

## DEVON PENSION BOARD

23 April 2018

### Present

Councillors B Greenslade (Chair) and S Randall-Johnson

### Fund Employer Representatives

Mr C Hearn and Mr G Smith

### Fund Member Representative

Mr A Bowman, Mr P Phillips and Mr C Shipp

### Apologies:-

Mr W Nicholls and H Keightley

\* **65** **Minutes**

**RESOLVED** that the Minutes of the meeting held on 16 October 2017 be signed as a correct record.

\* **66** **Items Requiring Urgent Attention**

There was no item raised as a matter of urgency.

\* **67** **Investment and Pension Fund Committee**

The Board received the Minutes of the Investment and Pension Fund Committee meeting held on 23 February 2018.

The Board noted that, in regard to the Pending Court Case (Minute \*50 refers), the outcome would be reported to Board Members in due course.

\* **68** **Pension Board Annual Report 2017/18**

The Board received the Report of the County Treasurer (CT/18/33) on the draft Devon Pension Board Annual Report 2017/18 subject to approval by the Investment and Pension Fund Committee later this year. The Devon Pension Board Annual Report, detailed the work undertaken by the Board during 2017/18, areas reviewed, key recommendations that had been reported to the Board and acted upon by the Investment and Pension Fund Committee. An initial draft of the Board's Report was attached at Appendix 1 for consideration.

The County Treasurer invited Board Members to submit any views on the draft Board report (by a date to be confirmed). Any comments received would be subject to approval by the County Treasurer in consultation with the Chair.

\* **69** **Devon Pension Fund Risk Register**

The Board considered the Report of the County Treasurer (CT/18/34) on monitoring of the Risk Register as part of its scrutiny role in relation to risk and compliance. The Risk Register attached at Appendix 1 to the Report highlighted the key risks in relation to the Pension Fund,

the current processes in place to mitigate risk, and planned improvements to provide further assurance. The Register incorporated both the Investment Team and Peninsula Pensions.

In discussion with the County Treasurer, Members' comments included further consideration should be given to:

- clearer descriptions relating to General Protection Data Protection Regulations (PP10 and PP11);
- in the Description relating to a Market Crash (F5), expand and outline a worst-case scenario leading to an increase in the deficit (rather than a failure to reduce the deficit);
- expand risk PP6 to include the risk of employees not joining the Scheme, mitigated by the Communications Policy which would provide clear information (not advice); the Communications Policy was currently under review; and
- inclusion of a reference to the on-going training of both Board and Investment and Pension Committee Members.

Any changes arising from the above comments would be reported to Members following consideration by Officers and the Investment and Pension Fund Committee.

The Board noted the Pension Fund Risk Register and the additional actions proposed to mitigate risk.

\* **70**      **Statutory Statements**

The Board considered the Report of the County Treasurer (CT/18/35) on the Investment Strategy Statement, formulated and published in accordance with guidance issued by the Secretary of State.

The regulations provided a prudential framework, within which administering authorities were responsible for setting their policy on asset allocation, risk and diversity. The Investment Strategy Statement was an important governance tool for the Devon Fund as well as providing transparency in relation to how Fund investments were managed.

The Investment Strategy Statement was initially approved by the Investment and Pension Committee on 24th February 2017 and a revision had been approved on 23rd February 2018 relating to Environmental, Social and Corporate Governance (ESG) detailed in sections 5 and 6 of the Statement.

Members' discussion points with the County Treasurer included:

- consideration to reference in the Statement, issues relating to gender in-balance on the larger Corporate Boards and how the Fund could exert influence as an institutional investor (via the Brunel Partnership's Fund Managers, for example);
- commentary and judgements on the wider economic climate over the following 12 months, whether positive or negative, growth prospects and international comparisons which may impact on asset allocations and weightings, giving an explanation and rationale, for annual review or attached as an appendix and reviewed more regularly; and
- consideration to the formulation of a 'Business Plan' which collated the Fund's Statutory Statements into one document (including the Risk Register), providing headline goals, objectives and key drivers, which would be subject to regular review by the Investment and Pension Fund Committee and this oversight Board.

The above comments and suggestions would be considered by the Officers to report to the Investment and Pension Fund Committee.

\* **71**      **Training Review 2017/18 and Training Plan 2018/19**

The Board considered the Report of the County Treasurer (CT/18/36) on the training requirements for Members, training undertaken in 2017/18 and the Training Plan for 2018/19.

Member training included the Pension Regulator Toolkit with a series of online learning modules, the results of which would be used to help identify areas of where additional training would be required.

