

DEVON PENSION BOARD

11 February 2019

Present

Councillors C Slade (Chair) and S Randall-Johnson

Fund Employer Representative

Mr C Hearn

Fund Member Representative

Mr P Phillips and Mr C Shipp

Independent Member

Mr W Nicholls

Apologies: -

Mr A Bowman, Ms H Keighley and Mr G Smith

* **94** **Minutes**

RESOLVED that the Minutes of the Meeting held on 15 October 2018 be signed as a correct record.

* **95** **Items Requiring Urgent Attention**

No item was raised as a matter of urgency.

* **96** **Membership**

The Committee noted that Heather Keightley and Paul Phillip's membership as Member representatives were due to expire 2019 and these positions would be advertised shortly. The Committee also noted that Ms Keightley had resigned with immediate effect and would not be standing for a further term.

* **97** **Internal Audit Report - Pension Fund Board Governance Arrangements**

The Committee considered the Report of the County Treasurer (CT/19/10) on a review of the Devon Pension Fund Board governance arrangements as part of the agreed annual internal audit plan. The overall conclusion of the work of the Board was that a 'Good Standard' of control was in place. Audit had also found the Board to be compliant with legislation and regulation, and the risk register included all related risks and mitigations. The Devon Pension Board forward plan provided for effective planning and decision making and a satisfactory level of information was being provided to support Members. The detailed Report (showing all the findings was attached) and included areas identified by Members where existing practice could be enhanced to increase the overall effectiveness and which was being addressed within the management response and action plan.

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

RESOLVED that the internal audit opinion that the Pension Fund Board Governance arrangements contain a satisfactory level of internal control be noted; and that a further audit and review against the actions identified be submitted in 12 months.

* **98** **Pension Fund Risk Register**

The Committee considered the Report of the County Treasurer (CT/19/11) on the identified risks incorporated into the Fund's Risk Register, previously considered by the Board at its meeting on 15th October 2018.

The Risk Register highlighted the key risks in relation to the Pension Fund, the current processes in place to mitigate the risks, and the planned improvements in place to provide further assurance. This incorporated the risk register of both the Investments Team and Peninsula Pensions.

A corporate Risk Register (including the Investment Fund and Peninsula Pensions) would be published on the County Council's website in due course.

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

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

* **99** **Regulatory Update and Consultations**

The Committee considered the Report of the County Treasurer (CT/19/12) on the LGPS (Miscellaneous Amendment) Regulations 2018 and consultation document issued by The Ministry for Housing, Communities and Local Government (MHCLG) in its capacity as stewards of the LGPS; and on the Local Government Pension Scheme: Statutory Guidance on Asset pooling.

These 2018 Regulations corrected an error in the LGPS (Amendment) 2018 Regulations and now proposed that deferred members who left under the 1995 Regulations were able to take payment of their LGPS pension without the need for their former employer's consent from age 55, with the appropriate reduction for early payment.

Pensions paid to survivors of civil partnerships or same sex marriages would now be equal to those provided to widows of male members. These changes would be backdated to 5th December 2005 in respect of a surviving civil partner and 13th March 2017 in respect of a surviving spouse of a same sex marriage.

The Regulations also now provided for MHCLG to issue statutory guidance on the operation of the scheme rules. The LGPS was a single scheme but administered locally and the intention was to avoid funds taking different approaches, especially in relation to sensitive areas such as eligibility for survivor benefits.

On 3rd January 2019 MHCLG had also issued an informal consultation on draft Statutory Guidance on Asset Pooling. This guidance replaced previous ones and built on Ministerial communications and guidance on investment strategies.

The Guidance was in line with the current understanding of the Government's intentions, and therefore Officers were not currently proposing to respond to the consultation subject to any views by the Pension Board or Investment and Pension Fund Committee. The consultation would close on the 28th March 2019.

Members commented on the vagueness of the term 'reasonable period' in relation to the 'regular review of active and passive management'. It was generally accepted by Investment Managers that this would normally be up to 5 years.

It was **MOVED** by Councillor Slade, **SECONDED** by Mr C Hearn, and

RESOLVED that the changes to the scheme regulations be noted and that the Investment and Pension Fund Committee note the consultation on Asset Pooling.

