

Public Document Pack



**Isle of Wight
Council**

Monitoring Officer
Christopher Potter

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Agenda

Name of meeting	ISLE OF WIGHT PENSION FUND COMMITTEE
Date	WEDNESDAY 14 FEBRUARY 2024
Time	10.00 AM
Venue	COUNCIL CHAMBER, COUNTY HALL, NEWPORT, ISLE OF WIGHT
Members of the committee	CLLRS C JARMAN (Chairman), V Churchman (Vice-Chairman), P Brading, P Fuller, K Lucioni, N Stuart and I Ward Steve Milford (Co-Opted) (Non-Voting) Democratic Services Officer: Megan Tuckwell democratic.services@iow.gov.uk

1. **Apologies and Changes in Membership (If Any)**

To note any changes in membership of the Committee made in accordance with Part 4B paragraph 5 of the Constitution.

2. **Minutes** (Pages 7 - 12)

To confirm as a true record the Minutes of the meeting held on 22 November 2023.

3. **Declarations of Interest**

To invite Members to declare any interest they might have in the matters on the agenda.



Details of this and other Council meetings can be viewed on the Council's [website](#). This information may be available in alternative formats on request. Please note the meeting will be audio recorded and the recording will be placed on the website (except any part of the meeting from which the press and public are excluded). Young people are welcome to attend however parents/carers should be aware that the public gallery is not a supervised area.

4. **Public Question Time - 15 Minutes Maximum**

Questions may be asked without notice, but to guarantee a full reply, a question must be put (including the name and address of the questioner) in writing or by email to Democratic Services democratic.services@iow.gov.uk, no later than two clear working days before the meeting. The deadline for submitting a written question is Friday, 9 February 2024.

5. **Report from the Local Pension Board** (Pages 13 - 18)

To receive a copy of the draft minutes of the meeting of the Local Pension Board held on 13 December 2023.

6. **Governance Compliance Statement and Action Plan** (Pages 19 - 68)

To adopt the governance compliance statement for 2022-23 on recommendation from the Local Pension Board, and to agree and support the action plan to address the identified areas of non-compliance.

7. **Breaches Log** (Pages 69 - 80)

To receive and agree the fund's breaches of the law log, and to confirm the status of the potential breach identified on recommendation from the Local Pension Board.

8. **Risk Register** (Pages 81 - 100)

To adopt the revised risk register for the fund, on recommendation from the Local Pension Board.

9. **Pension Fund Recharges** (Pages 101 - 106)

To consider the breakdown of costs charged to the Pension Fund from Isle of Wight Council, following review by the Local Pension Board.

10. **External Audit Update**

To receive a verbal update on the completion of the pension fund's external audit for 2022-23, and planning for the 2023-24 audit.

11. **Investment Strategy Update:**

(a) **Investment Strategy Implementation Update** (Pages 107 - 112)

To receive and note the update on the implementation of the agreed investment strategy, including updates on Private Debt and Infrastructure allocations, and the transition of the Fixed Income portfolio into the ACCESS pool.

(b) **Investment Strategy Statement 2024** (Pages 113 - 144)

To receive and adopt the 2024 investment Strategy Statement.

12. **Investment Performance and Funding Level**

To receive and note the reports from the fund's investment consultants:

(a) Investment Assets as at 31 December 2023 (Pages 145 - 146)

(b) Quarterly Investment Performance Report (Pages 147 - 164)

13. **Governance Support Update** (Pages 165 - 174)

To receive an update on governance support activity since the last meeting.

14. **Knowledge and Understanding Update** (Pages 175 - 194)

To receive the report from the Hymans Robertson Knowledge Progress Assessment, completed in December 2023, and to consider next steps for the creation of a training strategy and development of a training programme for 2024-25 and beyond.

15. **Legislation and Regulation Update**

To receive and note a verbal update on the Pension Regulator's General Code, which was laid before Parliament on 10 January 2024, and comes into force on 27 March 2024.

16. **Members' Question Time**

Questions may be asked without prior notice, but to guarantee a full reply, a question must be submitted to Democratic Services no later than 10.00am, Monday, 12 February 2024.

17. **Exclusion of Public and Press**

To consider passing a resolution that, under Section 100(A)(4) of the Local Government Act 1972, the public and press be excluded from the meeting for the following item of business, namely agenda item(s) 18 to 19 on the grounds that there is likely to be disclosure of exempt information as defined in paragraphs 3 of Part 1 of Schedule 12A of the Act and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

18. **ACCESS Update (Confidential)** (Pages 195 - 228)

To receive and note the update on activity with the ACCESS pool.

19. **Procurement and Contract Management Update (Confidential)** (Pages 229 - 236)

To receive and note an update on procurement and contract management activity.

CHRISTOPHER POTTER
Monitoring Officer
Tuesday, 6 February 2024

Interests

If there is a matter on this agenda which may relate to an interest you or your partner or spouse has or one you have disclosed in your register of interests, you must declare your interest before the matter is discussed or when your interest becomes apparent. If the matter relates to an interest in your register of pecuniary interests then you must take no part in its consideration and you must leave the room for that item. Should you wish to participate as a member of the public to express your views where public speaking is allowed under the Council's normal procedures, then you will need to seek a dispensation to do so. Dispensations are considered by the Monitoring Officer following the submission of a written request. Dispensations may take up to 2 weeks to be granted.

Members are reminded that it is a requirement of the Code of Conduct that they should also keep their written Register of Interests up to date. Any changes to the interests recorded on that form should be made as soon as reasonably practicable, and within 28 days of the change. A change would be necessary if, for example, your employment changes, you move house or acquire any new property or land.

If you require more guidance on the Code of Conduct or are unsure whether you need to record an interest on the written register you should take advice from the Monitoring Officer – Christopher Potter on (01983) 821000, email christopher.potter@iow.gov.uk, or Deputy Monitoring Officer - Justin Thorne on 821000, email justin.thorne@iow.gov.uk.

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If you wish to record, film or photograph the council meeting or if you believe that being filmed or recorded would pose a risk to the safety of you or others then please speak with the democratic services officer prior to that start of the meeting. Their contact details are on the agenda papers.

If the press and public are excluded for part of a meeting because confidential or exempt information is likely to be disclosed, there is no right to record that part of the meeting. All recording and filming equipment must be removed from the meeting room when the public and press are excluded.

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Minutes

Name of meeting	ISLE OF WIGHT PENSION FUND COMMITTEE
Date and Time	WEDNESDAY 22 NOVEMBER 2023 COMMENCING AT 10.00 AM
Venue	COUNCIL CHAMBER, COUNTY HALL, NEWPORT, ISLE OF WIGHT
Present	Cllrs C Jarman (Chairman), P Brading, P Fuller, N Stuart and I Ward
Also Present	Matthew Collier, Catherine Boulter, Jo Cooke, Jo Thistlewood and Megan Tuckwell,
	Chris King (Hymans Robertson)
Also Present (Virtual)	Susan McKenzie and Andrew McKerns (Hymans Robertson), Barbara Milton (Local Pension Board)
Apologies	Cllrs V Churchman and K Lucioni, Steve Milford

36. **Apologies and Changes in Membership (If Any)**

Apologies had been received from Cllr Vanessa Churchman, Cllr Karen Lucioni and Steve Milford.

37. **Minutes**

RESOLVED:

THAT the minutes of the meeting held on 6 September 2023 be approved.

38. **Declarations of Interest**

Cllr Nick Stuart declared an interest as he had a family investment portfolio in the stock market.

Cllr Paul Fuller declared an interest in Minute item 42, Draft Annual Report and Accounts, as a member of Northwood Parish Council, Cowes Town Council, and Gurnard Parish Council.

39. **Public Question Time - 15 Minutes Maximum**

No public questions were received.

40. **Report from the Local Pension Board**

The committee received the minutes of the meeting of the Local Pension Board held on 13 September 2023. Attention was drawn to the ongoing delays with the external audit and the subsequent impact on the fund's annual reports and accounts. A breakdown of costs recharged from the council would be considered by the Board at its meeting in December 2023.

Concerns were raised regarding the significant ongoing key-person dependency risk, and support was sought from the committee in progressing the structural staffing review of the pensions function without further delay. It was noted that the recruitment to a new Governance Support Officer post was now live.

The committee received an update on the Pensions Administration Team's significant staffing capacity issues and the work underway to address this (including a service redesign and short-term contract with Hymans Robertson to provide support whilst recruitment activities were underway).

The committee received an update on board membership, and it was confirmed that Tonya Jayston had been appointed to fill one of the vacant employer-representative seats. Discussion took place regarding the remaining vacant employer-representative seat which must be filled by an elected member of the council.

RESOLVED:

THAT the update be received and noted.

41. **Policy on Academy Funding**

The Pension Fund Manager presented the report which summarised the fund's policy on the admission of new academies or multi-academy trusts into the fund, including the calculation of any new employer's share of assets and liabilities, and setting the employer contribution rate. Questions were raised regarding the ability to refuse any transferring academies as a result of any future Island-based multi-academy trust consolidation.

RESOLVED:

- i) THAT the policy on academy funding be agreed.
- ii) THAT the statement of principle that the Isle of Wight Pension Fund would not accept transferring academies as a result of Multi Academy Trust consolidation, be agreed.
- iii) THAT the formalisation of the fund's current practices in respect of academy outsourcing contracts be agreed.
- iv) THAT the policy on academy funding be adopted and published on the fund's website.

42. **Draft Annual Report and Accounts**

Consideration was given to the draft annual report for the year ended 31 March 2023. As a result of the ongoing delays with the external audit, it was recommended that the draft be adopted (subject to any final changes arising from the external audit) and to be approved for publication on the fund's website in order to meet the statutory deadline of 1 December 2023. Minor grammatical corrections were suggested. Questions were raised regarding risk mitigation, responsible investment, and a timeline to develop the ESG/RI policy.

RESOLVED:

- i) THAT the draft annual report and accounts for the year ended 31 March 2023 be adopted (subject to any changes from the external audit) and be approved for publication on the fund's website before the deadline of 1 December 2023.
- ii) THAT the committee be notified of the progress of the external audit for both the Pension Fund and the Council.
- iii) THAT authority be delegated to the Pension Fund Manager, in consultation with the Director of Finance and the chairman of the Pension Fund Committee, to produce the outstanding items for the draft annual report, and that this is published by the deadline of 1 December 2023.
- iv) THAT authority be delegated to the Pension Fund Manager, in consultation with the Director of Finance and the chairman of the Pension Fund Committee, to update the annual report and accounts for any changes arising from the audit, and to publish the final annual report and accounts as soon as practical after the Audit and Governance Committee meeting.
- v) THAT the committee and the Local Pension Board be notified of the conclusion of the pension fund's external audit and the publication of the final annual report and accounts, and a report be presented to each body at the first meeting after the conclusion of the process.

43. **Draft Governance Compliance Statement 2022-23**

The committee received the draft Governance Compliance Statement for the year ended 31 March 2023. Attention was drawn to the areas of non-compliance, which were summarised into three key themes; knowledge and understanding, conflicts of interest, and disputes and resolution. Discussion took place regarding the work planned (and underway) to address the areas of non-compliance, and it was confirmed that the Local Pension Board would review the statement and formulate an action plan at its meeting on 13 December 2023. Questions were raised regarding the training plans for members of both the committee and the Local Pension Board.

RESOLVED:

- i) THAT the draft Governance Compliance Statement for the year ended 31 March 2023 be noted.

- ii) THAT the final version of the Governance Compliance Statement be presented to the committee for adoption at its meeting in February 2024.

44. **Investment Performance and Funding Level**

44a **Investment assets as at 30 September 2023**

44b **Quarterly Investment Performance Report**

Consideration was given to the reports for the quarter ended 30 September 2023, which included investment assets and a summary of market returns, capital market outlook, asset allocation, fund performance, and fund manager analysis. Discussion took place regarding fund manager performance in respect of responsible investments. Questions were raised in relation to investment fees and charges against investment returns.

RESOLVED:

THAT the updates on investment performance and funding level be noted.

45. **Investment Strategy Implementation**

The committee received the report which presented the outcomes arising from the two selection panels for the increased investment allocation to both private debt and infrastructure (as agreed by the committee at its meeting in September 2023). No comments or questions were raised. The committee received a verbal update on the progress with the transition of the fund's fixed income portfolio into the ACCESS pool. It was anticipated that the transition would be completed by January 2024, and a report confirming the completion would be provided at the next meeting.

RESOLVED:

In relation to private debt:

- i) THAT the decision of the selection panel to appoint Pantheon be agreed.
- ii) THAT the Isle of Wight Pension Fund makes a commitment to the Pantheon – Senior Debt Secondaries III (GBP) fund.
- iii) THAT the Isle of Wight Pension Fund makes a commitment of £65 million to this strategy, based on the updated cash flow analysis to achieve the desired target allocation.
- iv) THAT the progress made towards commissioning a legal review of the fund documentation be noted.

In relation to infrastructure:

- v) THAT the decision of the selection panel to appoint JP Morgan be agreed.
- vi) THAT the Isle of Wight Pension Fund makes a commitment to the JP Morgan Infrastructure Investments Fund.

- vii) THAT the Isle of Wight Pension Fund makes a commitment of £30 million to this strategy in 2024 and considers a further commitment of approximately £40 million in 2028/29 to achieve the desired target allocation, based on updated analysis.
- viii) THAT the Isle of Wight Pension Fund opts for the GBP-hedged share class of the JP Morgan Infrastructure Investments Fund.
- ix) THAT officers be authorised to commission a legal review of the selected fund's documentation and commission taxation advice.
- x) THAT Hymans Robertson be instructed to provide a transition plan and assess the availability of fund units on the secondary market (which sometimes trade at a discount if they are still in the lock-up period).

In relation to fixed income:

- xi) THAT the verbal update on the progress of the transition of the fund's fixed income holdings into the ACCESS Sterling Core Bond Fund (Royal London) be noted.
- xii) THAT a report on the completion of this activity be provided to the next committee meeting.

46. **Governance Support Update**

Consideration was given to the report from Hymans Robertson which outlined the governance support work being undertaken, including an update on the progress since September 2023 and the governance outlook for the next period. The committee received an update on the progress with the high-priority workplan items and an indicative 12-month timeline of activities. Discussion took place regarding the Board's role in reviewing the fund's risk register, including a focusing on high (red-rated) risks.

RESOLVED:

- i) THAT the Hymans Robertson report and appendix be noted.
- ii) THAT the committee continues to support the actions and approach to fund governance.
- iii) THAT the committee continues to pursue the conclusion of the Barnett Waddingham structure options report.
- iv) THAT the updates to the high (red-rated) risks be noted.

Following discussion, the committee adjourned for a ten-minute comfort break.

47. **Knowledge and Understanding Update**

The committee received a verbal update on committee members' training. The Pension Fund Manager agreed to circulate the link to the Pension Regulators toolkit, and to sign up for the Hymans Robertson knowledge progress assessment exercise

for committee and board members to complete. It was agreed that future training could be delivered through both online and face-to-face sessions.

RESOLVED:

THAT the update be noted.

48. Legislation and Regulation Update

The Pension Fund Manager provided a verbal update and confirmed that the DLUHC consultation on investment pooling had been submitted, the launch of the Pension Regulators' general code was imminent, and the Good Governance Project (on the standards of governance and improving the governance of the LGPS) was with ministers for consideration. No comments or questions were raised, and the update was noted.

RESOLVED:

THAT the update be noted.

49. Members' Question Time

No questions were received.

50. Exclusion of Public and Press

RESOLVED:

THAT the public and press be excluded.

51. ACCESS Update

The Pension Fund Manager presented the confidential report which provided updated information about the ACCESS Pool since the last meeting, including updates from the Joint Committee meeting held on 4 September 2023, and planning for the next meeting in December 2023. No comments or questions were raised, and the update was noted.

RESOLVED:

THAT the update be noted.

52. Procurement and Contract Management Update

The Pension Fund Manager provided a confidential verbal update on procurement and contract management activities since the last meeting. Discussion took place regarding the process and appointment of the selection panel for an actuary.

RESOLVED:

THAT the update be noted.

CHAIRMAN

Minutes

Name of meeting	LOCAL PENSION BOARD
Date and Time	WEDNESDAY 13 DECEMBER 2023 COMMENCING AT 2.00 PM
Venue	CONFERENCE ROOM 4, COUNTY HALL, NEWPORT, ISLE OF WIGHT
Present	M Doyle (Chairman), T Jayston, L Kingston, B Milton and T Ould
Also Present	Catherine Boulter, Matthew Collier, Jo Cooke and Jo Thistlewood, C Jarman (Virtual)

10. **Minutes**

RESOLVED:

THAT the minutes of the meeting held on 13 September 2023 be approved.

11. **Declarations of Interest**

No declarations were received.

12. **Report from the Pension Fund Committee**

The Board was provided with a verbal update following the meeting of the Pension Fund Committee on 22 November 2023.

A discussion was held around the Risk Register and the recent investment manager selection processes.

The Pension Fund Manager confirmed that Board members were not expected to attend the Pension Fund Committee meetings but were welcome to attend as observers.

RESOLVED:

THAT the verbal update be received and noted.

13. **Breakdown of Costs Recharged from IWC**

Consideration was given to the costs recharged to the pension fund from Isle of Wight Council.

Individual line items were discussed and it was agreed that further clarification from the Isle of Wight Council Finance team was required for some of them.

RESOLVED:

THAT the verbal update be received and noted.

THAT a breakdown and clarification of recharges be provided to the Board and also reported to the Pension Fund Committee in February 2024.

14. External Audit Results Report 2021-22

The Pension Fund Manager presented the external audit results report on the Pension Fund accounts for the year ended 31 March 2022, as presented to the Audit and Governance Committee on 25 September 2023, and confirmed that that Isle of Wight Council's audit was completed shortly thereafter. No areas of concern were identified on the pension fund accounts.

The Pension Fund Manager shared highlights of the report which included that the data was reported to be of great quality and there was currently no need for a data improvement plan.

The Pensions Manager confirmed to the Board that all employers in the fund were now submitting their monthly data via the i-connect portal, and this has improved the data quality.

The Pensions Fund Manager confirmed that the external audit for the 31 March 2023 accounts had been started and was almost complete. It was anticipated that the next internal audit review of the Pensions Administration Team was expected in 2024-25.

RESOLVED:

THAT the external audit results report be received and noted.

15. External Audit Planning Report 2022-23

The Pension Fund Manager presented the external audit planning report for the Pension Fund's audit for the year ended 31 March 2023. This was shared at the Audit and Governance Committee on 11 December 2023. No issues or concerns were raised and no comments were made by that Committee.

The Pension Fund Accountant shared that the statutory deadline for publishing the annual report and accounts for the year ended 31 March 2023 was 1 December 2023. It was confirmed that the draft annual report was published online on 13 December 2023.

It was advised that the pension fund's annual report and accounts could not be completed until the external audit for Isle of Wight Council has concluded. At that time, the annual report and accounts will be completed and re-published. Repercussions for a late publication were reputational and it was shared that this Pension Fund was not alone in publishing its report late.

RESOLVED:

THAT the report be received and noted.

16. Draft Governance Compliance Statement

The Pension Fund Manager provided the Board with the draft governance compliance statement for the year ended 31 March 2023, as presented to the Pension Fund Committee on 22 November 2023.

Discussion was held around the three areas of non-compliance that need to be improved and how this would happen: Knowledge and Understanding, Conflicts of Interest, and Disputes and Resolution. The Pension Fund Manager reported to the Board that they were working with Hymans to address these non-compliance issues. It was advised that draft policies were to be made ready for the next Board meeting in March 2024 and were to be put to the Pension Fund Committee for adoption in May 2024.

Further discussion was had around the Board's Terms of Reference and the need for them to be reviewed. It was agreed this would be discussed at the next Board meeting in March 2024 along with reviewing board member attendance.

The Pension Manager updated the Board that the tracing service was working well and over half of the "gone away" members have now been identified. Using a monthly mortality report has also meant that payments were stopped immediately by payroll so there were fewer incidents of overpayments.

RESOLVED:

THAT the report be received and noted.

THAT the action plan for non-compliant areas be agreed and can be recommended to the Pension Fund Committee at its next meeting on 14 February 2024.

THAT the draft policies be developed and presented to the Board at the next meeting on 6 March 2024.

17. Report from the Pensions Administration Team

The Pensions Manager presented the report on the administration statistics for the year 2023-24 to date and advised of any complaints recorded and potential breaches of the law identified since the last meeting.

Staff recruitment and retention issues in the Pension Administration Team were discussed. The Board were advised that this was a major concern due to the negative impact on KPI results and Hymans were supporting the team by providing a senior pension officer and a technical support link.

Digitalisation of all paper documents held in storage was reported to being an on-going project and was going well.

Consideration was given to the potential breach in law that the Full Council has failed to nominate a replacement elected member employer representative to the Board since May 2023. The Pension Fund Manager reported it was raised repeatedly as a governance issue with the Chief Executive, the Monitoring Officer, and the Pension Fund Committee. It was agreed that if no elected member joins the Board following the next Full Council Meeting on 17 January 2024 it would be discussed at the next meeting if the breach was to be reported to the Pensions Regulator.

The Pension Manager reported that there were no reported issues with employer compliance and that no verbal or written complaints were received.

RESOLVED:

THAT the report from the Pensions Administration Team be received and noted.

THAT the Board will further consider the outcome of the potential breach in law at their next meeting on 6 March 2024.

18. **Governance**

The Pension Fund Manager provided an update on governance support activity since the last meeting. This was the same report as presented to the Pension Fund Committee on 22 November 2023.

RESOLVED:

THAT the report be received and noted.

19. **Risk Register Update**

The Pension Fund Manager provided a verbal update on the current risk register and amendments that have been made since the last meeting.

Discussion took place around the 28 identified risks. Two risks were combined as they were felt to be duplicated. Two remained as a very high risk – resilience and capacity. Cyber Security and Environmental, Social and Governance (ESG) were both to remain as a red risk.

The Board were advised that the Governance Compliance role was out for recruitment and interviews scheduled for 10 January 2024.

RESOLVED:

THAT the verbal update be received and noted.

THAT the Board agree to the changes to Risk register and this to reviewed at their next meeting on 6 March 2024.

20. **Knowledge and Understanding**

The Pension Fund Manager provided an update of the record of Board members' training and an update on any training events, meetings, including development sessions and fund manager presentations.

It was agreed that the board members would complete the Knowledge Progress Assessment so that knowledge gaps would be identified and the training plan to be updated accordingly.

RESOLVED:

THAT the report be received and noted.

THAT all board members to complete the Knowledge Progress Assessment.

21. **Other matters for the Board's attention**

The Board discussed organising informal meetings between members. The Pensions Fund Manager requested that any topics raised and discussed at these meetings were shared at Board meetings.

The Chairman and board member Barbara Milton attended the ACCESS Joint meeting on 4 December 2023 and a verbal update was given on this.

CHAIRMAN

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Purpose: For Decision

Committee Report

ISLE OF WIGHT COUNCIL

Meeting	ISLE OF WIGHT PENSION FUND COMMITTEE
Date	14 FEBRUARY 2024
Title	GOVERNANCE COMPLIANCE STATEMENT 2022-23
Report of	PENSION FUND MANAGER

Executive Summary

1. This report presents the Isle of Wight Council Pension Fund's Governance Compliance Statement for the year ended 31 March 2023 for adoption, and the agreed action plan to improve compliance in the next municipal year.
2. Following adoption of the governance compliance statement, it will be published on the Pension Fund website (<https://www.isleofwightpensionfund.org/>) and will be included in the final Annual Report and Accounts for the year ended 31 March 2023, following the conclusion of the external audit for Isle of Wight Council, as administering authority for the fund.
3. Progress against the action plan will be monitored by the Local Pension Board and will be reported to each future meeting of the committee.

Recommendation

4. That the governance compliance statement for the year ended 31 March 2023 is adopted and published on the fund's website.
5. That the action plan to address non-compliant areas is agreed.
6. That the Local Pension Board monitor progress against the agreed action plan and report back to each future committee meeting.

Background

7. At its meeting on 22 November 2023, the Pension Fund Committee received the draft governance compliance statement for the Isle of Wight Council Pension Fund (the fund) for the year ended 31 March 2023.
8. Following that meeting, the draft governance compliance statement was considered by the Local Pension Board at its meeting on 13 December 2023, at which meeting an action plan was developed to address the three identified areas of non-compliance.
9. The Local Pension Board did not propose any changes to the draft governance compliance statement, as previously presented to the committee. The final version of the governance compliance statement for adoption is presented as Appendix 1 to this report.
10. The Local Pension Board agreed the proposed actions to cover the non-compliant areas, being Knowledge and Understanding of Board and Committee members; Complaints and Internal Dispute Resolution; and Conflicts of Interest. The action plan presented to the Board meeting is attached to this report as Appendix 2. A verbal update on progress made since the plan was agreed will be provided at the meeting.

Corporate Priorities and Strategic Context

11. There is nothing contained in this report which directly contributes to the priorities contained in the Isle of Wight Council [Corporate Plan 2021 – 2025](#).

Pension Fund Strategic Aims

12. 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 employer to meet the cost of future benefits accruing.
13. The fund has also agreed the following objectives, which are supported by information in this report:
 - (a) Ensure compliance with the LGPS regulations, other relevant legislation, and the Pensions Regulator's codes of practice.
 - (b) Ensure the fund is managed, and its services provided, by people with the appropriate knowledge and understanding.
 - (c) Communicate in a friendly, expert, and direct way to our stakeholders, treating each equally according to their needs.
 - (d) Act with integrity and be accountable to our stakeholders for our decisions, ensuring they are robust, and evidence based.
 - (e) Understand and monitor risk and compliance.
 - (f) Continually measure and monitor success against objectives.

Consultation

14. The governance compliance statement was updated by the Pension Fund Manager, in consultation with fund officers. It was shared with the fund's governance consultants, Hymans Robertson LLP for their input.
15. The presentation of the draft statement to both Pension Fund Committee and Local Pension Board formed part of the consultation on this matter.
16. Other than Hymans Robertson, no external consultation was undertaken, nor was it deemed necessary.

Local Pension Board View

17. The Local Pension Board considered this matter at its meeting on 13 December 2023.
18. Board members agreed the classification of each area within the statement as either fully compliant, partially compliant, or non-compliant. They further agreed the detail of the action plan for addressing areas of non-compliance and requested that the draft policies required to address both the Complaints and Internal Disputes Resolution and Conflicts of Interest issues be brought to their March 2024 meeting for consideration and onward recommendation.
19. The board agreed to recommend both the governance compliance statement and the action plan to the Pension Fund Committee for adoption.

Financial / Budget Implications

20. There are no direct financial implications relating to the review and revision of the governance compliance statement. The costs of the review by Hymans Robertson are included in the ongoing governance support contract agreed by this committee in September 2023.
21. Actions required to improve future compliance will be funded from internal staff resources, with support from the fund's governance consultants, Hymans Robertson LLP. Additional costs will be reported as outputs from the action plan are implemented.

