

DEVON PENSION BOARD

4 May 2022

Present:-

Councillor C Slade (Chair), Councillor S Randall-Johnson, C Hearn, J Bailey, P Phillips, A Bowman, C Shipp and R Jeanes

Members attending in accordance with Standing Orders 8 and 25
Councillors P Bullivant and J Hodgson

* 39

Minutes

RESOLVED that the Minutes of the Meeting held on 2 February 2022 be signed as a correct record.

* 40

Items Requiring Urgent Attention

No item was raised as a matter of urgency.

* 41

Membership: Employer Representative: Vacancy

The Director of Finance and Public Value reported that following contact with the admitted bodies/employers two prospective representatives had been submitted applications and the closing date was the end of May. An appointment would be made by the date of the next meeting.

* 42

Internal Audit report and 2022/23 Audit Plan

The Board considered the Report of the Director of Finance and Public Value Please (DF/22/38) on the Internal Audit Report for 2021/22 and the proposed Internal Audit plan (appendix 1 of the Report) for 2022/23.

Based on work performed during 2021/22, Internal Audit had provided 'substantial assurance' on the adequacy and effectiveness of the Fund's internal control environment.

The audit plans for the financial year 2022/23 allowed for up to 40 days of internal audit support for the Pension Fund and 45 days of internal audit support for Peninsula Pensions, which provided 85 days of internal audit provision overall. Further detail was set out in Appendix 1 of the Report.

Members' discussion points with the Head of the Devon Audit Partnership and other Officers included:

- the use of a new accounting system with a review of the FINEST system would be referred to a project board in order that the needs of the Devon Pension Fund and Peninsula Pensions would be taken fully into their considerations; and systems were also in place to mitigate risks;
- the audit plans were flexible and subject to change as matters progressed;
- information on the risk scoring methodology used would be circulated to members for information (*now attached*) and a view by a member that additional mitigations could be considered and assessed along with the impacts of the various risks (particularly the high ones) which required further review; and officers agreed that this could be the subject at a future training session; and
- the Risk Register was available on the County Council's website:

Pension Fund - [Devon Pension Fund | Services | Risk Recording](#)

Peninsula Pensions - [Peninsula Pensions | Services | Risk Recording \(devon.gov.uk\)](#)

It was **MOVED** by Councillor C Slade, **SECONDED** by Councillor S Randall Johnson and

RESOLVED that the Internal Audit Report for 2021/22 and the proposed Internal Audit plan for 2022/23 be noted together with the above comments.

* **43** **Review of Attendance**

The Board noted the Report of the Director of Finance and Public Value (DF/22/39) on Members' attendance at meetings and training events and corrections provided by members at the meeting in relation to the training events.

* **44** **Monitoring of Contributions**

The Board noted the Report of the Director of Finance and Public Value (DF/22/40) on an update on the current procedures for monitoring of timely payment of contributions from employers.

Where contributions were received after the legal deadline and the Authority considered that late payment was of material significance, the Pensions Regulator would be notified of the employer's failure to meet the legal deadline. There had been no referrals.

The table in the Report summarised the monthly contributions received in Q3 2021/22. A total of 8 contributions had been received late during the quarter and these had been in the main one off events relating to Parish/Town councils. A previous issue reported to the Board at the February meeting regarding an Academy employer had been resolved.

* 45 **Stewardship**

(Councillors J Hodgson and P Bullivant attended under Standing Order 25 and spoke to this item in support of the proposal for consultation with Fund members).

The Board considered the Report of the Director of Finance and Public Value (DF/22/41) on how stewardship met the requirements of the UK Stewardship Code 2020 and new accreditation with the Financial Reporting Council (FRC). The Report included a Stewardship Report Feedback from the FRC which referred to a proposal that a survey of fund members be undertaken to feed into the Fund's policies on stewardship and climate change.

The intention was to put the survey on the Devon Fund website and send out a notification email to all the Devon fund members who had signed up to member self-service. In addition, fund employers would be asked to advertise the survey to their staff.

The survey results would be compiled and a report presented to the Investment and Pension Fund Committee.

