

DEVON PENSION BOARD

18 April 2023

Present:-

Councillors C Slade (Chair), S Randall Johnson
R Jeanes, D Walshe, C Hearn, J Bailey and P Phillips

Apologies:-

Andy Bowman (Vice-Chair)

* **97** **Minutes**

RESOLVED that the Minutes of the Meeting held on 7 February 2022 be signed as a correct record.

* **98** **Items Requiring Urgent Attention**

No item was raised as a matter of urgency.

* **99** **Membership**

The Board noted that there would shortly be two scheme member representative positions available as this was Julie Bailey's last meeting. She was thanked for her work and contribution to the Board. One person had expressed an interest in filling one of the vacancies so it was hoped this would be formalised and in place shortly. The other vacancy would be readvertised again soon.

* **100** **Annual Internal Audit report 2022/23**

The Board noted the Report of the Director of Finance and Public Value (DF/23/40) on the Internal Audit Service for the Pension Fund delivered by the Devon Audit Partnership in 2022/23.

Overall, and based on work performed during 2022/23, Internal Audit had determined that they could provide reasonable assurance on the adequacy and effectiveness of the Fund's internal control environment. This was based on a total of 8 audit (6 completed and 2 still in progress), further work was being carried out around employer data quality.

Other planned work included ongoing assurance work throughout the year and working on a Power Bi dashboard to assist Peninsula Pensions with monitoring. A report on Brunel performance monitoring had slipped due to staff sickness but overall there was reasonable assurance across the pensions service.

Further discussion included:

- Missing or incomplete employer covenant and bond requirements which were largely due to the data format and where the information was stored. It was felt this could be remedied by having one storage location. There was an audit recommendation to have this undertaken.
- Cyber security and possible attacks from a third party. If members were accessing their pension data from a secure device then the risk of a third party cyber-attack would be minimal as the system and website was secure. Members were expected to ensure their devices and home networks were secure (including passwords). It would be better if all users (employees or employers) were required to use MFA (Multi factor authentication). DCC as an employer has additional security as they have to access the DCC network first. i.e. another factor of authentication.
- Lack of responses to cyber security questionnaires and reasons for this. This was because the information had not been received by the time the report had been written. These would be sent out earlier in future.
- The Logotech contract which needed to be located and this was an action to be completed
- Assurance that the data held on members in the administration system was secure

It was agreed that an update on progress with the cyber security work would be added to the Audit and Tracker log report and this would be reported to the July meeting.

The report was noted.

* **101** **Review of Attendance**

The Board noted the Report of the Director of Finance and Public Value (DF/23/41) on a review of the Board Member attendance at meetings and training events. A log of attendance of both board meetings and training events was attached in Appendix 1 of the Report.

The report was noted.

* **102** **Contribution monitoring**

The Board noted the Report of the Director of Finance and Public Value (DF/23/42) 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, Officers would have a duty to notify the Pensions Regulator of the employer's failure to meet the legal deadline.

The Report showed a summary of the monthly contributions received in Q3 2022/23 and a total of 16 contributions had been received late during this quarter. Six of these related to Parish councils who had informed the fund of their meeting dates and corresponding submission of contributions not aligning with the deadlines. There had however been an improvement on timeliness overall for the Town and Parish Councils. Officers had written to one employer, as contributions were starting to get paid later and later in the month, to remind them of the legal deadlines. Officers would continue to monitor this employer closely and consider raising a report to the Regulator if no improvement was forthcoming.

The report was noted.

*** 103 Devon Pension Fund Risk Register**

The Board considered the Report of the Director of Finance and Public Value (DF/23/43) on the Pension Fund Register and additional actions proposed to mitigate risk.

The Board had previously considered the Risk Register at its meeting on 19th July 2022, and comments made at board meetings had been taken on board in updating the register.

The Risk Register was attached at Appendix 1 to the Report and it 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. It incorporated the risk register of both the Investments Team and Peninsula Pensions.

The Investment and Pension Fund Committee was the ultimate risk owner for the Pension Fund and last reviewed the Risk Register in October 2022.

In addition to the current mitigations in place, further actions were planned to provide a greater level of assurance, and these were detailed together with the planned timescale for the action to take place. The level of risk would be reviewed once these additional actions have been implemented. As a result of the incorporation of the risk register into the Authority's risk management system, there was now a more rigorous system in place for regular review of the risks identified, enabling better risk management.

The Register remained unchanged in relation to the Peninsula Pensions risks since the last board meeting in February and Officers were currently working with audit on updating the register in time for the next board meeting.

There were now 41 risks recorded in the Risk Register, 23 of which related to Devon Pension Fund management and 18 to Peninsula Pensions. The Report summarised the number of risks assigned to low, medium and high-risk scores, before and after mitigation.

Across Devon Pension Fund management and Peninsula Pensions, action taken to mitigate risks had reduced the number of high risks from 11 to 2. The remaining high risks were in respect of:

- F5- Global Financial Crisis leading to a failure to reduce the deficit.
- F2 -Investment strategy not providing sufficient returns longer term.
- F14 – Cyber Security

Members were informed that for CM1 - Communication this had now been updated to green as the report and accounts on the fund's website had been published. For G2 on Governance Arrangements, in-house trainings dates had been organised so that had also been changed to green.

The Report was noted.

* **104 Pension Board Annual Report**

The Board noted the report of the Report of the Director of Finance and Public Value (DF/23/44) on a draft Devon Pension Fund Annual Report 2022/23 which would be considered for approval by the Investment and Pension Fund Committee later this year.