Legal Implications

22. Isle of Wight Council is the administering authority for the Isle of Wight Council Pension Fund. An administering authority is defined in the Local Government Pension Scheme Regulations 2013 as "a [local authority] required to maintain a pension fund under the local government pension scheme regulations".
23. Regulation 55 of the LGPS Regulations 2013 prescribes the content of the governance compliance statement which must be included in the annual report. The governance compliance statement should outline the overall governance structure in place.

Equality and Diversity

24. 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.
25. There are no implications for any of the protected characteristics arising from items covered in this report.

Options

26. Option 1: That the governance compliance statement for the year ended 31 March 2023 is adopted and published on the fund's website.
27. Option 2: That the governance compliance statement for the year ended 31 March 2023 is not adopted; and that further amendments are made before it is approved and published.
28. Option 3: That the action plan to address non-compliant areas is agreed; and the Local Pension Board monitor progress against the agreed action plan and report back to each future committee meeting.
29. Option 4: That the action plan to address non-compliant areas is not agreed.

Risk Management

30. Following the enactment of the Public Service Pensions Act 2013 (PSPA13), and the introduction of the Pensions Regulator's code of practice number 14, there has been greater public scrutiny of the governance and administration of public service pension funds, including the LGPS.
31. It is the responsibility of the Isle of Wight Council, as administering authority, to ensure that the Isle of Wight Council Pension Fund is properly managed, governed and administered in compliance with relevant regulations and other requirements. The council has delegated the functions of scheme manager for the LGPS to the Isle of Wight Pension Fund Committee.
32. Established under PSPA13, the pension board is responsible for assisting the scheme manager in securing:
 - (a) the effective and efficient governance and administration of the scheme;
 - (b) compliance with the scheme regulations and other legislation relating to the governance and administration of the scheme; and
 - (c) compliance with requirements imposed in relation to the scheme by the Pensions Regulator.

33. Should the council, as administering authority, fail to ensure appropriate standards of governance and administration of the pension fund, the Pensions Regulator has the powers to issue an improvement notice under section 13 of the Pensions Act 2004. This would have reputational issues for the council and the pension fund.

Evaluation

34. As the Pension Fund Committee has already had chance to consider the draft governance compliance statement at its meeting on 22 November 2023, and the Local Pension Board has reviewed the statement and agreed the classifications therein, it is proposed that Option 1 is followed.
35. The Local Pension Board has considered the action plan to address areas of non-compliance and is satisfied that the actions proposed are sufficient to address the issues and ensure improved compliance by the time of the next assessment. Accordingly, option 3 is recommended.

Appendices Attached

36. Appendix 1: Isle of Wight Council Pension Fund 2022-23 Governance Compliance Statement FINAL
37. Appendix 2: Non-compliance action plan - 29 November 2023.

Background Papers

38. Isle of Wight Pension Fund Committee 22 November 2023 Agenda item 8 Draft Governance Compliance Statement 2022-23
<https://iow.moderngov.co.uk/documents/s13164/ITEM%208%20-%20Draft%20Governance%20Compliance%20Statement%202022-23.pdf>
39. Local Pension Board 13 December 2023 Agenda item 7 Draft Governance Compliance Statement
<https://iow.moderngov.co.uk/documents/s13385/ITEM%207%20-%20Draft%20Governance%20Compliance%20Statement%202022-23.pdf>
40. Contact Point: Joanna Thistlewood, Pension Fund Manager, ☎ 821000
e-mail jo.thistlewood@iow.gov.uk

CHRIS WARD
*Director of Finance and
Section 151 Officer*

COUNCILLOR CHRIS JARMAN
*Chairman of the Isle of Wight
Pension Fund Committee*

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Isle of Wight Council Pension Fund Governance Compliance Statement Updated 17 October 2023




Isle of Wight Council Pension Fund | [Hymans Robertson LLP](#)

The Isle of Wight Council Pension Fund has published a [Governance Policy](#) outlining the governance arrangements for the fund, in accordance with the Local Government Pension Scheme Regulations 2013.



Regulation 55 requires that a statement is prepared which confirms the governance arrangements for the fund, that such a statement be regularly reviewed and updated, consulted upon where appropriate and be published as part of the fund's annual report and accounts.



The compliance statement below is presented in a format provided by the fund's governance advisers, Hymans Robertson LLP. It has been prepared by the Pension Fund Manager, in consultation with other officers of the pension fund and the council, as administering authority. It has been reviewed by the Local Pension Board and adopted by the Pension Fund Committee.


The compliance statement should be read in the context of the fund's published governance policy, which can be found [here](#).



Key	Last report dated:	31 August 2022
	Improvement in level of compliance since last reported	
	Maintain level of compliance since last reported	
	Deterioration in level of compliance since last reported	

Establishment of the local pension board



Ref	Principle	Detail of best practice principle	Compliance (Full/Partial/Non)	Statement of Compliance
E1	Local pension board to be established by 1 April 2015	Local Pension Board terms of reference agreed and approved by the Council	Full compliance 	<p><i>Enter here the committee and date the terms of reference were agreed and link or reference to where this can be found</i></p> <p>The Isle of Wight Council Local Pension Board was established at the full council meeting in January 2015, including adoption of terms of reference for the board.</p> <p>https://iow.moderngov.co.uk/CeConvert2PDF.aspx?MID=887&F=Paper%20D.pdf&A=1&R=0</p> <p>The first board meeting was held on 14 August 2015.</p> <p>The terms of reference have been reviewed and amended several times since the original adoption. The board's current terms of reference can be found in Part 3, section 6 of the Council's Constitution:</p> <p>https://iow.moderngov.co.uk/ieListDocuments.aspx?CId=219&MId=1729&Ver=4&Info=1</p>
E2	All pension board members to have a personalised training plan in place that is regularly monitored and updated	The administering authority should have a person designated to take responsibility for ensuring training plans are followed and regularly review the members training requirements and keep appropriate records of their learning activities and the board as a whole	Non compliance 	<p><i>Enter here whether individual training plans have been completed and where it can be found</i></p> <p>The fund participated in the Hymans Robertson National Knowledge Assessment 2022, with the results considered at the January 2023 board meeting and the February 2023 committee meeting; identifying areas for improvement of knowledge and understanding for both committee and board members.</p> <p>To date no progress has been made in developing a fund-specific knowledge and understanding policy or individual learning plans for both pension fund committee and pension board members. In addition, there remains a need to develop and implement a comprehensive induction programme for both board and committee members.</p> <p>The role profile for pension board members includes a requirement that all modules of the Pension Regulator's online toolkit be completed within six-months of joining the board. This has not been achieved by all board members.</p>




Ref	Principle	Detail of best practice principle	Compliance (Full/Partial/ Non)	Statement of Compliance
E3	Expenses of the local pension board to be part of the expenses of administration of the pension fund	Provision has been made in the accounting procedures to identify the costs incurred in the establishment and operational costs of the local pension board	Partial compliance 	<p><i>Enter here how the costs are being identified</i></p> <p>All cost of administering and operating the pension board are charged separately to the pension fund accounts within the Council's accounting system (SAP).</p> <p>There is no specific budget set for the costs incurred by the pension fund (other than the staffing budget within the council's accounts which is subsequently recharged), or for expenses of the pension board, although reasonable costs agreed with the Director of Finance and section 151 officer are borne by the fund.</p> <p>Adoption of a detailed budget is a recognised priority within the development programme.</p>
E4	Local Pension Board to have equal number of scheme member representatives and employer representatives which is no fewer than 4 in total.	The terms of reference will provide for an equal number of scheme member representatives and employer representatives which is no less than 4 in total	Full compliance 	<p><i>Enter here the number of scheme member and employer representatives</i></p> <p>The terms of reference for the Local Pension Board, published in the Council's Constitution Part 3, Section 6, provide for total membership of between 4 and 8, in equal numbers of scheme member and employer representatives, with the addition of an independent chairman.</p> <p>The current membership of the board is 7, as follows:</p> <ul style="list-style-type: none"> • Three scheme member representatives • Three employer representatives • One independent chair (non-voting) <p>As at the date of completion there are currently two vacancies for employer representatives on the board: the elected member representative (considered at both July and September full council meetings, but no nominations received; political group leaders have been emailed), and the council's staff employer representative (CMT have asked for expressions of interest from the wider council staff, to be returned by 31 October 2023)</p>



Ref	Principle	Detail of best practice principle	Compliance (Full/Partial/ Non)	Statement of Compliance
E5	Determine the manner and terms by which members of the local pension board are appointed.	The manner and terms by which members of the local pension board are clearly set out.	Full compliance 	<p><i>Enter here where the manner and terms by which members of the local pension board are clearly set out.</i></p> <p>The terms of reference for the Local Pension Board, published in the Council's Constitution Part 3, Section 6, specify the process by which board members will be recruited, selected and appointed:</p> <p><u>Scheme member representatives:</u></p> <ul style="list-style-type: none"> • One to be selected from nominations sought from all trade unions. • Two to be selected from expressions of interest sought from all active, deferred and pensioner members of the scheme. <p><u>Employer representatives:</u></p> <ul style="list-style-type: none"> • One to be an elected councillor of Isle of Wight Council, appointed by full council. • One to be a council officer, nominated by the Council's Corporate Management Team. • One to be selection from nominations sought from other employers within the fund. <p><u>Independent chairman:</u></p> <ul style="list-style-type: none"> • External advertisement. <p>Applications/nominations received will be reviewed by the Pension Fund Manager, the Director of Finance and the Chairman of the Pension Fund Committee, and final appointment will be approved by Full Council.</p> <p>All board members, including the independent chairman, are appointed for a period of four years, following which a new recruitment process will be followed.</p> <p>There is nothing to prohibit members being reappointed for additional terms.</p>



Ref	Principle	Detail of best practice principle	Compliance (Full/Partial/ Non)	Statement of Compliance
E6	The administering authority to be satisfied that persons appointed to the local pension board do not have a conflict of interest.	The administering authority will have a conflict of interest policy and procedure in order to identify and manage actual and potential conflicts of interest	Partial compliance 	<p><i>Enter here whether a conflicts of interest policy has been adopted, where it can be found and the review procedure.</i></p> <p><i>Is it to be a regular feature on the local pension board agenda?</i></p> <p><i>Is there a register of interests? Who is responsible for maintaining it?</i></p> <p><i>Are local pension board members aware of what could be considered a conflict of interest? (i.e. included in induction training)</i></p> <p>Pension Board members are subject to a conflict of interest policy based on upon the Council's Code of Conduct contained within the constitution. At 31 March 2023, current board members (other than those who are elected members of the council or are employed by the council) have not yet been asked to complete a declaration of interest on appointment.</p> <p>Board members are invited to declare any interests they may have on agenda items at the start of each board meeting.</p> <p>The creation of a fund-specific conflicts of interest policy is included on the fund's workplan for 2023-24.</p>
E7	The administering authority to have regard to guidance issued by the Secretary of State	The administering authority will have knowledge and access of the LGPS Advisory Board website (http://www.lgpsboard.org) and regularly check for updates and alerts.	Full compliance 	<p><i>Enter here the post title of the officer(s) responsible for regularly checking the LGPS Advisory Board website and any other methods by which the Fund is kept informed of any guidance issued.</i></p> <p>The task of regularly checking the LGPS Advisory Board website is not specifically allocated to an individual officer but falls within the remit of the Pension Fund Manager. Other methods of update include CIPFA and LGA bulletins, emails and networking events and Pension Regulator updates. Updates are provided at all committee and board meetings, with additional information circulated to committee and board members in between meetings.</p>



The Pensions Regulator’s Code of Practice




	Requirement	Full Compliance	Compliance (Full/Partial/ Non)	Statement of Compliance
P1	Knowledge and Understanding			
P1.1	A member of the local pension board must be conversant with the scheme rules and any document recording policy about the administration of the scheme adopted by the administering authority	A training strategy has been adopted and a training plan drafted in which there is provision for informing local pension board members of the LGPS rules, regulations and the Fund’s documents and recording policy.	Partial compliance 	<p><i>Enter here whether a training strategy and plan have been adopted, where it can be found and the review process.</i></p> <p>The role profile for pension board members includes a requirement that all seven modules of the Pension Regulator’s online toolkit be completed within six-months of joining the board.</p> <p>At 31 March 2023, three members had failed to comply with this requirement.</p> <p>Board members have recently been re-enrolled on the Hymans Robertson Aspire LGPS Online Learning Academy v2.0 and have been encouraged to complete all eight modules by 31 March 2024. Progress will be reported at each board meeting.</p> <p>To date no progress has been made in developing a fund-specific knowledge and understanding policy or individual learning plans for both pension fund committee and pension board members.</p>
P1.2	A process should be in place to ensure a member of the local pension board has the knowledge and understanding required of the law relating to pensions and other matters which are prescribed in the Regulations which is sufficient to enable them to perform their duties	A training strategy has been adopted and a training plan drafted in which there is provision for informing local pension board members of the law relating to pensions and matters prescribed in regulations.	Partial compliance 	<p><i>Enter here whether a training strategy and plan have been adopted, where it can be found and the review process.</i></p> <p>The fund participated in the Hymans Robertson National Knowledge Assessment 2022, with the results considered at the January 2023 board meeting and the February 2023 committee meeting; identifying areas for improvement of knowledge and understanding for both committee and board members.</p> <p>A report on the completion of the Pension Regulator’s online toolkit and the Hymans Robertson LGPS Online Learning Academy v2.0 modules is presented at each board meeting.</p> <p>To date no progress has been made in developing a fund-specific knowledge and understanding policy or individual learning plans for both pension fund committee and pension board members.</p>



	Requirement	Full Compliance	Compliance (Full/Partial/Non)	Statement of Compliance
P1.3	The administering authority should establish and maintain policies and arrangements for acquiring and retaining knowledge and understanding	A training strategy has been adopted and a training plan drafted to establish the arrangements for local pension board members to acquire and retain knowledge and understanding.	Non compliance 	<i>Enter here whether a training strategy and plan have been adopted, where it can be found and the review process.</i> The fund participated in the Hymans Robertson National Knowledge Assessment 2022, with the results considered at the January 2023 board meeting and the February 2023 committee meeting; identifying areas for improvement of knowledge and understanding for both committee and board members. To date no progress has been made in developing a fund-specific knowledge and understanding policy or individual learning plans for both pension fund committee and pension board members.
P1.4	The administering authority should designate a person to take responsibility for ensuring that a training framework is developed and implemented.	A training strategy has been adopted that contains details of the person designated to take responsibility for ensuring that a framework is developed and implemented	Partial compliance 	<i>Enter here whether a training strategy and plan have been adopted, where it can be found and the review process.</i> <i>Also state the post title or name of the person designated to take responsibility for ensuring that a framework is developed and implemented</i> The fund publishes CIPFA Knowledge and Skills Framework compliance statements in its annual report and accounts, which designates the Section 151 officer as having responsibility for ensuring the framework is implemented.
P1.5	The members of the pension board should be familiar with the AVC options offered by the Fund, including the choice of investments offered to members and the relative performance of those.	Information of the AVC options are provided to the local pension board members	Non compliance 	<i>Enter here how information of the AVC options are provided to the local pension board members (e.g. induction training, contained in the training plan, provided with an information pack)</i> No information has been provided to board members on this matter.



	Requirement	Full Compliance	Compliance (Full/Partial/ Non)	Statement of Compliance
P1.6	The administering authority to prepare and keep an updated list of the documents with which they consider pension board members need to be conversant, including the scheme rules and relevant Fund specific documentation.	An updated list of documents is maintained	Full compliance 	<p><i>Enter here whether a list is in existence, where it is available and the post title(s) of the person(s) responsible for maintaining it and notifying local pension board members of updates.</i></p> <p>A list of key documents is maintained, based on current requirements and including new items arising from the Scheme Advisory Board's Good Governance Project. This list includes where each document can be found and when it is due for review.</p> <p>This is presented to the board annually (last presented June 2022) https://iow.moderngov.co.uk/documents/s8264/ITEM%2011b%20-%20Documentation%20List.pdf The pension board work programme includes items for the review of all documents as they become due.</p> <p>It is the responsibility of the Pension Fund Manager for maintaining this list and ensuring documents are kept up to date.</p>
P1.7	The roles and responsibilities of pension board members to be clearly documented.	The terms of reference of the pension board should clearly set out the role, responsibility and duties of the pension board members	Full compliance 	<p><i>Enter here whether a policy has been adopted, where it is available and the post title(s) of the person(s) responsible for maintaining it</i></p> <p>The terms of reference for the Local Pension Board are published in the Council's Constitution Part 3, Section 6,</p> <p>The role profile for pension board members, covering both employer and scheme member representatives, is published on the pension fund website. This sets out the responsibilities and expectations of board members. Employer and Scheme Member Representatives on the Local Pension Board Isle of Wight Pension Fund</p> <p>The role profile for the independent chair of the board is also published on the fund's website. Independent Chair of the Local Pension Board Role Description Isle of Wight Pension Fund</p>



	Requirement	Full Compliance	Compliance (Full/Partial/ Non)	Statement of Compliance
P1.8	Local pension board members to be aware of their personal responsibilities in terms of knowledge and understanding	Local pension board members should have personalised training plans in place, making them aware of their personal responsibilities in terms of knowledge and understanding	Full compliance 	<p><i>Enter here how this awareness is communicated (e.g. at induction training, contained within the training strategy, personal training plans, regular agenda item, monitoring by person designated to take responsibility for ensuring that a framework is developed and implemented)</i></p> <p>The role profile for pension board members, covering both employer and scheme member representatives, is published on the pension fund website. This includes the knowledge and understanding requirements and expectations for board members.</p> <p>Employer and Scheme Member Representatives on the Local Pension Board Isle of Wight Pension Fund</p> <p>An item on board members' knowledge and understanding is included on each board meeting agenda.</p>
P1.9	The administering authority to assist individual local pension board members to determine the degree of knowledge and understanding to effectively carry out their role as a pension board member (including pre-appointment training and mentoring if appropriate)	A monitoring system / procedure should be contained in the training strategy and in place in order to assist the local pension board member to attain the level of knowledge and understanding that is sufficient for them to effectively carry out their role, responsibilities and duties as a pension board member	Partial compliance 	<p><i>Enter here whether a training strategy and plan have been adopted, where it can be found and the review process.</i></p> <p><i>Also state the post title or name of the person designated to take responsibility for ensuring that a framework is developed and implemented and how this is achieved</i></p> <p>The fund participated in the Hymans Robertson National Knowledge Assessment 2022, with the results considered at the January 2023 board meeting and the February 2023 committee meeting; identifying areas for improvement of knowledge and understanding for both committee and board members.</p> <p>To date no progress has been made in developing a fund-specific knowledge and understanding policy or individual learning plans for both pension fund committee and pension board members.</p> <p>The Pension Fund Manager is the lead support officer for, and a key participant in, pension board meetings and plays a key role in identifying and procuring training needs.</p> <p>The fund publishes CIPFA Knowledge and Skills Framework compliance statements in its annual report and accounts, which designates the Section 151 officer as having responsibility for ensuring the framework is implemented.</p>


	Requirement	Full Compliance	Compliance (Full/Partial/ Non)	Statement of Compliance
P1.10	The administering authority to maintain individual training plans for local pension board members	Individual training records are kept and maintained of the learning activities of the local pension board members.	Partial compliance 	<p><i>Enter here the post title or name of the person designated to take responsibility for maintaining the individual training records of the local pension board members.</i></p> <p><i>Are these regularly reported to the board / individual?</i></p> <p>An item on board members' knowledge and understanding is included on each board meeting agenda, this includes reports on members' progress in completing the Pension Regulator's online toolkit and the Hymans Robertson LGPS Online Learning Academy modules.</p> <p>This information is maintained by the Pension Fund Manager.</p> <p>To date no progress has been made in developing a fund-specific knowledge and understanding policy or individual learning plans for both pension fund committee and pension board members.</p>
P1.11	Local pension board members to invest sufficient time in their learning and development alongside their other responsibilities.	There is provision in the individual training plans to monitor and record attendance at training events and whether sufficient time is being invested in learning and development.	Partial compliance 	<p><i>Enter here the post title or name of the person designated to take responsibility for maintaining the individual training records of the local pension board members.</i></p> <p><i>Are these regularly reported to the board / individual?</i></p> <p><i>When / how?</i></p> <p>Board members are encouraged to attend development sessions provided by the fund, normally held virtually outside of the formal meeting schedule. They are also supported to attend regional and national training event.</p> <p>A report on members' progress in completing the Pension Regulator's online toolkit and the Hymans Robertson LGPS Online Learning Academy modules is presented at each board meeting, along with reports from attendees at external training events.</p> <p>The record of development activities is maintained by the Pension Fund Manager.</p>



	Requirement	Full Compliance	Compliance (Full/Partial/ Non)	Statement of Compliance
P1.12	Pension board members complete tPR's e-learning programme	Local pension board members are required to complete the Pensions Regulator's e-learning programme but this is not in isolation and is supplemented by specific LGPS and related Fund learning activities	Partial compliance 	<i>Enter here whether the training strategy sets out the requirement or method by which local pension board members complete the Pensions Regulator's e-learning programme and how this is recorded and monitored</i> The role profile for pension board members includes a requirement that all 7 modules of the Pension Regulator's online toolkit be completed within 6 months of joining the board. A report on members' progress in completing the Pension Regulator's online toolkit modules is presented at each board meeting. At 31 March 2023, three members had failed to comply with this requirement.
P2	Conflicts of Interest			
P2.1	The administering authority should have in place an appropriate conflicts of interest policy, clearly identifying individual roles in identifying and reporting potential conflicts of interest and to whom any potential conflict should be reported	Administering authorities should ensure that there is an agreed and documented conflicts policy & procedure, which includes identifying, monitoring & managing potential conflicts of interest.	Non compliance 	<i>Enter here whether a conflicts policy is in existence, where it is available and the post title(s) of the person(s) responsible for maintaining it.</i> Pension Board members are subject to a conflict of interest policy based on upon the Council's Code of Conduct contained within the constitution, as are all committee members. It has been identified that there needs to be a new conflicts of interest policy specific to the pension board, with a register of interest form relevant to board members. To date no progress has been made on the development of this policy. The creation of a fund-specific conflicts of interest policy is included on the fund's workplan for 2023-24.
P2.2	The conflicts of interest policy has a regular review date incorporated in to it	Regular review date specified within the policy.	Non compliance 	<i>Enter here if a regular review date has been implemented</i> The council's constitution is subject to regular review. The new board-specific policy will contain a review date, but as yet no policy has been created.


	Requirement	Full Compliance	Compliance (Full/Partial/ Non)	Statement of Compliance
P2.3	The administering authority to maintain a register of all conflicts (and potential conflicts) that are raised, reviewing them appropriately	The administering authority should retain and regular review a register of all conflicts (and potential conflicts) that have been raised. Conflicts should be reviewed and any action taken forward.	Non compliance 	<p><i>Enter here whether a register of conflicts exists, where it can be found and the post title(s) of the person(s) responsible for maintaining it.</i></p> <p><i>Details of the review process and action taken should be clearly documented</i></p> <p>The current declaration form is the same as that required for all elected members, much of which is irrelevant for the pension board member role.</p> <p>Current board members (other than those who are elected members of the council or are employed by the council) have not yet been asked to complete a declaration of interest on appointment.</p> <p>As part of development of new conflicts of interest policy, a new declaration form to be developed and completed.</p>
P2.4	Declaration of conflicts (or potential conflicts) of interest to be disclosed on appointment and at regular intervals (inc. as a standing item at all meetings)	The administering authority should retain a 'register of interest'. This is a simple and effective means of recording and monitoring dual interests and responsibilities of the Pension Board members.	Partial compliance 	<p><i>Enter here whether a register of conflicts exists, where it can be found and the post title(s) of the person(s) responsible for maintaining it.</i></p> <p><i>This should include initially disclosed conflicts of interest and any additional thereafter.</i></p> <p>Current board members (other than those who are elected members of the council or are employed by the council) have not yet been asked to complete a declaration of interest on appointment.</p> <p>Board members are invited to declare any interests they may have on agenda items at the start of each board meeting.</p>



	Requirement	Full Compliance	Compliance (Full/Partial/ Non)	Statement of Compliance
P3	Publishing information about schemes			
P3.1	The administering authority must publish information about the local pension board and keep that information up to date	Provision is made on the Council website or Fund website that is available for all scheme members to view and should include: <ul style="list-style-type: none"> - Name - Representative role - Employment and job title (where relevant) - The appointment process to the pension board 	Full compliance 	<p><i>Enter here where the information about the local pension board is published and the post title of the person(s) responsible for its maintenance</i></p> <p><i>Add link to webpage</i></p> <p>The pension fund website includes a page dedicated to the pension board: Local Pension Board Isle of Wight Pension Fund</p> <p>This includes the names, representative role and nomination process, appointment date and term of office.</p> <p>The names of the pension board members are also published on the council's democratic web pages, but this does not include their representation category. Committee details - Local Pension Board - Modern Council (moderngov.co.uk)</p> <p>The process by which each category of board members appointed is covered in the terms of reference for the board included within the Council's Constitution Part 3, Section 6.</p> <p>The pension fund website also includes role profiles for both employer and scheme member representatives and the independent chair. Employer and Scheme Member Representatives on the Local Pension Board Isle of Wight Pension Fund Independent Chair of the Local Pension Board Role Description Isle of Wight Pension Fund</p>
P3.2	The administering authority should publish information about the local pension board's business	All board papers, agendas and minutes of meetings are available on the Council website or Fund website for all scheme members to view	Full compliance 	<p><i>Enter here where the board paper, agendas and minutes of meetings can be viewed.</i></p> <p><i>Add link to webpage</i></p> <p>All board meeting agendas, papers and minutes are published on the council's democratic web pages</p> <p>Browse meetings - Local Pension Board - Modern Council (moderngov.co.uk)</p>


	Requirement	Full Compliance	Compliance (Full/Partial/ Non)	Statement of Compliance
P3.3	The administering authority should consider any requests for additional information to be published to encourage scheme member engagement and promote a culture of transparency	<p>There will be details on the Council website or Fund website informing scheme members who to contact if they wish to make any requests for further information to be published.</p> <p>There will be a procedure in place for determining what scheme member requests will be agreed and how the decision is communicated to the scheme member</p>	<p>Full compliance</p> 	<p><i>Enter here where the details can be found.</i> <i>Confirm if there is a procedure in place for determining requests for further information to be published</i></p> <p>Governance information is published on the democratic web pages for both committee Committee details - Isle of Wight Pension Fund Committee - Modern Council (moderngov.co.uk) and pension board Committee details - Local Pension Board - Modern Council (moderngov.co.uk)</p> <p>The pension fund website provides a wide variety of regulatory, statutory and local information and which is accessible to all members (active, deferred and retired) and employers of the fund. Home Isle of Wight Pension Fund</p> <p>The fund's communications policy is published on the website. https://www.isleofwightpensionfund.org/resources/communications-policy/</p>
P4	Managing Risks			
P4.1	The administering authority is required to have in place internal controls that include adequate systems, arrangements and procedures for the administration and management of the Fund (including external service providers and third parties)	<p>There are in place systems, arrangements and procedures to ensure that the scheme is being run in accordance with the scheme rules as set out in regulations. This will include a clear separation of duties, processes for escalation and decision making and documented procedures for assessing and managing risk, reviewing breaches of law and managing contributions to the scheme.</p>	<p>Partial compliance</p> 	<p><i>Enter here details of hierarchy and reporting</i> <i>The existence of a risk register and its review frequency</i> <i>The auditing arrangements of the fund administration.</i> <i>If outsourced or shared service how the service provider is monitored against service levels</i></p> <p>The administration of the pension fund is undertaken in-house by Pensions Services, which is part of the Council's Business Centre. Accounting, governance including support for committee and pension board, and oversight of funding and investment is undertaken by the LGPS Finance Team, within the Finance department.</p> <p>There remain concerns over insufficient resource in the LGPS finance team to cover all requirements, with a significant reliance on a single officer, and that administration team resources will be insufficient to deliver forthcoming projects without compromising business as usual activities.</p> <p>The results of the independent review of the pension fund structure was discussed by the council's Chief Executive, Director of Finance and Director of Corporate Resources in early May 2023. At that time, any further action on the report was deferred until after the conclusion of the Council's corporate structure review, expected late 2023.</p>


