

DEVON PENSION BOARD

15 October 2018

Present

Councillor S Randall-Johnson

Fund Employer Representatives

Mr C Hearn and Mr G Smith

Fund Member Representatives

Mr A Bowman, Mr P Phillips and Mr C Shipp

Independent Member

Mr W Nicholls

Attending in Accordance with Standing Order 25 (2)

Councillor R Bloxham

Apologies: -

Councillor C Slade

* **78** **Election of Chair and Vice Chair**

RESOLVED that Councillor Slade be elected Chair and Mr Bowman Vice Chair for the ensuing year.

Mr Bowman in the Chair.

* **79** **Minutes**

RESOLVED that the minutes of the meeting held on 23 April 2018 be signed as a correct record.

* **80** **Items Requiring Urgent Attention**

No item was raised as a matter of urgency.

* **81** **Membership of the Board**

The Board noted the appointment of Councillor Colin Slade by Devon County Council.

* **82** **Statutory Statements - Draft Communication Policy**

The Board considered the Report of the County Treasurer (CT/18/70) on the Communications Policy which had been last updated and considered by the Investment and Pension Fund Committee in November 2015. The policy was now updated to address action points raised by the recent 'Communication with Stakeholders audit', and reflected new legislation, pooling and Government department changes. The Policy covered several areas and in the opinion of the Audit Partnership was of an overall 'Good Standard' and their suggestions had been incorporated.

The Statement was subject to annual review and gradual changes that arose from the Brunel Partnerships arrangements would be reflected.

The Board noted the 'non-voting' status of the Union representatives on then Investment and Pension Fund Committee.

It was **MOVED** by Mr Bowman, **SECONDED** by Councillor Randall Johnson, and

RESOLVED that the draft Communications Policy be endorsed.

* **83** **Statutory Statements and Terms of Reference - Annual Review**

The Board considered the Report of the County Treasurer (CT/18/71) on a review of the Governance Policy and Compliance Statement one of the four statutory statements that the Fund was required to have in place. Its purpose was to explain the governance arrangements for the Devon Pension Fund, as required by the Local Government Pension Scheme Regulations 2013.

The Governance Policy set out the governance arrangements for the Fund, including the make-up of the Investment and Pension Fund Committee and the Devon Pension Board, and outlined the tasks delegated to the Committee, the Board and to the Fund's officers. This had not changed from the previous version approved in February 2015.

The Compliance Statement set out an analysis of the Fund's compliance with the latest guidance issued by the Secretary of State for Communities and Local Government. This had not been changed since the amendments made in 2017.

Following the introduction of the Local Pension Board under the Public Service Pensions Act 2013, The Devon Pension Board had formally adopted its terms of reference in its creation meeting in July 2015, with a minor amendment agreed by this Board.

The Board noted that in the updated version of the Statement, in the 'Principle' section, paragraph (a)(iii) relating to an independent professional observer had been deleted; and the need to correct the number of Members on the Investment and Pension Fund Committee to 9 (in Section 2). Members also referred to the need to reference (i) changes arising from the gradual transition of holdings to the Brunel Partnership, and (ii) any breaches of policy in the Governance policy and Compliance Statement. The Chair also referred to the need to review the non-voting status of the Union representatives on the Investment and Pension Fund Committee.

The County Treasurer undertook to circulate to Members the CIPFA's Code of Practice relating to knowledge and skills recommended for Members.

The Board discussed the merits of additional meetings in line with the Investment and Pension Fund Committee cycle to facilitate timely reporting of developments.

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

RESOLVED that the Governance Policy and Compliance Statement be endorsed and commended to the Investment and Pension Fund Committee subject to the following changes:

(a) the Board's Terms of Reference (Appendix 2) be amended to show two additional meetings per annum, in line with the Investment and Pension Fund Committee's cycle of meetings;

(b) reference in the Statement to (i) changes arising from the gradual transition of holdings to the Brunel Partnership; and (ii) breaches of policy.

* **84** **Devon Pension Fund Risk Register**

The Committee considered the Report of the County Treasurer (CT/18/72) on the Risk Register and the Pension Board's scrutiny role in relation to risk and compliance and suggestion and issues would be which would be raised with the Investment and Pension

Fund Committee, as necessary. The Board had previously considered the Risk Register at its meeting on 23rd April 2018.

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 the risk, and the planned improvements in place to provide further assurance. This incorporated the risk register of both the Investments Team and Peninsula Pensions.

The Risk Register was reviewed and updated on an ongoing basis during the year and the Report detailed the changes made since it was last presented to the Board.

