



Committee report

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| Committee | ISLE OF WIGHT PENSION FUND COMMITTEE |
| Date | 22 JULY 2020 |
| Title | UPDATE ON ACTIVITIES SINCE LAST MEETING |
| Report of | TECHNICAL FINANCE MANAGER |

EXECUTIVE SUMMARY

1. This report provides an update for members of the Pension Fund Committee on activities since the last committee meeting, on 13 March 2020, including some of the impacts of the current Covid-19 pandemic situation on the Isle of Wight Council Pension Fund.
2. Members are asked to note the contents of the report.

ITEMS ARISING FROM MINUTES 13 MARCH

3. The committee noted that the triennial valuation of the fund as at 31 March 2019 was complete, and approved the employer contribution rates for the three years commencing April 2020. In addition, the committee approved the funding strategy statement arising from the valuation. Following the meeting, both the valuation report and the funding strategy statement were published on the fund's website: www.isleofwightpensionfund.org.
4. The committee meeting scheduled for 27 May 2020 was cancelled due to the Coronavirus pandemic and the council decision not to hold any meetings – key items scheduled for that meeting will be covered later on the agenda of this meeting:
 - (a) Draft financial results for the year ended 31 March 2020.
 - (b) Next stages of investment strategy review.

PENSION BOARD MEETINGS

5. The pension board meeting scheduled for 21 April was cancelled, in line with other council meetings.
6. The board met virtually on 17 June using Microsoft Teams. The agenda and papers for that meeting are available on the council's democratic services pages and are linked in the background papers below.
7. The scheduled board training on annual report and accounts for 17 June was deferred.

GOVERNANCE ACTIONS

8. It was intended that the revised constitution (including revised terms of reference for the pension board and Pension Fund Committee) be presented for adoption at the Annual Meeting of the Isle of Wight Council, scheduled for 22 May 2020; however due to the pandemic situation this meeting has been deferred until September.
9. The council's Monitoring Officer has confirmed that although the revised terms of reference have not yet been formally approved, they do reflect – and more clearly state – the legal position of the board. It is therefore agreed that pension board meetings are no longer required to be open to members of the general public, although scheme members and representatives of scheme employers will be able to attend should they wish, and can allow some flexibility in their operation. Accordingly, the board meeting on 17 June was not open to members of the general public.
10. The Technical Finance Manager has been diverted to Covid-19 response activity, particularly business rate grants and community support payments, hence there was very limited activity on pension fund governance activities between March and May 2020. Members should be reassured that pensions administration and accounting activities progressed throughout the period, and no statutory deadlines were missed during the period.
11. During June, proposed revisions to the fund's governance policy were circulated to board members for comment. These were discussed at an informal board meeting on 29 June and will be presented to the committee for adoption at its meeting in September 2020.
12. The completion of the governance compliance statement to 31 March 2020 has now begun, with the statement being split into ten sections:
 - i) General requirements.
 - ii) Knowledge and understanding.
 - iii) Conflicts of interest.
 - iv) Publishing information about the scheme.
 - v) Managing risks and internal controls.
 - vi) Scheme record keeping.
 - vii) Maintaining contributions.
 - viii) Member communication.
 - ix) Internal dispute resolution procedure.
 - x) Breaches of the law.
13. Three sections (knowledge and understanding, conflicts of interest and publishing information about the scheme) have been circulated to board members for their comment – this was undertaken at the informal board meeting on 29 June.
14. Two sections (scheme record keeping and maintaining contributions) have been shared with officers in advance of being sent to board members.
15. It is intended that the full compliance statement will be presented to the committee for adoption at its meeting in September.