Members' discussion points with Officers included:

- congratulations from the Board to the Service for its accreditation under the revised UK Stewardship Code 2020;
- the need for consideration of regular surveys of fund members for example every three years aligned with the review of the Investment Strategy (or possibly more frequently);
- within the sample survey attached to the report, consideration to a '*don't know*' option which would be useful; and review in relation to the emphasis on 'Climate Change' in the current draft survey in view of the many other Ethical, Social and Governance (ESG) issues (for example, relating to arms/weapons/defence; forced labour/working conditions; remuneration/governance, tobacco etc). These could be the subject to further surveys noting the need to keep any survey relatively short; and
- concerns relating to wider access and not just via the on-line Member Self Service (used by 41% of members) and other options should be considered; and other presentation improvements should be made (in particular relating to the ranking of issues), noting that this remained a work-in-progress.

It was **MOVED** by Councillor C Slade and **SECONDED** by Councillor A Bowman and

RESOLVED

(a) that the Devon Pension Fund accreditation by the Financial Reporting Council as a signatory to the UK Stewardship Code 2020 be noted; and

(b) that the proposed survey of pension fund members of their views of the Fund's investment policies be supported, subject to consideration of the comments as outlined above.

* **46** **Devon Pension Fund Risk Register**

(Councillor J Hodgson attended under Standing Order 25 and spoke to this item relating to global instability and need for further information/signposting in regard to climate change policy information)

The Board considered the Report of the Director of Finance and Public Value (DF/22/42) on the Risk Register (attached at Appendix 1). The Register identified the key risks and outlined current processes in place to mitigate the risk, and the planned improvements in place to provide further assurance. It incorporated the risk register of both the Investments Team and Peninsula Pensions.

At the Board's request, the Devon Audit Partnership had reviewed the risk register to provide assurance that the mitigation actions were correctly noted. The Audit opinion was that of Substantial Assurance with three low priority suggested actions. These had been taken into account in this latest review of the register.

Taking account of the revisions above there were now 40 risks recorded in the Risk Register, 22 of which related to Devon Pension Fund management and 18 to Peninsula Pensions. Across Devon Pension Fund management and Peninsula Pensions, action taken to mitigate risks had reduced the number of high risks from 13 to 3.

Members' discussion points with Officers included:

- risks had been merged and rationalised and the Register would be re-numbered in due course (in the meantime consideration would be given to reference to the former numbers as suggested by a Board member);
- the rationale in scoring risk F6 at score 16 (relating to a global financial crisis); and risk F16 at score 15 (relating to McCloud)), which should be reviewed by officers as the scores were comparatively close and F6 appeared to have a significantly greater detrimental potential impact than F16; and
- further information/signposting in regard to climate change policy information.

The Board noted the Report and the additional actions to mitigate risk and asked that the comments as outlined be considered by Officers.

* **47** **Pension Board Annual Report 2021/22**

The Board considered the Report of the Director of Finance and Public Value

(DF/22/43) on the draft Devon Pension Fund Annual Report 2021/22 which would be considered by the Investment and Pension Fund Committee later this year prior to approval. The report would contain the statement of accounts together with other information about the Fund's performance during the year, including the Devon Pension Board Annual Report on the work undertaken by the Board and recommendations that had been acted upon by the Investment and Pension Fund Committee. An initial draft of the Board report was attached Appendix 1 which was approved by the Board without comment.

* **48** **Training Review and 2022/23 Training Plan**

The Board noted the Report of the Director of Finance and Public Value (DF/22/44) on the proposed annual training programme in compliance with the Pensions Act 2004 and the CIPFA Code of Practice on Public Sector Pensions Finance Knowledge and Skills. The report also detailed members' attendance at training events which would now be held in person. The Training Manual was now drafted and would be launched at a training event and published on-line.

* **49** **Devon Pension Board Budget – Outturn for 2021/22 and Budget for 2022/23**

The Board noted the Report of the Director of Finance and Public Value (DF/22/45) on the outturn budget for 2021/22 and the proposed budget for 2022/23. These related to the allowances and/or expenses for Board members; accommodation and administrative support to conduct its meetings and business; training; legal, technical and other professional advice (where required). These expenses were regarded as part of the costs of administration of the Fund.

