

LOCAL PENSION BOARD

MINUTES OF THE LOCAL PENSION BOARD MEETING HELD ON 7 APRIL 2016 AT KENNET ROOM - COUNTY HALL, TROWBRIDGE BA14 8JN.

Present:

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

Also Present:

David Anthony, Luke Webster, Zoe Stannard and Richard Warden.

25 Membership

The Chairman welcomed Sarah Holbrook, Finance Operations Manager, to the Office of the Police and Crime Commissioner, who had been appointed as an Employer Member Representative to the Board following the resignation of Kirsty Cole.

Resolved:

To note the changes to the membership and welcome Sarah Holbrook to the Board.

26 Attendance of non-members of the Board

Luke Webster (Fund Administrator), Zoe Stannard (Fund Communications Manager) and Richard Warden (Hymans Robertson) were in attendance.

27 Apologies

Apologies for absence were received from Michael Hudson (Treasurer to the Wiltshire Pension Fund) and Barry Reed (Scheme Member Representative).

28 Minutes

Members considered the minutes of the previous meeting held on 14 January 2016 and the Board's action log.

It was noted that an action from October 2015 for all members to complete a Register of Interest form was coded amber as one form was still outstanding; a review of timescales for measures to reduce risks had also not been finalised and members asked that it be coded accordingly. In respect of actions relating to audit arrangements, the Head of Pensions updated that the Treasurer to the Fund was in discussions on reviewing audit arrangements and a meeting had been arranged with the South West Audit Partnership on the potential for undertaking a review. The Head of Pensions advised that he had benchmarked the Fund's charge-out rate, which was in the mid-range in comparison to other funds, the figures would be circulated to members. The Chairman requested that the benchmarking exercise be undertaken annually.

In relation to ongoing actions in the log, it was confirmed that the Board members handbook was currently being collated and the implications of the Public Sector Exit Cap were not yet known but would be communicated to members once available.

Resolved:

To confirm the minutes of the meeting held on 14 January 2016.

To note the action log for the Board and to update the colour-coding of the action on a review of timescales for measures to mitigate risks.

To add an annual benchmarking of charge-out rates to the work plan.

29 Declarations of Interest

Members were reminded to regularly review their Register of Interest which were available on the Wiltshire Council website.

There were no declarations of interest.

30 Chairman's Announcements

The agenda pack indicated that Sarah Holbrook's professional biography was available on the Wiltshire Council and Wiltshire Pension Fund website and members of the Board introduced themselves.

The Chairman updated that the National Scheme Advisory Board had appointed a Chairperson and that the Pensions Regulator had updated its training resources; members were encouraged to undertake training and attend the conferences advertised by officers. Members also heard that a complaint had been made by the Salisbury Green Party against the Unison nominated members of the Board, and this was currently being investigated.

31 **Public Participation and Councillors Questions**

There was no public participation.

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

The Board considered the Part 1 (public) minutes of the meetings of the Wiltshire Pension Fund Committee held on 1 February and 10 March 2016 and the meeting of the Investment Sub-Committee held on 25 February 2016. It was acknowledged that the Committee had agreed the Board's proposed budget at its last meeting. A question was raised on the Fund's request for a reply to its submission to the Government on the changes to Investment Regulations consultation by 1 April, it was confirmed that no such reply had been received.

Resolved:

To note the minutes and key decisions of the Wiltshire Pension Fund Committee meetings held on 1 February and 10 March 2016 and Investment Sub-Committee held on 25 February 2016.

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

The Head of Pensions updated that the Fund had submitted high-level proposals for pooling with other funds in the South West ('Project Brunel') in February and was awaiting a response to this submission. Officers considered that the size and scale of the proposed pool would be acceptable, however it remained to be seen whether a Joint Committee Approach would be accepted as the Government preferred an Authorised Contractual Scheme for pooling arrangements.

Wiltshire Pension Fund was working with the other South West funds to finalise the details of the proposals and had appointed an interim project manager to oversee the arrangements. A Shadow Operations Board (for the Chairmen of funds) and Shadow Operational Board (for officers supporting funds) had been established. The Chairman questioned the transparency of the oversight board and was advised that this was a priority and officers would be discussing this since they were conscious that transparency was needed to ensure the Local Pension Board has a role as a stakeholder.

The Board also heard that the Fund's Governance Compliance statement would need updating in response to the new arrangements and the Fund was waiting to hear back about changes in the Investment Regulations. Members were advised that a recent Counsel view on the legal status of Local Pension Boards had indicated that the Board was not a Committee of the Council, this had insurance indemnity implications and a report would be brought to the next meeting.

