

LOCAL PENSION BOARD

MINUTES OF THE LOCAL PENSION BOARD MEETING HELD ON 6 APRIL 2017 AT THE KENNET ROOM - COUNTY HALL, TROWBRIDGE BA14 8JN.

Present:

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

Also Present:

Cllr Tony Deane

1 Membership

There were no changes to the membership of the Board.

2 Attendance of non-members of the Board

Cllr Tony Deane (Chairman of the Pension Fund Committee) and Ian Colvin (Hymans Robertson) were in attendance.

3 Apologies

Apologies for absence were received from Sarah Holbrook and Cllr Christopher Newbury who later joined the meeting on discussion of item 15.

4 Minutes

Members discussed the minutes of the previous meeting and attached action log. The Head of Pensions confirmed details of the 'other work' that contributed to the total figure for the administration cost of the LGPS in the CIPFA benchmarking report, namely officer time in overseeing investments and accounting. Following questions on the action log, it was confirmed that Investec had offered to run a training course for the Board, Committee members would also be invited. It was noted that one Board member had yet to complete the Pensions Regulator Toolkit.

Resolved:

To confirm the Part 1 minutes of the meeting held on 25 January 2017.

To note the Board's action log.

5 **Declarations of Interest**

Members were reminded to review their Register of Interest form to ensure it was up to date.

An interest was later declared under item 22 below.

6 **Chairman's Announcements**

The Chairman advised the Fund's Annual General Meeting was to be held on 21st June, 10am in Trowbridge, and was open to employers, members of the Fund, and other interested stakeholders.

Board members were also encouraged to attend a Pensions and Lifetime Savings Association course 16th-17th May, and a CIPFA Local Pension Board annual event on 28th June. It was understood that a three day LGPS Fundamentals course would be advertised soon and members were encouraged to look out for it.

7 **Public Participation and Councillors Questions**

There were no members of the public present.

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

The Board considered the minutes and key decisions for recent meetings of the Wiltshire Pension Fund Committee and Investment Sub Committee. It was noted that the Committee had considered a regulatory update, Treasury Management Plan, and approved a budget for the Fund with flexibility to allow variations to be approved by the Treasurer between meetings. The Committee, on considering the Fund's outturn report, had requested that future reports distinguish between controllable and non-controllable costs in respect of administration and investment costs. It was noted that the Committee had agreed to release a bespoke funding level metric to the Scheme Advisory Board (SAB) and approved a change in gilt allocations to allow the Fund to take first steps towards Liability Driven Investing.

Resolved:

To note the minutes and key decisions of the Wiltshire Pension Fund Committee and Investment Sub Committee.

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

The Head of Pensions advised that the scheme, legal, regulatory and fund update had been colour-coded to reflect the Fund's Risk Register. The impact of the Markets in Financial Instruments Directive II (MiFid II) consultation was discussed since it would impact on asset pooling and the investments the Fund

could make due to potentially re-classifying the Fund as a 'retail investor'. It was understood that the Local Government Association was taking advice on this impact of MiFid II and that Funds would seek status as a 'professional investor', however this could be difficult to achieve since it required appropriately qualified people supporting the Fund, and for the Fund to be completing a minimum number of trade transactions per quarter.

The Board discussed the SAB Code of Transparency for investment fees, it was explained that there was no published timeline for this however the LGPS was already quite far advanced in working in this way.

The Chairman noted that the SAB Chair had recently issued a statement about asset pooling and recommended this be circulated to Board members. It was also considered that statements from Government Ministers and the Pensions Regulator should be monitored as they may indicate a future direction of travel that Funds should be aware of.

Resolved:

To note the changes highlighted in the Scheme, Legal, Regulatory and fund update.

To circulate the SAB Chairman's recent statement about investment pooling.

To recommend that officers monitor Ministerial national LGPS Scheme Advisory Board (SAB) and Pensions Regulator statements and include this in updates to the Board when appropriate.

10 **Data Protection and Quality Standards**

Ian Colvin, Hymans Robertson, presented a training session on the Fund's requirements for data protection and quality standards in line with the Pension Regulator Code of Practice and latest guidance.

The advisor explained the importance of clean data as an asset to the Fund and the importance of a policy for the retention of records, data cleansing and reconciliations. The definitions of common, conditional and numerical data were explained, and members understood a paper would be brought to a future meeting on data management specific to the Fund. Common issues with data management, and the impact of data on the valuation experience and pension liabilities was discussed.