Non-Devon County Council members asked for clarification on their insurance liability as there was no insurance line detailed in the budget. Information would be circulated to members (by email) on this in due course.

* **50** **Investment and Pension Fund Committee**

(Councillor P Bullivant attended in accordance with Standing Order 25 and spoke in regard to this item).

The Board noted the Minutes of the Investment and Pension Fund Committee meeting held on 25th February 2022.

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

The Board considered the Report of the Director of Finance and Public Value (DF/22/46) on Peninsula Pensions' internal service standard targets and monitoring performance against the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013, which set out the minimum requirements regarding the disclosure of pension information.

Team performance targets were monitored on a monthly basis via a task management system and reporting tool within the pension database.

Member discussion points with Officers included:

- the consistent high performance within the high priority areas;
- the level of current vacancies which was being addressed;
- the timeliness of information from Employers and a current work to address this including an exercise on historic data which would also assist with the McCloud remedy and improved follow-up processes in place and that any breaches would be reported to the Board; and
- the number of compliments received and complaints which related to timeliness of data from Employers.

The Chair and Board Members thanked the Lead Officer and the Team for the overall excellent performance.

* **52** **LGPS Update Report**

The Board noted the Report of the Director of Finance and Public Value (DF/22/47) on an update on the latest developments affecting the LGPS which related to the relevant provisions of the Finance Act 2022, and McCloud letter to administering authorities.

* **53** **Future Work Programme**

The Board noted the Report of the Director of Finance and Public Value (DF/22/48) on a proposed Future Work Programme detailed in the report for the next three meetings.

Members also noted that a report on the Peninsula Service Improvement Plan including reference to employer breaches would be brought to the Board in due course. Members asked that an interim Fund Valuation report be presented to the Board. Officers would consider the appropriate time for this.

* **54** **Dates of Future Meetings**

Tuesday 19th July 2022 (in-person at County Hall) Tuesday 18th October 2022 Tuesday 7th February 2023 Tuesday 18th April 2023 (all at 10.30 am)

Any update will be confirmed here: [Browse meetings - Devon Pension Board - Democracy in Devon](#)

NOTES:

1. *Minutes should always be read in association with any Reports for a complete record.*

2. *If the meeting has been webcast, it will be available to view on the [webcasting site](#) for up to 12 months from the date of the meeting*

* **DENOTES DELEGATED MATTER WITH POWER TO ACT**

The Meeting started at 10.30 am and finished at 11.45 am

Risk Management - is a modern management discipline and is about getting the right balance between innovation and change on the one hand, and the avoidance of shocks and crises on the other.

1. Identify your risks

Risk: an event or action that will have affect our ability to achieve our **objectives**

Opportunities **and** Threats

Event leads to Impact

Identify in groups - by those responsible for delivery of the objectives

When:

Setting strategic aims

Setting business objectives

Early stages of project planning & key stages

Entering partnerships

Categories can help:

Political, Economic/Financial, Social, Technological, Legislative/Legal, Environmental, Community, Professional/Managerial, Physical, Partnership/Contractual.

2. Assess your risks

Combination of the probability of an event and its consequences; Impact x Likelihood::

LIKELIHOOD	6	12	18	24	30
	5	10	15	20	25
	4	8	12	16	20
	3	6	9	12	15
	2	4	6	8	10
	IMPACT				

24 - 30 VERY HIGH (VIOLET)

- Immediate action

15 - 20 HIGH (RED)

- Regular review to seek better control

10 - 12 MEDIUM (AMBER)

- Review current controls / incorporate into action plan

1 - 9 LOW (YELLOW)

- Limited action - long term plans

3. Respond to risks

Concentrate on Top Risks:

Set risk appetite

Proportionate and cost-effective response

Can we reduce likelihood?

Can we reduce impact?

Can we change the consequences?