	Requirement	Full Compliance	Compliance (Full/Partial/ Non)	Statement of Compliance
				<p>The pension fund's risk management policy was reviewed and updated in December 2021. It is published on the fund's website. Risk Management Policy Isle of Wight Pension Fund</p> <p>The fund's risk register was first adopted by the pension fund committee in May 2022. The pension board is responsible for maintaining oversight of the risk management framework and risk register; the register is reviewed in detail at each Local Pension Board meeting and then recommended for adoption at the next available Pension Fund Committee meeting.</p> <p>The council's Key Financial Controls are reviewed annually by internal audit; all controls in place for the council's accounting processes are replicated for the pension fund. The pension administration service was last reviewed in full by internal audit in 2019-20, with follow-up reviews in following years each returning "reasonable assurance"</p>
P4.2	The administering authority should have in place a risk register to record all risks and actions taken, which is reviewed regularly	An appropriate risk register is produced, recording all identified risks and action taken. This should be a standing item at all Pension Board meetings.	<p>Full compliance</p> 	<p><i>Enter where (if) the risk register is available and the person responsible for maintaining it.</i></p> <p>The fund's risk register was first adopted by the pension fund committee in May 2022. The risk register is maintained by the Pension Fund Manager. The Local Pension Board is responsible for maintaining oversight of the risk management framework and risk register. The register is reviewed in detail at each Local Pension Board meeting, with changes recommended for adoption at the next available Pension Fund Committee meeting.</p> <p>The most recent review by the Local Pension Board was in April 2023 https://iow.moderngov.co.uk/documents/s11393/ITEM%208%20Risk%20Register.pdf</p>



	Requirement	Full Compliance	Compliance (Full/Partial/ Non)	Statement of Compliance
P4.3	The administering authority should regularly review the effectiveness of its risk management and internal control processes	Scheduled review dates should be included within the business remit of the Administering Authority. A review report should be produced detailing the effectiveness and any adjustments required with the Schemes risk management and internal controls	Full compliance 	<i>Enter here if there are scheduled review dates and their frequency.</i> Internal control processes for the pension fund mirror those for the administering authority, which are subject to review periodically by the council's internal audit team. The pension fund's risk management policy was reviewed and updated in December 2021. The policy has an annual review date, which has not been achieved. The policy is scheduled for review in November 2024. The fund's funding strategy statement was updated as part of the March 2022 triennial valuation process, and published on 31 March 2023 https://www.isleofwightpensionfund.org/resources/isle-of-wight-council-pension-fund-2022-funding-strategy-statement/
P4.4	Risk management and internal controls should be a standing item on the Pension Committee and pension board agendas	Risk Management and internal controls included as an agenda item with the Pension Committee and pension board agendas.	Full compliance 	<i>Enter here whether risk management and internal controls have been added to the agenda.</i> Risk management and the risk register are considered at each meeting of the Local Pension Board and the Pension Fund Committee . The matter remains a standing item on both meeting agendas' as demonstrated by the workplan. https://iow.moderngov.co.uk/documents/s11363/ITEM%2015%20Pensions%20Workplan%202023-25%20v1.1.pdf


	Requirement	Full Compliance	Compliance (Full/Partial/Non)	Statement of Compliance
P5	Scheme record keeping			
P5.1	The administering authority must be able to demonstrate that they keep accurate, up to date and enduring records to be able to govern and administer the LGPS effectively	There is in place a reliable pension administration software system for the purpose of keeping accurate and up to date scheme member data.	Full compliance 	<p><i>Enter here the system operated and its industry acceptance</i> <i>If outsourced or shared service how the data is monitored for accuracy or how member information is kept up to date and notified to the service provider</i></p> <p>The Isle of Wight Council continue to use the Heywood Pension Technologies (HPT) Altair system which is a well-known database enabling the administration of pensions. The system is externally hosted, which ensures that all system updates are actioned on a timely basis, and system and data issues can be investigated promptly.</p> <p>A procurement exercise completed in June 2022 has renewed the contract for this system for the next 10 years.</p> <p>There is regular attendance at HPT user group CLASS meetings to discuss any issues and seek resolutions to any difficulties.</p> <p>Pensions Services team members attend training sessions to keep them abreast of any system updates to ensure that records are maintained accurately.</p> <p>100% of the fund's employers are providing monthly electronic data submissions via the i-connect portal.</p>



	Requirement	Full Compliance	Compliance (Full/Partial/ Non)	Statement of Compliance
P5.2	The administering authority must ensure that scheme member data across all membership categories specified in the Record Keeping Regulations is complete and accurate and the data is subject to regular data evaluation	<p>There is in place a procedure for all membership categories to pass on information with regard to changes in their own circumstances</p> <p>There is in place a procedure for scheme employers to advise of changes in circumstances of their scheme members</p>	<p>Full compliance</p> 	<p><i>Enter here whether such procedures exist to notify changes in scheme member data</i></p> <p>All members are encouraged to notify the pension administration team of any changes in their circumstances. The preferred method of notification is via the member self-service (MSS) portal which is a secure method of making changes to their member records.</p> <p>In addition, copies of change forms are available on the pension web pages. Members can also write or email in their changes.</p> <p>The use of the i-connect portal for monthly data submissions, with 100% of scheme employers expected to be onboard by April 2023, has significantly improved the timeliness of notification of changes to members' circumstances.</p> <p>The fund's actuary provided a data report following the 2022 triennial valuation exercise, which confirmed "<i>the membership data submitted by the Fund for the 2022 valuation is of great quality and fit the purpose of a funding valuation There are evident ongoing improvements in the data quality versus the 2019 valuation which resulted in a much streamlined data validation process.</i>"</p>
P5.3	The administering authority must keep specific data which will enable it to uniquely identify a scheme member and calculate pension benefits correctly	<p>Scheme members have a unique identifier on the pension administration software system.</p>	<p>Full compliance</p> 	<p><i>Enter here what identifier is used (e.g. NI number, payroll number, scheme reference number)</i></p> <p><i>Enter also whether or not scheme members can be identified by searching by surname or alternative if unique number not yet allocated or unavailable</i></p> <p>All members have their NI number recorded.</p> <p>All active members have a payroll number provided by their provider. This would be unique to their role. If a unique reference has not been provided by a payroll provider or employer a member would be able to be identified by name date of birth and address.</p> <p>Each employer within the fund is allocated a unique scheme reference number.</p> <p>A unique pensioner number is assigned when a member becomes a pensioner.</p>



	Requirement	Full Compliance	Compliance (Full/Partial/ Non)	Statement of Compliance
P5.4	The administering authority should require participating employers to provide them with timely and accurate data	Processes are established which facilitates the transmission of complete and accurate data. Employers are aware of the importance of accurate and timely submission of data and have access to expertise in order to resolve queries.	Full compliance 	<p><i>Enter here whether an established process is in place for the timely and accurate transmission of data</i></p> <p><i>Is there a pension administration strategy in place?</i></p> <p><i>Is there information for employers on the website?</i></p> <p><i>Are there penalties for late submission or supply of inaccurate data?</i></p> <p>From April 2023 it is anticipated that 100% of employers within the fund use the i-connect portal for the monthly submission of membership data. All new employers are set up on i-connect from the commencement of their engagement with the fund.</p> <p>The fund is in the process of consulting on a new Pension Administration Strategy – the draft of which was presented to the Local Pension Board meeting on 6 April 2023. https://iow.moderngov.co.uk/documents/s11369/ITEM%2011%20Pension%20Admin%20Strategy.pdf</p> <p>The strategy contains provision for the application of sanctions (including financial penalties where appropriate) for late or inaccurate submission of data.</p> <p>There is not currently a dedicated employer section on the fund's website, but this is under consideration. In the meantime, a timetable and guidance on the requirements for providing data (including copy forms) is provided to each employer and payroll provider at the start of each year.</p> <p>During the year ended 31 March 2023, there were 8 instances (3 employers) of late submission of data. There were 16 instances (7 employers) of late payment of contributions.</p>



	Requirement	Full Compliance	Compliance (Full/Partial/Non)	Statement of Compliance
P5.5	The administering authority should seek to ensure that employers understand the main events which require information about members to be communicated	<p>Processes are in place for employers to inform the administering authority in the event there is an event affecting a scheme member, such as –</p> <ul style="list-style-type: none"> • Joins or leaves the scheme • Changes their rate of contributions • Changes their name, address or salary • Changes their membership status • Transfers employment between scheme employers • Strike days or breaks in service • 50/50 membership <p>(This list is not exhaustive)</p>	<p>Full compliance</p> 	<p><i>Enter here whether an established process is in place for the timely and accurate transmission of data</i></p> <p><i>Is there a pension administration strategy in place?</i></p> <p><i>Is there information for employers on the website?</i></p> <p><i>Are there penalties for late submission or supply of inaccurate data?</i></p> <p>The use of the i-connect portal by all fund employers will ensure that any starters, leavers and changes are automatically detected at the point of the monthly submission. The administration team review the reports generated by the system for each of these events.</p> <p>There is not currently a dedicated employer section on the fund’s website, but this is under consideration. In the meantime, a timetable and guidance on the requirements for providing data (including copy forms) is provided to each employer and payroll provider at the start of each year.</p> <p>All members are encouraged to notify the pension administration team of any changes in their circumstances. The preferred method of notification is via the member self-service (MSS) portal which is a secure method of making changes to their member records.</p> <p>In addition, copies of change forms are available on the pension web pages. Members can also write or email in their changes.</p>


	Requirement	Full Compliance	Compliance (Full/Partial/ Non)	Statement of Compliance
P5.6	The administering authority should have policies and procedures in place for the regular monitoring of data	Scheme managers must establish and operate adequate internal controls, which should include processes and systems to support record-keeping requirements and ensure that they are effective at all times.	Full compliance 	<p><i>Enter here whether there are policies and procedures in place, where it is available and the post title(s) of the person(s) responsible for maintaining it.</i></p> <p>The use of the i-connect portal by all fund employers will ensure that any starters, leavers and changes are automatically detected at the point of the monthly submission. The administration team review the reports generated by the system for each of these events.</p> <p>The fund approved a new Pension Administration Strategy (PAS) in May 2023 https://www.isleofwightpensionfund.org/resources/pension-administration-strategy-may-2023/ The PAS is managed by the Pensions Manager (Administration) who is also responsible for monitoring and reporting compliance against the standards included therein.</p> <p>As part of the ongoing process of data quality monitoring, the fund regularly uses the Hymans Robertson data portal (as used for each triennial valuation) to identify any further issues for data accuracy.</p> <p>The fund's actuary provided a data report following the 2022 triennial valuation exercise, which confirmed <i>"the membership data submitted by the Fund for the 2022 valuation is of great quality and fit the purpose of a funding valuation There are evident ongoing improvements in the data quality versus the 2019 valuation which resulted in a much streamlined data validation process."</i></p>
P5.7	The administering authority should carry out regular (at least annually) data reviews	Administering authorities establish twice yearly dates to review the data quality held for the scheme. Internal process completed to investigate quality.	Full compliance 	<p><i>Enter here confirmation details of the data reviews</i></p> <p>Data quality scores are measured using the HPT software. The most recent evaluation was completed in September 2023 and resulted in the following scores: Common data Sep-23: 98.2% (Oct-22: 95.5%; Sep-21: 94.0%) Scheme specific data Sep-23: 97.0% (Oct-22: 96.8%; Sep-21: 94.0%)</p> <p>The fund's actuary provided a data report following the 2022 triennial valuation exercise, which confirmed <i>"the membership data submitted by the Fund for the 2022 valuation is of great quality and fit the purpose of a funding valuation There are evident ongoing improvements in the data quality versus the 2019 valuation which resulted in a much streamlined data validation process."</i></p>


	Requirement	Full Compliance	Compliance (Full/Partial/ Non)	Statement of Compliance
P5.8	The administering authority should ensure that appropriate procedures and timescales are in place for scheme employers to provide updated information when member data changes	Processes are established which details the timely transmission of complete and accurate data	Full compliance 	<p><i>Enter here whether an established process is in place for the timely and accurate transmission of data</i></p> <p><i>Is there a pension administration strategy in place?</i></p> <p><i>Is there information for employers on the website?</i></p> <p><i>Are there penalties for late submission or supply of inaccurate data?</i></p> <p>The use of the i-connect portal by all fund employers will ensure that any starters, leavers and changes are automatically detected at the point of the monthly submission. The administration team review the reports generated by the system for each of these events.</p> <p>The fund approved a new Pension Administration Strategy (PAS) in May 2023 https://www.isleofwightpensionfund.org/resources/pension-administration-strategy-may-2023/</p> <p>The PAS is managed by the Pensions Manager (Administration) who is also responsible for monitoring and reporting compliance against the standards included therein.</p> <p>Employer compliance is reported to each Local Pension Board meeting. The latest report (at July 2023) can be found here: https://iow.moderngov.co.uk/documents/s12635/ITEM%20%20Admin%20Team%20Report%20-%20Appendix%204_Employer%20Compliance%2030%20July%202023.pdf</p>


	Requirement	Full Compliance	Compliance (Full/Partial/ Non)	Statement of Compliance
P5.9	The administering authority should be able to trace the flow of funds into and out of the scheme, reconcile these and keep records of transactions	There are audited processes in place that record transactions into and out of the Fund	Full compliance 	<p><i>Enter here confirmation that regular audits take place on the processes in accounting and reconciling monies into and out of the fund</i></p> <p>The fund uses the Logotech Public Sector Treasury Management System to record and monitor cash flows in and out of the fund, recording the anticipated contributions (timing and estimated values) and the actual amounts received, as well as forecast benefit payments against those actually paid. If funds are not received on the expected date, the administration team chase the missing information. This information is used to forecast the levels of operational cash maintained by the fund.</p> <p>The fund uses the SAP accounting system to record all financial transactions for the fund, and to produce accounting information as requested by the pension fund committee and local pension board as well as the annual report and accounts.</p> <p>The treasury management processes for the fund are covered by the council's internal audit universe and are reviewed annually by the internal audit provider. The financial statements for the fund are audited annually by the fund's external auditors, Ernst & Young.</p> <p>Reports from both sets of auditors are presented to the pension fund committee and local pension board.</p>
P5.10	The administering authority must keep records of pension board meetings and discussions and records of decisions made other than at a local pension board meeting that is later ratified.	Records are available that show decisions made and discussions at local pension board meetings and those that take place outside and are later ratified at a local pension board meeting	Full compliance 	<p><i>Enter here where the records are available</i></p> <p><i>Add link to webpage</i></p> <p>All board meeting agendas, papers and minutes are published on the council's democratic web pages https://iow.moderngov.co.uk/ieListMeetings.aspx?CId=168&Year=0</p>



	Requirement	Full Compliance	Compliance (Full/Partial/ Non)	Statement of Compliance
P5.11	The administering authority should retain records for as long as they are needed and have in place an adequate system and process for record retention	A policy on document retention is in place that includes the retention of local pension board papers and documents	Partial compliance 	<p><i>Enter here whether there is a policy document in place that includes the retention of local pension board papers and documents</i> <i>Add the retention time limit</i> <i>Add link to webpage</i></p> <p>Isle of Wight Council has replaced its data retention policy with a Records Management Policy, which defines a structure to ensure that adequate records, in any medium, are maintained, managed, stored and controlled effectively, commensurate with legal, operational and administrative needs. https://wightnet.iow.gov.uk/DocumentLibrary/download/records-management-policy1</p> <p>The new policy states that each service area should maintain an Information Asset Register (IAR), which will contain relevant document retention periods.</p> <p>The IAR for democratic services states that the council's data retention period for hard copies of council meeting papers and minutes is in perpetuity. Electronic public access will be retained for 6 years from the date of relevant meeting.</p> <p>The fund has not yet created its own IAR.</p>
P5.12	Where the administering authority has identified poor quality or missing data there should be a data improvement plan in place	A data improvement plan is in place which contains measures for the administering authority to monitor and a timeframe for attaining accurate data	Full compliance 	<p><i>Enter here whether a data improvement plan is in place with timescales for data improvement or what measures will be taken where inaccurate data is discovered</i></p> <p>The administration team have identified a number of key projects which will continue to improve the quality of the fund's data. These include the finalisation of the GMP reconciliation and rectification project; implementation of the McCloud remedy (in due course); onboarding the remaining payroll provider to the i-connect system; the use of the tracing service to confirm addresses and mortality screening; and the review of the most recent data quality score reports.</p> <p>There is currently no formal data improvement plan in place, although individual projects are monitored and progress is reported to each board meeting. The current governance workplan includes creation of a data maintenance plan to demonstrate activities in place.</p>



	Requirement	Full Compliance	Compliance (Full/Partial/ Non)	Statement of Compliance
P5.13	The administering authority should reconcile member records with the relevant employers and be able to identify those scheme members who are approaching retirement, those who are active members and those that are deferred members	Scheme member records are reconciled with the relevant employers at least on an annual basis. Pension Administration software systems can identify scheme members approaching retirement, active members and deferred members.	Full compliance 	<i>Enter here when and how scheme member records are reconciled with their relevant employers.</i> <i>Confirm that the pension administration software system can identify scheme members approaching retirement, active members and deferred members.</i> An automated monthly report is produced for our Deferred members reaching 60 and normal retirement date (NRD) to enable information on pension options to be provided ahead of retirement. The automated report creates an automated task within the Pension System to ensure we send out the retirement options within the Pension Funds KPI's. Information from active members wishing to retire is received via the employers' payroll /HR teams. The reporting system within the Pension System enables reports to help employers review the age profile of the fund's active members, particularly those approaching retirement. Member tracing service is fully underway using Target and this has helped trace 'Gone Aways' and helped with mortality checks within the membership. Members are encouraged to use the member self-service portal to keep their personal information up to date.
P5.14	The administering authority must ensure that processes created to manage scheme member data are compliant with the General Data Protection Regulation (GDPR) 2018, in association with the Data Protection Act 2018 and the data protection principles.	GDPR and Data Protection Act are complied with and all relevant persons are aware of their responsibilities	Partial compliance 	<i>Enter here how this awareness is communicated</i> <i>Officers – internal</i> <i>Committee/LPB members –induction / info packs</i> The council continues to require all staff and elected members to complete online learning modules in respect of Data Protection Awareness, Information Security Awareness and Cyber Security Awareness. Completion of these courses is monitored at 1-2-1 meetings with supervisor. At the July 2022 pension committee meeting, committee members were asked to complete these modules to demonstrate their awareness. Progress on completion of these modules will be reported at each committee meeting. All members of the committee and board have been encouraged to complete the Pension Regulator's online toolkit module on maintaining accurate member data All members of the Pension Board have been encouraged to complete the Hymans Robertson LGPS Online Learning Academy modules.


	Requirement	Full Compliance	Compliance (Full/Partial/Non)	Statement of Compliance
P5.15	The administering authority should be able to demonstrate that records are kept in accordance with other relevant legislation	<p>Evidence that key requirements are set out where applicable under the following legislation –</p> <ul style="list-style-type: none"> • Pensions Act 1995 and 2004 • Pensions Act 2008 and the Employers' Duties (Registration and Compliance) Regulations 2010 • Occupational Pension Schemes (Scheme Administration) Regulations 1996 • Registered Pension Schemes (Provision of Information) Regulations 2006 • General Data Protection Regulation (GDPR) 2018 • Data Protection Act 1998 • Freedom of Information Act 2000 	<p>Full compliance</p> 	<p><i>Enter here some evidence or statement that the relevant pieces of legislation are complied with in relation to the Fund's record keeping</i></p> <p>The fund uses the Heywood Pensions Technologies <i>Altair</i> system to maintain its membership data. That system is compliant in keeping records in accordance with all required rules and regulations.</p> <p>The day to day operation of the fund is supported by process notes and system guidance which ensure appropriate use of the system's controls.</p> <p>Pension fund staff operate within the council's policies in respect of Data Protection and Freedom of Information.</p>



	Requirement	Full Compliance	Compliance (Full/Partial/ Non)	Statement of Compliance
P6	Maintaining Contributions			
P6.1	The administering authority should ensure there are effective policies and procedures in place to identify payment failures and assess the materiality of any failures identified	All employers are aware of the payment deadlines Procedures and processes are in place to monitor the payment of contributions, record payments of contributions to the Fund, manage overdue contributions and identified payment failures are reported to a senior officer.	Full compliance 	<p><i>Enter here how employers are made aware of their responsibilities to meet contribution payment deadlines (Pension Administration Strategy, Admission Agreement)</i></p> <p><i>Confirmation that procedures are in place to monitor and record payments of contributions to the</i></p> <p><i>The action taken when a payment failure is identified and the reporting responsibilities</i></p> <p>The fund approved a new Pension Administration Strategy (PAS) in May 2023 https://www.isleofwightpensionfund.org/resources/pension-administration-strategy-may-2023/</p> <p>The strategy sets out the deadlines for the submission of data and payment of contributions. It contains provision for the application of sanctions (including financial penalties where appropriate) for the late payment of contributions. Employers are reminded of the deadlines when the annual employer update is circulated prior to each new financial year.</p> <p>All employers now pay their contributions on a monthly basis by electronic bank transfer, with the exception of one parish council who still pay by cheque.</p> <p>A monthly control check list of returns and contributions received is maintained. Late or missing information is followed up with the relevant employer, with continued non-compliance reported to management.</p> <p>The receipt of contributions is monitored by both the pension administration team and the Council's treasury management team.</p> <p>Employer compliance with the payment and reporting deadlines is reported as part of the administration report to each pension board meeting. During the year ended 31 March 2023, there were 16 instances (7 employers) of late payment of contributions. The escalation process, via the Pension Fund Manager, was instigated for one employer. No fines or penalties were issued during the year.</p> <p>Employer compliance is also reported in the fund's annual report and accounts.</p>



	Requirement	Full Compliance	Compliance (Full/Partial/Non)	Statement of Compliance
P6.2	Employers should be provided with the necessary guidance to ensure they provide the required information to enable contributions to be monitored	Employers are provided with the necessary scheme documents and training requirements to fulfil their obligations within the Scheme. - Contribution templates - Fund liaison contact for contributions	Full compliance 	<i>Enter here where the employer contribution documents are held and the person responsible for maintaining them.</i> <i>Detail the Fund's contact for contribution pay over.</i> At the start of each financial year, guidance is provided to all employers including the employer contribution rate for the forthcoming year, and the timetable for submission of data and contributions. Following each triennial valuation, employers receive detailed communications about their funding level and required contribution rates. Meetings are offered with the fund's actuary to discuss and agree the contribution rate. The funding strategy statement for each valuation (2022 valuation linked below) is then published on the fund's website – this contains the rates and adjustment certificate setting out contribution rates for the three years following the valuation. https://www.isleofwightpensionfund.org/resources/isle-of-wight-council-pension-fund-2022-funding-strategy-statement/ A generic address is provided for employer queries: pensions@iow.gov.uk



	Requirement	Full Compliance	Compliance (Full/Partial/ Non)	Statement of Compliance
P6.3	Where the administering authority identify a payment failure they should follow a process to resolve issues quickly (e.g. monthly monitoring of employer payments to ensure contributions paid on time and in full) and maintain a record of investigations and communications in relation to such failures	Records are maintained of investigations and communications (and outcomes) in relation to payment failures, together with communication with the employer	Full compliance 	<p><i>Enter here confirmation that a procedure and process is in place to resolve issues where there is a payment failure by an employer</i></p> <p>The fund approved a new Pension Administration Strategy (PAS) in May 2023 https://www.isleofwightpensionfund.org/resources/pension-administration-strategy-may-2023/</p> <p>The strategy sets out the deadlines for the submission of data and payment of contributions. It contains provision for the application of sanctions (including financial penalties where appropriate) for the late payment of contributions.</p> <p>A monthly control check list of returns and contributions received is maintained. Late or missing information is followed up with the relevant employer, with continued non-compliance reported to management.</p> <p>Employer compliance with the payment and reporting deadlines is reported as part of the administration report to each pension board meeting.</p>
P6.4	The administering authority should review processes or develop a new process which is able to detect situations where fraud may be more likely to occur and where additional checks may be appropriate.	This will be identified on the fund's risk register A regular review of processes to detect fraud is undertaken	Full compliance 	<p><i>Enter here confirmation the process to detect situations where fraud may take place is recorded on the risk register (enter reference)</i></p> <p><i>Confirm that regular reviews of the process to detect fraud are undertaken (date of last review / date of next review)</i></p> <p>The use of the i-connect portal by the vast majority of employers ensures that any starters, leavers and changes are automatically detected at the point of the monthly submission. The administration team review the reports generated by the system for each of these events. It also ensures that the correct contribution rates are applied relative to the member's salary.</p> <p>The fund tracing service confirms addresses of those deferred members with whom the fund has been unable to establish recent contact, and carried out mortality screening for both UK and overseas pensioners to prevent overpayment of benefits.</p> <p>The council participates in the National Fraud Initiative (NFI) exercise to match data and ensure consistency.</p>



	Requirement	Full Compliance	Compliance (Full/Partial/ Non)	Statement of Compliance
P6.5	The administering authority must report payment failures which are likely to be of material significance to the Regulator.	Responsible officers are aware of the requirement and there is a procedure in place for reporting payment failures to the regulator in accordance with the code of practice	Full compliance 	<i>Enter here where the procedure is documented (reporting policy)</i> The fund updated its <i>Policy for recording and reporting breaches of the law</i> in September 2023. https://www.isleofwightpensionfund.org/resources/policy-for-recording-and-reporting-breaches-of-the-law-2023/ Employer compliance with the payment and reporting deadlines is reported as part of the administration report to each pension board meeting. Due to the size of the employers within the fund, it is unlikely that any failure to report and pay will be of material significance to the Pensions Regulator. However, all incidents will be included on the breaches log, with an assessment of significance.
P7	Member communication			
P7.1	Administering authority to provide an annual benefit statement to all active, deferred and pension credit members containing certain legal information and to ensure all AVC members are provided with a similar statement from their AVC provider	Annual benefit statements are issued to each active, deferred pensioner and pension credit member. Statements must be issued no later than 5 months after the end of the Scheme year to which it relates The Administering Authority will have liaised with the Schemes AVC provider and ensured an appropriate timetabled production of the members AVC statement is produced.	Full compliance 	<i>Enter here the date annual benefit statements were issued to active, deferred and pension credit members and the relevant Scheme year to which it relates</i> <i>Enter here the Administering Authorities AVC provider and the agreement details for the member's annual benefit statement production.</i> Annual Benefits Statements (ABS) for all active, deferred and pension credit members are issued by 31 August in line with statutory deadlines, via the Member Self Service (MSS) portal. Performance against the statutory deadline is reported to the pension board as part of the administration report at each meeting. The fund's AVC provider, Prudential, issue confirmation to individual members their ABS has been uploaded to their portal and provide instructions to the member to support access. The fund receives confirmation from Prudential that the statements have been distributed; AVC ABS for March 2023 was issued on 5 September 2023.



