

## DEVON PENSION BOARD

16 January 2020

### Present

Councillors C Slade (Chair) and S Randall-Johnson

William Nicholls, Independent Member  
Carl Hearn, Fund Employer Representative  
Julie Bailey, Fund Member Representative  
Paul Phillips, Fund Member Representative  
Andy Bowman, Fund Member Representative  
Colin Shipp, Fund Member Representative

Attending in accordance with Standing Order 25 (2):  
Councillor R Bloxham

\* 150

### Minutes

**RESOLVED** that the Minutes of the meeting held on 21 October 2019 be signed as a correct record.

\* 151

### Items Requiring Urgent Attention

No item was raised as a matter of urgency.

\* 152

### Membership

The County Treasurer reported on the resignation of Mr G Smith (Fund Member Representative (Employer)) and that Carrie Piper had been nominated subject to approval by the other Employer Members.

\* 153

### Review of Funding Strategy Statement

The Board considered the Report of the County Treasurer (CT/20/09) on the Funding Strategy Statement (FSS) drafted in consultation with all employers participating in their respective Fund.

Following completion of the 2019 Actuarial Valuation, a revised FSS had been drafted in conjunction with the Fund Actuary (Barnett Waddingham) (Appendix 1 of the Report). The document had been revised in order to reflect updated regulations, practice and actuarial assumptions.

Members' discussion points with the Officers included:

- the Guaranteed Minimum Pension (GMP) indexation and equalisation provisions and that the outcome of the current government consultation was expected sometime in December 2020; and
- implications of inclusion of the FE and HE employees in the LGPS and consequential risk and potential liabilities for the Fund on which further information was requested by Members.

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

**RESOLVED** that the revised Funding Strategy Statement as set out in Appendix 1 to this Report, be commended to the Investment and Pension Fund Committee.

\* **154**      **Investment Strategy Statement**

(Councillor Bloxham attended in accordance with Standing Order 25 (2) and spoke to the item referring to the ongoing transition of assets to the Brunel Partnership and their reporting arrangements).

The Board considered the Report of the County Treasurer (CT/20/10) on a draft Investment Strategy Statement which was subject to revision at least every three years and when any significant changes were made to the Fund's investment strategy.

Following the review of investment strategy undertaken by Mercer in early 2019, a revised Investment Strategy Statement (ISS) had been drafted to reflect the outcome of the review and approved by the Investment and Pension Fund Committee in February 2019. However, further updates were required to reflect the asset allocation table in section 2 of the Statement in accordance with the phased implementation of the Mercer review recommendations. It was also proposed to update the social, environmental and corporate governance (ESG) policy set out in section 4, plus other minor amendments.

Members' discussion points with the Officers included:

- engagement by Brunel with company boards directly or via their external Managers or based on actions recommended by LAPFF;
- a proposal by this Board for consideration by the Investment and Pension Fund Committee to include additional information in the Statement (within Annex 2 – Current Managers and Mandates) relating to asset classes managed by external Managers appointed by Brunel relating to Passive UK Equities for example or to provide 'links' to such information within the Annual Report, to aid further transparency and open reporting; and noting that the transitioning of assets to Brunel remained ongoing and was not as yet completed; and
- a proposal by this Board to consider the inclusion of comparative data within the Statement (or to provide 'links') to show comparative performance against other pooled funds/the LGPS universe and noted that relative performance was monitored by the Investment and Pension Fund Committee and included at training events.

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

**RESOLVED** that, subject to consideration by the Investment and Pension Fund Committee of the proposals made by this Board as outlined above, the revised Investment Strategy Statement set out in Appendix 1 to Report CT/20/10 be endorsed.

\* **155**      **Pension Fund Risk Register**

The Board considered the Report of the County Treasurer (CT/20/11) on the identified risks incorporated into the Fund's Risk Register, previously considered by The Board at its meeting on 21st October 2019. 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 planned improvements in place to provide further assurance. This incorporated the risk register of both the Investments Team and Peninsula Pensions.

The Board also received a presentation of the on-line publication of the Register which detailed the risks and progress of actions to mitigate them which was reviewed and updated regularly by Officers and available at: <https://mk0openinsulapenot3fa.kinstacdn.com/wp-content/uploads/2019/09/Risk-Register-June-19.pdf>

Members' discussion points with Officers included:

- the need to review the font colouring/background to make it more user-friendly (particularly for people with colour blindness);

- accessibility to the site from the public (including other Employer staff and beneficiaries for example) as well as County Council staff;
- further information about definitions of each impact score (attached document); and
- consideration to providing more information on the direction of travel in mitigating risk by use of directional arrows for example.

Members noted that the 'carbon footprint' Audit exercise by Brunel covering the Fund's investments would be presented at the next training day in March 2020 and the carbon policy would be reviewed at the next Investment and Pension Fund Committee.