Resolved:

To note the updates from the Head of Pensions.

To request that a report on insurance cover for the Local Pension Board be brought to the next meeting.

34 Training Item- Triennial Valuation 2016

A training session was presented by Hymans Robertson which outlined the purpose and process for the 2016 triennial valuation. The valuation was designed to set a credible funding plan for the Fund and was a central part of risk management. It was explained the actuary would make liability valuation assumptions using financial and demographic assumptions to help develop a funding plan; it was confirmed that 'length-of-life' assumptions were analysed at the individual member level. As of March 2016 the Fund had been preparing for the valuation, data was to be submitted in Quarter 2 2016, following which a report to the Scheme Advisory Board would be submitted in September 2016. In Quarter 4 the valuation results would be released and employers would be consulted on contribution rates, prior to the new rates being payable from April 2017. The Board discussed the member contribution rates and understood that, in some circumstances, employers could discuss phasing arrangement for any increases with the Fund.

The Board considered the value it could add to the valuation process and agreed it could question data quality, the assumption approach, compliance with the Chartered Institute of Public Finance and Accountancy (CIPFA) guidance and extent of employer consultation, meeting deadlines and negotiations with employers. The Chairman highlighted that the role of the Board was to review process and ensure transparency; he considered that the Board could also look at Scheme Advisory Board benchmarking.

Resolved:

To thank Richard Warden for the informative presentation.

35 Wiltshire Pension Fund Risk Register

A report presented the current Fund Risk Register for review. It was noted that an additional risk had been identified since the last report in December 2015 'PEN023: Resources of Officers and Members to Meet expansion of Business Items' which reflected the additional pressure faced from the current number of consultations, regulatory changes to the scheme, governance requirements and investment issues. Two risks had also moved from low to medium 'PEN006b Significant rises in employer contributions for non-secure employers due to increases in liabilities' and 'PEN007b Significant rises in employer contributions for non-secure employers due to poor/negative investment returns'. The escalation was to highlight the concern that current market conditions had

recently worsened as the Fund approached the Triennial Valuation on 31 March 2016.

Board members questioned whether the academisation of schools, announced in the 2016 Budget, would pose a risk to the Fund. Officers agreed that transition of all schools to academies would be an extra administration burden and cost on officer resource to the Fund. It was also acknowledged that there would be implications arising from changes in groups of employers and the Funds was looking at different investment strategies for them. It was agreed that this issue be added to the risk register.

Resolved:

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

To recommend that the Fund include the academisation of schools as a risk on the register.

36 **High Level Assessment on Compliance with the Pension Regulator Code of Practice Code 14**

A report presented the officers' review of Wiltshire Pension Fund's compliance with the Regulators Code of Practice and the Chairman reminded members that this was a key responsibility of the Board. The Code set out the legal requirements and practical guidance in relation to the governance and administration of public service pension schemes in four key areas: Governance, Managing Risks, Administration and Resolving Issues. Officers considered that the Fund was compliant in most areas and actions were in place for areas of partial compliance. Key areas highlighted by the review were scheme record keeping and the provision of information to scheme members. Actions identified and anticipated timeframes were detailed in the appendix and officers planned to review the implementation of the required changes at the end of 2016. It was noted that the Fund had previously reported to the Committee and this Board that Annual Benefit Statements had been distributed 4 days after the 31 August deadline in 2015 due to a printing problem and this was the highest priority for 2016.

Following questions from members it was confirmed that employers within the Fund could find details of its current priorities and forthcoming priorities in its technical newsletter.

Resolved:

To note the outcome from the review of the tPRs Code of Practice No. 14 and recommend the implementation of the proposed actions to the Pension Fund Committee to ensure the Fund secures full compliance with this guidance.

37 Review of the Wiltshire Pension Fund Governance Compliance Statement

The Board was presented with the Wiltshire Pension Fund Governance Compliance Statement for review. Following suggestions from the Board it was agreed that the Fund should give further consideration to Item F in the report, on the subject of involvement of lay members, as part of the compliance assessment and that voting rights be reviewed following proposed asset pooling with other Funds.

Resolved:

To endorse the statement and recommend that lay membership and voting rights be reviewed following the proposed asset pooling as part of the compliance process and pooling arrangements.