	Requirement	Full Compliance	Compliance (Full/Partial/Non)	Statement of Compliance
P7.2	The administering authority must provide scheme members with basic scheme information, meeting minimum legal requirements	The fund will have in place a communication policy which contains details of what information is provided to scheme members and the communication media.	Full compliance 	<p><i>Enter here confirmation that a communication policy is in place (link to webpage) which sets out what information is provided to scheme members and how it is communicated (scheme booklet, dedicated fund website, council webpage)</i></p> <p>The fund's communications policy was updated in November 2022 and is published on the fund's website. https://www.isleofwightpensionfund.org/resources/communications-policy/</p> <p>Recruitment material for all council vacancies includes reference to the Local Government Pension Scheme. New employees are provided with information in their contract of employment and access to the Member Self Service portal which holds individual data. A representative of the Pensions Services team delivers information about the LGPS at each council corporate induction event.</p> <p>The pension fund website Home Isle of Wight Pension Fund provides up to date local information on the scheme to prospective and existing members, including links to the National LGPS website</p>

	Requirement	Full Compliance	Compliance (Full/Partial/ Non)	Statement of Compliance
P7.3	Disclosure regulations make provision for scheme members and others to receive information that is relevant to their pension rights and scheme entitlements and provided within certain legal timescales	<p>The fund will have in place a communication policy that sets out how and when it will communicate with any of the following “relevant persons” within the prescribed legal timescales.</p> <ul style="list-style-type: none"> • Active members • Deferred members • Pensioner members • Prospective members • Spouses, civil partners of members or prospective members • Other beneficiaries • Recognised trade unions 	<p>Full compliance</p> 	<p><i>Enter here confirmation that a communication policy is in place (link to webpage) which sets out what information is provided to scheme members and how it is communicated (scheme booklet, dedicated fund website, council webpage)</i></p> <p>The fund’s communications policy was updated in November 2022 and is published on the fund’s website. https://www.isleofwightpensionfund.org/resources/communications-policy/ The policy sets out the proposed methods and frequency of communications with scheme members and employers.</p> <p>2022-23 Annual Benefit Statements (ABS) for all active, deferred and pensioner credit members were published on the Member Self Service portal in advance of the 31 August 2023 statutory deadline. 2022-23 Pension Saving Statements for impacted members were issued individually in advance of the 6 October 2023 deadline.</p> <p>A report on performance against service key performance indicators (KPIs) is provided to each pension board meeting, demonstrating the level of compliance with key activities against prescribed service standards. The report for the period ended 28 February 2023 was presented to the April 2023 board meeting. https://iow.moderngov.co.uk/documents/s11373/ITEM%20%20Pensions%20Admin%20Report%20-%20Appendix%203%20KPI%20statistics%2028%20February%202023.pdf</p> <p>The pension fund website Home Isle of Wight Pension Fund provides up to date local information on the scheme to prospective and existing members, including links to the National LGPS website</p>
P7.4	Where information is provided electronically it should comply with legal requirements	<p>Administering authority ensuring that all electronically produced information complies with the legal requirement</p>	<p>Full compliance</p> 	<p><i>Enter here whether or not the administering authority has complied with the legal requirements.</i></p> <p>Annual Benefit Statements for active and deferred members are primarily published on the Member Self Service (MSS) portal.</p> <p>All active members have been informed of the MSS portal via internal communication at the council, and emails to school business partners and nominated payroll contacts at external employers.</p> <p>All deferred members have received a letter and Newsletter confirming their ABS is on the portal and how to register.</p>

	Requirement	Full Compliance	Compliance (Full/Partial/ Non)	Statement of Compliance
P7.5	The administering authority should attempt to make contact with their scheme members and where contact is not possible carry out a tracing exercise to locate scheme members.	A tracing service has been engaged to trace scheme members where contact details are considered incorrect	Full compliance 	<p><i>Enter here whether or not a tracing service is used and the circumstances in which it is used.</i></p> <p>The fund appointed Target in September 2022 to carry out address tracing and mortality screening services for UK and overseas deferred members and pensioner members of the fund.</p> <p>The priority continues to be the tracing of addresses for the 988 initial members, identified in April 2022 marked as “gone away”. When we engaged with Target in September 2022, we had 855 this is now down to 365, a reduction of 623 since April 2022; All linked addresses have been identified and followed up by fund staff; full trace has been carried out on those members where no linked address could be found.</p> <p>In addition, mortality monthly screening for pensioners, deferred and frozen members is being carried out, identifying any deceased members before our monthly Pensioner Payroll is run, so we can suspend pensions and reduce risk to the Fund for overpayments.</p>
P7.6	Requests for information should be acknowledged if information requested cannot be immediately provided.	A customer service standard is in place that requires a written response to be provided within a specified timescale and where that response cannot be provided that a letter of acknowledgement is sent with an indicative response time.	Full compliance 	<p><i>Enter here to confirm that a customer service standard is in place and what the response timescales</i></p> <p>The fund's communications policy, published on the fund's website, establishes the timescales for responses to various requests for information. https://www.isleofwightpensionfund.org/resources/communications-policy/</p> <p>For communication received via the pension team generic e-mail account (pensions@iow.gov.uk), an automatic acknowledgement is delivered advising a response will be made within 5 working days. Members are also referred to the member self-service portal where some information is readily available.</p> <p>Key performance indicators of compliance with agreed service standards are reported to each meeting of the pension board.</p>

	Requirement	Full Compliance	Compliance (Full/Partial/ Non)	Statement of Compliance
P8	Internal Dispute Resolution Procedure			
P8.1	The administering authority has in place an Internal Dispute Resolution Procedure	An Internal Dispute Resolution Procedure is in place in accordance with the LGPS regulations and it clearly states the procedure and process to apply for a dispute to be resolved including – - Who it applies to - Who the adjudicator is (stage 1) - Who to contact with a dispute - The information that an applicant must include - How the final decision is reached - How the dispute can be escalated if dis-satisfied - The appropriate timescales	Partial compliance 	<i>Enter here confirmation that there is an Internal Dispute Resolution Procedure in place in accordance with the LGPS regulations and the required information included in correspondence where required (inc. website, booklets, etc.)</i> Link to webpage The <i>Complaints and Internal Disputes Resolution Procedure</i> (adopted in November 2017) is published on the fund's website: https://www.isleofwightpensionfund.org/resources/idrp-guide/ This document is overdue for review; this review is included in the current governance improvement plan and will be completed during 2024-25.
P8.2	The administering authority has ensured all scheme employers have appropriate arrangements in place for dealing with stage 1 disputes	A 'specified person' has been nominated by the scheme employer. The appropriate timescales known by the scheme employer for their reply.	Non compliance 	<i>Enter here if a list of the 'specified person' for each employer is in existence, where it is held and who maintains it.</i> Unknown: as part of the approval process for the updated Internal Dispute Resolution Procedure, contact will be made with all scheme employers to determine and record their internal processes. No progress has been made on this issue since the last reporting period.

	Requirement	Full Compliance	Compliance (Full/Partial/ Non)	Statement of Compliance
P8.3	The administering authority should regularly review its dispute process to ensure its effectiveness and that the necessary timescales are being met (inc. the employer processes at stage 1)	The administering authority to complete an annual review of its dispute process. Ongoing and completed disputes to be logged appropriately. Timescales for completion of dispute cases reviewed.	Non compliance 	<i>Enter here the details of the annual review, where it is held and the post title(s) of the person(s) responsible for maintaining it.</i> <i>Is this accessible on the Fund's website?</i> The published Complaints and Internal Disputes Resolution Procedure is overdue for review. This review is included in the current governance improvement plan and will be completed during 2024-25.
P9	Breaches of the Law			
P9.1	The administering authority should be satisfied that those responsible for reporting breaches of the law are made aware of their legal requirements and the Pensions Regulator's guidance.	Those responsible for reporting breaches are made aware of the legal requirements and the regulator code of practice. Relevant training should be provided to those responsible for reporting breaches. Sign off required on completion of training and understanding. All those that are responsible to report breaches, should establish and operate appropriate and effective procedures to ensure that they are able to meet their legal obligation.	Full compliance 	<i>Enter here the details of all training provided and the corresponding training documentation.</i> <i>-Include the procedures used</i> <i>-List of names and roles that should report breaches within the Fund</i> <i>-Training list document</i> <i>-Annual review of post holders involved</i> As part of the process for the adoption of the updated <i>Policy for the recording and reporting of breaches of the law</i> both local pension board and pension fund committee were provided with a short development session within their respective meetings, setting out the purpose of the policy, what could be considered a breach, who is responsible for reporting potential breaches, to whom these should be reported, when breaches should be reported to the Pensions Regulator, and the new breaches log. The session also included reference to the Pension Regulator's draft general code requirements in respect of breaches of the law. In addition, all local pension board members are encouraged to complete the Pension Regulator's online toolkit module dealing with reporting breaches of the law within 6 months of their joining the board.

	Requirement	Full Compliance	Compliance (Full/Partial/Non)	Statement of Compliance
P9.2	The administering authority should have a breaches of the law policy in place	Breaches of the law policy detailed within the Fund's annual governance statement	Full compliance 	<i>Enter here whether a policy is in existence, where it is available and the post title(s) of the person(s) responsible for maintaining it.</i> The fund updated its <i>Policy for recording and reporting breaches of the law</i> in September 2023. https://www.isleofwightpensionfund.org/resources/policy-for-recording-and-reporting-breaches-of-the-law-2023/ The Pension Fund Manager is responsible for reviewing and updating the policy.
P9.3	The administering authority should maintain a breaches log and have identified a person responsible for maintaining the breaches of the law policy, logging, reporting and recording processes	Named person detailed within the Funds annual governance statement. Breaches log established, updated and maintained. Confirmation of the reporting of breaches.	Partial compliance 	<i>Enter here the post title(s) of the person(s) responsible.</i> The new <i>Policy for recording and reporting breaches of the law</i> includes a template Breaches Log, which is updated and maintained by the Pension Fund Manager. The pension fund committee agreed that the breaches log would be presented to all future Local Pension Board meetings for scrutiny, and that the board would report back to the committee on all actions. Since the adoption of the new policy, there have been no Board meetings.

Governance Compliance Statement 2022-23

Non-compliant areas: Action plan

Last updated: 29 November 2023

Three key areas of non-compliance:

- 1) Knowledge and understanding:
 - a) Pension board to have its own policy on knowledge and understanding requirements.
 - b) All pension board members to have a personalised training plan in place that is regularly monitored and updated.
 - c) The administering authority should establish and maintain policies and arrangements for acquiring and retaining knowledge and understanding.
 - d) Administering authorities should offer pre-appointment training or mentoring if appropriate.
 - e) The members of the pension board should be familiar with the Additional Voluntary Contribution (AVC) options offered by the Fund, including the choice of investments offered to members and the relative performance of those investment options.
- 2) Conflicts of interest:
 - a) The administering authority should have in place an appropriate conflicts of interest policy, clearly identifying to whom any potential conflict should be reported.
 - b) The conflicts of interest policy should have a regular review date incorporated in to it.
 - c) The administering authority should maintain a register of all conflicts (and potential conflicts) that are raised, reviewing them appropriately.
- 3) Disputes and resolution:
 - a) The administering authority should regularly review its dispute process to ensure its effectiveness and that the necessary timescales are being met (inc. the employer processes at stage 1).
 - b) The administering authority has ensured all scheme employers have appropriate arrangements in place for dealing with stage 1 disputes.

Item 1a) concerning the board specific policy on knowledge and understanding requirements is an overarching theme in the compliance statement which does not have a specific reference in the published document. Following the government's published response to the Next steps for investments in the LGPS consultation, this requirement is likely to be expanded to cover the pension committee as well. No specific action plan is provided below to cover this.

1) Knowledge and understanding

Item 1a) concerning the board specific policy on knowledge and understanding requirements is an overarching theme in the compliance statement which does not have a specific reference in the published document. Following the government's published response to the *Next steps for investments in the LGPS* consultation, this requirement is likely to be expanded to cover the pension committee as well. No specific action plan is provided below to cover this specific non-compliant area, although the plans proposed for the remaining 4 items under this heading will contribute to its achievement. In each item, requirements are deemed to apply to both committee and board members.

Ref	Principle	Detail of best practice principle	Statement of Compliance
P1.3	The administering authority should establish and maintain policies and arrangements for acquiring and retaining knowledge and understanding	A training strategy has been adopted and a training plan drafted to establish the arrangements for local pension board members to acquire and retain knowledge and understanding.	<i>Enter here whether a training strategy and plan have been adopted, where it can be found and the review process.</i> The fund participated in the Hymans Robertson National Knowledge Assessment 2022, with the results considered at the January 2023 board meeting and the February 2023 committee meeting; identifying areas for improvement of knowledge and understanding for both committee and board members. To date no progress has been made in developing a fund-specific knowledge and understanding policy or individual learning plans for both pension fund committee and pension board members.
E2	All pension board members to have a personalised training plan in place that is regularly monitored and updated	The administering authority should have a person designated to take responsibility for ensuring training plans are followed and regularly review the members training requirements and keep appropriate records of	<i>Enter here whether individual training plans have been completed and where it can be found</i> The fund participated in the Hymans Robertson National Knowledge Assessment 2022, with the results considered at the January 2023 board meeting and the February 2023 committee meeting; identifying areas for improvement of knowledge and understanding for both committee and board members. To date no progress has been made in developing a fund-specific knowledge and understanding policy or individual learning plans for both pension fund committee and pension board members. In addition, there

		their learning activities and the board as a whole	remains a need to develop and implement a comprehensive induction programme for both board and committee members. The role profile for pension board members includes a requirement that all modules of the Pension Regulator's online toolkit be completed within six-months of joining the board. This has not been achieved by all board members.
	Administering authorities should offer pre-appointment training or mentoring if appropriate		New Board and Committee members are offered 121 meetings with Pension Fund Manager on appointment, and an introductory briefing is provided at the first board meeting of each municipal cycle. To date no progress has been made in developing an induction training plan.
Rectification action:		Responsibility:	Deadline:
a)	Link to TPR public service pension online toolkit circulated to all committee and board members for completion by 31 March 2024. http://www.thepensionsregulator.gov.uk/public-service-schemes.aspx	Pension Fund Manager Pension Fund Committee members Local Pension Board members	IN PROGRESS Sent 23 November 2023 Responses by 31 March 2024 Report to be presented to each Board and Committee meeting
b)	All board members to complete Hymans' LOLA toolkit by 31 March 2024 (or 6 months after their appointment) https://aspire.hymanslearning.co.uk/ .	Local Pension Board members	IN PROGRESS by 31 March 2024 Report to be presented to each Board and Committee meeting
c)	Sign up to Hymans' Knowledge Progress Assessment	Pension Fund Manager	IN PROGRESS request submitted 23 November 2023 Awaiting reply
d)	All board and committee members to complete KPA questionnaire by due date.	Pension Fund Committee members Local Pension Board members	Tbc
e)	Development of pension fund knowledge and understanding policy.	Jo Thistlewood Hymans Robertson	Tbc (following NKA output)

	Learning and Development	
f) Development of board and committee members induction programme and information pack.	Jo Thistlewood Hymans Robertson	Tbc (following NKA output)

Ref	Principle	Detail of best practice principle	Statement of Compliance
P1.5	The members of the pension board should be familiar with the AVC options offered by the Fund, including the choice of investments offered to members and the relative performance of those.	Information of the AVC options is provided to the local pension board members	<i>Enter here how information of the AVC options are provided to the local pension board members (e.g. induction training, contained in the training plan, provided with an information pack)</i> No information has been provided to board members on this matter.
Rectification action:		Responsibility:	Deadline:
a) Confirm contract with Prudential as AVC provider.			
b) Obtain information about options available to members.			
c) Request Prudential to provide development session for board and committee members.			

2) Conflicts of interest

Ref	Principle	Detail of best practice principle	Statement of Compliance
P2.1	The administering authority should have in place an appropriate conflicts of interest policy, clearly identifying individual roles in identifying and reporting potential conflicts of interest and to whom any potential conflict should be reported	Administering authorities should ensure that there is an agreed and documented conflicts policy & procedure, which includes identifying, monitoring & managing potential conflicts of interest.	<p><i>Enter here whether a conflicts policy is in existence, where it is available and the post title(s) of the person(s) responsible for maintaining it.</i></p> <p>Pension Board members are subject to a conflict of interest policy based on upon the Council's Code of Conduct contained within the constitution, as are all committee members.</p> <p>It has been identified that there needs to be a new conflicts of interest policy specific to the pension board, with a register of interest form relevant to board members. To date no progress has been made on the development of this policy.</p> <p>The creation of a fund-specific conflicts of interest policy is included on the fund's workplan for 2023-24.</p>
P2.2	The conflicts of interest policy has a regular review date incorporated in to it	Regular review date specified within the policy.	<p><i>Enter here if a regular review date has been implemented</i></p> <p>The council's constitution is subject to regular review.</p> <p>The new board-specific policy will contain a review date, but as yet no policy has been created.</p>
P2.3	The administering authority to maintain a register of all conflicts (and potential conflicts)	The administering authority should retain and regular review a register of all conflicts	<p><i>Enter here whether a register of conflicts exists, where it can be found and the post title(s) of the person(s) responsible for maintaining it.</i></p> <p><i>Details of the review process and action taken should be clearly documented</i></p>

	that are raised, reviewing them appropriately	(and potential conflicts) that have been raised. Conflicts should be reviewed, and any action taken forward.	<p>The current declaration form is the same as that required for all elected members, much of which is irrelevant for the pension board member role.</p> <p>Current board members (other than those who are elected members of the council or are employed by the council) have not yet been asked to complete a declaration of interest on appointment.</p> <p>As part of development of new conflicts of interest policy, a new declaration form to be developed and completed.</p>
Rectification action:		Responsibility:	Deadline/Status:
a) Hymans Robertson provide draft strategy with appropriate headings, example wording and explanations, based on the recommendations of the SAB's Good Governance Review.	Pension Fund Manager (to commission) Hymans Robertson to review		COMPLETE draft document provided 17 November 2023
b) Draft strategy to be reviewed and updated for fund specific details	Pension Fund Manager		Week commencing 18 December 2023
c) Internal review: IWC officers to confirm policy and process.	Director of Finance Assistant Director of Finance Monitoring Officer Strategic Manager Legal Services		During January 2024
d) Final draft policy reviewed and presented to Local Pension Board for recommendation to committee	Pension Fund Manager Local Pension Board		Meeting on 6 March 2024
e) Policy adopted by Pension Fund Committee	Pension Fund Manager Pension Fund Committee		Meeting in May 2024

3) Disputes and resolution

Ref	Principle	Detail of best practice principle	Statement of Compliance
P8.2	The administering authority has ensured all scheme employers have appropriate arrangements in place for dealing with stage 1 disputes	A 'specified person' has been nominated by the scheme employer. The appropriate timescales known by the scheme employer for their reply.	<i>Enter here if a list of the 'specified person' for each employer is in existence, where it is held and who maintains it.</i> Unknown: as part of the approval process for the updated Internal Dispute Resolution Procedure, contact will be made with all scheme employers to determine and record their internal processes. No progress has been made on this issue since the last reporting period.
P8.3	The administering authority should regularly review its dispute process to ensure its effectiveness and that the necessary timescales are being met (inc. the employer processes at stage 1)	The administering authority to complete an annual review of its dispute process. Ongoing and completed disputes to be logged appropriately. Timescales for completion of dispute cases reviewed.	<i>Enter here the details of the annual review, where it is held and the post title(s) of the person(s) responsible for maintaining it.</i> <i>Is this accessible on the Fund's website?</i> The published Complaints and Internal Disputes Resolution Procedure is overdue for review. This review is included in the current governance improvement plan and will be completed during 2024-25.
Rectification action:		Responsibility:	Deadline / Status:
a) Hymans Robertson to review the fund's current (2017) IDRP guide for areas requiring update.		Pension Fund Manager (to commission) Hymans Robertson to review	COMPLETE comments received on 9 November 2023

b) Comments on current guide to be reviewed and updated for current named officers.	Pension Fund Manager	COMPLETE 17 November 2023
c) Internal review: IWC named officers to confirm policy and process.	Pension Administration Manager Strategic Manager Business Centre Call Centre Manager Director of Finance Assistant Director of Finance Monitoring Officer Strategic Manager Legal Services Strategic Manager Human Resources	IN PROGRESS Circulated 17 November 2023 Responses requested by 8 December 2023.
d) Updated policy and process sent to external employers for review and confirmation of contacts for stage 1.	Pension Fund Manager External employers	Circulation by 15 December 2023 Responses by 15 January 2024
e) Final draft policy reviewed and presented to Local Pension Board for recommendation to committee	Pension Fund Manager Local Pension Board	Meeting on 6 March 2024
f) Policy adopted by Pension Fund Committee	Pension Fund Manager Pension Fund Committee	Meeting in May 2024



Purpose: For Decision

Committee Report

ISLE OF WIGHT COUNCIL

Meeting **ISLE OF WIGHT PENSION FUND COMMITTEE**

Date **14 FEBRUARY 2024**

Title **BREACHES LOG**

Report of **PENSION FUND MANAGER**

Executive Summary

1. In accordance with the fund's Policy for recording and reporting breaches of the law, this report presents the record of potential breaches of the law identified since the last meeting of the committee.
2. The committee is asked to confirm the treatment of the potential breach.

Recommendation

3. That the ongoing failure of the Isle of Wight Council to nominate a councillor as employer representative to the Local Pension Board be noted.
4. That the treatment of the potential breach as proposed by the Local Pension Board at its meeting on 12 December 2023, to not report to the Pensions Regulator, and report in full to the Pension Fund Committee be confirmed.
5. That a report be prepared for Full Council on 20 March 2024, recommending an amendment to the terms of reference of the Local Pension Board to read that the employer representative "*may be* an elected member of the council".
6. That the breach will not be reported to the Pensions Regulator, based on the agreed next steps for resolution in paragraph 5 above.
7. That a further report will be provided to the Local Pension Board at its meeting on 6 March 2024.

Background

8. The Local Pension Board for the Isle of Wight Council Pension Fund is required by the Public Service Pensions Act 2013 (PSPA13) and the Local Government Pension Scheme Regulations 2013 (as amended) (LGPS Regulations) to have equal number of scheme member and employer representatives, with a minimum of two from each category.
9. The terms of reference for the board, included within the council's constitution, state that there shall be a minimum of two and a maximum of four from each category, and an independent chairperson, without voting rights. The current agreed membership of the board is three scheme member representatives and three employer representatives.
10. The terms of reference state that "*one of the employer representatives shall be an elected member of the council*", one "*... will be selected for nomination by the other employers of the Fund...*" and the third will "*...be sought from the council...*".
11. Following the resignation of the former elected member employer representative from the Local Pension Board at the full council meeting on 23 May 2023, there has been a vacancy for the elected member representative.
12. Successive Full Council meetings held in July 2023, September 2023 and November 2023 have failed to make an appointment, despite emails being sent to all councillors from Democratic Services staff, and emails being sent to political group leaders by the Pension Fund Manager.
13. While this has resulted in an unequal representation of employers and scheme members on the Local Pension Board, the minimum requirement of at least four members (two from each category) has not been breached, following the appointment of the council's other nominated representative in early November 2023, and the board has been able to carry out its functions adequately.
14. Following the November Full Council meeting, and as reported at the 22 November 2023 committee meeting, the Pension Fund Manager sought support from the Council's Monitoring Officer and Director of Finance in resolving the issue. One suggestion made was that the terms of reference could be amended to remove the requirement for one employer representative to be an elected member. No response was received from this request for support before the Local Pension Board meeting on 6 December 2023.
15. The Pension Fund Manager sought guidance from the fund's governance consultants, Hymans Robertson LLP, on whether the breach was of significant materiality to report to the Pensions Regulator. This advice was received on 1 December 2023, and was verbally reported to the Local Pension Board on 13 December 2023.

Nature of the breach

16. While the manner of appointment of the members of the local pension board is not prescribed in the LGPS Regulations, the council must be bound by the terms of its own constitution. Accordingly the failure to appoint an elected member representative to the board may be considered a breach of the council's constitution.

Requirement to report to the Pensions Regulator

17. Paragraphs 253 to 262 of the Pensions Regulator's Code of Practice No 14: *Governance and administration of public service pension schemes (COP14)*, reflected in the fund's own Policy on recording and reporting breaches of the law, states that four areas need to be considered in determining whether a breach is likely to be of 'material significance' to the Pension Regulator (TPR):

Criteria	Assessment
(a) Cause of the breach	Council has persistently failed to appoint an elected member to the Local Pension Board.
(b) Effect of the breach.	Limited impact to the function of the Local Pension Board due to this missing member. However, no immediate resolution appears to be forthcoming so this could undermine future operation.
(c) Reaction to the breach.	There was a 'prompt' push to resolve the issue by advertising the vacancy and utilising the Council's Monitoring Officer to promote the post. However, hampered by a lack of engagement/uptake within the Councillor membership.
(d) Wider implications of the breach.	Local Pension Board still operating as expected but needs ongoing assessment.

18. Following discussion at the Local Pension Board meeting on 12 December 2023, it was determined that the breach would not be reported to the Pensions Regulator at that stage, but that it would be recorded on the breaches log (see Appendix 1) and would be formally reported to the committee at its next available meeting.

Action since Local Pension Board meeting

19. The Council's Chief Executive sent an email to the leaders of each political group on 6 December 2023 promoting the vacancy again and seeking nominations before January 2024 full council meeting. This was supplemented by an email from the Pension Fund Manager offering to discuss the role with any interested councillor. Other than one councillor declining the opportunity, no responses have been received to that email.

20. Following the by-election in Ventnor and St Lawrence in December 2023, a report on political proportionality of the council was presented to the 17 January 2024 Full Council meeting. That report highlighted the vacancy on the Local Pension Board and again sought nominations. No nominations were received at that meeting, accordingly the vacancy remains unfilled.
21. A suggestion has been made by the Pension Fund Manager to amend the Board's terms of reference to remove the requirement (implied by "shall be") for an elected member to be appointed as an employer representative. The chairman of the committee is broadly in favour of this amendment – potentially replacing "shall be" with "may be" – but no response has been received from senior management within the council.
22. Further guidance has been sought from Hymans Robertson on this matter, which has not been received at the date of writing this report. A verbal update on this will be presented at the meeting. The next steps for the treatment of this potential breach will be determined at the meeting.
23. In accordance with regulatory requirements, the Pension Fund Manager submitted the fund's annual return to the Pensions Regulator on 22 January 2024. This return requires information about the membership and composition of the Local Pension Board to be provided. As there remains an employer representative vacancy on the board, the return showed an unequal number of representatives, which may attract the Regulator's attention. This can be mitigated by the recording and consideration of this potential breach of regulatory requirements.

