



Committee report

Committee	ISLE OF WIGHT PENSION FUND COMMITTEE
Date	23 NOVEMBER 2018
Title	PROGRESS AGAINST GOVERNANCE REVIEW RECOMMENDATIONS
Report of	TECHNICAL 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 Fund Committee (the committee) commissioned a full review of its governance structures with the fund's governance and benefits advisers, Hymans Robertson LLP.
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, including the 11 recommendations, were presented to the committee and board 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
RECOMMENDATION 1: Clarity of objectives	↔	On track
RECOMMENDATION 2: Business planning	↓	Minor lag
RECOMMENDATION 3: Delivery – governance	↓	Minor lag
RECOMMENDATION 4: Delivery – administration	↔	Minor lag
RECOMMENDATION 5: Risk management	↔	Minor lag
RECOMMENDATION 6: Decision making – structure	↔	Achieved
RECOMMENDATION 7: Decision making – administration	↔	On track
RECOMMENDATION 8: Decision making – communication	↓	Minor lag
RECOMMENDATION 9: Decision making – training	↔	On track
RECOMMENDATION 10: Pooling – governance	↔	On track
RECOMMENDATION 11: Pooling – reporting	↔	Major lag

8. Progress on recommendation 2: business planning has slowed due to other work pressures delaying the presentation of the 2018-19 draft pension fund budget to the board, and hence the committee. Work is in progress to develop the 2019-20 budget for the board's consideration in January 2019.
9. Recommendation 3: delivery – governance has not completed as expected due to an unsuccessful recruitment campaign for the additional post within technical finance. The strategy for this position will be revisited before Christmas 2018.
10. The communications strategy, which is the outcome of recommendation 8, has been delayed as a result of focus being placed on the administration strategy, which is recommended for adoption elsewhere on the agenda for this meeting.
11. The minor lags on recommendations 4 and 5 are due to other work taking priority and the impact of the outcomes other recommendations on those actions. It is expected that these items will be commenced in the next quarter.
12. The significant lag on recommendation 11 is due to delays in the launch of the first ACCESS sub-fund for investment, which will not become operational until November 2018. The fund will not be investing in this first sub-fund, hence has time to resolve the reporting issues.

STRATEGIC CONTEXT

13. 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.
14. It will also contribute to the first outcome of the latest [Corporate Plan 2017-20](#): a financially balanced and stable council.

FINANCIAL / BUDGET IMPLICATIONS

15. There are no direct financial implications from noting the progress against the recommendations from the governance review.
16. 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

17. 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.
18. 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

19. 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.
20. 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

21. 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

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

APPENDICES ATTACHED

23. [Appendix 1](#): Progress Against Recommendations.

BACKGROUND PAPERS

24. 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>

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