The draft annual report (Appendix 1 to the Report) contained the statement of accounts together with highlights of the areas reviewed by the Board, and the key recommendations that had been reported to and acted upon by the Investment and Pension Fund Committee.

Members' questions and discussion points with Officers included:

- Updating the table of membership on page 57 to reflect the current scheme member representative.

The Report was noted.

* **105 Training Review and 2023/24 Training Plan**

The Board considered the Report of the Director of Finance and Public Value (DF/23/45) the training requirements for Board members under the Pensions Act 2004, including compliance with the Scheme Advisory Board Knowledge and Skills framework.

The Report outlined the training sessions held during 2022/23 for members of the Investment and Pension Fund Committee and Devon Pension Board.

The 2023/24 Training Plan was attached at Appendix 1 and set out a proposal for training to be provided over the year in order to ensure that both the Investment and Pension Fund Committee and the Pension Board have the knowledge and skills required in accordance with the CIPFA Code.

A training needs analysis would be undertaken in due course in order to identify areas of training for future events.

Officers had reviewed the Training plan to ensure that it reflected current best practise.

It was highlighted that CIPFA no longer run the training and that a replacement for this would need to be found. The outcome and recommendations from the Good Governance review was also awaited which would feed into the plan.

RESOLVED that the draft Training Plan be commended for approval by the Investment and Pension Fund Committee.

* **106 Pension Board Budget Report**

The Board considered the Report of the Director of Finance and Public Value (DF/23/46) on the forecast outturn position for the financial year ending 31st March 2022; and the indicative budget for the direct costs for the Devon Pension Board for 2023/24. The budget had been formed by an analysis of the total estimated costs incurred during 2022/23.

It was highlighted that the report was published just ahead of the financial year end to meet deadlines, but it was not expected there would be any major changes in the figures. The figure for members travelling expenses had been reduced to recognise the increase in online events and officer support had been increased by 5% in line with wider Council budgets to cover pay rises and printing.

There was a misprint in the year figure on page 68 which would be corrected to show as the outturn for 2023.

RESOLVED that the outturn for the Devon Pension Board budget 2022/23 be noted and that the Devon Pension Board budget for 2023/24 be approved.

* **107 Investment and Pension Fund Committee**

The Board noted the Minutes of the Investment and Pension Fund Committee meeting held on 3 March 2022.

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

The Committee noted the Report of the Director of Finance and Public Value (DF/23/47) on Peninsula Pensions' performance and planned review of the Pension Administration Strategy and targets in the new 2023 year. This would include the internal targets for Peninsula Pensions and expected performance requirements from individual Fund employers.

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

The Board noted

- total performance against the Occupational and Personal Pension Schemes (Disclosure of information) Regulations 2013 for the quarter ending 31 December 2022 was 88% (94% for High Priority procedures);
- as had been referred to in the performance reports for previous quarters, the lower-than-expected performance was in part due to delays in responses to member information requested from employers; and the team continued to work with employers to implement improvements in this area;
- employers were undertaking a historic data sign off exercise over the period in preparation for the McCloud remedy, which would explain some of these delays; and of the 305 Devon employers with active members, 247 have been signed off, the remainder were all in progress;
- the team had also continued to concentrate on processing outstanding deferred benefit and amalgamation cases in preparation for the McCloud remedy and future Pension Dashboard, which had impacted performance and once these cases were completed, an improvement in performance was expected;
- the team had received a total of 22 compliments between 1 October 2022 and 31 December 2022;
- Appendix 1 of the report provided a detailed breakdown of administration performance relating to the Devon Pension Fund only, for the quarter ending 31 December 2022 against the statutory Disclosure Regulations;
- Appendix 2 of the report highlighted the longer-term performance of Peninsula Pensions (Devon Pension Fund only) for this financial year from 1st April to 31 December 2022
- the reports showed how many of the 'remaining' tasks outstanding to be actioned were awaiting information from another third party (member/employer) and therefore are on 'reply due';
- Appendix 3 highlighted the amount of work received the previous 12 month rolling period, compared to the same periods in the previous year and these showed an increase in demand and broke down the work into the different work types, and
- the Pension Regulator annual returns completed November 2022 were also outlined.

Members and officers' discussion included:

- Benchmarking information for year-on-year performances to help compare data – this was to be included for future reports.

- Death was marked as high priority as it had been acknowledged as needing extra resource in this area and it was recognised that there were often delays due in waiting for necessary information and documentation from people
- Job vacancies – there were currently 6 vacancies and it had been difficult to recruit. It was hoped rewording the advert might make it more appealing for applicants.

The Report was noted.

*** 109 LGPS Update Report**

The Board noted the Report of the Director of Finance and Public Value (DF/23/48) on developments affecting the LGPS in relation to

- the annual revaluation by the Department for Levelling Up, Housing and Communities (DLUHC);
- changes which arose from the Spring Budget;
- the SCAPE discount rate used to set the employer contribution rates in the unfunded public service pension schemes (PSPS) and determine the actuarial factors across all Public Sector pension schemes including the LGPS; and
- the State Pension Age review.

*** 110 Future Work Programme**

The Board received the Report of the Director of Finance and Public Value (DF/23/49) on the work programme over the next three meetings.

It was noted that the timings for a couple of the items such as the TPR Code of Practice could change. The Cyber Security update would also be included in the Action and Recommendations Tracker which was a standing item.

*** 111 Dates of Future Meetings**

6 July 2023 (in-person), 13 October 2023, 30 January 2024 and 19 April 2024.

Confirmation of dates and other details available at: 6 July 2023 (in-person), 13 October 2023, 30 January 2024 and 19 April 2024. Confirmation of dates and other details available at: [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 11.15 am