



Committee report

COMMITTEE	ISLE OF WIGHT PENSION BOARD
DATE	24 APRIL 2019
TITLE	GOVERNANCE ACTION PLAN PROGRESS
REPORT OF	TECHINCAL FINANCE MANAGER

EXECUTIVE SUMMARY

1. This report sets out the progress made against the 11 recommendations arising from the Isle of Wight Pension Fund's (the fund's) governance review.
2. Members are asked to note the progress made.

BACKGROUND

3. In February 2018, the Isle of Wight Pension Committee commissioned a full review of its governance structures with the fund's governance and benefits advisers, Hymans Robertson.
4. The review was intended to:
 - provide the fund with an assessment of where it stands in relation to its legal requirements and the Pensions Regulator's expectations as well as providing a plan of how the fund can address any gaps that may exist; and
 - ensure that the objectives, policies and decision making within the fund are clearly aligned with the fundamental aim of delivering an excellent service to scheme members.
5. The review included a desk-top review of the fund's key documents, a self-assessment questionnaire for committee and pension board members and key officers, observation of committee and board meetings, and interviews with the committee and board chairs and key officers.
6. The results of the review were presented to the pension fund committee in a development session on 18 May 2018.
7. The table below sets out the status of work against each of those 11 recommendations, with more detail included in appendix 1 to this report.

		Current status	Previous status
RECOMMENDATION 1: Clarity of objectives	↑	Achieved	On track
RECOMMENDATION 2: Business planning	↔	Minor lag	Minor lag
RECOMMENDATION 3: Delivery – governance	↑	On track	Minor lag
RECOMMENDATION 4: Delivery – administration	↔	Minor lag	Minor lag
RECOMMENDATION 5: Risk management	↔	Minor lag	Minor lag
RECOMMENDATION 6: Decision making – structure	↔	Achieved	Achieved
RECOMMENDATION 7: Decision making – administration	↔	Achieved	Achieved
RECOMMENDATION 8: Decision making – communication	↑	Achieved	On track
RECOMMENDATION 9: Decision making – training	↔	On track	On track
RECOMMENDATION 10: Pooling – governance	↔	On track	On track
RECOMMENDATION 11: Pooling – reporting	↑	On track	Minor lag

8. Four of the 11 actions have now been completed, with good progress being made on four others. The remaining three activities are reliant on other actions being completed before they can progress.

STRATEGIC CONTEXT

9. Good governance arrangements are essential to the delivery of the council's services. Having an appropriate governance framework in place will improve the standards of governance for the pension schemes for which the council has responsibility.
10. Completing the actions arising from the governance review will assist in compliance with the newly agreed governance objectives of the fund, specifically to "*ensure compliance with the LGPS Regulations, other relevant legislation and the Pensions Regulator's Codes of Practice*".
11. It will also contribute to the first outcome of the latest Corporate Plan 2017-20: a financially balanced and stable council.

FINANCIAL / BUDGET IMPLICATIONS

12. There are no direct financial implications from noting the progress against the recommendations from the governance review.
13. Costs incurred in implementing some of these recommendations are charged against the pension fund budget and will be reported separately to the board and committee in due course.

LEGAL IMPLICATIONS

14. 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.
15. 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.

EQUALITY AND DIVERSITY

16. 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.
17. Undertaking the review of the pension fund's governance framework is not anticipated to have any direct impact on any of the protected characteristics.

RISK MANAGEMENT

18. 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

19. To note progress made against the recommendations arising from the fund's governance review.

APPENDICES ATTACHED

20. [Appendix 1](#): Progress against recommendations.

BACKGROUND PAPERS

21. Review of Fund Governance – project overview. Isle of Wight Pension Fund Committee 9 February 2018, Paper C
<https://www.iow.gov.uk/Meetings/committees/IW%20Pension%20Fund/9-2-18/PAPER%20C.pdf>
22. Progress against governance review recommendations. Isle of Wight Pension Fund Committee 23 November 2018, Paper G
<https://www.iow.gov.uk/Meetings/committees/IW%20Pension%20Fund/23-11-18/PAPER%20G%20-%20Gov%20Update%20v2.pdf>

23. Progress against governance review recommendations. Isle of Wight Pension Fund Committee 29 January 2019, Paper E
<https://www.iow.gov.uk/Meetings/committees/IW%20Pension%20Fund/8-2-19/PaperE.pdf>

Contact Point: Jo Thistlewood, Technical Finance Manager, ☎ 821000
e-mail jo.thistlewood@iow.gov.uk

CHRIS WARD
*Director of Finance
and Section 151 Officer*

COUNCILLOR ADRIAN AXFORD
*Chairman of the Isle of Wight
Pension Fund Committee*