

DEVON PENSION BOARD

14 April 2016

Present:-

Councillors Greenslade (In the Chair) and Brook

Fund Employer Representatives

Mr Hearn and Mr Smith

Fund Member Representatives

Mr Bowman, Ms Keightley and Mr Shipp

Independent Member

Mr Nicholls

Apologies:-

Ms Lewis (Fund Member)

1 Chairman

RESOLVED that the Vice-Chairman take the Chair for this meeting and an appointment be made at the next meeting for the ensuing year.

2 Minutes

RESOLVED that the Minutes of the Board held on 22 October 2015 be signed as a correct record.

3 Items Requiring Urgent Attention

There was no item raised as a matter of urgency.

4 Membership

The County Treasurer reported that following the resignation of Mr Henshaw, nominations for a replacement Fund Member representative on the Board had been sought in the usual way. Following an open competition, and 4 eligible candidates having been interviewed, a Mr Colin Shipp (HR Director at Plymouth University) had been appointed to the Board with immediate effect.

Members welcomed Mr Shipp to his first meeting.

MATTERS FOR CONSIDERATION AND REVIEW

5 Devon Pension Board - One Year On

The Board considered the Joint Report of the County Solicitor and County Treasurer (CS/16/17) reviewing the operation of the Board in its first year and providing an opportunity for Members to discuss and raise any issues about the role and responsibilities of the Board or any operational or procedural matters including frequency of meetings, budgetary issues, conflicts of interest, access to information, training and development and public liability insurance (as set out more fully in the Report).

The matter having been debated and the options and/or alternatives and other relevant factors (e.g. financial, sustainability, carbon impact, risk management, equality and legal considerations and Public Health impact) set out in the Report and/or referred to above having been considered:

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

RESOLVED

(a) that the Report be noted;

(b) that, recognising the need for Members of the Board to maintain and demonstrate their impartiality at all times and notwithstanding the existing guidance on conflicts of interest the Board endorse the following principles which are already well established in a number of local authority quasi-judicial, regulatory committees namely that:

'The deliberations of the Board should leave no grounds for suggesting with any justification that a decision has been partial, biased, or not in any way well founded. Whilst Members of the Board may be influenced by the opinions of others, their decisions must not discriminate in favour of any individual, group or area, nor appear to do so, but must be in the best interests of the Fund and Scheme Members. Members of the Board should preserve their role as impartial advisers and it would be unacceptable for any instruction to be given by or on behalf of a political party or of any other body whose principle purpose is to influence public opinion or policy as to how any Member of the Board shall speak or vote on any matter before the Board or for there to be any application or threat to apply any sanction against any Member of the Board should he/she speak or vote in any particular manner.'

(c) that the Investment & Pension Fund Committee be invited to adopt a similar stance to its proceedings to preserve its status as an impartial decision maker and to ensure the impartiality and integrity of its Members is not called into question through any third party seeking to influence any decision of that Committee.

6 Statutory Statements: Governance Policy & Compliance Statement

The Board considered the Report of the County Treasurer (CT/16/40) together with the Governance Policy & Compliance Statement approved by the Investment & Pension Fund Committee on 27 February 2016 which set out the governance arrangements of the Pension Fund including the composition of the County Council's Investment & Pension Fund Committee and this Board and the scheme of delegation for the aforementioned Committee, the Scheme Manager and the County Council's Officers.

Members acknowledged that the Compliance Statement did not currently contain any direct reference to the Pension Board which it was anticipated would be rectified within the forthcoming revised guidance from the Department for Communities and Local Government.

Members noted that this was one of four statutory statements the Fund was required to have in place which the Board was required to scrutinise and comment upon to the Council's Investment & Pension Fund Committee.

Members recognised the need for the Board to be satisfied that the anticipated outcomes of the Policy & Compliance Statement reflected the manner in which the Fund was managed and that consequently the Board might wish or need to examine specific elements of the Policy in more detail.

It was **MOVED** by Councillor Greenslade, **SECONDED** by Councillor Brook, and

RESOLVED

(a) that subject to the Statement being amended to acknowledge the Board meets '*at least twice yearly*', the Governance Policy & Compliance Statement be endorsed;

(b) that, in submitting future statements, the County Treasurer be asked to include a simple comparison with previous statements so that the Board may be satisfied that progression has been made where necessary, enabling it to deliver upon one of its key roles.