Corporate Priorities and Strategic Context

24. There is nothing contained in this report which directly contributes to the priorities contained in the Isle of Wight Council [Corporate Plan 2021 – 2025](#).

Pension Fund Strategic Aims

25. 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 employer to meet the cost of future benefits accruing.
26. The fund has also agreed the following objectives, which are supported by information in this report:
 - (a) Ensure compliance with the LGPS Regulations, other relevant legislation and the Pensions Regulator's Codes of Practice.
 - (b) Ensure Fund is managed, and its services provided, by people with the appropriate knowledge and understanding.

Local Pension Board View

27. The Local Pension Board considered this matter at its meeting on 13 December 2023.
28. Details of their consideration are included in paragraphs 13 and 14 above and are included in the draft minutes presented elsewhere on this agenda.

Financial / Budget Implications

29. There are no direct financial implications associated with this report.

Legal Implications

30. Isle of Wight Council is the administering authority for the Isle of Wight Council Pension Fund. An administering authority is defined in the Local Government Pension Scheme Regulations 2013 as “a [local authority] required to maintain a pension fund under the local government pension scheme regulations”.
31. Regulation 106 of the LGPS Regulations requires that each administering authority must establish a local pension board.
32. Regulation 107 states that each administering authority shall determine:
 - (a) the membership of the local pension board.
 - (b) the manner in which members of the local pension board may be appointed and removed.
 - (c) the terms of appointment of members of the local pension board.
33. The Pension Regulator’s Code of Practice 14: *Governance and administration of public service pension schemes* requires administering authorities to establish and operate appropriate and effective procedures to enable the people with responsibility to report potential breaches of the law to meet their legal obligations. This has been achieved by the publication of the fund’s policy on recording and reporting breaches of the law.

Equality and Diversity

34. 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.
35. There are no implications for any of the protected characteristics in any of the matters considered.

Options

36. Following consideration of the guidance from Hymans Robertson, the committee should consider whether the continued failure of full council to appoint an employer representative to the board has changed the original decision not to report this breach to the Pensions Regulator, based on considerations as outlined in paragraph 15 above.
37. In order to resolve this matter, the committee may decide to recommend to full council that the terms of reference for the Local Pension Board be amended to remove the requirement for a councillor to be appointed as employer representative on the board.
38. Were the wording in the terms of reference amended to “may be” an elected member, then if full council fail to nominate a representative, it would be for the council (as largest employer in the fund) to appoint a second employer representative from the general staff of the council.
39. Should this be agreed, a paper will be drafted for the Full Council meeting on 20 March 2024, setting out the background, as contained in this report, and proposing two options to Full Council:
 - (a) That full council do not amend the terms of reference of the Local Pension board and confirm a named elected member representative to sit on the Board at the meeting on 20 March 2024 for the remainder of the current council term. This would commit the Council after each set of local elections to appointing an elected member representative to the board.
 - (b) That full council amend the terms of reference of the Local Pension Board to read that the employer representative “*may be* an elected member of the council” and authorise the council’s Chief Executive to make the appointment for the current vacancy. This would allow the first Full Council meeting following each set of local elections to determine whether the appointment should be an elected member or appointed by the Chief Executive.
40. Should the council then fail to nominate a staff employer representative, the vacant position could be offered to external employers in the fund for nomination. This would result in the council (as largest employer in the fund) having the smallest representation on the local pension board.

Risk Management

41. The fund is in compliance with the expectations of the Pensions Regulator as it has created and published a policy for the recording and reporting of breaches of the law.
42. The council remains compliant with LGPS Regulations in having constituted a board with an equal number of scheme member and employer representatives (albeit with one vacancy), and still meets the minimum total membership requirements of two from each category.

43. Fund officers and the Local Pension Board have considered this potential breach in accordance with the policy, having sought advice from the fund's governance consultants.
44. As the previously identified actions to address the breach, including emails to elected members, inclusion of an agenda item on the January 2024 full council meeting, have not produced a resolution, further action must now be taken to resolve the breach, as outlined in paragraphs 33 to 36 above.
45. If no action is taken, consideration will have to be given to reporting the breach to the Pensions Regulator, being caused by 'poor governance or administration' with the effect of 'adequate internal controls not being established and operated, which may lead to schemes not being run in accordance with their scheme regulations and other legal requirements'.
46. The Pensions Regulator will consider any breach reported and may take enforcement action if they consider it necessary. This could cause additional work for the fund, and may have reputational issues for the council.

Appendices Attached

47. Appendix 1: Isle of Wight Council Pension Fund breaches log

Background Papers

48. Isle of Wight Council Constitution, Terms of reference of committees and boards [PART 3 - Terms of Reference of Committees and Boards.pdf \(moderngov.co.uk\)](#)
49. Isle of Wight Council Pension Fund Policy for recording and reporting breaches of the law
<https://www.isleofwightpensionfund.org/resources/policy-for-recording-and-reporting-breaches-of-the-law-2023/> .
50. The Pensions Regulator's code of practice no 14: Governance and administration of public service pension schemes
[Code 14 Public service pension code of practice | The Pensions Regulator](#)
51. Isle of Wight Council Full council meeting 17 January 2024, Item 10a Review of political proportionality, alternative arrangements, nominations and appointments
<https://iow.moderngov.co.uk/documents/s13839/ITEM%2010A%20-%20Review%20of%20Political%20Proportionality%20Alternative%20Arrangements%20Nominations%20and%20Appointments.pdf>

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Isle of Wight Pension Fund
Breaches Log 2023 – last updated 08 January 2024

Reference	Date entered in Register	Title of Breach	Owner of Breach	Party which caused the breach	Description and cause	Possible effect and wider implications	Category of Members and Number of Members Affected	Initial (re)action	Assessment of breach (red/amber/green) Brief summary of rationale	Reported to the Regulator Yes / No And outcome of report	If reported Name of reporter	Further actions taken to rectify Breach	Outstanding actions (if any) & date breach closed
2023-01	16-Nov-23	IWC elected member LPB rep	Pension Fund Manager	IW Council (as employer)	After three full council meetings (July, September and November 2023), no appointment has been made to fill the vacant elected member employer representative. Vacancy caused by resignation of former representative in May 2023. Emails had been sent to all elected members, and leaders of all political groups.	Unequal representation of scheme members and employers on LPB. Non-compliance with legislation. Possible intervention by TPR. However, no significant impact on ability of LPB to carry out its role.	All	Email sent to Monitoring Officer, Director of Finance, chairs of LPB and committee 16-Nov-23. Chased on 29-Nov-23. Email sent to Hymans Robertson LLP for guidance 16-Nov-23. Committee members agreed at 22-Nov-23 meeting to republish with their respective groups.	Amber at present. Seeking guidance from Hymans about next steps and implications of reporting breach. 13-Dec-23: LPB agreed treatment, report to committee, update after full council 17-Jan-24.	13-Dec-23: not reported	6-Dec-23: CX email to all political group leaders. 17-Jan-24: full council paper on political proportionality seeking nomination. See below.		

**Isle of Wight Pension Fund
Breaches Log 2023 – last updated 05 February 2024**

Reference	2023-01
Date entered in Register	16-Nov-23
Title of Breach	IWC elected member LPB rep
Owner of Breach	Pension Fund Manager
Party which caused the breach	IW Council (as employer)
Description and cause	<p>After three full council meetings (July, September and November 2023), no appointment has been made to fill the vacant elected member employer representative. Vacancy caused by resignation of former representative in May 2023.</p> <p>Emails had been sent to all elected members, and leaders of all political groups.</p> <p>Unequal representation of scheme members and employers on LPB.</p>
Possible effect and wider implications	<p>Non-compliance with legislation.</p> <p>Possible intervention by TPR.</p> <p><i>However, no significant impact on ability of LPB to carry out its role.</i></p>
Category of Members and Number of Members Affected	All
Initial (re)action	<p>16-Nov-23: Email sent to Monitoring Officer, Director of Finance, chairs of LPB and committee. Chased on 29-Nov-23.</p> <p>16-Nov-23: Email sent to Hymans Robertson LLP for guidance.</p> <p>22-Nov-23: Committee members agreed to re-publish with their respective groups.</p> <p>Amber at present.</p>
Assessment of breach (red/amber/green)	<p>Seeking guidance from Hymans about next steps and implications of reporting breach.</p> <p><i>13-Dec-23: LPB agreed treatment, report to committee, update after full council 17-Jan-24.</i></p>
Reported to the Regulator	<i>13-Dec-23: not reported</i>
If reported Name of reporter	<p><i>6-Dec-23: CX email to all political group leaders.</i></p> <p><i>17-Jan-24: full council paper on political proportionality seeking nomination.</i></p> <p><i>19-Jan-24: additional guidance sought from Hymans Robertson (received 29-Jan-24)</i></p>
Further actions taken to rectify Breach	<p><i>22-Jan-24: no nomination made, so PFM sent email to CX, DoF, MO, and chair of PFC suggesting amendment to Board's terms of reference to remove "shall be" – broadly supported by chair of PFC, no other responses received.</i></p> <p><i>05-Feb-24: recommendation that constitution be amended to "may be" to be presented to Full Council 20-Mar-24. Proposal to not report to TPR pending this action.</i></p>
Outstanding actions (if any) & date breach closed	

December 2023)

Items in italics updated information between 6 December 2023 and 26 January 2024.

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Committee Report

ISLE OF WIGHT COUNCIL

Meeting	ISLE OF WIGHT PENSION FUND COMMITTEE
Date	14 FEBRUARY 2024
Title	PENSION FUND RISK REGISTER UPDATE
Report of	PENSION FUND MANAGER

Executive Summary

1. This report provides the Pension Fund Committee with the updated pension fund risk register following a detailed review of red and amber rated risks. It provides the committee the opportunity to review the current position with regard to the pension fund's risks.
2. The Local Pension Board recommend the amended risk register for adoption by the Pension Fund Committee.

Recommendation

- | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ol style="list-style-type: none">3. That the updated risk register is agreed. In particular:<ol style="list-style-type: none">(a) The closure of one risk.(b) The increase in score of three risks.(c) The decrease in score of five risks.(d) The resulting four red risks.(e) The unchanged score of twenty risks. |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

Background

4. Due to pressures on officer capacity, the risk register has not been reviewed since it was last presented to the Local Pension Board in April 2023.
5. Governance support provided by Hymans Robertson has supported the Pension Fund Manager in the review of high (red rated) and medium (amber rated) risks.
6. The results of the review of red risks were presented in summary to the pension committee at its meeting in November 2023, as part of the governance support update report.

7. Following the November committee meeting, the review of amber risks was completed, and the results are presented below. Green rated risks were scheduled to be reviewed on 5 December 2023, but due to other work pressures, not least the completion of the private debt commitment subscription, this review was deferred until February 2024.
8. The summary risk register, as presented to the Local Pension board meeting in December 2023 is presented as appendix 1 to this report.

Table 1: changes to the risk register

Total number of risks: March 2023	29
Risks proposed to close	(1)
Total number of risks: December 2023	28

Table 2: risk register summary

	December 2023	March 2023
Red risks: VERY HIGH	2	2
Red risks: High	2	4
Amber risks: Medium	9	9
Green risks: Low	15	14
	28	29

Closed risks

9. The board confirmed the closure of one risk, with that risk being consolidated into another existing risk.

Table 3: closed risks

Risk	Previous Score	Justification
policy and decisions (G10)	9 Medium	Combined into existing risk “Governance arrangements (G1)”

Increased risk scores

10. Following the most recent review, the board confirmed the increase in risk score for the following risks:

Table 4: increased risk scores

Risk	Current Score	Previous Score
RESILIENCE (Key person risk (G3))	16 VERY HIGH	15 VERY HIGH
CAPACITY (Sufficient resources (A13))	16 VERY HIGH	12 HIGH
Pay and price inflation (F1)	8 Medium	5 Low

11. As described at the November 2023 pension fund committee meeting, the score for the resilience (key person) risk has been reviewed and still deemed to be very high. The probability of a single point of failure event occurring has been increased from likely to very likely, hence the increase in risk score. Support offered by Hymans Robertson for both governance and administration is providing some mitigation, but the score cannot be reduced until internal resource and support is implemented.
12. Similarly, as previously reported, the score for capacity (resourcing) risk has increased to very high, following the resignation of a significant number of administration team staff. Support from Hymans Robertson for both governance and administration is again providing some mitigation, but the immediate risk to business as usual activities can only be reduced once the administration service redesign is completed, and recruitment activity carried out.
13. The risk in respect of pay and price inflation has increased in score due to the ongoing fundamental uncertainty of the economy and the government's latest forecasts for inflation. This risk will be monitored in conjunction with the fund's actuary and investment consultants.

Reduced risk scores

14. The board agreed to reduce the risk scores for the following risks:

Table 5: reduced risk scores

Risk	Current Score	Previous Score
Cyber security (NEW 2)	13 HIGH	15 VERY HIGH
Investment pooling (I11)	9 Medium	12 HIGH
Changes to legislation (NEW 6)	9 Medium	12 HIGH
Employer fails to pay contributions (A3)	5 Low	8 Medium
Employer fails to provide data (A8)	5 Low	8 Medium

15. The likelihood of a significant exposure to cyber security risks has been reduced to unlikely, given the reliance on the council's solutions and those of external software providers. This risk still remains high (rather than very high) as the impact of an attack would be major. Work to develop a fund-specific disaster recovery/cyber incident response plan continues.
16. The likelihood that the ACCESS pool fails to meet local requirements has been reduced, following the successful acquisition of the pool operator by Waystone Group, the progress being made on illiquid solutions within the pool, and the fund's local selection of investment managers to fulfil its illiquid asset allocations. This risk should continue to be monitored.

17. The likelihood of the fund failing to react to changes in legislation has been reduced given the current good progress achieved in respect of the McCloud remedy data collection and analysis, and support in place from both Hymans Robertson and the fund's administration system software provider. There is a danger this risk could increase again when government finally issue new requirements for other anticipated changes in legislation (good governance, employment cases, etc).
18. The likelihood of both risks relating to employers failing to provide to provide accurate data or pay contributions on a timely basis has been reduced, due to the improvements in administration functions following the implementation of the i-connect portal, and the ongoing monitoring of the fund's key performance indicators. It is possible that these risks could be closed, given the robust monitoring of KPIs and service standards by the Local Pension Board at each of its meetings.

Red risks

19. The board agreed that four risks remain classified as the red-rated, the highest risk rating.

Table 6: Red-rated risks

Risk description	Current score	Previous score	Paragraph reference
RESILIENCE (Key person risk (G3))	16 VERY HIGH	15 VERY HIGH	11
CAPACITY (Sufficient resources (A13))	16 VERY HIGH	12 High	12
Cyber security (NEW 2)	13 High	15 VERY HIGH	15
ESG/RI and climate change (NEW3)	12 High	12 High	20

20. The score for the ESG/RI and climate change risk is unchanged, as no further work has been carried out on this subject given high levels of activity on governance and administration issues. A proposal for support and action has been received from Hymans Robertson but has not been implemented. It is proposed that work on this area is deferred until the capacity and resilience risks are more under control.
21. The detailed risk register showing the description and consequences of these red-rated risks and the proposed mitigation actions is presented as Appendix 2 to this report.

Corporate Priorities and Strategic Context

22. There is nothing contained in this report which directly contributes to the priorities contained in the Isle of Wight Council [Corporate Plan 2021 – 2025](#).

Pension Fund Strategic Aims

23. 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 employer to meet the cost of future benefits accruing.
24. Effective risk management is an essential part of any governance framework as it identifies risks and the actions required to mitigate their potential impact. For the Fund, those risks will come from a range of sources, including:
 - (a) the funding position.
 - (b) investment pooling and investment performance.
 - (c) scheme administration and membership movements.
 - (d) management and administration costs.
 - (e) General Data Protection Regulation (GDPR) and communications.
 - (f) financial systems.
 - (g) Central government legislation and regulation changes.
25. The Fund's aim is to embed risk management into its culture, processes and structure to ensure that risk-taking and innovation are balanced in order to maximise opportunities and that the committee, local pension board and senior fund officers understand their respective roles and responsibilities in the identification and management of risks.

Responding to climate change and enhancing the biosphere

26. One of the biggest risks that the pension fund must consider is the impact of its investments on the climate. There are some risks included on the risk register which address this area.

Economic Recovery and Reducing Poverty

27. The pension fund has in excess of 17,000 members, the significant majority of whom live on the Isle of Wight and all of whom are either current or former employees of Island organisations.
28. Ensuring the affordability of the pension scheme for employers and paying benefits to scheme members when they are due, contributes positively to the Island economy.

Local Pension Board View

29. The Local Pension Board considered this matter at its meeting on 12 December 2023.
30. Following their review of the risk register, the above recommendations are made to the committee.

Financial / Budget Implications

31. Other than the costs incurred in developing the risk management policy and original drafting of the risk register, as reported at the 25 May 2022 committee meeting, and the support provided by Hymans Robertson for governance matters, there are no direct costs incurred with the monitoring and updating of the risk register.
32. Any costs incurred in implementing the actions to mitigate the risks will be recorded against the project to which they relate and will be reported to committee under those items.

Legal Implications

33. Isle of Wight Council is the administering authority for the Isle of Wight Council Pension Fund. An administering authority is defined in the Local Government Pension Scheme Regulations 2013 as “a [local authority] required to maintain a pension fund under the local government pension scheme regulations”.
34. The Pensions Regulator’s Code of Practice 14 Governance and administration of public service pension schemes requires that the council, as administering authority for the Isle of Wight Council Pension Fund, establish and operate internal controls. These must be adequate for the purpose of securing that the scheme is administered and managed in accordance with the scheme rules and in accordance with the requirements of the law.
35. This risk register and associated risk management policy forms a key element of the fund’s compliance with the system of internal controls, ensuring the fund can meet its fiduciary duties.

Equality and Diversity

36. 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.
37. There are no implications for any of the protected characteristics arising from items covered in the report.

Risk Management

38. It is the responsibility of Isle of Wight Council, as administering authority for the Isle of Wight Council Pension Fund, to ensure that the fund is properly governed and administered in compliance with relevant regulations and other requirements. The council has delegated this function to the pension fund committee, under section 101 of the Local Government Act 1972.

39. The fund's strategy in dealing with risk management is to:
- (a) identify key risks to the achievement of the fund's aims and objectives.
 - (b) assess the risks for likelihood and impact.
 - (c) identify mitigating controls that can be put in place.
 - (d) allocate responsibility for the mitigating controls.
 - (e) maintain a risk register detailing the risk features in a)-d) above.
 - (f) review and update the risk register on a regular basis.
 - (g) report the outcome of the review to the Pension Fund Committee at each committee meeting.
40. In addition to the Risk Management Policy the Fund has developed its risk register, which sets out the position in relation to each individual risk identified. Adopting the risk register, will ensure continued compliance with the requirements of the Pensions Regulator
41. Further risks are likely to arise from future decisions taken by the Pension Committee, the ACCESS pool or from changes in legislation and regulations. Where such new risks arise, they will be added to the risk register, assessed, and mitigation actions identified.
42. Should the council fail to ensure appropriate systems of internal control the Pensions Regulator has the power to issue an improvement notice under section 13 of the Pensions Act 2004. This would have reputational issues for the council.

Appendices Attached

43. Appendix 1 – Summary risk register at 1 December 2023.
44. Appendix 2 – Red risks at 1 December 2023.
45. Appendix 3 – risk scoring profile (for information)

Background Papers

46. Isle of Wight Council Pension Fund Risk Management Policy
<https://www.isleofwightpensionfund.org/resources/risk-management-policy/>
47. Isle of Wight Pension Fund Committee 22 November 2023, Item 11: Governance support update
<https://iow.moderngov.co.uk/documents/s13176/ITEM%2011%20-%20Governance%20Support%20Update.pdf>
48. Isle of Wight Local Pension Board 13 December 2023, Item 19: Risk register update
<https://iow.moderngov.co.uk/documents/s13411/ITEM%2010%20-%20Risk%20Register%20Update.pdf>
49. Contact Point: Joanna Thistlewood, Pension Fund Manager, ☎ 821000
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Risks Under Service Area - Pension Fund

Risk	Assigned To	current score: (1-Dec-23)	Review Date	Previous score: (27-Mar-23)	Change
RESILIENCE (Key person risk (G3))	Pension Fund Manager	16 RED	31/01/2024	15 RED	^
CAPACITY (Sufficient resources (A13))	Pension Fund Manager	16 RED	29/12/2023	12 RED	^
Cyber security (NEW 2)	Pension Fund Manager	13 RED	29/12/2023	15 RED	v
ESG/RI and Climate Change (NEW 3)	Pension Fund Manager	12 RED	29/12/2023	12 RED	=
Investment pooling (I11)	Pension Fund Manager	9 AMBER	29/12/2023	12 RED	v
Changes to legislation (NEW 6)	Pension Fund Manager	9 AMBER	29/12/2023	12 RED	v
Governance arrangements (G1)	Pension Fund Manager	9 AMBER	29/03/2024	9 AMBER	=
mismatch between investment and funding strategies (G7)	Pension Fund Manager	9 AMBER	29/03/2024	9 AMBER	=
Pension Fund accounts (G9)	Pension Fund Manager	9 AMBER	29/03/2024	9 AMBER	=
Pay and price inflation (F1)	Pension Fund Manager	8 AMBER	29/03/2024	5 GREEN	^
Knowledge and understanding (G2)	Pension Fund Manager	8 AMBER	29/02/2024	8 AMBER	=
Communications (A1)	Pension Fund Manager	8 AMBER	29/03/2024	8 AMBER	=
Longevity (F5)	Pension Fund Manager	8 AMBER	29/03/2024	8 AMBER	=
Employer fails to pay contributions (A3)	Pension Fund Manager	5 GREEN	29/03/2024	8 AMBER	v
Employer fails to provide data (A8)	Pension Manager (Administration)	5 GREEN	29/03/2024	8 AMBER	v
Professional advice (G5)	Pension Fund Manager	6 GREEN	30/06/2023	6 GREEN	=
Internal controls failure (G6)	Pension Fund Manager	6 GREEN	31/05/2023	6 GREEN	=
disclosure of information legislation (G8)	Pension Fund Manager	5 GREEN	31/05/2023	5 GREEN	=
Data quality (A2)	Pension Manager (Administration)	5 GREEN	29/03/2024	5 GREEN	=
Assessment of benefit entitlements (A11)	Pension Manager (Administration)	5 GREEN	29/03/2024	5 GREEN	=
Inappropriate long term investment strategy (I2)	Pension Fund Manager	5 GREEN	31/05/2023	5 GREEN	=
liquidity risk (I8)	Pension Fund Manager	5 GREEN	30/06/2023	5 GREEN	=
Other provider risks (I10)	Pension Fund Manager	5 GREEN	30/06/2023	5 GREEN	=
Investment Markets (NEW 4)	Pension Fund Manager	5 GREEN	31/05/2023	5 GREEN	=
Employer engagement (NEW 5)	Pension Fund Manager	5 GREEN	30/06/2023	5 GREEN	=
Freedom and Choice (F8)	Pension Manager (Administration)	4 GREEN	29/03/2024	4 GREEN	=
Ceasing benefits (A9)	Pension Manager (Administration)	2 GREEN	29/03/2024	2 GREEN	=
pandemic (all)	Pension Fund Manager	2 GREEN	31/05/2023	2 GREEN	=
policy and decisions (G10)	Pension Fund Manager	CLOSED	31/05/2023	9 AMBER	CLOSED

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Pension Fund Risk Register (Red risks)

Risk: RESILIENCE (Key person risk (G3)) (Id: 196) - Assigned To: Pension Fund Manager						
Description:				Inherent Rating:	Current Rating	Target Rating:
reliance on key people, lack of supporting resource, single points of failure CLOSED 9 Sep 22: combined with A13 for NEW risk REOPENED 23Nov22 and renamed at request of committee Consequence: Severe disruption if key staff are absent for any period of time. Review Date: 31/01/2024 Closed Date:				15 - Very High	16 - Very High (01/12/2023)	5 - Low
Mitigations / Actions	% Complete	Due Date	Assigned To	Update		
Governance support from Hymans Robertson commissioned and reported to committee. Fortnightly meetings with fund officers and Hymans Robertson personnel.	25	31/03/2024	Pension Fund Manager	update 13 Nov-23: underlying assumptions, and high priority items reported to PFC in September 2023. Regular update calls held. progress somewhat delayed due to administration staffing issues.		
work force plan to be developed, using IWC model	0	29/03/2024	Pension Fund Manager	update 15-Mar-23: no progress on this, subject to outcome of structure review. update 13-Nov-23: no significant progress, although administration team redesign is being progressed following significant number of staff resignations.		
Administration staff resources and technical support programme agreed with Hymans Robertson, for period of three months, to cover gaps following staff resignations, while service redesign work is completed. Following redesign, recruitment to new structure can begin.	50	31/01/2024	Pension Manager (Administration)	Update 13-Nov-23: questions on support contract raised by HR, Corporate Information Unit, and Procurement, has delayed the implementation of this contract - which was scheduled to start on 30 October 2023 for a period of three months. Expect to sign contract before 17 November 2023. Update 1-Dec-23: contract signed, support contract in place		
Barnett Waddingham to present options report from structure review to Council's Corporate Management Team on 4 April 2023	0	29/12/2023	Pension Fund Manager	Report not presented to CMT - to be discussed with Director of Finance, Chief Executive and Director of Corporate Resources on 12 May 2023 update 13-Nov-2023: report was reviewed, but action deferred until after completion of Council's structure review. Discussed with Chris Ward/Kerry Hubbleday 13 October; no further progress to report.		
Recruitment of three trainee posts to pensions administration team, to replace three resignations.	100	28/04/2023	Pension Manager (Administration)	recruitment complete - new staff start on 9 May 2023		

Mitigations / Actions	% Complete	Due Date	Assigned To	Update
commission external review of pension fund structure to ensure most effective and appropriate structure is in place - linking into Good Governance Project.	100	31/08/2022	Pension Fund Manager	<p>update 9-May-22: further competition launched via procurement portal to National LGPS Framework providers on 3 May. Deadline for submission of responses 24 May 2022; evaluation to be complete by 7 June, with award shortly thereafter and work to commence as soon as possible after award.</p> <p>update 30-May-22: 4 tender submission received by deadline - evaluation in progress.</p> <p>update 01-Jul-22: unable to identify preferred provider, so procurement process suspended 10 June 2022. Reworking of further competition documentation to be deferred until after award of custodian contract, so early August 2022,</p>
Financial Management staffing restructure changes Technical Finance Manager role to Pension Fund Manager, with 100% focus on Pension Fund. New cost centre to be created to separate Pension Fund Finance costs from mainstream Accountancy team.	100	01/04/2022	Pension Fund Manager	<p>update 9-May-22: structure now implemented, cost centre created and budget transferred. costs to be monitored via Finance Mini Service Board monthly.</p>

Risk: CAPACITY (Sufficient resources (A13)) (Id: 220) - Assigned To: Pension Fund Manager

Description: Insufficient resources (staffing, financial) to deliver responsibilities - LGPS CLOSED 9-Sep-22: combined with G3 for NEW risk REOPENED 23-Nov-22 and renamed at request of committee Consequence: inability to pay benefits, unable to engage with stakeholders, inappropriate decisions, non-compliance with regulatory and best practice requirements Review Date: 29/12/2023 Closed Date:	Inherent Rating: 15 - Very High	Current Rating 16 - Very High (01/12/2023)	Target Rating: 9 - Medium
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Mitigations / Actions	% Complete	Due Date	Assigned To	Update
Governance support from Hymans Robertson commissioned and reported to committee. Fortnightly meetings with fund officers and Hymans Robertson personnel.	25	31/03/2024	Pension Fund Manager	update 13 Nov-23: underlying assumptions, and high priority items reported to PFC in September 2023. Regular update calls held. progress somewhat delayed due to administration staffing issues.
Ensure appropriate strategic planning is in place, identifying resource and budgetary needs and putting them in place as required	0	29/03/2024	Pension Fund Manager	update 13-Nov-23: support commissioned from Hymans Robertson for both governance and administration activities, which should alleviate immediate pressures, but at a significant financial cost.
Administration staff resources and technical support programme agreed with Hymans Robertson, for period of three months, to cover gaps following staff resignations, while service redesign work is completed. Following redesign, recruitment to new structure can begin.	50	31/01/2024	Pension Manager (Administration)	Update 13-Nov-23: questions on support contract raised by HR, Corporate Information Unit, and Procurement, has delayed the implementation of this contract - which was scheduled to start on 30 October 2023 for a period of three months. Expect to sign contract before 17 November 2023. Update 1-Dec-23: contract signed, support contract in place
succession planning for administration team	25	31/12/2023	Pension Manager (Administration)	update 16-May-22: will be factored into output of operational structure review. Update 02-02-23 Due to be reviewed by CMT 7 March 2023. Update 16-03-23 review CMT pushed back to April. Update 11-May-23: Awaiting review by 151 Officer and IWC Directors TBC. Update 01-Oct-23: Director of Corporate services reviewing Pensions Admin Team structure.

