



# Minutes

Name of meeting	<b>PENSION BOARD</b>
Date and time	<b>TUESDAY, 27 FEBRUARY 2018 COMMENCING AT 10:00 AM</b>
Venue	<b>CONFERENCE ROOM 4, COUNTY HALL, NEWPORT, ISLE OF WIGHT</b>
Scheme Member Representatives	Paul Wilkinson (Chairman), Barbara Milton
Employer Representatives	Cllr Reg Barry, Tracy Bull
Advisors	Ian Colvin (Hymans Robertson LLP)
Officers	Jennifer Beresford, Democratic Services Officer Matthew Collier, Pension/Payroll Lead Officer Jo Cooke, Pension Fund and Treasury Management Accountant Jo Thistlewood, Technical Finance Manager

33. [Minutes](#)

RESOLVED :

THAT the Minutes of the meeting held on 14 December 2017 be confirmed.

34. [Declarations of Interest](#)

No declarations were received at this stage.

35. [Governance Review](#)

Members considered the information from Hymans Robertson LLP which had been presented to the Isle of Wight Pension Fund Committee (the committee) at its meeting on 9 February 2018. Members were advised that the following the enactment of the Public Service Pensions Act 2013 (PSPA 2013) and the introduction of local pension boards, the focus on governance and the role of The Pensions Regulator (TPR) in local government pension schemes (LGPS) had been increased.

Two key changes highlighted were the TPR code of practice, which set out public service pension schemes' governance standards and the '21st Century Trusteeship' which aimed to improve standards of governance in pension schemes and ensure better outcomes for scheme members, clearly outlining what was required from the fund. The requirements of the PSPA 2013 have

been in place for nearly three years and the TPR was beginning to take a more hands-on role in the governance of LGPS and look for evidence of compliance and taking action when it was not available.

The Committee agreed at its meeting on the 9 February 2018 to undertake a full review of its governance structures with support from Hymans Robertson. The review would provide the fund with an assessment of where it stands in relation to its legal requirements and TPR's expectations, and provide a plan of how the fund can address any gaps that may exist. Members were advised that the review of policies had already begun.

Questions were asked in relation to the impact of the review on the governance compliance statement and how the results of the review would be presented. Members were advised that a report with a clear set of recommendations would be produced at the end of the review and that the compliance statement may need revising as a result of the recommendations.

#### RESOLVED

THAT the report and decision of the Isle of Wight Pension Fund Committee be noted.

#### 36. **Governance Policy** (*Recording [Part One](#) and Recording [Part Two](#)*)

The Governance Policy had been agreed by the Isle of Wight Pension Fund Committee (the committee) at its 9 February 2018 meeting, following a recommendation from the board. Barbara Milton, a scheme member representative, requested the minutes note that the board's agreement to recommend the Governance Policy to the committee was not unanimous, three members had supported making the recommendation while she had not. The next key action in relation to this area was the review of the governance compliance statement.

Discussion took place regarding how the statement could be updated. There had been significant improvements to compliance in comparison to 2016/17. It was suggested an action plan could be drawn from the review of the governance compliance statement to make further improvements next year. The governance review would run in parallel and would contribute further to the action plan.

Members noted that in order to meet the earlier deadlines for closing down the accounts, any proposed changes to the statement needed to be agreed by the committee at its meeting on the 18 May 2018. Therefore, it was agreed the chairman and the technical finance manager would update last year's compliance statement and share it with the other members. An informal board meeting would be arranged in March 2018 to discuss the draft and make any required changes.

## RESOLVED

THAT a draft governance compliance statement be created and an informal meeting arranged to facilitate board member contributions.

### 6. Data Improvement Plan including (Guaranteed Minimum Pension) GMP

Members were informed by the Pension/Payroll Lead Officer that the improvement plan, which was formed of three parts: data, website and GMP reconciliation, had been submitted to the Pensions Regulator (TPR) on 31 January 2018.

#### Data quality

Poor data quality had been noted as an issue for a number of years. Work to rectify known issues will be undertaken in three phases, to ensure good quality data is available for the 2019 valuation:

- A solution would be outsourced through the National LGPS procurement framework to undertake a one off project to cleanse pre 31 March 2017 data.
- Data from 1 April 2017 would be cleansed using a manual data validation spreadsheet designed by the team.
- New data being input into the system would be run through the i-connect data portal.

A Data Improvement Officer was being appointed to manage data quality moving forward.

It was noted that there were different levels of error within the data which allowed targeted work. Approximately 1,500 records were considered “Red” and significantly problematic as there were issues with the conditional rather than common data and would need to be cleansed before the valuation could be undertaken.

#### Website

Members were advised that a templated website solution had been purchased from Hymans Robertson LLP which would allow fund-specific pages to be added, whilst regulatory and statutory updates would be populated by Hymans Robertson. All members of the scheme would have access. Proposed pages included governance, members’ self-service portals, employer pages and links to democratic services. Creating a secure area for the board, to store and exchange materials and documents, would be explored once the priority pages had been set-up and populated.