7

Statutory Statements: Investment Principles

The Board considered the Report of the County Treasurer (CT/16/41) together with the current Statement of Investment Principles most recently updated and approved by the Investment & Pension Fund Committee on 12 June 2015 which explained how the Fund's assets were managed, the existing investment strategy, how risk and return issues were managed and identifying all other relevant factors taken into account in so doing.

Members noted that this was one of four statutory statements the Fund was required to have in place which the Board was required to scrutinise and comment upon to the Council's Investment & Pension Fund Committee.

In commenting upon the timing of the Board's consideration of this and future Statements (i.e. either before or after the Investment & Pension Fund Committee) the Board acknowledged that this particular Statutory Statement was due to be replaced with a new Investment Strategy Statement upon which guidance was awaited from the Department for Communities & Local Government.

It was **MOVED** by Councillor Greenslade, **SECONDED** by Councillor Brook, and

RESOLVED that notwithstanding the Board's view that the Investment Principles Statement might be enhanced by including reference to the new proposed pooling arrangements, the Statement as now submitted be endorsed.

8

Annual Internal Audit Report for 2015/16 and proposed Plan for 2016/17

The Board considered the Report of the County Treasurer (CT/16/42) together with the Internal Audit Report for 2015/16 and the proposed Plan for 2016/17 which had been prepared by the Head of the Devon Audit Partnership for the County Council's Investment & Pension Fund Committee as a means of providing assurance to the Council that there were no significant weaknesses or areas of concern in existing systems of control.

The Head of the Devon Audit Partnership acknowledged the need for greater clarity in future Reports in indicating more clearly which organisation had commissioned individual pieces of work and Officers also undertook to brief Members on the process followed previously in appointing an Independent Advisor (Minute 6/2 July 2015 refers) and performance monitoring thereof.

It was **MOVED** by Councillor Greenslade, **SECONDED** by Councillor Brook, and

RESOLVED that subject to the foregoing the Internal Audit Report for 2015/16 and Plan for 2016/17 be endorsed.

9

Devon Pension Fund Risk Register

The Board considered the Report of the County Treasurer (CT/16/43) together with the current Pension Fund Risk Register delineating any required actions identified to mitigate risk.

It was **MOVED** by Councillor Greenslade, **SECONDED** by Councillor Brook, and

RESOLVED that while the Pension Board is content to endorse the Pension Fund Risk Register as submitted, the Investment & Pension Fund Committee nonetheless be invited to consider a number of minor variations for the future, namely:

Risk F2, G1 (and elsewhere, as appropriate): to include references to the Devon Brunel Pooling Arrangements

Risk I1: to include more general reference to staffing issues (sickness), where relevant.

10 Devon Pension Board Budget 2016/17

The Board considered the Report of the County Treasurer (CT/16/38) on the Board's proposed budget for 2016/17 for administrative support, accommodation, training and legal, technical and other professional support predicated on the knowledge and experience gained over the first months of operation. The budget was, in the view of the County Treasurer/Scheme Manager, a sound and achievable financial plan based on a reasonable assessment of current workloads which would necessarily be monitored during the year.

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

RESOLVED that the Devon Pension Board's budget for 2016/17 be approved, subject to regular monitoring.

11 Training Review 2015/16 and Training Plan for 2016/17

The Board considered the Report of the County Treasurer (CT/16/39) reviewing the training and development opportunities provided for Members of the County Council's Investment & Pension Fund Committee and the Board in 2015/16 and outlining a proposed plan for 2016/17, to satisfy the requirements of the Pensions Act 2004, the CIPFA Code of Practice on Public Sector Pensions Finance Knowledge and Skills and to comply with best practice.

The importance of Members of the Board and of the Investment & Pension Fund Committee attending such events in order to make a full contribution to the work of both those bodies was acknowledged.

It was **MOVED** by Councillor Greenslade, **SECONDED** by Councillor Brook, and

RESOLVED

(a) that subject to the amendment of the programme of the November event outlined at the meeting and the inclusion in a future session of a briefing on the content and methodology for construction of those Statutory Statements required to be submitted to the Board (Minutes 6 and 7 above refer, for example) the Training and Development Plan for 2016/17 be endorsed;

(b) that, additionally, the Investment & Pension Fund Committee be asked - as a means of ensuring an appropriate level of knowledge by all Members of that Committee - to accept that, as a matter of principle, full and named substitute Members of that Committee should similarly be expected to undertake appropriate, regular, training before exercising the responsibilities of that Committee.