Mitigations / Actions	% Complete	Due Date	Assigned To	Update
next steps for structure review to be discussed between Chief Executive, Director of Finance and Director of Corporate Resources, including process for onward referral. meeting scheduled for 12 May 2023	0	29/12/2023	Pension Fund Manager	update 13-Nov-2023: report was reviewed, but action deferred until after completion of Council's structure review. Discussed with Chris Ward/Kerry Hubbleday 13 October; no further progress to report.
commission external review of pension fund structure to ensure most effective and appropriate structure is in place - linking into Good Governance Project.	100	31/08/2022	Pension Fund Manager	update 9-May-22: further competition launched via procurement portal to National LGPS Framework providers on 3 May. Deadline for submission of responses 24 May 2022; evaluation to be complete by 7 June, with award shortly thereafter and work to commence as soon as possible after award. update 30-May-22: 4 tender submission received by deadline - evaluation in progress. update 01-Jul-22: unable to identify preferred provider, so procurement process suspended 10 June 2022. Reworking of further competition documentation to be deferred until after award of custodian contract, so early August 2022,

Risk: Cyber security (NEW 2) (Id: 1276) - Assigned To: Pension Fund Manager

Description:

A Cyber Security Incident is defined as:
 A Breach of security leading to the accidental or unlawful destruction, loss, alteration, unauthorised disclosure of, or access to, personal data or confidential information
 or
 An event having an actual adverse effect on the security of or unauthorised access to or use of, inability to access, loss or theft of, or malicious infection of network and information systems that reasonably may compromise the privacy or confidentiality, integrity, or availability of confidential information or personal data or the council's operating environment, services, network and information systems

Consequence:

Complete or significant Loss of data
 Unlawful release of personal data held by the Council to unauthorised third parties resulting in legal action/fines
 Loss of Council or individual staff members money through fraudulent transactions as a result of phishing
 Temporary or permanent disabling of key council ICT systems
 Other fraudulent activity
 Other breaches of GDPR

Review Date: 29/12/2023 **Closed Date:**

Inherent Rating:

15 - Very High

Current Rating

13 - High

(01/12/2023)

Target Rating:

13 - High

Mitigations / Actions

**%
Complete**

Due Date

Assigned To

Update

IWC cyber incident response plan has been obtained. To be reviewed for compatibility with pension fund needs, then used to create pension specific plan

0

29/03/2024

Pension Fund Manager

update 13-Nov-23: no progress to date.

Review TPR single code of practice requirements for cyber risk considerations and ensure compliant. (NB TPR combined code expected to be launched Sept 2022)

25

29/12/2023

Pension Fund Manager

Update 15-Mar-23: TPR expect to launch "General Code" in spring 2023. but reviewing cyber processes against expectations set out in draft code issued for consultation. First steps = assessment of IWC and Heywood controls at board meeting on 4 April 2023
 update 28-Apr-23: TPR code delayed until July 2023. Board agreed good start, needs further work on evidencing testing of controls in place.
 Update 13-Nov-23: TPR code still not launched. Hymans Robertson have agreed to support with training and understanding of TPR requirements in advance of launch of code.

Mitigations / Actions	% Complete	Due Date	Assigned To	Update
Pension Fund specific disaster recovery/cyber incident response plan in place to ensure back-up systems are in place within an agreed timescale. Regularly reviewed and updated.	50	29/12/2023	Pension Fund Manager	update 28-Apr-23: no progress to date update 13-Nov-23: included in high priority work following governance outlook review and support. Hymans have indicated that they can support with training and understanding of specific requirements of TPR code, but work must be carried out by IWC staff or external data risk specialists if needed.
Ensure appropriate training and awareness sessions provided to administration staff, other officers and members of the Pension Committee and Pension Board. monitored as part of annual PDR process and reported in pension fund annual report.	75	29/12/2023	Pension Fund Manager	update 13-Nov-23: all finance and administration staff have completed required internal training. Hymans have offered to support future training for committee and board members.
compliance with Council data security protocols and building access controls maintained. rolling annual mitigation	100	31/03/2023	Pension Fund Manager	
Cyber risk assessment tool (AON) to be completed, and action plan developed.	100	30/12/2022	Pension Fund Manager	update 9-Sep-22: access to tool currently blocked under IWC firewalls; incident reported to ICT 5/9/22 update 15-Mar-23: Cyber risk assessment tool completed and presented to Pension Board 26 October 2022. Actions identified to improve performance.

Risk: ESG/RI and Climate Change (NEW 3) (Id: 1277) - Assigned To: Pension Fund Manager

<p>Description: The fund fails to consider Environmental, Social and Governance risk factors, including climate change, when considering its investment strategy, funding strategy and reporting requirements. It also fails to engage with its investment managers (including the ACCESS pool) to ensure their climate risk processes align with those of the fund.</p> <p>Consequence: loss of returns through obsolete investments and/or stranded assets; reduction in the creditworthiness of individual investee companies should they fail to address climate change implications, for example moving away from fossil fuels. reduction in funding level, higher employer contribution rates. reputational issues. non-compliance with legislation/regulations/reporting requirements.</p> <p>Review Date: 29/12/2023 Closed Date:</p>	<p>Inherent Rating: 12 - High</p>	<p>Current Rating 12 - High (01/12/2023)</p>	<p>Target Rating: 9 - Medium</p>
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Mitigations / Actions	% Complete	Due Date	Assigned To	Update
ESG/RI workgroup established to review fund's current beliefs and statements to ensure fit for purpose.	25	29/03/2024	Pension Fund Manager	2 meetings held to date update 9-May-22: no meetings held since November 2021, due to officer capacity update 13-Nov-23: no further progress.
fund commissioned ESG analysis and carbon footprint report in June 2021, which has informed some manager challenge, and will form baseline for future climate change actions.	0	29/03/2024	Pension Fund Manager	Update 9-May-22: consideration to be given to commissioning updated report for 2022-23. cost identified as £13k. update 28-4-23: to be reviewed as part of TCFD reporting compliance. Update 13-Nov-23: proposal for work plan has been received from Hymans Robertson, although further work deferred until such time as TCFD reporting for LGPS requirements are confirmed by central government. Indication that these will not come into force until 2024-25 reporting at the earliest.
consider requirements of UK Stewardship code	0	29/03/2024	Pension Fund Manager	
Membership of LAPFF to improve engagement with investee companies. Reporting of engagement to be improved.	50	29/12/2023	Pension Fund Manager	Update 28-Apr-23: LAPFF membership renewed for 2023-24. reporting of engagement to be improved. Update 13-Nov-23: membership of LAPFF continues, LAPFF communications shared with committee members as appropriate.
Fund has published responsible investment beliefs, set in 2019. To be reviewed to ensure still relevant and expanded where appropriate	0	29/12/2023	Pension Fund Manager	update 28-4-23: to be reviewed as part of TCFD reporting compliance.

Mitigations / Actions	% Complete	Due Date	Assigned To	Update
triennial valuation 2022 will model specific climate scenarios in determining likelihood of achieving funding targets, and setting contribution rates.	100	31/12/2022	Pension Fund Manager	update 4-Jul-22: assumptions for climate modelling agreed update 15-Mar-23: draft valuation report presented to pension committee on 8 February 2023. this included sensitivity analysis of results in three different climate scenarios.
ACCESS pool developing ESG/RI guidelines which should encompass all current statements from all 11 funds. Continued involvement in the development of those guidelines at officer and elected member level	100	25/11/2022	Pension Fund Manager	update 9-May-22: ACCESS ESG/RI guidelines were presented to elected member workshop on 27 April, with very few amendments proposed. Should be presented to 6 June 2022 JC meeting for onward recommendation. update 01-Jul-22: ACCESS JC meeting approved guidelines in principle. Next step, to build into local review of current statements. update 15-Mar-23: ACCESS JC formally recommended that guidelines be considered by local funds.
respond to DLUHC "Governance and reporting of climate change risks" consultation (issued 1 Sep. 22); develop action plan to ensure compliance with expected regulations. Reporting required for 2023-24 year, by 1 December 2024.	100	24/11/2022	Pension Fund Manager	Update 15-Mar-23: consultation response submitted 24 November 2022. Government have not yet issued their response, nor the regulations which enforce the requirements.

Appendix 2 - Risk Prioritisation Matrix

Likelihood/Probability	4 V. Likely	7 Medium	11 Medium	14 High	16 <u>VERY HIGH</u>
	3 Likely	4 Low	8 Medium	12 High	15 <u>VERY HIGH</u>
	2 Unlikely	2 Low	5 Low	9 Medium	13 High
	1 Remote	1 Low	3 Low	6 Low	10 Medium
	Scale	1 Low	2 Medium	3 High	4 Major
Impact/Severity					

15 - 16	Red	V. high risk
12 - 14	Red	High risk
7 - 11	Amber	Medium risk
1 - 6	Green	Low risk

Likelihood/Probability Criteria

FACTOR	SCALE	THREATS - DESCRIPTION	INDICATORS
Very likely	4	More than 75% chance of occurrence	Regular occurrence Circumstances frequently encountered - daily/weekly/monthly
Likely	3	40% - 75% chance of occurrence	Likely to happen at some point within the next 1-2 years Circumstances occasionally encountered (few times a year)
Unlikely	2	10% - 40% chance of occurrence	Only likely to happen 3 or more years
Remote	1	Less than 10% chance of occurrence	Has happened rarely/never before

Impact/Severity Criteria

Factor	Scale	Effect on Service	Embarrassment/reputation	Personal Safety	Personal privacy infringement	Failure to provide statutory duties/meet legal obligations	Financial	Effect on Project Objectives/ Schedule Deadlines
Major	4	Major loss of service, including several important areas of service and /or protracted period. Service Disruption 5+ Days	Adverse and persistent national media coverage Adverse central government response, involving (threat of) removal of delegated powers Officer(s) and/or Members forced to resign	Death of an individual or several people	All personal details compromised/ revealed	Litigation/claims/fines from Departmental £250k + Corporate £500k +	Costing over £500,000	Complete failure of project/ extreme delay – 3 months or more
High	3	Complete loss of an important service area for a short period Major effect to services in one or more areas for a period of weeks Service Disruption 3-5 Days	Adverse publicity in professional/municipal press, affecting perception/standing in professional/local government community Adverse local publicity of a major and persistent nature	Major injury to an individual or several people	Many individual details compromised/ revealed	Litigation/claims/fines from Departmental £50k to £125k Corporate £100k to £250k	Costing between £50,000 and £500,000	Significant impact on project or most of expected benefits fail/ major delay – 2-3 months
Medium	2	Major effect to an important service area for a short period Adverse effect to services in one or more areas for a period of weeks Service Disruption 2-3 Days	Adverse local publicity /local public opinion aware Statutory prosecution of a non-serious nature	Severe injury to an individual or several people	Some individual details compromised/ revealed	Litigation/claims/fines from Departmental £25k to £50k Corporate £50k to £100k	Costing between £5,000 and £50,000	Adverse effect on project/ significant slippage – 3 weeks–2 months
Low	1	Brief disruption of important service area Significant effect to non-crucial service area Service Disruption 1Day	Contained within section/Unit or Directorate Complaint from individual/small group, of arguable merit	Minor injury or discomfort to an individual or several people	Isolated individual detail compromised/ revealed	Litigation/claims/fines from Departmental £12k to £25k Corporate £25k to £50k	Costing less than £5,000	Minimal impact to project/ slight delay less than 2 weeks



Purpose: For Information

Committee Report

ISLE OF WIGHT COUNCIL

Meeting **ISLE OF WIGHT PENSION FUND COMMITTEE**

Date **14 FEBRUARY 2024**

Title **PENSION FUND RECHARGES**

Report of **PENSION FUND MANAGER**

Executive Summary

1. This report provides information to the committee on the recharges made to the pension fund from Isle of Wight Council in the year ended 31 March 2023.
2. Further information has been requested from the council's finance team on the basis of some of these recharges, but this work has been delayed due to pressures on that team from the council's budget setting process.
3. A further report will be provided to the committee and board as the analysis is received.

Recommendation

- | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ol style="list-style-type: none">4. That the recharges made to the pension fund from Isle of Wight Council in the year to 31 March 2023 be noted.5. That further information be requested on the basis of the recharges, in particular those in relation to corporate support service recharges. |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

Background

6. In the year ended 31 March 2023, Isle of Wight Council recharged a total of £539,161 to the pension fund. This covered direct costs of staffing in the administration and finance teams, other direct costs charged to the council's cost centres for administration and pension finance, and a number of service recharges from other council departments.

7. The breakdown of the costs charged in 2022-23 is included at appendix 1 to this report.
8. At its meeting on 13 December 2023, the Local Pension Board requested an analysis of these recharges.
9. A request was made to the Service Director – Finance and the Strategic Manager – Finance to provide details of the basis of calculation of the service recharges. This request has been acknowledged, but work will not be completed until the conclusion of the council's budget setting process for 2024-25.

Corporate Priorities and Strategic Context

10. There is nothing contained in this report which directly contributes to the priorities contained in the Isle of Wight Council [Corporate Plan 2021 – 2025](#).

Pension Fund Strategic Aims

11. 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 employer to meet the cost of future benefits accruing.
12. The fund has also agreed the following objectives, which are supported by information in this report:
 - (a) Act with integrity and be accountable to our stakeholders for our decisions, ensuring they are robust and evidence based.

Financial / Budget Implications

13. This report provides information on costs charged to the pension fund. Analysis is required to understand the basis on which some of these costs are recharged, to ensure value for money is being achieved for scheme members.

Legal Implications

14. Isle of Wight Council is the administering authority for the Isle of Wight Council Pension Fund. An administering authority is defined in the Local Government Pension Scheme Regulations 2013 as “a [local authority] required to maintain a pension fund under the local government pension scheme regulations”.
15. There are no legal implications relating to this report.

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. There are no implications for any of the protected characteristics relating to information in this report.

Appendices Attached

18. Appendix 1: analysis of recharges 2022-23.
19. Contact Point: Joanna Thistlewood, Pension Fund Manager, ☎ 821000
e-mail jo.thistlewood@iow.gov.uk

CHRIS WARD
*Director of Finance and
Section 151 Officer*

COUNCILLOR CHRIS JARMAN
*Chairman of the Isle of Wight
Pension Fund Committee*

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Analysis of Costs Recharged from Isle of Wight Council to Pension Fund

	2022-23							
	Pensions Admin	Pension Fund Manager	Dir of Finance	Payments Team	Accountancy Team	Pension Admin Manager	Procurement	Total
Staff	216,918	110,405	5,778			48,779		381,880
Premises	11,259	1,652				1,660		14,570
Sundry Office Exps	73	-				-		73
Professional Fees	-	-				-		-
Professional Subscriptions	4,409	-				-		4,409
IT Expenses	32,937	-				4,084		37,021
Other Income	-	-				-		-
Procurement recharge	-	-				-	5,583	5,583
IWC internal support recharges	36,758	2,095				2,001		40,853
Other to be advised				8,000	62,617	(15,847)		54,770
	302,354	114,152	5,778	8,000	62,617	40,676	5,583	539,161

	Pensions Admin	Pension Fund Manager	Pension Admin Manager	Total
Premises	11,259	1,652	1,660	14,570
IT Expenses	32,937	-	4,084	37,021
IWC internal support recharges	36,758	2,095	2,001	40,853
	80,953	3,747	7,745	92,445
Premises				
433001 Insurance Premiums P	1,943	1,652	428	4,023
441001 Postage	100			100
524102 Supp Svs - Accomodtn	9,216		1,232	10,448
	11,259	1,652	1,660	14,570
IT expenses				
445001 Comp Software Licenc	110			110
522101 Supp Svs - ICT	31,503		4,084	35,587
527101 Support Serv-Comms	1,324			1,324
	32,937	-	4,084	37,021
IWC internal support charges				
521101 Finance Support	1,146			1,146
521102 Payroll Support	446		73	519
521103 Payment Support	259			259
521105 Business Suppt rech.	8,630			8,630
521106 Audit Support	280			280
523101 Supp Svs - HR & Trng	3,736		552	4,288
523102 Learn & Dev recharge	6,240		850	7,090
525105 Inf mangmt recharge	202			202
540250 IAS19 Accrued Leave	-		526	526
590011 Internal Recharges	2,485	2,095		4,580
591001 Postage - Int rech	3,530			3,530
591004 Printing - Int Rech	8,473			8,473
591008 Somerton Stores rech	1,330			1,330
	36,758	2,095	2,001	40,854



Purpose: For Information

Committee Report

ISLE OF WIGHT COUNCIL

Meeting	ISLE OF WIGHT PENSION FUND COMMITTEE
Date	14 FEBRUARY 2024
Title	INVESTMENT STRATEGY IMPLEMENTATION UPDATE
Report of	PENSION FUND MANAGER

Executive Summary

1. At its November 2023 meeting, the committee agreed the appointment of managers and the total commitment to the new strategy asset allocations to both private debt and infrastructure. At that meeting the committee also received an update on the progress of the transition of the funds Fixed Income portfolio into the ACCESS pool.
2. This report provides an update on the progress of the implementation of those decisions, for the committee's information.

Recommendation

- | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ol style="list-style-type: none">3. That the completion of the transfer of the fund's fixed income portfolio is noted.4. That the acceptance of the fund's commitment to the Pantheon Senior Debt Secondaries III (GBP) Fund is noted.5. That progress towards the completion of documentation for the fund's investment in the JP Morgan Infrastructure Investment Fund is noted. |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

Background

Fixed income

6. At its November 2023 meeting, the committee noted the progress made towards the transfer of the fixed income portfolio from a direct holding with Schroder Investment Management Limited to the Royal London Asset Management (RLAM) sub-fund within the ACCESS pool.

7. The transfer of the portfolio was completed on 18 December 2023.
 - (a) Units in the Schroder fund were sold for a value of £110.1 million on 8 December 2023.
 - (b) Sale proceeds were received by Northern Trust (NT) (local custodian) on the same day and were transferred within the NT system on 12 December 2023. Interest of £33 thousand was earned during this period (approximately 2.8% per annum).
 - (c) Funds were transferred from NT to Waystone (ACCESS operator) on 13 December 2023.
 - (d) Waystone procured units in the RLAM fund on 14 December 2023 for a purchase cost of £109.7 million, incurring trade costs of £362,107.69, equating to 0.33% of the purchase price.
 - (e) The purchase of units by RLAM was not completed until 18 December 2023. The final contract note, confirming the actual price of the units purchased, is still outstanding.
8. The delay in the completion of the purchase of the units in the RLAM sub-fund arose due to an issue of miscommunication around the clearance of funds for purchase. A verbal update on this matter will be provided at the meeting.

Private debt

9. At its November 2023 meeting, the committee approved the fund's commitment of £65 million to the Pantheon Senior Debt Secondaries III (GBP) fund and noted the appointment of Gowlings WLG to carry out the legal review of the investment documentation.
10. Following the committee meeting, work commenced with Pantheon and Gowlings to complete the on-boarding documentation and to agree the terms of the subscription agreement and side letter.
11. Documentation was signed by the fund on 22 December 2023 based on the draft side letter terms at that date, and authority was given to Gowlings to finalise the terms during the festive period, when officers of the funds were on annual leave.
12. The documentation was completed on 29 December 2023, and formal confirmation of Pantheon's acceptance of the Isle of Wight Pension Fund's commitment as of that date was received on 12 January 2024.
13. At the time of writing this report, no capital calls have been received for this investment.

Infrastructure

14. At its November 2023 meeting, the committee approved the fund's total commitment of £70 million to the JP Morgan Infrastructure Investment Fund (IIF) and noted that work on completion of that investment had yet to start.
15. Due to the amount of work required for the Private Debt investment in December 2023, work on this did not begin until January 2024.

16. Initial conversations with JP Morgan have identified that the next close date for the IIF is 1 April 2024, with completed documentation for that being required by 28 February 2024. If this date is missed, the next close will be 1 July 2024.
17. Hymans Robertson have identified an opportunity for the fund to purchase units in the IIF through the secondary market – an existing investor (not LGPS) is seeking to sell its current investment in the fund through a broker, which could offer a significant discount on the purchase price, although requiring additional negotiations on the purchase agreement. It is anticipated that this secondary purchase could be completed in line with the earliest close date noted above.
18. Officers have authorised Hymans to commence discussions with the broker on the terms of the agreement and the discount offered. If the terms of the agreement are not suitable, the fund can withdraw from those negotiation, and still fulfil its commitment through direct investment with JP Morgan. Early indications are that a discount of between 1.5% and 3% (£260,000 - £710,000) may be available through the secondary market, subject to negotiation and agreement with the seller.
19. As in both instances documentation is required to be finalised by 28 February 2024, work has commenced on the completion of on-boarding documentation from JP Morgan.
20. The council's procurement team have confirmed that a direct award from the National LGPS Framework for the legal review of documentation can be made to Gowlings WLG, based on the work that firm completed for the private debt investment. This review will include the subscription agreement, negotiation of a side letter seeking specific terms if required, and a review of the secondary market agreement.
21. An update on progress towards the completion of documentation will be provided at the committee meeting.

Corporate Priorities and Strategic Context

22. There is nothing contained in this report which directly contributes to the priorities contained in the Isle of Wight Council [Corporate Plan 2021 – 2025](#).

Pension Fund Strategic Aims

23. 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 employer to meet the cost of future benefits accruing.
24. The fund has also agreed the following objectives, which are supported by information in this report.

Governance

- (a) The Committee supports medium to long-term investing as a means of enhancing returns, and believe investment decisions should be assessed over an appropriate time scale.
- (b) Pooling presents an opportunity to access best in class investments at a lower cost. Such opportunities should always be assessed alongside the strategic asset allocation of the fund for suitability.
- (c) External advice from parties such as an investment consultant helps planning, risk management and decision making.

Strategy

- (d) The Fund's high-level investment strategy and asset allocation should be set by using asset liability modelling in conjunction with each triennial actuarial valuation.
- (e) Investors are rewarded for illiquidity in private markets.

Risk Management

- (f) Appropriate diversification reduces the overall level of dependence on any particular market or asset class and helps manage volatility, particularly in respect of equity markets.
- (g) Transitions between managers and asset classes can result in considerable transaction costs and market risks. It is important such transitions are carefully managed the Fund aims to have this managed by the ACCESS pool.

Financial / Budget Implications

- 25. In respect of the fixed income portfolio transfer, the fund incurred investment manager costs of £362,107, and investment consultancy fees of approximately £20,000. These costs were offset to interest earned on cash held with the custodian of £33,778.
- 26. The net cost in respect of this transaction was £348,328, approximately 0.32% of the cost of units in the RLAM fund.
- 27. In respect of the private debt investment close, the fund incurred legal costs of £30,000.
- 28. Costs in respect of the infrastructure investment close have yet to be determined. These could be offset by the discount in purchase price achieved through the secondary market. Further information on these costs will be provided at a future meeting of the committee.

Legal Implications

29. Isle of Wight Council is the administering authority for the Isle of Wight Council Pension Fund. An administering authority is defined in the Local Government Pension Scheme Regulations 2013 as “a [local authority] required to maintain a pension fund under the local government pension scheme regulations”.
30. The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (the investment regulations) set out the parameters under which administering authorities should formulate its investment strategy, in accordance with its duties in relation to diversification, on the basis of proper investment advice, and taking account of the level of risk and return.
31. Section 9 of the investment regulations states that the authority can appoint investment managers to manage investments on its behalf, provided it believes that the manager’s ability in and practical experience of financial matters make that investment manager suitably qualified to make investment decisions for it; and that proper advice has been taken in relation to the appointment and the terms on which it is made.
32. External legal advice on the private debt investment subscription agreement was provided by Gowlings WLG. Confirmation of the legal advisers for the review of the infrastructure investment documentation will be provided at the committee meeting.

Equality and Diversity

33. 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.
34. There are no implications for any of the protected characteristics arising from items covered in the report.

Risk Management

35. The risks associated with each asset class in which the pension fund is invested are considered as part of the strategic investment allocation decisions and have been reported to each committee meeting where these matters are discussed.
36. The risks specific to each investment agreement are reviewed by the pension fund’s legal advisers.

