

Isle of Wight Council Pension Fund Governance Review Report Progress against recommendations at 15 August 2019

Background

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.

<https://www.iow.gov.uk/Meetings/committees/IW%20Pension%20Fund/9-2-18/PAPER%20C.pdf>

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.

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.

The results of the review were presented to the pension fund committee in a development session on 18 May 2018.

Recommendations

There were 11 recommendations arising from the review, each of which were discussed at the development session, and agreed by committee and board members, as well as officers.

This report sets out progress made on each of the 11 actions since the last update provided dated 30 May 2019.

In summary:

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

New employee commenced work 12 August – initial focus will be on treasury management which will free existing staff to focus on pension issues.

Future action

Linking into good governance survey and business planning – review of programme for fund work, and resource requirements.

RECOMMENDATION 4: Delivery – administration

The Council review the current structure around the pension administration team and the Technical Finance Manager, to ensure that appropriate reporting lines are in place and that senior managers are adequately aware of their own responsibilities in relation to the management and administration of the fund.

Status: GREEN on track **Direction of travel: ↑**

Work has not yet started on this recommendation, as other work has taken priority. It is anticipated that work will commence on this action within the next quarter.

Action since last update

Continued close working between technical finance team and pension administration team.

CIPFA pensions administration benchmarking return has been completed.

Meetings held with Payments Manager (line manager for pension administration team) to discuss resource requirements. Future joint working has been agreed.

Future action

Review of output from governance and administration objectives workshop to determine committee and board members' expectations of service standards.

Review of CIPFA guide *Administration in the LGPS* to ensure efficient and effective service is provided.

Link to results of good governance survey results for further development.

Consideration to be given to development of service level agreement with pension administration team, and further development of key performance indicator reporting to pension board.

RECOMMENDATION 5: Risk management

The fund should create a risk management policy, setting out:

- its risk philosophy for the management of the fund;
- its appetite for risk;
- how risk management is implemented;
- roles and responsibilities for the management of risk;
- key controls to be operated by those with responsibility for managing the fund.

Following on from the creation of its risk policy the current issues log should be developed into a full risk register.

This revised risk register, or alternatively a highlight version, should then become a standing item at future Committee and Board meetings.

Status: GREEN on track **Direction of travel: ↑**

Detailed work has not yet started on this recommendation, as it will follow on from workshop activities in response to recommendation 1, and the review of the fund's funding and investment strategies.

Action since last update

Workshop for Risk Management planned for 6 September 2019.

Future action

Further review of investment and funding risks as part of valuation planning.
Development of risk management policy, adapting resources already available from Isle of Wight Council.
Redesign (potential separation) of risks and issues logs, and reimplementing of monitoring.

RECOMMENDATION 6: Decision making – structure

Consideration should be given to putting in place an investment sub-Committee, to support the work of the Pension Committee and to ensure the Administering Authority is more able to exploit the wider opportunities and strategies the Fund will be exposed to as part of the ACCESS pool.

Status: ACHIEVED **Direction of travel:** ↔

Future action

Monitor effectiveness of committee meetings in this format.

RECOMMENDATION 7: Decision making – administration

Ensure that the Fund puts in place and publishes an Administration Strategy, in accordance with the requirements of the LGPS Regulations, to include all of the matters set out in regulation 59(2) of those Regulations.
A strategy should also be agreed to launch the Administration Strategy and to ensure Administering Authority and employer compliance with the requirements of the Strategy.

Status: ACHIEVED **Direction of travel:** ↔

Future action

Monitoring of compliance

RECOMMENDATION 8: Decision making – communication

The Fund's Communication Policy should be reviewed, to ensure that it more accurately meets the requirements of the LGPS Regulations and articulates the manner in which the Administering Authority will communicate with members, prospective members, their representatives and scheme employers.

Status: ACHIEVED **Direction of travel:** ↔

Action since last update

Communications strategy adopted by pension fund committee at meeting on 8 February 2019 and published on fund's website.

Future action

Communications strategy to be formally launched to stakeholders.
Discussions to develop communications plan to be held.

RECOMMENDATION 9: Decision making – training

Consideration should be given to putting in place a formal Training Policy, setting out the Administering Authorities approach to training for members of the Pension Committee, Pension Board and Officers involved in the management and administration of the Fund.

Status: **GREEN on track** **Direction** **of** ↑
travel:

Action since last update

Series of workshops held to date.
Discussions around format for future workshops being held.

Future action

Future board and committee papers to include expectations of prior understanding for agenda items to be discussed.
Development of formal training policy, in conjunction with internal learning and development colleagues.

RECOMMENDATION 10: Pooling – governance

Review the terms of reference and scheme of delegation for the Fund's pension Committee and Pension Board to ensure they are appropriate post pooling. If an investment sub-committee is being set up, consider its terms of reference in the context of pooling.

Status: **GREEN on track** **Direction** **of** ↑
travel:

Action since last update

Monitoring Officers from two ACCESS funds still to comment on revised Inter Authority Agreement. May require further consultation if their comments require additional amendments.
Governance training for Joint Committee scheduled for 9 September meeting has now been deferred.

Future action

Governance training for individual funds within ACCESS will follow from JC training. Deputy MO for Council has confirmed that any changes to IAA can be approved by s151 officer, and resulting changes to constitution can be made by MO.
Terms of reference for pension fund committee and board to be formally reviewed, subject to potential changes from ACCESS governance documentation.
New ACCESS interim director has been invited to attend pension fund committee meeting on 15 November to update committee on developments.

RECOMMENDATION 11: Pooling – reporting

Ensure the fund receives regular reporting from ACCESS on both manager selection and performance, holding ACCESS to account and ensuring that the best interests of the Isle of Wight Pension Fund’s interests are satisfactorily met.

Status: **GREEN on track** **Direction** **of** ↑
travel:

This work will primarily be driven by the ACCESS pool itself.

Action since last update

Quarterly reporting received in respect of first transition.
Pension Fund and Treasury Management Accountant attended reporting workshop on 2 August.

Future action

Review of current internal processes once first quarterly report from ACCESS received for new investment.
Continued involvement in working groups.
Invitation issued to first ACCESS investor day on 16 October 2019.