Treat

Transfer

Tolerate

Terminate

Devise Contingencies

Business Continuity Planning

4. Monitor & Review

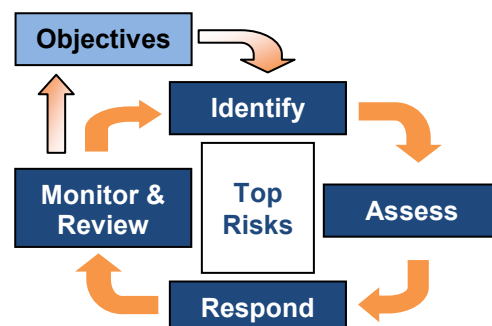
Risk Registers:

Baseline data to be prepared and monitored regularly; these should clearly indicate impacts, responses and contingencies as well as the risk owner.

Use early warning indicators.

Review Top Risks regularly as agenda item.

Report progress to senior management.



Impact Assessment Guide

	Health & Wellbeing	Service Users	Stakeholders	Reputation	Performance / quality standards	Legal	Financial	Pensions & Investments
1 Negligible	Insignificant impact on public's health and wellbeing. Very small number of the population affected.	Minimal impact or service disruption to customers. Contained within service area.	Affects only 1 group of stakeholders	Minimal and transient loss of public trust. Contained within the individual service area.	No impact on local standards.	No legal action is anticipated.	Under £25,000	Under £100,000
2 Minor	Minor impact on health and wellbeing affecting a small number of the population. Likelihood of fatalities is negligible.	Minor impact to customers and customer. Limited service disruption.	Affects more than 1 group of stakeholders	Slight loss of trust with no lasting impact. Little adverse publicity.	Failure to meet local standards.	Tribunal / DCC legal team involvement required (potential for claim).	£25,000-£100k	£100k - £1m
3 Moderate	Significant impact on health and wellbeing affecting a large number of the population. Fatalities not anticipated.	Moderate impact to customers and customer. Moderate service disruption.	Affect 2-3 groups of stakeholders	Moderate loss of trust that receives significant adverse publicity locally with no lasting impact.	Failure to meet national standards.	Defensible legal action anticipated.	£100k - £1m	£1m - £10m
4 Major	Significant impact on health and wellbeing affecting large number of the population. Fatalities are anticipated.	Significant impact to customers and customer. Threat of legal action	Affects 4-5 groups of stakeholders	Significant loss of trust and receives local media attention with potential for lasting impact.	Failure to meet professional standards / statutory requirements	Criminal prosecution anticipated and or civil litigation (1 person).	£1m - £10m	£10m - £100m
5 Catastrophic	Large impact on health and wellbeing affecting a very large number of the population. Multiple fatalities are anticipated.	Major service disruption. Significant customer opposition. Legal action. Long term public memory	Affects more than 5 groups of stakeholders	Significant loss of trust and receives national media attention with potential for persisting impact.	Sustained failure to meet professional standards or statutory requirements.	Criminal prosecution anticipated and or civil litigation (>1 person).	>£10m	>£100m

1. Choose the relevant columns and note the closest description of potential impact.
2. Then use the score from the most relevant column. For example, if there may be a high financial impact, but the initial impact may be loss of life, choose the Health and Wellbeing Score.

Consider the statements below as guides, choose scoring as appropriate to the risk being considered. For advice contact your [Risk Champion](#) or [Tony Rose](#)

Score	Likelihood	Threat/Risk (not all need apply)
2	Rare	It is never likely to occur and/or Very unlikely this will ever happen e.g. Once in 100 years.
3	Unlikely	May occur in exceptional circumstances and/or Not expected to happen, but is possible, e.g. Once in 25 years.
4	Possible	Could occur in certain circumstances and/or May happen occasionally, e.g. once in every 5 - 10 years and/or Has happened elsewhere.
5	Likely	Will probably occur in many circumstances and/or Will probably happen, but not a persistent issue, e.g. at least once every 1- 2 years. and/or Has happened in the past.
6	Almost Certain	Is expected to occur in most circumstances and/or Will undoubtedly happen, possibly frequently. and/or Imminent/near miss.