Members' discussion points with officers included:

- whilst Members' attendance on training courses had been generally good, some form of accreditation and feedback on knowledge gained could be provided, rather just a record of attendance, with a more detailed breakdown of the various components, which would provide clearer evidence of effective member training;
- good practice and documentation from Cornwall County Council aspects of which could be adopted by Devon County Council; and the County Treasurer undertook to review the document in consultation with the Members' Development Officer and glean areas of good practice which could be adopted; and
- recognition of other areas of more informal learning by Members which could also add to their knowledge and experience.

The above suggestions would be reviewed by the Officers for report to the Investment and Pension Fund Committee.

\* **72**      **Pension Board Budget: Forecast Outturn for 2017/18 and Budget for 2018/19**

The Board considered the Report of the County Treasurer (CT/18/37) on the Forecast Outturn for 2017/18 and Budget for 2018/19 in respect of the expenses of the Pension Board as part of the costs of administration of the Fund.

It was **MOVED** by Councillor Greenslade, **SECONDED** by Mr Hearn, and

**RESOLVED** that the Devon Pension budget for 2018/19 be approved.

\* **73**      **Internal Audit Report for 2017/18 & Internal Audit Plan for 2018/19**

The Board received the Report of the County Treasurer (CT/18/38) on the Annual Internal Audit Report 2017/18 and the proposed Internal Audit Plan 2018/19 prepared by the Head of Devon Audit Partnership. The Partnership was required to provide the Authority with an assurance on the system of internal control of the Fund and provide a reasonable level of assurance, based on risk-based reviews and sample testing, that there were no major weaknesses in the system of control.

Members' discussion points with the Head of the Devon Audit Partnership and comments and observations included:

- days allocated for each Audit for the Pension Fund and Peninsula Pensions (Audit Risk Areas) were subject to review and were flexible;
- if any significant risks were identified, these would be discussed with senior Officers and actions points with time frames to mitigate the risks would be recommended for report to the Devon Audit Partnership Committee and the Investment and Pension Fund Committee; and
- there were County Council protocols in place in the unlikely event of Audit recommendations not being progressed.

The County Treasurer undertook to review the format of the Report to this Board with a view of clearly logging actions taken and outcomes.

\* **74**      **Peninsula Pensions Performance Report**

The Board considered the Report of the County Treasurer (CT/18/39) on service standards and performance within the Peninsula Pensions service.

The main service standard was to complete 90% of work within 10 working days once all necessary information had been received from employers. The Service also participated in the CIPFA Benchmarking Club which provided a yearly comparison of performance with other LGPS administration services (of which approximately 50 LGPS Funds took part each year). The Report also outlined the actions implemented to address areas of underperformance with a focus on priority work. Members noted that following a review and restructure 6.5 FTE posts would be added to the Team.

Members discussion points with the Head of Service (Peninsula Pensions) included:

- early notification to beneficiaries was largely dependent on timely information from Employers (payroll);
- the risks associated with any poor performance could be considered as part of the Audit process and consideration should be given to adding this to the Audit Plan for 2018/19;
- priority areas were broadly on target and it was anticipated that poorer performance in lower priority areas would be addressed following the restructure and the increase in posts; and
- the financial impact on the Fund of delays of '*Transfers in*' had not been assessed and the Head of Service undertook to research this (based on transfer values) for report back to the Board.

\* **75**      **Breaches Policy**

The Board considered the Report of the County Treasurer (CT/18/40) on the draft breaches policy and procedures designed to comply with the guidance provided by the Pensions Regulator and which helped ensure that the Devon Pension Fund followed best practice in this area.

The draft Breaches Policy and the Breaches Log for 2017/18 was attached as Appendices 1 and 2 to the Report.

Members noted that 3 breaches had been recorded for 2017/18 but had not been considered to be of material significance and therefore had not been reported to the Pensions Regulator.

\* **76**      **General Data Protection Regulations**

The Board noted the Report of the County Treasurer (CT/18/41) on the General Data Protection Regulation (GDPR) which would become law on 25th May 2018 made because of the widespread availability of personal information due to technological advances. The Report outlined the new principles set out in the Regulation (similar to those in the current Data Protection Act) and the Fund's progress in meeting requirements by 25 May 2018.

\* **77**      **Future Work Programme**

The Board noted the Report of the County Treasurer (CT/18/42) on the Board's future work programme covering the next two meetings which would be updated to reflect the changes arising from this meeting (Minutes 67 and 74 Refer).