Background Papers

37. Isle of Wight Pension Fund Committee, 6 September 2023:
<https://iow.moderngov.co.uk/ieListDocuments.aspx?CId=175&MId=1586&Ver=4>
(a) Item 14b: Fixed Income Transition to ACCESS Pool (confidential)

(b) Item 14c: Manager selection process for increased Private Debt and Infrastructure Allocations (confidential)

38. Isle of Wight Pension Fund Committee, 22 November 2023 Item 10: Investment Strategy Implementation

<https://iow.moderngov.co.uk/documents/s13168/ITEM%2010%20-%20Investment%20Strategy%20Implementation.pdf>

39. Contact Point: Joanna Thistlewood, Pension Fund Manager, ☎ 821000
e-mail jo.thistlewood@iow.gov.uk

CHRIS WARD
*Director of Finance
and Section 151 Officer*

COUNCILLOR CHRIS JARMAN
*Chairman of the Isle of Wight
Pension Fund Committee*



Purpose: For Decision

Committee Report

ISLE OF WIGHT COUNCIL

Meeting	ISLE OF WIGHT PENSION FUND COMMITTEE
Date	14 FEBRUARY 2024
Title	INVESTMENT STRAETGY STATEMENT
Report of	PENSION FUND MANAGER

Executive Summary

1. This report presents updates to the investment strategy statement (ISS) for the Isle of Wight Council Pension Fund (the fund) to take into account the changes to the fund's strategic asset allocations following the results of the 2022 triennial valuation.
2. The fund has already begun work on the implementation of this strategy, as previously presented to the committee. On adoption of the updated ISS, it will be published on the pension fund's website.

Recommendation

- | |
|------------------------------------------------------------------------------------------------------------------------------------------------------|
| 3. The proposed changes to the Investment Strategy Statement are agreed and the revised statement is approved for publication on the fund's website. |
|------------------------------------------------------------------------------------------------------------------------------------------------------|

Background

4. Regulation 7 of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (the 2016 regulations) sets out the requirement for administering authorities to prepare, maintain and publish a written Investment Strategy Statement (ISS).

5. The ISS should set out how the fund addresses each of the objectives included in the 2016 regulations, namely:
 - a) a requirement to invest fund money in a wide range of instruments.
 - b) the assessment of the suitability of particular investments and types of investment.
 - c) the approach to risk, including the ways in which risks are to be measured and managed.
 - d) the approach to pooling investments, including the use of collective investment vehicles.
 - e) the policy on how social, environmental or corporate governance considerations are considered in the selection, non-selection, retention and realisation of investments.
 - f) the policy on the exercise of the rights (including voting rights) attaching to investments.
6. The previous version of the ISS was adopted by the committee in March 2021, following the 2019 triennial valuation.
7. During the calendar year 2023, the committee has reviewed and significantly amended its strategic asset allocation, including the introduction of increased allocations to private debt and infrastructure to be funded from the removal of the fund's allocation to diversified growth.
8. A summary statement of changes made to the ISS is included as Appendix 1 to this report, with the revised Investment Strategy Statement presented in full as Appendix 2.
9. There are no changes proposed at this stage to the fund's investment beliefs and objectives, included as appendix a to the ISS. The committee may wish to review and reconfirm these objectives during the next municipal year.

Corporate Priorities and Strategic Context

10. There is nothing contained in this report which directly contributes to the priorities contained in the Isle of Wight Council [Corporate Plan 2021 – 2025](#).

Pension Fund Strategic Aims

11. 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 employer to meet the cost of future benefits accruing.

12. Specifically, the fund has agreed the following investment strategy objectives:
- (a) The strategic benchmark should be consistent with the Committee's views on the appropriate balance between generating a satisfactory long-term return on investments whilst taking account of market volatility and risk and the nature of the Fund's liabilities.
 - (b) Strategic asset allocation is the most important component of decision making and it is here that the optimum risk and return profile should be designed and monitored regularly, ensuring managers and mandates remain appropriate for the Fund.
 - (c) The Fund's high-level investment strategy and asset allocation should be set by using asset liability modelling in conjunction with each triennial actuarial valuation.
 - (d) Fees and costs incurred within investment manager mandates are important though the focus is on achieving the best returns net of fees.
 - (e) Investors are rewarded for illiquidity in private markets. Future liquidity needs must be assessed at each review of asset allocation combined with cash flow projections from the fund actuary.
 - (f) High conviction active management can improve value over the long-term net of fees, but it is not guaranteed.
 - (g) Global markets are likely to outperform domestic markets in the long term.

Consultation

13. Regulation 7 of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 states that the administering authority should consult such persons as it considers appropriate as to the proposed contents of its investment strategy.
14. Members of the Local Pension Board have been engaged in all the meetings in which the proposed changes to the fund's strategic asset allocation have been discussed and agreed. Further consultation on any changes to the fund's objectives, and the development of the fund's ESG/RI policy will be undertaken in due course.

Financial / Budget Implications

15. The Isle of Wight Council Pension Fund manages investment assets of £728.3 million on 31 December 2023 in diversified portfolios across asset classes and investment managers.
16. The revised Investment Strategy Statement has been drafted by the fund's investment consultants, Hymans Robertson LLP. The costs for this review are consistent with the prices quoted when the contract was awarded in 2018.

Legal Implications

17. Isle of Wight Council is the administering authority for the Isle of Wight Council Pension Fund. An administering authority is defined in the Local Government Pension Scheme Regulations 2013 as “a [local authority] required to maintain a pension fund under the local government pension scheme regulations”.
18. Regulation 7 of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 sets out the requirement for administering authorities to prepare, maintain and publish a written Investment Strategy Statement (ISS).
19. The regulations also set out the contents of the ISS, and the process by which it should be reviewed and revised, and how such amendments should be consulted upon.
20. The administering authority must review and if necessary, revise its investment strategy from time to time, and at least every 3 years, and publish a statement of any revisions.

Equality and Diversity

21. 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.
22. There are no implications on any of the protected characteristics arising from the proposed changes to the Investment Strategy Statement.

Options

23. Members are asked to consider the proposed changes to the Investment Strategy Statement in light of the recent work undertaken to amend the fund’s strategic asset allocation.
24. Option 1: The proposed changes to the Investment Strategy Statement are agreed and the revised statement is approved for publication on the fund’s website.
25. Option 2: The proposed changes to the Investment Strategy Statement are not agreed. Further work should be undertaken to update all relevant sections before it is published.

Risk Management

26. The fund's current Investment Strategy Statement, published on its dedicated website, does not reflect the fund's current investment strategy, which has been significantly changed following the work undertaken since the 2022 triennial valuation.
27. The fund is required to publish a revised ISS where there are significant changes.
28. The ISS contains details of the key investment risks facing the fund and sets out the fund's approach to managing these risks and the mitigating actions in place.

Evaluation

29. The investment strategy and strategic asset allocation contained within the published Investment Strategy Statement have changed as a result of this review, so there is a requirement under the regulations to publish a revised statement.
30. The committee has made decisions to implement the revised investment strategy, through its appointment of investment managers to implement the increased allocations to private debt and infrastructure, as well as the transition of the fixed income portfolio into the ACCESS pool.
31. The proposed Investment Strategy Statement reflects those decisions.

Appendices Attached

32. Appendix 1: Statement of Changes Made to the Investment Strategy Statement.
33. Appendix 2: Draft Investment Strategy Statement February 2024.

Background Papers

34. Isle of Wight Council Pension Fund Investment Strategy Statement March 2021.
<https://www.isleofwightpensionfund.org/resources/investment-strategy-statement-2021/>
35. Isle of Wight Pension Fund Committee 24 May 2023 Item 18 Investment Strategy 2023 (confidential paper).
36. Isle of Wight Pension Fund Committee 6 September 2023 Item 14 Investment Strategy 2023 (confidential paper).
37. Isle of Wight Pension Fund Committee 22 November 2023 Item 10 Investment Strategy implementation.
<https://iow.moderngov.co.uk/documents/s13168/ITEM%2010%20-%20Investment%20Strategy%20Implementation.pdf>

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CHRIS WARD
*Director of Finance
and Section 151 Officer*

COUNCILLOR CHRIS JARMAN
*Chairman of the Isle of Wight
Pension Fund Committee*

Appendix 1: Statement of Changes made to the Investment Strategy Statement 2024

Paragraph numbering removed to comply with new corporate template.
Capitalisation, abbreviation and punctuation amendments throughout.

If sections or paragraphs are not specifically listed below, there are no material changes proposed.

1 Document information:

- Next review 2026 – to coincide with next triennial valuation

4 Investment Beliefs and Objectives

- Second paragraph – added statement about calculation of member benefits.

5 Investment strategy and the process for ensuring suitability of investment

- First paragraph amended to reflect funding position following 2022 valuation being a small surplus rather than a deficit.
- Amended to reflect changes to the strategy following the outcomes of the 2022 valuation, and action taken to date to implement those decisions.

Asset classes section updated to include amended strategic allocations to infrastructure, private debt and diversified growth. Specifically:

- Table 1 updated – diversified growth allocation removed; infrastructure and private debt allocations increased from 5% to 10% each.
- Table 2 amended from “Link Fund Solutions (ACCESS pool)” to “Waystone Group (ACCESS pool)” to reflect pool operator takeover.
- Added name of sub fund investment manager to ACCESS pool holdings.
- New lines for UBS (passive global equity), Pantheon (private debt) and JP Morgan (infrastructure).
- Amended fixed income manager from Schroder to Waystone Group (ACCESS pool) (Royal London) to reflect the transition of this portfolio into the ACCESS pool.
- Explanatory note to confirm that commitments have been made to Pantheon and JP Morgan but at January 2024, no investments made into those funds

6 Risk Measurement and Management

Section 6.1

- Chart 1 updated for 2022 valuation results.

Section 6.3:

- updated definition of ESG risk (previously “the extent to which ESG issues are not reflected in asset prices and/or not considered in investment decision making leading to underperformance relative to expectations.”)
- added mitigation to underperformance of a single manager by adding “and having a proportion of the Fund’s assets managed on an index-tracking basis.”

7 Approach to asset pooling

- Amended the names of the other administering authorities within the ACCESS pool to include “County Council” or equivalent.
- Updated proportion of asset held within the ACCESS pool at December 2023, to include “Assets under pool management” as determined by the Joint Committee (UBS passive global equity).

8 Voting rights and engagement

- Section heading amended to include “and engagement”
- Additional paragraphs concerning the Fund’s membership of LAPFF and other engagement activity directly and through ACCESS pool.

9 Environmental, Social and Corporate Governance policy and policy of the exercise of rights (including voting rights) attaching to investments

- Added information about the ACCESS pool’s Voting Guidelines and Responsible Investment guidelines.
- New paragraphs concerning climate change and human rights, and the Fund’s approach to TCFD reporting compliance.

12 Related documents

- New section in corporate template, linking to Funding Strategy Statement.

Appendix B – Myners Principles compliance statement

- Throughout, previous references to “admitted body employers” have been amended to read “all employers”.

Isle of Wight Council Pension Fund
**INVESTMENT STRATEGY
STATEMENT**
February 2024

1 Document Information

Title:	Isle of Wight Council Pension Fund Investment Strategy Statement
Status:	Draft
Current Version:	V3.0
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Consultation:	Investment Consultants – Hymans Robertson LLP Financial Management Pension Fund Committee Local Pension Board
Approved by:	Pension Fund Committee
Approval Date:	14 February 2024
Review Frequency:	Every three years (or following significant strategic changes)
Next Review:	2026

Version	Date	Description
1.0	March 2017	Final following 2016 valuation
2.1	04 December 2018	Revision for updated objectives
2.2	14 December 2018	Formatting and consistency
2.3	19 December 2018	ESG statement update
2.3	29 January 2019	Committee approval
2.4	3 March 2021	Updated investment strategy
3.0	14 February 2024	Updated investment strategy following 2022 valuation

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3 Introduction

This is the Investment Strategy Statement (“ISS”) of the Isle of Wight Council Pension Fund (“the Fund”) which is administered by the Isle of Wight Council (“the Administering Authority”). The ISS is made in accordance with Regulation 7 of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (“the Regulations”).

The ISS has been prepared by the Isle of Wight Pension Fund Committee (“the Committee”) having taken advice from the Fund’s investment adviser, Hymans Robertson LLP. The Committee acts on the delegated authority of the Administering Authority.

This ISS has been designed to be a living document and is an important governance tool for the Fund. This document sets out the investment strategy of the Fund, provides transparency in relation to how the Fund investments are managed, acts as a risk register, and has been designed to be informative but reader focused.

This statement will be reviewed by the Committee at least triennially or more frequently and without delay should any significant change occur. The Committee has consulted on the contents of the Fund’s investment strategy with such persons it considers appropriate.

The Committee seeks to invest, in accordance with the ISS, any Fund money that is not needed immediately to make payments from the Fund.

4 Investment beliefs and objectives

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 fund 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 employer to meet the cost of future benefits accruing. For employee members, benefits will be based on service completed but will take account of future salary and/or inflation increases.

In order to best achieve these objectives, the Committee has developed a set of investment beliefs which help to inform the investment strategy derived from the decision-making process. The latest investment beliefs are included in Appendix A and are reviewed on a regular basis.

5 Investment strategy and the process for ensuring suitability of investment

As noted above, the Fund's objective is to pay benefits as they fall due, and this requires the build-up of sufficient reserves in advance. The Fund is currently assessed to have a slight surplus in terms of the reserves needed and so the asset strategy is focused on achieving returns in excess of gilts to maintain this position without taking undue risk. Having a thorough understanding of the risks facing the Fund is crucial and these are covered later in this statement.

The Committee is responsible for the Fund's asset allocation which is determined via a triennial strategy review as part of the valuation process but is kept under constant review; noting that strategic changes are an evolutionary process.

The triennial review looks at both qualitative and quantitative analysis, covering:

- The required level of return that will mean the Fund can meet its future benefit obligations as they fall due.
- The level of risk that the Fund can tolerate in absolute terms, and in relation to its funding level and deficit.
- An analysis of the order of magnitude of the various risks facing the Fund is established in order that a priority order for mitigation can be determined.
- The desire for diversification across asset class, region, sector, and type of security.

In 2022/23, the Fund conducted an asset liability modelling exercise in conjunction with the 2022 actuarial valuation. The Fund's liability data from the valuation was used in the modelling, and the implications of adopting a range of contributions and investment strategies were assessed. The implications for the future evolution of the Fund were considered under a wide range of different scenarios.

The Committee assessed the likelihood of achieving their long-term funding target – which has been defined as achieving a fully funded position within the next 20 years. They also considered the level of downside risk associated with different strategies by identifying the low funding levels which might emerge in the event of adverse experience.

Following this review, it was agreed to increase the strategic allocations to Infrastructure and Private Debt from 5% to 10% each (outlined in the Asset Classes section). Product selection exercises were undertaken for each new asset class in 2023, and the new allocations to Infrastructure and Private Debt will be implemented in 2024 and funded from the Fund's allocation to Diversified Growth.

The Committee also conducted a review of the Fund's UK equity allocation in May 2022 due to concerns regarding the incumbent manager's relatively poor performance and lack of team stability. Blackrock was appointed as Liontrust's (formerly Majedie) replacement, and the mandate was effectively transitioned in 2023.

In 2023 the Committee also reviewed the implementation of the Fund's fixed income allocation in light of Government guidance on asset pooling and available investment solutions through the ACCESS pool. The Committee agreed to move to an ACCESS fixed income solution where the underlying manager is Royal London Asset Management and transitioned assets to this fund in Q4 of 2023.

5.1 Asset classes

The Fund may invest in quoted and unquoted securities of UK and overseas markets including equities and fixed interest and index linked bonds, cash, property, infrastructure, alternative debt, and commodities either directly or through pooled funds. The Fund may also make use of contracts for differences and other derivatives either directly or in pooled funds investing in these products for the purpose of efficient portfolio management or to hedge specific risks.

The Committee reviews the nature of Fund investments on a regular basis, with particular reference to suitability and diversification. The Committee seeks and considers written advice from a suitably qualified person in undertaking such a review. If, at any time, investment in a security or product not previously known to the Committee is proposed, appropriate advice is sought and considered to ensure its suitability and diversification.

The Committee has translated its objectives into a suitable strategic asset allocation benchmark for the Fund. The target asset allocation, along with an overview of the role each asset plays in achieving the Fund's objectives is set out in the table below.

Table 1:

Asset class	Allocation %	Allowable ranges %	Role (s) within the strategy
Equity	50.0	+/-6%	Long term growth in excess of inflation.
Property	8.0	+/-4%	Diversification and regular investment income. Returns expected to be inflation sensitive. Exposure to Illiquidity premium.
Infrastructure	10.0	n/a	Returns expected to be inflation sensitive. Diversified source of return and regular income. Exposure to Illiquidity premium.
Private Debt	10.0	n/a	Diversified source of return and regular income. Exposure to Illiquidity premium.
Fixed Income	22.0	+/-4%	Diversified source of return from a range of sources. Some duration exposure. Not specifically income generating.

5.2 Restrictions on investment

In line with the Regulations, the authority's investment strategy does not permit more than 5% of the total value of all investments of fund money to be invested in entities which are connected with that authority within the meaning of section 212 of the Local Government and Public Involvement in Health Act 2007.

The 2016 Regulations have removed the previous restrictions that applied under the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009. The Committee's approach to setting its investment strategy and assessing the suitability of different types of investment takes account of the various risks involved. Therefore, it is not felt necessary to set additional restrictions on investments.

5.3 Investment managers

The Committee has appointed a number of investment managers all of whom are authorised under the Financial Services and Markets Act 2000 to undertake investment business.

The Committee, after seeking appropriate investment advice, has agreed specific benchmarks with each investment manager so that, in aggregate, they are consistent with the overall asset allocation for the Fund. The Fund's investment managers will hold a mix of investments which reflects their views relative to their respective benchmarks. Within each major market and asset class, the investment managers will maintain diversified portfolios through direct investment or pooled vehicles.

The individual investment manager mandates in which the Fund assets are currently invested (January 2024) are as follows:

Table 2:

Investment Manager	Asset Class	Investment style
Waystone Group (ACCESS pool) (Blackrock)	UK Equity	Active
Waystone Group (ACCESS pool) (Newton)	Global Equity	Active
UBS	Global Equity	Passive
Waystone Group (ACCESS pool) (Baillie Gifford)	Diversified Growth	Active
Schroders	Property	Active
Goldman Sachs	Private Debt	Active
Pantheon *	Private Debt	Active
Partners Group	Infrastructure	Active
JP Morgan *	Infrastructure	Active
Waystone Group (ACCESS pool) (Royal London)	Fixed Income	Active

* The Committee has agreed to make investments to Infrastructure with JP Morgan and Private Debt with Pantheon, but at the time of writing there were no investments yet made to these funds.

6 Risk measurement and management

The Committee assesses risks both qualitatively and quantitatively, with the starting point being the triennial investment strategy review. Risks are considered, understood, and then prioritised accordingly. The Committee is aware that the Fund has a need to take risk (e.g. investing in growth assets) to help it achieve its funding objectives. It has an active risk management programme in place that aims to help it identify the risks being taken and put in place processes to manage, measure, monitor and (where possible) mitigate the risks being taken. One of the Committee’s overarching beliefs is to only take as much investment risk as is necessary.

The principal risks affecting the Fund are set out below, we also discuss the Fund’s approach to managing these risks and the contingency plans that are in place

6.1 Investment risks

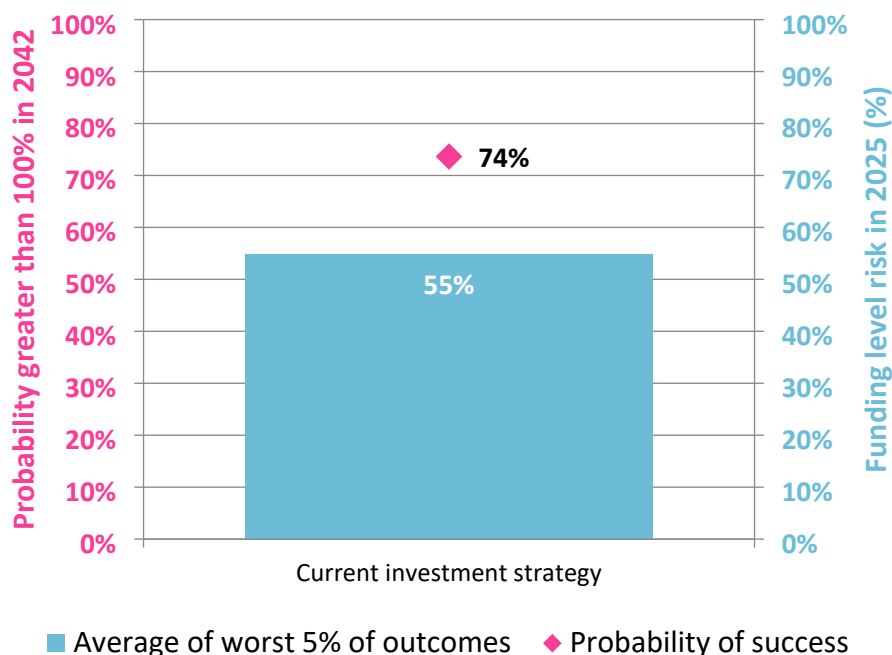
The Committee uses an integrated risk management based approach for considering investment risk and setting the investment strategy. Analysis is carried out at a whole fund level and the Fund currently offers a single investment strategy for all employers.

These risks are analysed using Asset Liability Modelling (“ALM”) where Assets and liabilities are projected forward under the 5,000 simulations. For each of the scenario modelled, the chances of meeting the Fund’s funding objective are assessed – shown as a pink diamond and read from the left hand scale in the chart below.

This probability of success is then measured against the possible downside risk – the funding level at the next valuation in the event of a ‘poor outcome’, defined as the average of the worst 5% of outcomes – shown by a blue bar and read from the right hand scale in the chart below.

The Committee seeks to take sufficient investment risk such that the probability of meeting the Fund’s funding objective remains above 2/3rds, whilst trying to maximise the Fund’s funding level in the worst 5% of modelled outcomes.

Chart 1:



6.2 Funding risks

Financial mismatch – The risk that Fund assets fail to grow in line with the developing cost of meeting the liabilities.

Changing demographics – The risk that longevity improves, and other demographic factors change, increasing the cost of Fund benefits.

Systemic risk – The possibility of an interlinked and simultaneous failure of several asset classes and/or investment managers, possibly compounded by financial ‘contagion’, resulting in an increase in the cost of meeting the Fund’s liabilities.

The Committee measures and manages financial mismatch by setting a strategic asset allocation benchmark for the Fund. The Committee assesses risk relative to the strategic benchmark by monitoring the Fund’s asset allocation and investment returns relative to the benchmark. The Committee also assesses risk relative to liabilities by monitoring the delivery of benchmark returns relative to liabilities.

The Committee also seeks to understand the assumptions used in any analysis and modelling so they can be compared to their own views and the level of risks associated with these assumptions to be assessed.

The Committee seeks to mitigate systemic risk through a diversified portfolio, but it is not possible to make specific provision for all possible eventualities that may arise under this heading.

6.3 Asset risks

Concentration – The risk that a significant allocation to any single asset category and its underperformance relative to expectation would result in difficulties in achieving funding objectives.

Illiquidity – The risk that the Fund cannot meet its immediate liabilities because it has insufficient liquid assets.

Market risk – The risk that the value of investments, and income from them, may fall as well as rise. This includes equities, government or corporate bonds, and alternatives, whether held directly or in a pooled or collective investment vehicle. Further, investments in developing or emerging markets may be more volatile and less marketable than in mature markets.

Currency risk – The risk that the currency of the Fund’s assets underperforms relative to Sterling (i.e. the currency of the liabilities).

Environmental, social and governance (“ESG”) – The risk that ESG related factors reduce the Fund’s ability to generate the long-term returns.

Climate risk – The extent to which climate change causes a material deterioration in asset values as a consequence of factors including but not limited to policy change, physical impacts, and the expected transition to a low-carbon economy.

Manager underperformance – The failure by the investment managers to achieve the rate of investment return assumed in setting their mandates.

The Committee measure and manage asset risks as follows:

The Fund's strategic asset allocation benchmark invests in a diversified range of asset classes. The Fund invests in a range of investment mandates each of which has a defined objective, performance benchmark and manager process which, taken in aggregate, help reduce the Fund's asset concentration risk. By investing across a range of assets, including liquid quoted equities and bonds, as well as property, the Committee has recognised the need for access to liquidity in the short term.

The Fund invests in a range of overseas markets which provides a diversified approach to currency markets; the Committee also assess the Fund's currency risk during their risk analysis.

Details of the Fund's approach to managing ESG risks is set out later in this document.

The Committee has considered the risk of underperformance by any single investment manager and have attempted to reduce this risk by appointing more than one manager and having a proportion of the Fund's assets managed on an index-tracking basis. The Committee assess the Fund's investment managers' performance on a regular basis, and will take steps, including potentially replacing one or more of their managers, if underperformance persists.

Investment managers are appointed to manage the Fund's investments on its behalf. This risk is small relative to other risks; however the Fund still addresses this risk. Extensive due diligence is used before managers are selected, with a number of different managers chosen to prevent concentration risk. The investment managers are also monitored regularly by the Committee, Officers and by the Fund's Advisors.

One of the largest risks that the Fund is running is in relation to its equity holdings. Should equity market conditions deteriorate significantly this will have a negative impact on the funding level. The Fund holds equities in order to provide the necessary returns to ensure that the Fund remains affordable. The Committee believes that the extra returns that are expected to be generated by equities compensates the level of risk equities bring to the Fund, but does believe in diversification, and looks to mitigate equity risk by investing significantly in bonds and alternatives. The Fund is a long-term investor but does require income over and above contributions received in order to pay pensions.

The Fund has a significant amount of assets allocated to a range of alternatives, with allocations to property, infrastructure, and private debt. The risks that these investments bring at an individual level is not insignificant however the Committee believe that over the long-term alternatives will provide returns that compensate for the risks being run. Additionally the level of diversification the assets provide helps to reduce the Funds reliance on returns from equities. Illiquid assets such as property, Infrastructure and Private Debt are also a valuable source of income.

6.4 Other provider risks

Transition risk – The risk of incurring unexpected costs in relation to the transition of assets among managers. When carrying out significant transitions, the Committee seeks suitable professional advice.

Custody risk – The risk of losing economic rights to Fund assets, when held in custody or when being traded.

Credit default – The possibility of default of a counterparty in meeting its obligations.

Stock-lending – The possibility of default and loss of economic rights to Fund assets.

The Committee monitors and manages risks in these areas through a process of regular scrutiny of its providers, and audit of the operations it conducts for the Fund, or has delegated such monitoring and management of risk to the appointed investment managers as appropriate (e.g. custody risk in relation to pooled funds). The Committee has the power to replace a provider should serious concerns exist.

6.5 Demographic risks

The Fund is subject to a range of demographic risks, but with particular reference to investment strategy, the Committee is aware of the potential for the Fund to mature over time as the pensioner liability increases. A mature pension fund is likely to take less investment risk over time and this is considered at each strategy review. The more mature a pension fund, the more likely it is that disinvestments would need to be made to pay benefits. The Fund is not in that situation at present as income from contributions and investments are greater than benefit payments. However, this situation is monitored regularly and formally as part of the actuarial valuation and strategy review.

6.6 Cashflow management risks

As noted above, the Fund is marginally cash flow positive after taking investment income into account. However, this position will be reviewed regularly and is a factor that is incorporated into the Fund's investment strategy reviews in order that a portfolio of income generating assets is built up over time.

6.7 Governance risks

The Fund believes that there is a benefit to the Fund to be gained from good governance in the form of either or both of an increased return and/or decreased risk. Poor governance can lead to opportunities and risks being missed and have a detrimental effect on the funding level and deficit.