The Board recognised the issue of members not notifying the Fund of a cohabiting partner who should receive their pension benefits. Officers confirmed the Wiltshire Pension Fund reminded members via the Annual Benefit Statement to update details, and it was suggested that individual employers could also remind their employees to do this by way of a notice on their payslip.

The role of the Information Commissioners Office was discussed and it was questioned who the named Data Protection Officer was for the Fund. In summary, the Head of Pensions advised that a report would be brought to a future meeting of the Board on the Fund's adherence to data standards, plans for improvement and data cleansing, the Chairman requested this report cover key data risks.

Resolved:

To thank Ian Colvin for the informative presentation.

To note the requirements for data protection and quality standards in line with the Pension Regulator Code of Practice.

To request that officers establish who the named Data Protection Officer is for the Wiltshire Pension Fund.

To note that a report on data protection and quality standards would be presented to a future meeting and request this report include key risks for data management.

11 **Wiltshire Pension Fund Administration Key Performance Indicators**

A report updated the Board on the implementation of Key Performance Indicators for the Fund in respect of its administration service. The Head of Pensions explained performance was difficult to measure since it also relied on employer and employee members supplying information to the Fund, this often resulted in delays outside of the Fund's control. It was requested that statutory timescales for processes be factored into the KPIs so that it would be shown if the Fund had not met these.

The Board discussed future plans for Key Performance Indicators and it was highlighted that once the Fund has worked to these, similar indicators would be extended to employers. Members considered the merits of comparing the Board's achievement of KPIs compared to other Funds and agreed it should be a priority for the future, it was also noted that it would be useful to see the cost of each process to the Fund. Members were aware that CIPFA benchmarked Wiltshire against other Funds on an administrative basis, this was a useful tool but more of an approximation since funds measured processes and costs with different types of data. The Head of Pensions concluded that officers would now use the KPIs to start collecting data and would present quarterly reports to the Board.

Resolved:

To note the proposed KPIs for measuring the summary of the Fund's performance against key performance indicators and to request that statutory timeframes for administration processes are factored into the KPIs.

To recommend that once the KPI process is established it is developed to allow comparisons to be made against other Funds and to identify the administration costs associated with each process.

12 **Risk Register update**

A report presented the current Risk Register for the Fund which highlighted two risks increasing from green to amber since the last report: PEN011: Lack of expertise of Pension Fund Officers and PEN012: Over-reliance on key officers. The Fund had been unable to recruit to the Pension Fund Accountant post to cover maternity leave, the Investment Officer had recently left the Fund and the Systems Manager and Senior Systems Officer had both resigned to take up other roles externally. It was also explained that the Strategic Pension Manager was committed to the Brunel Pension Partnership for 3 days a week.

The Head of Pensions advised that the Strategic Pension Manager would be available to the Fund for two weeks in April for the close of the accounts and the Fund Development Manager was covering the Systems roles. The Fund was also being supported by consultants from Hymans Robertson. It was noted that the Committee had requested that Financial Instruments Directive II (MiFid II, and the impact of an increasing number of Multi Academy Trusts, be added to the Risk Register. On discussion of succession planning for staff, it was noted that the Apprenticeship Levy would be a tool for the Fund to train new staff, however it was suggested that the Fund may also benefit from a graduate recruitment scheme.

Resolved:

To note the report and measures being taken to mitigate risks.

To recommend that consideration is given in the future to developing a graduate recruitment programme for the Fund.

13 **Internal Audit Key Controls report and update on actions from previous audits**

A report from both the Head of Pensions and the South West Audit Partnership presented the Key Controls report for the Wiltshire Pension Fund and provided an update of the actions from the previous reports. SWAP had given the Fund a 'Reasonable Assurance' opinion, there were no significant findings in the report with only two medium risks identified. Of the two medium risks, the outstanding reconciliations between Altair and SAP were now back up to date, the reconciliation between Altair and Pension Payroll remained and was being addressed as part of the GMP reconciliation project. In respect of compliance with the Pension Regulator's Code of Practice No.14 there were no significant findings and the Fund was found to be fully compliant in publishing information about the scheme and managing risk.