38 Internal and External Audit Plans for 2016

A report outlined the Fund's audit plans for 2016 for review; the Fund was subject to an internal audit by the South West Audit Partnership and external audit by KPMG as part of its governance assurance responsibilities. The internal audit would examine the Fund from a management perspective examining procedures and processes to ensure they were robust. The implementation of actions arising from the 2015 audit would be reviewed and the audit would focus on compliance with the Pensions Regulator Code of Practice. KPMG was drafting the audit plan for 2015-16 and, once finalised, this would be brought to the Board for review. The report of the internal audit would be presented to the Wiltshire Pension Fund Committee in June 2016.

The Chairman encouraged that the Fund be prepared and audited against the 2014 LGPS regulations, Pensions Statement of Recommended Practice (SORP 2014 edition), CIPFA 2014 guidance on LGPS funds annual reports, and LGPS funds 2015/16 accounting disclosures. Members commented they would wish to meet with the auditors should any material issues arise from this years' reports.

Resolved:

To note the audit process and proposed plans for 2016.

To recommend that the Fund be prepared and audited against the 2014 LGPS regulations, Pensions Statement of Recommended Practice (SORP 2014 edition), CIPFA 2014 guidance on LGPS funds annual reports, and LGPS funds 2015/16 accounting disclosures

39 Review of the Wiltshire Pension Fund Communications Strategy

The agenda pack contained the Fund's Communications Strategy which was reviewed every three years and Zoe Stannard, Communication Manager,

introduced members to the Fund's website. Members agreed that the Fund's website contained useful information and encouraged officers to keep it up to date with the latest news. It was recommended that the description of the Board on the website reflect that it was an oversight body.

Following questions from members it was explained that there had been little take-up of electronic communications by members of the Fund and employer member representatives on the Board could encourage this were possible amongst their employees. It was intended that self-service of pensions information would be available online in the future. The Chairman suggested that electronic copies of the Annual Benefit Statement could help to make efficiencies compared to hard copies.

Resolved

To note the Communications Strategy and thank Zoe Stannard for the informative presentation.

40 Assessing the Impact of the Local Pension Board

A report from the Chairman outlined potential performance indicators that could be used to measure the impact and performance of the Board. Following further discussion, and comparison to other Boards, the proposals would be refined for consideration at the next Board meeting.

Members agreed that the proposals were a sound basis for evaluating the Board and considered it pertinent that it be assessed whether the Board's recommendations were useful and practical for the Fund to implement. It was suggested that, where possible, the Board's annual report be combined with the Fund's report. Members considered it essential that the Board be evaluated in terms of value for money, by identifying how much it cost the Fund. It was suggested that further work be undertaken to identify the level of engagement the Board achieved and to refine the measure of effectiveness of communications.

Resolved:

To agree the initial proposals for Key Performance Indicators and request that these be further refined, in particular that further consideration be given to the measures of engagement and communications and cost-effectiveness, and reported to the next meeting.

To recommend that the Board's annual statutory report be included as an annex to the Fund's annual report.

41 Local Pension Board Annual Report Draft Structure

A report outlined the proposed contents for an Annual report for the Board to consider. The Board was required to publish an annual report on its work to be included in the Fund's own annual report, the report would cover the last 12 months activity and look forward to the work plans for the forthcoming year. Members recommended that their attendance at meetings also be included in the report.

Resolved:

To agree the proposed approach for the Local Pension Board Annual Report with the addition of members' attendance statistics.

42 How did the Board do?

Members considered that the Board now had an established work plan and that reporting from officers had been of a very high standard. It was agreed that training sessions at the meetings were very beneficial.

43 Urgent items

There were no urgent items.

44 Date of next meeting and Forward Plan

The next meeting of the Board was to be held on 20 July 2016. The Chairman advised that the Forward Plan would be updated following assessment of the Fund's compliance with the Pensions Regulator Code of Practice. It was noted that members hoped to discuss Key Performance Indicators at the next meeting and officers expected to bring an update on implications of the Public Sector Exit Cap to the October 2016 meeting. It was agreed that it would be preferable for the Board's Annual Report to include details of activities since inception in 2015.

Resolved:

To note the Board's current Forward Work Plan and that an updated Work Plan would be brought to the next meeting.

45 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 Minutes number 46 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.

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

The Board considered the Part 2 (confidential) minutes of the meetings of the Wiltshire Pension Fund Committee held on 1 February and 10 March 2016 and the meeting of the Investment Sub-Committee held on 25 February 2016.

Resolved:

To note the minutes and key decisions of the Wiltshire Pension Fund Committee meetings held on 1 February and 10 March 2016 and Investment Sub-Committee held on 25 February 2016.

(Duration of meeting: 10.30 am - 12.45 pm)

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

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