achieve. It was confirmed that where administration of benefits was being undertaken jointly (eg. in Devon and Somerset) the responsibility for governance still rested with the administering authority of that particular fund.

Resolved:

To thank Ian Colvin for the informative training session and to note the requirements placed upon the Board by the Pension Regulator's Code of Practice No.14 and 2014 Record Keeping Regulations.

To suggest that officers investigate the responses of other funds in the South West to the Pension Regulator's Survey as part of the due diligence work for potential asset pooling.

12 The Pension Regulator Governance Survey

A report presented the Pension Regulator's survey and its findings on the review of governance in public sector pension schemes for the Board's consideration.

The Head of Pensions advised that the Fund was currently focussing on record keeping and was investigating new addresses for Funds members where their details were now out of date. Members acknowledged that the Board had a duty to review key issues and risks for compliance with tPR's Code of Practice No.14 and that it may commission an independent advisor to assess the current level

of compliance against tPR's code to reinforce the work undertaken by officers. The Chairman requested that the Treasurer discuss this issue with audit partners in the South West and report back at the next meeting.

Resolved:

To note the survey and its findings on the review of governance arrangements.

To request that officers report back at the next meeting on the options for an independent review of Wiltshire Pension Fund compliance with tPR new requirements following discussion with audit partners in the South West.

13 **Training Plans Update**

Members considered their responses to self-assessment and the proposed training plan for the Board. It was understood that Board members were required to have a good level of working knowledge and would be supported to develop this. The Pensions Regulator had a toolkit to assist with training, members would also receive bespoke training sessions, a handbook and briefing notes. Training plans would be based on members' self-assessments and would be recorded and training logs published in the Pension Board Annual Report. Members felt it would be unrealistic to expect all of them to be very knowledgeable about all aspects of the LGPS and concluded that the Board should aim to move towards a 'Good' rating within a year and aspire for the 'Skilled' level thereafter. It was noted that a handbook was necessary to record resources used for training to ensure the members always had a point of reference. It was recommended that a 'traffic light system' be used to track progress made on training.

Resolved:

- a) to approve the attached Board Members Training Plan as proposed in Appendix 2;**
- b) to note the Framework for Training outlined in the report;**
- c) to complete the tPR on-line toolkit within 12 months of appointment; and**
- d) to recommend that progress on training be monitored using colour-coding.**

14 **CIPFA Pensions Administration Benchmarking**

The outcomes of the 2015 CIPFA Benchmarking survey were presented for the Board to consider. The survey compared the Fund against the other 44 LGPS

authorities within the club; the Board agreed the benchmarking was a useful review of performance and noted its annual cost of £680. An overview of administration costs, memberships, administration, and staff matters was provided. The Wiltshire Pension Fund was broadly in line with other LGPS schemes in terms of work being processed, the areas where the Fund was higher was a reflection of the proactive approach being taken in respect of communicating with members, improving its ICT capabilities and monitoring and managing its liability risks through its work with the actuary. Questions were raised over the high number of retirements commuting to a lump sum and officers considered it was down to preference.

Resolved:

To note the outcome of the survey.

15 **Review of the Wiltshire Pension Fund Administration Strategy**

A report presented the revised Pension Administration Strategy approved by the Pension Fund Committee on 10 December 2015 for review. The strategy set out the quality and performance standard expected of all Scheme employers and admitted bodies within the Wiltshire Pension Fund. The Board discussed that it planned to examine performance indicators at its next meeting and requested that officers review the charge-out rate compared to other LGPS funds. Only a few material changes to the strategy had been made and all the timeframes for the delivery of information remained the same for Scheme employers, with the exception of year end returns that had been brought forward a week as the Fund now had to deliver Annual Benefits Statements by 31 August. Employers had been consulted on the new strategy and were generally in support of it.

Resolved:

To note the Administration Strategy for the Fund.

To recommend that officers review the charge-out rate for the calculation of costs from persistent failure to meet targets or resolve cases to ensure it is in line with other Funds.

16 **Review of the Administering Authorities Discretion Policy**

Craig Payne, Technical and Compliance Manager, presented a summary of the updated Administering Authorities Discretion Policy approved by the Pension Fund Committee on 10 December 2015. New discretions were required to ensure an up to date policy to comply with latest LGPS regulations; an overview of mandatory and key optional discretions was provided.

Questions were raised over the Fund's use of discretions in comparison to other Funds and how discretions were implemented by the Associate Director for Finance. It was confirmed that the Fund was broadly in-line with others and took into account the impact of decisions on the Fund, the employer and the individual to ensure balanced decisions. Costs were considered in decision-making but were not the principle factor. Michael Hudson, Associate Director for Finance, and also Treasurer to the Pension Fund, advised that when discretions were to be decided by him he often delegated this responsibility to a deputy or took advice from the Legal team to avoid any conflict of interest. Significant decisions could be referred to the Wiltshire Pension Fund Committee.

Resolved:

To note the updated Administering Authorities Discretion Policy.

17 Review of the 2015 Business Plan

The Board was updated on the implementation of the actions identified in the 2015 Business Plan. The report detailed actions which were still outstanding however members were reassured that these were not business critical and would be addressed now that the Fund had more resource. It was noted that the implementation of regular covenants and risk reviews of employer bodies would be addressed in the Triennial Valuation.

Resolved:

To note the update on actions identified in the Business Plan.

18 Review of the Local Pension Board Work Plan for 2016

Members considered the draft work plan for the Board and the Chairman advised this would be a standing item on agendas to ensure the Board was working towards its priorities. It was confirmed that the Board could regularly be updated on asset pooling under the Scheme legal, regulatory and fund update item.

Resolved:

To approve the draft work plan.

19 Local Pension Board Budget 2016-2017

The Board considered its proposed budget for 2016-17 and noted that it had increased by £6,000 from the previous year, mainly due to the need for investment in training. Should the budget need to be changed, for instance to allow for further spending on independent advisors, this could be done with the agreement of Michael Hudson, Treasurer to the Fund, and reported back to a future meeting of the Wiltshire Pension Fund Committee. Funding could be

moved between budget headings in exceptional circumstances provided this was reported to ensure transparency. Members agreed to keep refreshment costs to a minimum.

Resolved:

To recommend to the Wiltshire Pension Fund Committee that the proposed Local Pension Board Budget be included in the Fund's Administration Budget for 2016-17.

20 How did the Board do?

Members agreed that training items were particularly useful.

Resolved:

To thank Ian Colvin for his training session on the Pension Regulators Code of Practice No.14 and Record Keeping regulations.

21 Date of next meeting

The next meeting of the Board was to be held on 7 April 2016.

22 Urgent items

There were no urgent items.

23 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 Number 24 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.

24 Part 2 Minutes and Key Decisions of the Wiltshire Pension Fund Committee and Investment Sub-Committee

The Board considered the Part 2 minutes of the last meeting of the Investment Sub-Committee and Wiltshire Pension Fund Committee.

Resolved:

To note the Part 2 confidential minutes of the meetings of the Investment Sub-Committee on 23 November 2015 and Wiltshire Pension Fund Committee held on 10 December 2015.

(Duration of meeting: 10.30 am - 1.10 pm)

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

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