The impact of asset pooling on auditing arrangements was discussed and it was considered that the Fund's auditors would need to collaborate with the auditors for Brunel Pension Partnership (BPP); officers were considering the client relationship between the Fund and BPP.

Resolved:

To note the attached SWAP internal audit report.

14 **Review of Investment Strategy Statement**

It was summarised that the Fund's Investment Strategy Statement (ISS) had been approved by the Committee on 23 March 2017 following a consultation process opened up to the Board, Committee members, employers and also scheme members. A summary of the feedback was attached to the agenda and the Head of Pensions explained the reasons why the Fund was required to publish an Investment Strategy Statement.

On considering the process for setting the ISS, Board members congratulated officers on the consultation process and in achieving the regulatory requirements of the document. The Board considered it sensible that the document be reviewed in 12-18 months in light of asset pooling.

Resolved:

To note the Investment Strategy Statement and associated future review process in 12-18 months time in light of asset pooling.

15 **Business Plan update**

A report presented an updated Business Plan with revised target dates and priorities, as requested by the Board. Members considered high resource risk items such as establishing Brunel Pension Partnership. It was noted that although the tender process for appointing an Actuary was a high priority it was not yet time critical. It was explained that the Business Plan would be reviewed in 2018 and would also include priorities in respect of Brunel Pension Partnership.

Resolved:

To note the updated Business Plan, including revised dates and priorities.

16 **Review of Fund Communication**

Communication Manager, Zoe Stannard, updated the Board on the Fund's current communications strategy. It was explained that the strategy had been developed in 2015 and included various mediums of communication to all types of members and stakeholders of the fund including: website updates, Annual Benefit Statements and Newsletters. The officer highlighted that the team

offered Pension Clinics for members of the Fund to meet with officers, these meetings had proven very popular and further dates were being offered. The Communication Manager was also able to give presentations to groups of staff in their place of employment upon request. Latest developments in the Fund's communications methods included the Fund's first AGM which had been scheduled for 21st June 10am, Wiltshire Pension Fund also now had a Twitter account to communicate messages.

In response to questions, it was confirmed that the number of visitors to the Fund's website could be measured, however this was upon request due to capacity restraints within the Web team. It was suggested that a notice could be put on the Fund's phone system to redirect queries to the website; it was explained that phone calls and queries submitted via the website were processed in the same way. The Board concluded it was very happy with the communication strategy, especially due to the pressure on resources as a result of Brunel Pension Partnership.

Resolved:

To thank Zoe Stannard for the informative presentation.

17 **How did the Board do?**

Members were satisfied with the progress of the Board meetings.

18 **Urgent items**

There were no urgent items.

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

It was noted that the next meeting was to be held on 13th July 2017, at which officers would be able to feedback on the outcome of the AGM and the Board would also review the Governance Compliance Statement.

20 **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 Item Numbers 21-25 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.

21 **Review of Internal Dispute Procedures**

A report outlined the process for Internal Dispute Resolution for the Board to review.

Resolved:

To note the IDR process and the update provided on latest developments.

To recommend the complaint form be amended to clarify applicability in respect of spouses and co-habiting partners.

22 **Brunel Pension Partnership update**

The Board received an update on the progression of Brunel Pension Partnership.

Howard Pearce declared that he had applied for a position as a Non-Executive Director of Brunel Pension Partnership, the Board confirmed it was satisfied this did not warrant a conflict of interest requiring the Chairman to leave the meeting.

Resolved:

To note the update on the progress of Brunel Pension Partnership and request a future briefing on the fund's revised governance structures in light of asset pooling.

23 **Local Pension Board Indemnity Insurance Update**

Members considered the purchase of an indemnity policy for the Board.

Resolved:

To defer the decision on insurance indemnity to the next meeting to allow for consultation with other Funds within Brunel Pension Partnership.

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

Members were presented with the confidential minutes of the Wiltshire Pension Fund Committee held on 23 March 2017 and Investment Sub Committee held on 1 March 2017.

Resolved:

To note the minutes and key decisions of the Wiltshire Pension Fund Committee and Investment Sub-Committee.

25 **Minutes**

Resolved:

To confirm the Part 2 minutes of the meeting held on 25 January 2017

(Duration of meeting: 11.00 am - 1.35 pm)

The Officer who has produced these minutes is Libby Beale of Democratic Services,
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