Members suggested that with the additional meetings previously agreed greater should focus be given by the Board on the highest areas of risk identified within the Register.

It was **MOVED** by Councillor Randall Johnson, **SECONDED** by Mr Bowman, and

RESOLVED that the Pension Fund Risk Register and the additional actions proposed to mitigate risk be noted.

85 **Review of Attendance**

The Board received the Report of the County Treasurer (CT/18/73) on a review of attendance noting that the Terms of Reference stated that the membership of any Member who had failed to attend for two consecutive meetings or two consecutive training events would be reviewed by the Board. Members noted that Officers would consult with a Member who had not attended a meeting or training events whose term of office was due to expire in 2019 for report to the Chair.

* **86** **Investment and Pension Fund Committee**

The Board received the Minutes of the meetings held on 15 June 2018 and 14 September 2018.

Arising on Minute *55 Training Review, the County Treasurer reported that this was being progressed and indicated that at the next training event in Thursday, 18 October 2018 there would be a session on Management of Risks.

* **87** **Devon Pension Board: Budget Monitoring 2018/19**

The Board received the Report of the County Treasurer (CT/18/74) on Board's budget monitoring statement for month 6 covering the Board's expenses.

* **88** **Brunel Pension Partnership - Progress**

(Councillor R Bloxham attended in accordance with Standing Order 25(2) and spoke to this item on the progress of the uptake of the LGA's Transparency Code by the external investment managers both within Brunel and generally)

The Board received the Report of the Treasurer (CT/18/75) on the progress of the establishment of Brunel Pension Fund since October 2017 meeting of the Pension Board.

The Report updated the Board on the appointment and transition of custody arrangements, passive manager selection and transition, the property mandate, potential infrastructure investment, and the transition of active equities.

Further progress would be reported to the next Investment and Pension Fund Committee.

* **89** **External Audit Findings Report 2017/18**

The Board received the Report of the County Treasurer (CT/18/76) on the External Audit Findings Report on their findings arising from the statutory audit of the Devon Pension Fund and the preparation of the Pension Fund's financial statements for the year ending 31st March 2018.

The Report had been presented to the Audit Committee on 27th July 2018 and to the Investment and Pension Fund Committee on 14th September 2018. The Auditor's findings had been positive, and no significant issues or concerns had been raised.

* **90** **Peninsula Pensions Administration Update and Performance Statistics**

The Board received the Report of the County Treasurer (CT/18/77) on Peninsula Pensions' service standard targets and performance against the CIPFA Benchmarking Club which provided an annual comparison against other LGPS administration services. Overall in 2017/18, the Team had issued 77% of work within target and this had improved to 80% for the 6 months ending 30 September 2018.

The backlog of outstanding work remained an area of concern, but the number of cases had been reducing and there were additional plans to tackle the issue. Following the restructure of the service, a new management team was now in place, covering employer liaison and communication, technical and compliance, pension member services, and pension transfers.

Once the new structure and processes were bedded in and recruitment had been completed for the outstanding vacancies there would be an expected improvement in performance.

The Head of Pension Services indicated that further trend analysis overtime would be provided to future meetings and not just a 'snap shot' of the current position. This analysis would include a RAG assessment. Future reports would also include a section providing a summary of compliments and complaints received during the reporting period. The Breaches Register would be presented to the Board on an annual basis.

* **91** **Pension Board Membership**

The Board received the Report of the County Treasurer (CT/18/67) on membership of the Board and terms of office and on the Investment and Pension Fund Committee. The Report detailed the current appointments and expiry times and outlined the process for making new appointments.

The County Treasurer reported that at the annual Employers' Meeting, Mr C Hearn and Ms D Healy had been reappointed respectively (both as Employer representatives) to the Board and Investment and Pension Fund Committee for a further 4 years from May 2019.

* **92** **Future Work Programme**

The Board considered the Report of the County Treasurer (CT/18/78) on the Board's work programme covering standing and future items. In addition, reports would be submitted on the Breaches Log, annual Benefit Statements and the progress of the Brunel Partnership.

The timetable would be re-organised to reflect the addition of two extra meetings in the Board's meeting cycle. Members also asked that an annual Member Performance report should also be programmed.

It was **MOVED** by Councillor Bowman, **SECONDED** by Mr Smith, and

RESOLVED that the future work programme as set out in the Report be approved, subject to the changes outlined above.

* 93 **Dates of Meetings**

3 April 2019, 21 October 2019; and 16 April 2020

(Note: the dates of two additional meetings to be agreed)

The Meeting started at 10.30 am and finished at 12.05 pm