* **100** **Fair Deal - Strengthening Pension Protection Policy Consultation**

The Committee considered the Report of the County Treasurer (CT/19/13) on a Ministry of Housing, Communities and Local Government (MHCLG) consultation released in May 2016 regarding the introduction of greater pension protection for employees of LGPS employers who were compulsorily transferred to service providers. The 2016 consultation proposed that, in line with the Government's Fair Deal Guidance of October 2013, most LGPS members in this position should have continued access to the LGPS with the new service provider. A further consultation regarding Fair Deal would be running from 10th January to 4th April 2019, which had taken into consideration some of the concerns raised in the initial consultation.

Board Members supported the additional security these measures would provide for transferring employees and the certainty it offered for 'deemed' employers who were generally small and medium sized enterprises (SMEs), especially prevalent in Devon. The Board also felt that the proposals when approved should be clearly communicated to both employees and employers, noting that information would be posted on the Peninsula Pensions' web pages.

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

RESOLVED that the report be noted and the proposals to strengthen the pension protections that apply following an outsourcing in respect of all transferred staff of relevant LGPS employers.

* **101** **Investment and Pension Fund Committee**

The Board received the minutes of the meeting held on 16 November 2018. In relation to Minute *91 Independent Advisor Arrangements, the Board noted that a new appointment would be made under the existing contract with MJ Hudson Allen Bridge. Following the expiration of the contract a new agreement would be sought under the Council's Financial Regulations and procurement protocols.

* **102** **Brunel Update**

The Committee considered the Report of the County Treasurer (CT/19/14) on progress with investment pooling, and the relationship with the Brunel Pension Partnership Ltd. The key issues over the last quarter had been the agreement of Brunel's Business Plan for 2019/20, and progress on launching portfolios. Brunel was also planning a governance review.

Members noted the substantial projected savings from the pooling of assets and Officers undertook to provide Board Members a breakdown of these savings.

It was **MOVED** by Councillor Slade, **SECONDED** by Mr C Hearn, and

RESOLVED that the Board notes the latest position with the Brunel Pension Partnership.

* **103** **Proposed Changes to the LGPS Regulations Report**

The Committee considered the Report of the County Treasurer (CT/19/15) on the periodic assessment of the costs of the pension schemes in accordance with the provisions of the public service pension framework to ensure reforms remained affordable and sustainable.

The Report outlined proposed changes by the Government Actuary Department (GAD) relating to the Scheme.

The Head of Peninsula Pensions reported that the proposed changes were now 'paused' by Government pending the outcome of a recent legal appeal (relating to age discrimination).

* **104** **Peninsula Pensions Performance Report**

The Committee received the Report of the County Treasurer (CT/19/16) on Peninsula Pensions' performance against its internal service standard targets for the 9 months ending 31 December 2018. Performance targets were monitored monthly via a task management system and reporting tool with the pension database. The Service was also implementing an extensive training plan which would impact on day to day service performance in the short term.

The Head of Peninsula Pensions reported that enhancements to performance reports were currently being developed. Future reports would demonstrate performance against the Disclosure Regulations and internal targets, including high, medium and low priority areas, a log of breaches and action plans for key areas.

The Board also received a performance report (circulated at the meeting) covering October 2016 – January 2019 noting that recent performance had not dropped significantly despite the current additional team training and process review.

* **105** **Action and Recommendations Tracker**

The Board noted the Report of the County Treasurer (CT/19/17) on an Audit Action Log created to track progress and completion of audit actions including a log of actions requested by this Board. Members commended this approach in helping ensure execution of identified actions.

* **106** **Future Work Programme**

The Board received the Report of the County Treasurer (CT/19/18) on a future work programme for the Board meeting four times per year covering standing items and matters for the April meeting.

The Fund's investment strategy was currently being reviewed by Mercer investment consultants, who would be making a presentation to the Investment and Pension Fund Committee on 22nd February. The review would also be reflected in a revised Investment Strategy Statement.

Members of the Board were invited to attend the Committee meeting for the presentation by Mercer.

* **107** **Dates of Meetings/Training**

3rd April 2019; 15th July 2019; and 21st October 2019

Training: Devon Pension fund Training Day – Thursday 28th March 10am to 4pm at the Conference Centre Coaver Club, County Hall.

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

The Meeting started at 10.30 am and finished at 12.40 pm