MATTERS FOR INFORMATION

12 LGPS Pooling of Investments

The Board received, for information, a Report by the County Treasurer (CT/16/36) on progress with the establishment of the proposed 'pooling' arrangement for South West LGPS schemes, under the aegis of *Project Brunel*, and on the Government's initial response to the proposals upon which further work was being carried out.

Members noted that since the initial proposals had been approved by the County Council, Buckinghamshire and Oxfordshire had also agreed to enter the Brunel Pool increasing the total assets of Member Funds to approximately £23billion, which enhanced the viability of the pooling arrangements notwithstanding the governance arrangements that might finally be determined.

The County Treasurer undertook to provide Members with copies of the PriceWaterhouseCooper Reports referred to in Report CT/16/40 now submitted and to also clarify the application of the investment strategy/principle referred to at Minute 7 under any proposed pooling arrangements (when that was clearer), notwithstanding the overarching objective of any Fund under any arrangements to maximise the return on investment.

Moreover and while recognising the need to satisfy themselves that any proposed pooling arrangements were right for the Fund, Board Members recognised that the ability and flexibility of the County Council and others not to pursue pooling arrangements was extremely limited.

13 Actuarial Valuation 2016

The Board received the Report of the County Treasurer (CT/16/37) outlining the planned approach to the 2016 triennial valuation of the Pension Fund.

LGPS Regulations required administering authorities to complete an actuarial valuation of their Pension Fund on a three yearly cycle. The next valuation was due at 31 March 2016, the results of which had to be published by 31 March 2017. The 2016 valuation would set employer contribution levels for the 2017/18 - 2019/20.

The Report summarised the plan for the forthcoming valuation which had been discussed with the scheme actuary, Barnett Waddingham and which had been previously outlined to the Board by the Actuary at a training session in November of 2015.

14 Peninsula Pensions Administration Performance Statistics

The Board considered the Report of the County Treasurer (CT/16/44), requested previously (Minute 19/22 October 2015 refers), on the performance of Peninsula Pensions administration across the Peninsula and the action being taken to ensure compliance with accepted norms and best practice.

Members acknowledged and welcomed the work being done to reduce previous backlogs.

The Board also recognised the difficulties and practicability of Peninsula Pensions being asked to provide discreet or disaggregated data for the Devon Fund or area alone but the County Treasurer and Head of Peninsula Pensions undertook to provide Board Members with relevant budget data (including if possible the cost per head of the various schemes administered) to allow Members to make a judgement as to the adequacy or otherwise of administrative costs for the Devon Fund as highlighted previously.

The Head of Peninsula Pensions also confirmed that when specific performance targets had not been met these were kept under review and monitored to ensure action was taken within an acceptable period. She also outlined arrangements for obtaining customer feedback including the use of specific, targeted surveys and confirmed that a summary of such feedback and of any disputes logged or complaints received would be provided to Members in due course and that future performance management reports would, as requested, provide more qualitative information as far as was practicable.

15 Investment and Pension Fund Committee

The Board received and noted the minutes of the Investment & Pension Fund held on 20 November 2015 and 2 and 26 February 2016.

16 Future Work Programme

The Board considered the Report of the County Treasurer (CT/16/45) outlining the proposed future work programme and reviewed the suggestions therein and discussed at the meeting for inclusion in the Programme.

It was **MOVED** by Councillor Greenslade, **SECONDED** by Councillor Brook, and

RESOLVED

(a) that the proposed work programme be approved, subject to the addition of a report or briefing comparing internal and external Fund management costs etc. with other Authorities;

(b) that, in future, meetings be preceded by an informal briefing session to commence at 1000am to update Members with any information previously requested which had not been sent out in advance, by email or other means.

17 Future Meetings/Diary Dates

Dates of meetings of the Board and of the Investment & Pension Fund Committee are published on the County Council's Calendar of Meetings, which is available on the Council's website at: <http://democracy.devon.gov.uk/mgCalendarMonthView.aspx?GL=1&bcr=1>

The Meeting started at 10.30 am and finished at 12.37 pm