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 and the Investment and Pension Fund Committee be requested to consider the proposals as outlined above.

\* **156**      **Review of Attendance**

The Board noted the Report of the County Treasurer (CT/20/12) on the Members' attendance record for meetings and training events for 2019.

\* **157**      **Investment and Pension Fund Committee**

The Board received the Minutes of the Investment and Pension Fund Committee held on 15 November 2019.

\* **158**      **Peninsula Pensions Performance**

The Board received and noted the Report of the County Treasurer (CT/20/13) on Peninsula Pensions' internal service standard targets and team performance which covered the last quarter and year to date which related to high, medium and low priority cases.

Members' discussion points with the Officers included:

- consideration of the inclusion of further information relating to reasons why any target had not been met; and
- the number of appeals was included in the Annual Report and mainly related to ill health and were relatively low in number (up to 10/annum).

\* **159**      **TPR Code of Practice 14: Governance and Administration of Public Service Pension Schemes**

(Councillor Bloxham attended in accordance with standing Order 25 and spoke to this item relating to compliance with Statutory Guidance).

The Board considered the Report of the County Treasurer (CT/20/14) on the Pensions Regulator's responsibility for the governance and administration of all public sector pension schemes from the 1st April 2015. A Code of Practice 14 had been issued to assist schemes in complying with the Regulator's expectations and applied specifically to the governance and administration of public service pension schemes.

The Code was directed at scheme managers and members of Pension Boards of public service pension schemes and connected schemes. The Code provided practical guidance in relation to the exercise of functions under pension scheme legislation and set out the standards of conduct and practice expected from those who exercised these functions.

The Code could be viewed via the following link:

<https://www.thepensionsregulator.gov.uk/en/document-library/codes-of-practice/code-14public-service-pension-code-of-practice>

The Board received a demonstration on the Code of Practice toolkit developed internally by the Team which assessed compliance against the 113 identified elements within the Code and identified appropriate actions. Member discussions with Officers included:

- this was not statutory guidance but represented good practice and that further changes were anticipated;
- there were no areas of non-compliance identified within the 113 elements, 99 areas of full compliance, and 14 areas of partial compliance;
- partial compliance with regard to the Board related to provision of further information about Board Members (Job titles, representation, specific roles etc);
- another partial compliance element related to common/scheme specific and member data for all Fund Members for which the Fund had improved performance with 95% compliance (up to date information) as at January 2020; and
- no reference to 'declaration of interest' on the Agenda for Board Meetings was another area of partial compliance, and Members noted that this accorded with the County Council's practice.

Members noted that additional information (which was publicly available about them in any event) could be added and suggested that the Pension Team set a realistic target figure for data (as outlined above) performance whilst recognising the targets set by the Pension Regulator.

It was **MOVED** by Councillor Slade, **SECONDED** by J Bailey and

**RESOLVED** that the Report be noted.

\* **160** **Actuarial Valuation 2019**

The Board considered the Report of the County Treasurer (CT/20/15) on a summary of the Actuary's (Barnett Waddingham) Fund level results from the triennial Valuation.

The Actuary would aim to ensure that the assumptions applied would lead to contribution rates that ensured the long term cost efficiency of the Fund and achieve solvency over an appropriate period. Further clarification was requested by the Board about the assumed salary increases used in the Audit.

It was **MOVED** by Councillor Slade, **SECONDED** by Mr Phillips and

**RESOLVED** that the approach and progress of the 2019 triennial valuation of the Pension Fund be noted.

\* **161** **Actions and Recommendation Trackers**

The Board received and noted the Report of the County Treasurer (CT/20/16) on an Audit action log which tracked progress and completion of audit actions and recommendations from the Board and the Investment and Pension Fund Committee.

The list attached to the Report included items dating back to April 2018 and previously completed actions had been removed.

A new website for Peninsula Pensions was planned for February 2020 and Officers would meet with other South West Funds to agree a best practice communications policy.

\* **162**      **Future Work Programme**

The Board considered the Report of the County Treasurer (CT/20/17) on proposals for the Future Work Programme.

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

**RESLOVED** that the Programme be approved subject to inclusion of the Communications policy/survey of members.

\* **163**      **Dates of Future Meetings**

The Pension Board would meet at 10.30am on the following future dates:

Thursday, 16th April 2020; Monday, 13th July 2020; Monday, 19th October 2020; Friday, 22nd January 2021; and Monday, 26th April 202.

Training event: 6 March 2020.

The Meeting started at 10.30 am and finished at 11.54 am



## Impact Assessment Guide

	Health & Wellbeing	Service Users	Stakeholders	Reputation	Performance / quality standards	Legal	Financial	Pensions & Investments
<b>1</b> 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
<b>2</b> 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
<b>3</b> 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
<b>4</b> 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
<b>5</b> 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.