#### GMP (Guaranteed Minimum Pension)

A statutory project which reconciled the fund’s membership data to the data held by the HMRC had been outsourced to JLT Employee Benefits. The data

had been provided to JLT and a meeting to review the outcomes of the first stage of the project would be held early in March 2018. It was intended that monthly project board meetings would be held and project updates would be provided at each meeting of the committee and board. At the end of the project, a file containing records which needed to be corrected along with the corrected data would be provided for upload to the pension administration system. It was expected this project and the data improvement work being undertaken by the Pensions Administration Team would complement each other.

Discussion took place regarding the data which was affected and the regulators rating of data quality. It was noted that the data which tended to be poor was the scheme specific data such as the salary posting information and status. The quality report would be broken down by employer to allow targeted work to improve data quality of the larger employers and therefore larger portions of the data first. 85 per cent of the schemes members were employed through the Isle of Wight Council - including schools, using outsourced payroll providers; academies and the Isle of Wight College were the next largest employers. It was hoped that the appointment of a data improvement officer would improve communications with employers and therefore positively impact on the quality of the data by improving timeliness of data supply. The deadline for completion of the project was 31 December 2018.

#### RESOLVED

THAT the Data Improvement Plan be noted.

#### 7. Issues Log

The board considered the issues log which had been presented to the committee on the 9 February 2018. The Technical Finance Manager advised members that, while no changes had been made to the log since the committee meeting, work was ongoing behind the scenes to address the issues listed. Discussion took place regarding a number of the reported issues and members were invited to pass forward any specific operational issues they felt needed to be included on the log. In relation to training needs for the board, it was agreed Barbara Milton would take on the responsibility of coordinating training needs.

#### RESOLVED:

THAT the Issues Log be noted

#### 8. Breaches and Complaints

The Technical Finance Manager presented the report which set out historic breaches of which the board were already aware. No complaints had been received. Discussion took place regarding what was considered a complaint as there was no specific form to capture them. However, members were advised that any correspondence which raised an issue would be considered

as such and while there had not previously been a process for recording complaints there was now a process in place.

Clarification was sought regarding the difference between a breach and a complaint and it was agreed this area would be added to the training log.

**RESOLVED:**

THAT the Breaches and Complaints Log be noted

9. **Training Records**

The chairman presented a framework which recorded training and compliance intelligently. The data included in the record to date was based on the self-assessment questionnaire completed by members. There were two out-puts knowledge, based on training and experience and key materials, based on self-improvement and reading.

Members were advised they needed to take ownership of their own record and training and it was noted that the council was responsible for providing opportunities for training but individual board members were responsible for ensuring they undertook sufficient training and development. It was agreed that quarterly updates from members would be collated by the training coordinator.

Discussion took place regarding a budget for training. There was no specific budget for training or allocated funds set aside for this. However, if training was considered reasonable and represented good value for money it would be funded and, to date, there had been no instances of training being refused.

**RESOLVED:**

THAT the board adopt the proposed framework for recording training.

10. **Ethical Investment**

Board members had requested that an item on ethical and responsible investment be included on the agenda for the meeting due to interest locally and nationally.

Members were reminded that the Pensions Regulator (TPR) investment guidelines stated that specific investment decisions were outside the remit of the pension board. The board's responsibility in this area related to ensuring that effective investment governance arrangements are in place and suitably documented.

The fund's investment strategy statement addressed ethical investments by delegating the responsibility to the fund manager to manage within the requirements of their portfolio. This included the delegation of voting rights. Details of what votes had been taken and the reasoning behind them was included in the quarterly reports received from the fund managers.

Members questioned if the ACCESS (a collaboration of central and eastern shires) pool would present an opportunity for this area to be reviewed. It was noted that while ACCESS had a responsibility to ensure that there were sub-funds to meet each of the 11 authorities' investment strategy, the Isle of Wight Pension Fund needed to ensure it had actively considered its own stance on these issues, bearing in mind that if it were "out of sync" with other ACCESS funds, it would need to bear the increased cost of unique sub-funds.

RESOLVED:

THAT the information on ethical investments be noted

11. [Awareness Session](#)

The board received a presentation from the Technical Finance Manager on Governance Structures. The information outlined included

- The Isle of Wight Council's Dual Role
- Employer Responsibilities
- Administering Authority Responsibilities (Administration and Governance)
- The structure of a local government pension scheme
- Key Performance Indicators

Discussion took place regarding Key Performance Indicators. Concern was raised that the indicators did not provide details of where the administering authority was not meeting its responsibilities. Members were reminded that the issues and breaches logs the board considered and administrative reports to the business centre manager regarding payments did this.

12. [Work Plan](#)

The chairman advised he had a number of items for inclusion on the work plan. It was agreed these items would be discussed outside the meeting and the work plan updated accordingly.

RESOLVED:

THAT the information on work plan be noted

CHAIRMAN