



PAPER B

Purpose: For Decision

Committee report

COMMITTEE	ISLE OF WIGHT PENSION BOARD
DATE	24 APRIL 2019
TITLE	PENSION BOARD WORK PROGRAMME
REPORT OF	TECHNICAL FINANCE MANAGER

EXECUTIVE SUMMARY

1. This report sets out proposals for the future operation of the pension board, including the work plan for the forthcoming council year 2019-20. It also includes consideration of the Chartered Institute of Public Finance and Accountancy (CIPFA) *Guide for local pension boards*.
2. The report also details proposals to increase the membership of the pension board in accordance with the limits allowed within the board's current terms of reference.
3. Members are asked to agree the work programme for the board, having considered the suggestions within the CIPFA guide; and to note the process for the recruitment of new board members.

CIPFA GUIDE FOR LOCAL PENSION BOARDS

4. In May 2018, the Chartered Institute of Public Finance and Accountancy (CIPFA) published the *Guide for local pension boards* (the CIPFA guide). The guide was developed to add to existing guidance on the operation of pension boards provided by the Scheme Advisory Board (SAB) and the Pension Regulator's (TPR) Code of Practice 14.
5. A copy of the guide was emailed to board members on 1 April 2019, and key extracts – specifically the appendices 'Local Pension Board - suggested annual work programme' and 'Twenty-one quick questions and a final thought' – are reproduced as Appendix 1 to this report.
6. A development session has been planned for the two hours before the next board meeting on 18 June 2019, facilitated by CIPFA. This session is aimed to support the operation of the board, expanding on some of the items included in the CIPFA guide.

WORK PROGRAMME

7. Following workshops held in September 2018 and November 2018, the committee agreed the investment and funding beliefs and the governance and administration objectives as presented in Appendix 2 to this report.
8. The beliefs and objectives will be used to drive the committee and pension board work programmes for the next 12 months, to ensure that the fund can continue to improve its standards of governance and administration.
9. The draft work programme for both pension board and committee is presented as appendix 3 to this report. The work programme is intended to be a dynamic document, which will be considered at each future board meeting.
10. Members are asked to consider whether any changes are needed to the board's work programme in light of the CIPFA guide.

BOARD MEMBERSHIP

11. The current terms of reference for the pension board include provision for the membership of the board to be increased from the current four members to a maximum of eight, subject to ensuring that there is an equal number of scheme member and employer representatives. Quorum for board meetings has been determined at three members, with at least one from each category of representative present.
12. There have been issues recently with ensuring that scheduled board meetings are quorate, meaning that meetings have either been cancelled or have had to be deferred to later dates.
13. In order to prevent this happening in future, discussions have been held with the chairman of the pension fund committee, the chairman of the board, the director of finance and the monitoring officer about increasing the membership of the board to six (requiring one additional scheme member representative and one additional employer representative) and leaving the quorum at three, with the current stipulation of membership category representation.
14. It is proposed that the additional employer representative be sought from officers of the Isle of Wight Council, having first approached elected members.
15. It is proposed that the additional scheme member representative is sought from active members employed by the council, with an article published in the internal newsletter seeking expressions of interest.
16. A further update will be provided at the board meeting.

STRATEGIC CONTEXT

17. The primary objective of the fund is to provide pension and lump sum benefits for members on their retirement and/or benefits on death, before or after retirement, for their dependents, in accordance with the Local Government Pension Scheme (LGPS) regulations and statutory provisions. The committee aims to operate the

fund in such a manner that, in normal market conditions, all accrued benefits are fully covered by the value of the fund's assets and that an appropriate level of contributions is agreed by the employers to meet the costs of future benefits accruing.

18. Having a clearly defined programme of work for the Pension Board and Pension Fund Committee will ensure that the fund's business is carried out in such a way as to ensure compliance with the Local Government Pension Scheme Regulations, other relevant legislation and the Pensions Regulator's Codes of Practice.

FINANCIAL / BUDGET IMPLICATIONS

19. There are no direct financial implications from agreeing the workplan for the committee and board.
20. Any costs incurred in delivering the work plan, including the costs of consultants engaged to deliver workshops, will be charged against the pension fund budget and will be reported separately to the board and committee in due course.

LEGAL IMPLICATIONS

21. The Public Service Pensions Act 2013 gave greater responsibilities to the Pensions Regulator for the oversight of public service pension schemes, including the Local Government Pension Scheme.
22. The Pensions Regulator's code of practice no 14, *Governance and administration of public service pension schemes*, sets out the legal requirements for public service pension schemes in respect of the governance of those schemes.
23. The Local Government Pension Scheme Regulations 2013, as amended, require each administering authority to have established a pension board by April 2015, specifying that the board membership must comprise an equal number, which is no less than four in total, of employer representatives and member representatives.
24. The Regulations state that it is for the administering authority to determine the membership of the board, the way in which members are appointed and removed, and the terms of appointment for board members.

EQUALITY AND DIVERSITY

25. The council, as a public body, is required to meet its statutory obligations under the Equality Act 2010 to have due regard to eliminate unlawful discrimination, promote equal opportunities between people from different groups and to foster good relations between people who share a protected characteristic and people who do not share it. The protected characteristics are: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
26. The consideration of the work programme for the board and the recruitment of additional pension board members will have no impact on any of the protected characteristics.

RISK MANAGEMENT

27. Failure to ensure that the highest governance standards are met could lead to the following risks:
- Poor or less than optimal decision making within the fund, as the knowledge and skills of individuals making decisions is not adequate.
 - A lack of clear objectives may lead to elected members, Pension Board members or officers spending time and resource in areas that are not of strategic importance.
 - An inability to evidence high standards of governance may bring the fund to the attention of the Pensions Regulator, who if dissatisfied has the power to fine the fund.

RECOMMENDATION

28. Members are asked to agree the work programme for the board and to note the process for the recruitment of new board members.

APPENDICES ATTACHED

29. [Appendix 1](#): Extracts from CIPFA publication *The Guide for Local Pension Boards*.
30. [Appendix 2](#): Agreed beliefs and objectives.
31. [Appendix 3](#): Proposed board work programme to May 2020.

BACKGROUND PAPERS

32. Isle of Wight Local Pension Board terms of reference: Article 11 Isle of Wight Council Constitution
<https://www.iow.gov.uk/azservices/documents/1189-Constitution-8.5-final.pdf>

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