16. Information from external advisers etc, has been circulated to board and committee members as it has been received, although not with as much analysis as was provided before the pandemic situation, due to pressures on workloads. Members of both committee and board have been invited to participate in the myriad of virtual development sessions delivered by the fund's advisers and investment managers.
17. The preparation of the annual report and accounts for the year ended 31 March 2020 continues, in line with the revised timetable agreed by CIPFA (Chartered Institute of Public Finance and Accountancy) and MHCLG (Ministry for Housing, Communities and Local Government). This will be discussed in more detail as a separate item on this agenda.
18. Board and committee members were reminded of the importance of completing the National Knowledge Assessment survey. By the deadline, ten committee and board members had responded to the survey (six out of eight committee members and all four board members). The report has been received but has not yet been reviewed or shared.
19. Officers have completed Local Government Association (LGA) Covid-19-related surveys on resilience, cash flow and governance. The LGA reports from each of the surveys, annotated with the fund's responses to each question, are attached as appendix 1 to this report.

ADMINISTRATION ACTIVITY

20. The pension administration team have maintained a near 'business as usual' service throughout the pandemic shutdown, with all team members successfully working from home.
21. In accordance with guidance issued by the Pensions Regulator, the team has focused its work on paying benefits to members and dealing with members that are about to retire and relatives that have recently lost a loved one. Scheme members and employers have been advised of these priorities through email messages and via the pension fund website.
22. Other activity from the pension administration team includes:
 - (a) communication to members via website – key messages posted regularly;
 - (b) employer templates for 2020-21 returns sent out before year end;
 - (c) 2019-20 end of year processing substantially complete;
 - (d) I-connect interface launched for Isle of Wight Council and other employers.
23. Key administration performance indicators for the financial year 2019-20 and the first two months of 2020-21 were presented to the pension board at its June meeting, and are included at appendices 2A and 2B to this report.
24. Committee members should note that the fund has not experienced a significant change in the number of deaths processed, members opting out of the scheme or requesting to change to the 50:50 scheme, or transfers out of the scheme during the first two months of 2020-21 in comparison to the same period in 2019-20.

25. Appendices 3A and 3B contain information about employer compliance with monthly data submission and contribution payment deadlines for the year ended 31 March 2020 and the first two months of the current year.
26. The main reason for non-compliance with the deadlines is where employers are sending payment and data returns by post, rather than electronically. As officers are not based in council buildings during this period, there are delays in collecting and processing post. Contact has been maintained with employers via email during the pandemic shutdown. No employer has sought deferral of contributions as a result of Covid19.

INVESTMENT ACTIVITY

27. Global investment markets have been very volatile since the end of February 2020, as a result of the pandemic crisis.
28. Investment performance will be covered in more detail as a separate item on this agenda.
29. No action has been taken in terms of a change in asset allocation, either as a result of market volatility or arising from the decision to amend the strategic asset allocation taken at the February 2020 committee meeting.
30. The next stages in the review of the investment strategy will be covered as a separate item on this agenda.

ACCESS POOLING

31. The Technical Finance Manager has been participating in weekly officer working group Microsoft Teams meetings since 26 March. In addition, the Pension Fund and Treasury Management Accountant has participated in group activity in respect of the annual report for ACCESS,
32. Two monthly briefing papers have been provided to Joint Committee members.
33. The Joint Committee meeting scheduled for 15 June was cancelled. A virtual meeting, using Microsoft Teams, was held on 17 July, feedback from which will be provided as a separate item on this agenda.
34. The planned transition of UK Equity segregated mandate (Majedie) into the ACCESS pool has been deferred from 11 May to a future date to be agreed.

RECOMMENDATION

35. Members are asked to note the activity undertaken since the last pension committee meeting.

APPENDICES ATTACHED

36. [Appendix 1](#) – LGA survey reports including Isle of Wight Pension Fund responses
37. [Appendix 2](#) – Pension administration key performance indicators 2019-20
38. [Appendix 3](#) – Pension administration key performance indicators 2020-21
39. [Appendix 4](#) – Employer compliance data 2019-20
40. [Appendix 5](#) – Employer compliance data 2020-21

BACKGROUND PAPERS

41. 17 June 2020 Pension Board agenda and papers
<https://www.iow.gov.uk/Meetings/committees/Pension%20Board/17-6-20/agenda.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
*Chair of the Isle of Wight
Pension Fund Committee*