Details of the Fund's governance structure can be found in the Governance Compliance Statement in the Fund's annual report and accounts.

6.8 Environmental, Social and Governance (“ESG”) risks

It is recognised that ESG factors can influence long term investment performance and the ability to achieve long term sustainable returns. The Committee consider the Fund's approach to responsible investment in two key areas:

Sustainable investment / ESG factors – considering the financial impact of environmental, social and governance (ESG) factors on its investments.

Stewardship and governance – acting as responsible and active investors/owners, through considered voting of shares, and engaging with investee company management as part of the investment process.

The Committee recognises that social, environmental and ethical considerations are among the factors which investment managers will take into account, where relevant, when selecting investments for purchase, retention, or sale. Each of the investment managers has produced a statement setting out its policy in this regard. The investment managers have been delegated by the Committee to act accordingly.

The Committee takes ESG matters, including climate change, seriously and regularly reviews its policies in this area and its investment managers' approach to ESG. The Committee have established a formal set of RI investment beliefs which are included in the appendix to this statement.

In 2021, the Committee undertook dedicated training sessions on the risks climate change poses to the Fund. This included climate change scenario modelling which aimed to illustrate how the Fund's funding position could be impacted in the future by climate and ESG risks under a variety of scenarios.

The Fund aims to take further action with regards to ESG governance and oversight. Work is expected to include Further training, ESG reporting, and setting measurable metrics and targets for driving change.

The Fund does not hold any assets which it deems to be social investments.

7 Approach to asset pooling

Isle of Wight Council is a member of the ACCESS pool along with the following ten other pension funds:

- Cambridgeshire County Council
- East Sussex County Council
- Essex County Council
- Hampshire County Council
- Hertfordshire County Council
- Kent County Council
- Norfolk County Council
- West Northamptonshire Council
- Suffolk County Council
- West Sussex County Council

All 11 funds are committed to collaboratively working together to meet the criteria for pooling and have signed an Inter Authority Agreement to underpin their partnership. ACCESS is working to a project plan in order to create the appropriate means to pool investments.

The ACCESS Funds have set out how they meet the pooling criteria, the pool's structure, governance arrangements and services to be shared is set out in the submission made to the Government in July 2016, which is available on the ACCESS website <http://www.accesspool.org/>

All 11 ACCESS funds are working in the expectation that all investments will be pooled apart from a minority of investments where there is a no value for money benefit to pooling a specific investment as identified and agreed by an individual fund.

7.1 Assets to be invested in the Pool

The Fund's intention is to invest its assets through the ACCESS Pool as and when suitable Pool investment solutions become available. The key criteria for assessment of Pool solutions will be as follows:

- That the Pool enables access to an appropriate solution that meets the objectives and benchmark criteria set by the Fund.
- That there is a clear financial benefit to the Fund in investing in the solution offered by the Pool, should a change of provider be necessary.

At the time of preparing this statement the Fund has 88.2% of its assets invested directly via the ACCESS Pool or deemed under pool management.

Mandates invested directly via the ACCESS pool include Blackrock UK Equity, Newton Global Equity, Baillie Gifford DGF and Royal London Fixed Income.
Mandates deemed under pool management include UBS passive global equity.

Any assets not currently invested in the Pool will be reviewed at least every three years to determine whether the rationale remains appropriate, and whether it continues to demonstrate value for money. The next such review will take place no later than 2025.

8 Voting rights and engagement

The Committee has delegated the exercise of voting rights to the investment managers on the basis that voting power will be exercised by them with the objective of preserving and enhancing long term shareholder value. Accordingly, the investment managers have produced written guidelines of their process and practice in this regard. Copies of the investment managers' latest corporate governance reports are available from the Pension Fund Manager. The investment managers are encouraged to vote in line with their guidelines in respect of all resolutions at annual and extraordinary general meetings of companies.

The Fund believes in collective engagement and is a member of the Local Authority Pension Fund Forum (LAPFF), through which it collectively exercises a voice across a range of corporate governance issues.

The Committee supports engagement activity that seeks to:

- Achieve greater disclosure of information on the ESG-related risks that could affect the value of an investment.
- Achieve transparency of an investment's carbon exposure and how such companies are preparing for the transition to a low carbon economy.
- Encourage its asset managers to actively participate in collaborative engagements with other investors where this is deemed to be in the best interests of the Fund.

9 Environmental, Social and Corporate Governance policy and policy of the exercise of rights (including voting rights) attaching to investments

The Committee must act with the best financial interests of the beneficiaries, present and future, in mind. The Committee believes that companies should be aware of the potential risks associated with adopting practices that are socially, environmentally, or ethically unacceptable. As part of the investment decision-making process, investment managers are required to consider such practices and assess the extent to which this will detract from company performance and returns to shareholders.

Investment managers are required to exercise voting rights on behalf of the Fund when it is in the best interests of the Fund. The 11 Councils of the ACCESS pool have agreed a set of Voting Guidelines that set out the stewardship expectations for listed companies in relation to reports, accounts and audit, directors and remuneration, shareholder rights and environmental issues. The latest version of the Voting Guidelines can be found on the ACCESS website.

The Fund has deferred stock lending policies to its public equity mandate managers. The Committee recognises that stock lending may inhibit the full application of the Fund's voting policy as votes may not be cast on stock on loan and thus further considerations will be given to including a stock-lending stance within the policy.

The Fund has never sought to implement a policy that explicitly excludes certain types of investments, companies, or sectors except where they are barred by UK law. The Fund believes that its influence as a shareholder is better deployed by engaging with companies, in order to influence behaviour and enhance shareholder value. The Fund believes that this influence would be lost through a divestment or screening approach. The Fund actively engages with companies through its investment managers.

Ultimately the Fund will always retain the right to disinvest from certain companies or sectors in the event that all other approaches are unsuccessful and it is determined that the investment is no longer aligned with the interests of the Fund or that the issue poses a material financial risk.

As an active member of the ACCESS pool, the Fund's Responsible Investment (RI) beliefs are adequately reflected in the pool-wide RI guidelines, which were collectively agreed by the member funds. The Committee will continue to contribute to the ACCESS pool's RI developments through contributions at the Joint Committee meetings which decide the Pool's Business Plan for the short, medium, and long term.

Climate change is increasingly being recognised by regulatory bodies and legislators as an issue that must be explicitly addressed by asset owners and investment managers. The uncertainty arising from climate change has implications for the Fund's investment strategy and thus the Committee aims to further assess climate change and other environmental risks as its strategy develops. The Isle of Wight Pension Fund aims to engage with its managers to ensure that a common mechanism for monitoring climate-related risks can be developed in respect of all the Fund's assets.

Societal expectations of companies with regard to human rights are increasing, as are legal and regulatory obligations. There is an increasing expectation on companies to ensure that they protect human rights in line with international, legal, and regulatory obligations on a global scale both directly, and within their supply chains. The Fund recognises that it has an obligation to respect human rights as outlined within the UN Guiding Principles on Business and Humans Rights and to encourage good practice which protects against violation and exploitation. This extends to expecting compliance with normative standards and relevant legislation.

The Committee aims to establish an ESG policy encompassing the environmental, social and governance issues highlighted above, and in line with the guidance published by the LGPS Scheme Advisory Board in 2019. This policy will be measured against the current legal and best practice framework, in particular on climate change risk.

The Fund previously committed to the UK Stewardship Code 2012 as published by the Financial Reporting Council. An enhanced UK Stewardship Code 2020 took effect on 1 January 2020. The Committee are yet to consider becoming a signatory to the new code, and, in the meantime, aims to work closely with ACCESS on stewardship and engagement issues including ESG issues and voting rights.

In line with the new expected LGPS regulations, the Fund will work towards becoming compliant with the Taskforce for Climate-related Financial Disclosures (“TCFD”) framework and will seek to report against the four key areas of governance, strategy, risk management, and metrics and targets.

10 Myners Principles

Although not specifically referenced in the Regulations, the Committee feels that assessment of compliance with the Myners Principles is a valuable governance tool. A copy of the Fund's Myners Compliance Statement can be found in Appendix B.

11 Advice taken

In creating this statement, the Fund has taken advice from its Investment Consultant. Also, in relation to each of the constituent parts, such as the asset allocation and risk mitigation, the Fund has taken advice from its Investment Consultant and the Scheme Actuary, Hymans Robertson LLP. In providing investment advice, Hymans Robertson is regulated by the Financial Conduct Authority.

12 Related Documents

Isle of Wight Council Funding
Strategy Statement

<https://www.isleofwightpensionfund.org/resources/isle-of-wight-council-pension-fund-2022-funding-strategy-statement/>

13 Appendix A – Investment Beliefs

13.1 Governance

A clear set of investment beliefs can help achieve good governance by providing a framework for all investment decisions.

Effective governance not only ensures appropriate levels of control over the fund but can add value through correct resourcing and improved decision making.

The Committee supports medium to long-term investing as a means of enhancing returns, and believe investment decisions should be assessed over an appropriate time scale.

The Committee view long-term as typically being greater than 15 years, medium-term typically being between 3-15 years and short-term being less than 3 years.

Pooling presents an opportunity to access best in class investments at a lower cost. Such opportunities should always be assessed alongside the strategic asset allocation of the fund for suitability.

Committee members and staff at the ACCESS pool must have the correct level of skills and investment knowledge to understand the level of risk in the investment portfolio.

Manager selection should be delegated to the ACCESS pool and the Committee aim to have a good working relationship with the ACCESS pool.

External advice from parties such as an investment consultant helps planning, risk management and decision making.

13.2 Strategy

The strategic benchmark should be consistent with the Committee's views on the appropriate balance between generating a satisfactory long-term return on investments whilst taking account of market volatility and risk and the nature of the Fund's liabilities.

Strategic asset allocation is the most important component of decision making and it is here that the optimum risk and return profile should be designed and monitored regularly, ensuring managers and mandates remain appropriate for the Fund.

The Fund's high-level investment strategy and asset allocation should be set by using asset liability modelling in conjunction with each triennial actuarial valuation.

Fees and costs incurred within investment manager mandates are important though the focus is on achieving the best returns net of fees.

Investors are rewarded for illiquidity in private markets. Future liquidity needs must be assessed at each review of asset allocation combined with cash flow projections from the fund actuary.

High conviction active management can improve value over the long-term net of fees, but it is not guaranteed.

Global markets are likely to outperform domestic markets in the long term.

13.3 Risk

Adopt a strategy to generate sufficient returns to keep the cost of new benefits accruing reasonable and maintain a balance of stable employer contributions and investment risk.

Risk should be employed efficiently with a view to generating a required level of risk adjusted return. While risk should be rewarded in the long-term current market conditions should also be a consideration.

Appropriate diversification reduces the overall level of dependence on any particular market or asset class and helps manage volatility, particularly in respect of equity markets.

The Committee believes that it is appropriate to be aware of potential downside risks and consider the role of low risk matching assets within the strategy

Foreign currency exposure is part of managing a global portfolio of investments. There is no strategic hedging of currency exposure from volatile asset classes such as equities as the Fund believes this to be of limited benefit to long term investment returns.

Pooling represents significant risk to the Fund and decisions made should aim to minimise this risk where possible.

Transitions between managers and asset classes can result in considerable transaction costs and market risks. It is important such transitions are carefully managed the Fund aims to have this managed by the ACCESS pool.

13.4 Responsible Investment

The Fund is a long-term investor, and the investments should be able to generate sustainable returns to pay pensions for scheme members. Environmental, Social and Governance (“ESG”) issues can have a material impact on the long-term performance of its investments.

The Committee should focus on meeting its financial obligations to pay benefits to members. Financial considerations carry the same weight as non-financial considerations.

Long-term sustainable investment returns are an important consideration, even to the extent that the sustainability of returns extends beyond the expected investment horizon of the Committee.

Responsible ownership of companies benefits long term asset owners. Companies with a clear responsible investment policy are expected to outperform companies without a responsible investment policy, over the longer term.

The Fund aims to work closely with ACCESS on stewardship and engagement issues including ESG issues and voting rights.

14 Appendix B – Myners Principles compliance statement

Principle

Principle 1 Effective Decision Making:

Administering authorities should ensure:

- That decisions are taken by persons or organisations with the skills, knowledge, advice and resources necessary to make them effectively and monitor their implementation; and
- That those persons or organisations have sufficient expertise to be able to evaluate and challenge the advice they receive, and manage conflicts of interest.

Principle 2 Clear objectives:

An overall investment objective should be set out for the fund that takes account of the scheme's liabilities, the potential impact on local tax payers, the strength of the covenant for non-local authority employers, and the attitude to risk of both the administering authority and scheme employers, and these should be clearly communicated to advisers and investment managers.

Principle 3 Risk and liabilities:

- In setting and reviewing their investment strategy, administering authorities should take account of the form and structure of liabilities.
- These include the implications for local tax payers, the strength of the covenant for participating employers, the risk of their default and longevity risk.

Response on Adherence

Compliant

Decisions are taken by the Committee which is responsible for the management of the Fund.

The Committee has support from council officers with sufficient experience to assist them. The Committee also seeks advice from professional actuarial and investment advisers to ensure it can be familiar with the issues concerned when making decisions.

The Committee is able to make robust challenges to advice and is aware of where potential conflicts of interest may reside within the Committee and in relation to service providers.

Compliant

The Committee has established objectives for the Fund which takes account of the nature of fund liabilities and the contribution strategy.

This involved discussions with the actuary to enable the Committee to set the overall risk budget for the Fund. This is reflected in the investment mandates awarded to the asset managers.

There is dialogue with all employers within the fund in relation to the contributions they pay, their capacity to pay these contributions and the level of guarantees they can provide.

Compliant

The investment strategy is considered in the light of the nature of the fund liabilities, the timescale over which benefits will be paid, and financial and demographic factors affecting the liabilities, such as inflation and improving longevity.

The Committee and council officers have discussed the contribution strategy with the actuary taking account of the strength of covenant of the council and its long-term horizon. Discussions have also taken place with all employers in relation to the affordability of contributions and the strengths of their covenants.

Principle

Principle 4 Performance assessment:

- Arrangements should be in place for the formal measurement of performance of the investments, investment managers and advisers.
- Administering authorities should also periodically make a formal assessment of their own effectiveness as a decision-making body and report on this to scheme members.

Principle 5 Responsible Ownership:

Administering authorities should

- Adopt, or ensure their investment managers adopt, the Institutional Shareholders' Committee (ISC) Statement of Principles on the responsibilities of shareholders and agents.
- Include a statement of their policy on responsible ownership in the Statement of Investment Principles or Investment Strategy Statement.
- Report periodically to scheme members on the discharge of such responsibilities.

Principle 6 Transparency and Reporting:

Administering authorities should

- Act in a transparent manner, communicating with stakeholders on issues relating to their management of investment, its governance and risks, including performance against stated objectives.
- Should provide regular communication to scheme members in the form they consider most appropriate.

Response on Adherence

Partially Compliant

The performance of the Fund and its individual managers are monitored on a regular basis. The quality of advisers is assessed on a qualitative basis but is not formally measured. Advisers are subject to periodic re-tender. The Committee is developing formal processes to measure its own effectiveness.

Partially Compliant

The Committee encourages its investment managers to adopt the ISC Statement of Principles on the responsibilities of shareholders and agents on the Fund's behalf. The Investment Strategy Statement includes a statement on the fund's policy on responsible ownership. The Committee needs to consider the implications of the new enhanced UK Stewardship Code issued in January 2021 and the extent to which it is compliant with the new requirements.

Compliant

The Committee maintains minutes of meetings which are available on the council website. The Committee meets periodically with sponsoring employer bodies. An External Employer representative and a Scheme Member representative attend Committee meetings. The Investment Strategy Statement is published on the pension fund website and is available to members on request. Other information on the scheme is also available to members on the pension fund website.

Isle of Wight Pension Fund - Overview Quarter to 31 December 2023

Manager	Asset class	Asset Allocation Proportion of Total Fund %	Market Value Previous Quarter 30/09/2023	Market Value Latest Quarter 31/12/2023	Current Proportion of Total Fund %	Actual Quarterly Performance %	Benchmark Performance	Actual relative to benchmark	Benchmark to Outperform by %
ACCESS	UK Equities	12.5	101,294,694	105,987,732	14.6	1.7	1.9	-0.2	2.0
ACCESS	Global Equities	18.8	153,450,097	163,398,395	22.4	-0.6	0.6	-1.2	2.0
ACCESS	Diversified Growth Fund	10.0	99,508,793	106,396,590	14.6	-2.2	2.2	-4.4	1.0
ACCESS	Sterling Core Bond	22.0	-	111,667,319	15.3	8.5	8.0	0.6	n/a
Total ACCESS holdings		63.3	354,253,584	487,450,035	66.9	1.6	0.9	0.7	
Schroder	Bonds		106,429,611	33,890	0.0	n/a	n/a	n/a	n/a
UBS	Climate Aware Passive	18.8	144,734,461	154,621,889	21.2	6.8	6.8	0.0	n/a
Total Liquid Assets		82.0	605,417,655	642,105,814	88.2	1.2	2.8	-1.6	
Schroder	Property	8.0	35,513,681	34,962,958	4.8	-2.3	-1.2	-1.1	0.5
Goldman Sachs	Private Debt	5.0	26,111,359	27,412,457	3.8	o/s	o/s	o/s	
Partners	Infrastructure	5.0	18,876,663	21,013,563	2.9	o/s	o/s	o/s	
Total Alternative Funds		18.0	80,501,702	83,388,979	11.4	-2.3	-1.2	-1.1	
Direct Cash Holding		0.0	4,814,500	2,814,500	0.4	n/a	n/a	n/a	n/a
TOTAL FUND		100.0	690,733,858	728,309,293	100.0	2.4	2.2	0.2	

Of which the following are equities:

UK Equities	12.5	101,294,694	105,987,732	14.6	1.7	1.9	-0.2	2.0
Global Equities	37.5	298,184,558	318,020,284	43.7	3.0	15.3	-12.3	2.0
Total Equities	50.0	399,479,252	424,008,016	58.2	2.7	11.9	-9.3	2.0
Proportion of total fund		57.83%	58.22%					

NOTE 1: Schroder quarterly performance report based on MID price. Monthly reports from November 2010 are based on BID price. BID price is reported above. BID price on Schroder's property portfolio is £755,377 higher than MID price

TOTAL FUND 729,064,671 MID value

NOTE 2: December 2023 Goldman Sachs Private Debt portfolio and Partners Group Infrastructure portfolio values reported above are at 30 September 2023, updated for investments made since that date. The final valuation reports for December 2023 from these investment managers have not yet been received.

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Isle of Wight Pension Fund

Page 147
Q4 2023 - Investment Monitoring Report

David Walker – Partner

The person responsible for this advice is David Walker. Members of the Isle of Wight Pension Fund client team who contributed to the production of this paper but are not responsible for the advice are Stefan Chilom, Investment Analyst

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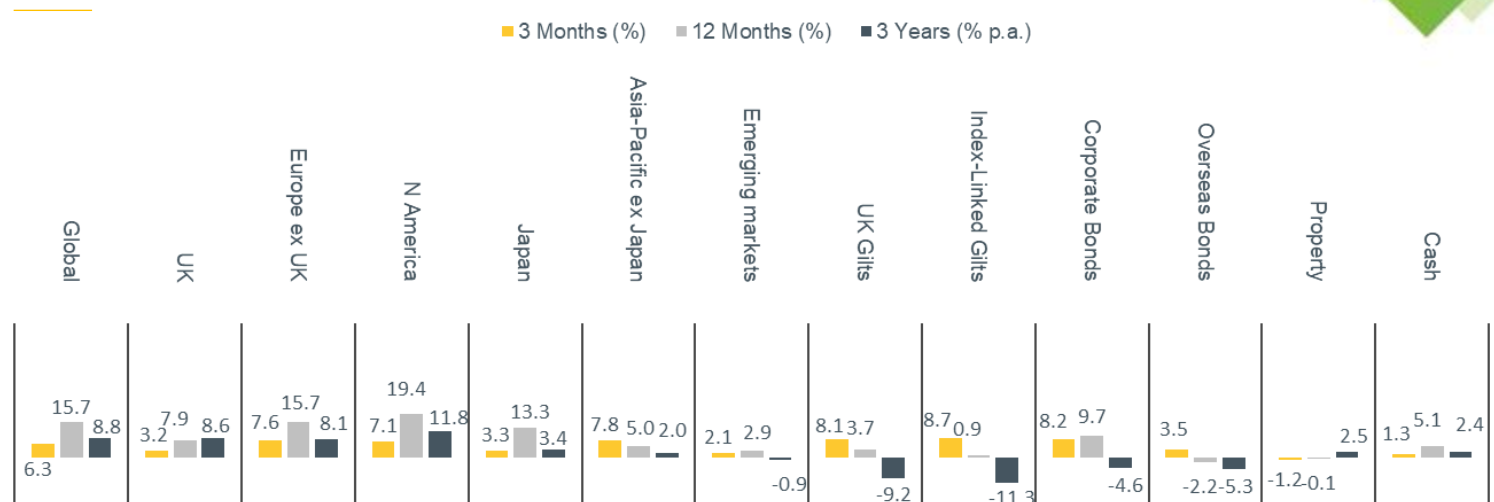
US GDP forecasts for 2023 and 2024 were again revised higher in Q4, given unexpectedly strong growth driven by consumer spending. Despite this, global growth is expected to ease to its slowest pace since the Global Financial Crisis (excluding 2020). However, it isn't expected to collapse.

Year-on-year CPI inflation in the major advanced economies fell more than expected over Q4, easing to 3.9%, 3.1%, and 2.4% in the UK, US, and eurozone in November, respectively. The main drivers were a decline in energy prices and a moderation in food prices. However, core inflation, which excludes both, also fell more than expected. The respective core measures are 5.1%, 4.0%, and 3.6% in the UK, US and eurozone.

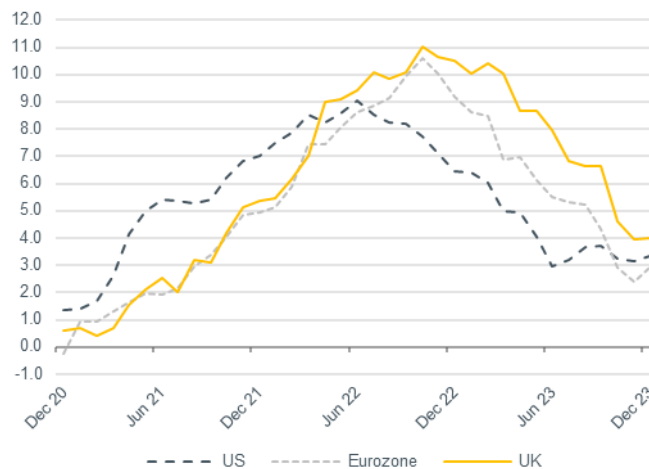
As expected, the major central banks left interest rates unchanged in Q4. Larger-than-expected falls in inflation prompted markets to price in earlier and larger rate cuts in 2024, reinforced by the Federal Reserve's mid-December revised policy projections. Despite the ECB and Bank of England reiterating a more cautious approach, markets expect a similar scale and timing of rate cuts in Europe and the UK.

Rate cut expectations and lower real yields contributed to a 3.1% fall in the trade-weighted US dollar. Equivalent sterling and euro measures rose 1.3% and 1.0%, respectively, while the equivalent yen measure strengthened 2.6% as expected interest-rate differentials with major economies narrowed.

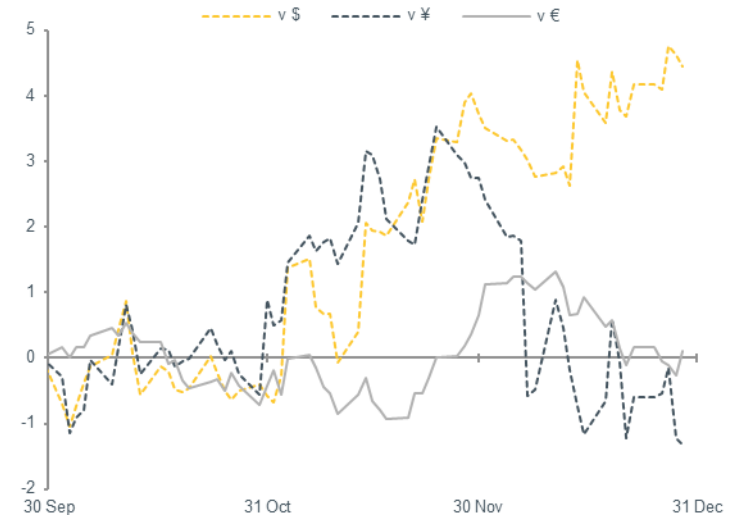
Historic returns for world markets ^[1]



Annual CPI Inflation (% year on year)



Sterling trend chart (% change)



Source: DataStream. ^[1]Returns shown in Sterling terms. Indices shown (from left to right) are: FTSE All World, FTSE All Share, FTSE AW Developed Europe ex-UK, FTSE North America, FTSE Japan, FTSE AW Developed Asia Pacific ex-Japan, FTSE Emerging, FTSE Fixed Gilts All Stocks, FTSE Index-Linked Gilts All Maturities, iBoxx Corporates All Investment Grade All Maturities, ICE BofA Global Government Index, MSCI UK Monthly Property; UK Interbank 7 Day

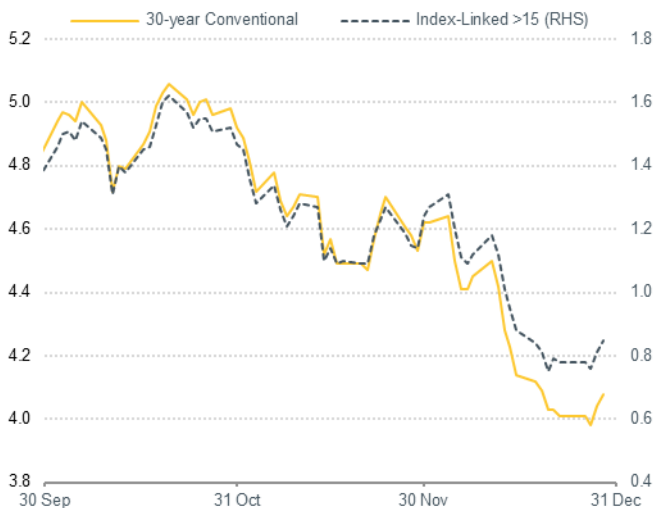
Amid expectations of larger – and sooner – rate cuts in 2024, bond prices rose and yields fell sharply. US 10-year treasury yields declined 0.7% pa over Q4 to 3.9% pa, while equivalent UK gilt yields fell 0.9% pa, to 3.5% pa. German bund yields fell 0.8% pa, to 2.0% pa. Japanese government bond yields fell less, by 0.2% pa to 0.6% pa, given potential divergence in monetary policy between Japan and the other major advanced economies.

Global investment-grade credit spreads declined 0.2% pa to 1.2% pa over Q4, while global speculative credit spreads declined by 0.6% pa to 3.8% pa. Despite a larger decline in speculative-grade credit spreads, the longer-duration investment-grade market outperformed.

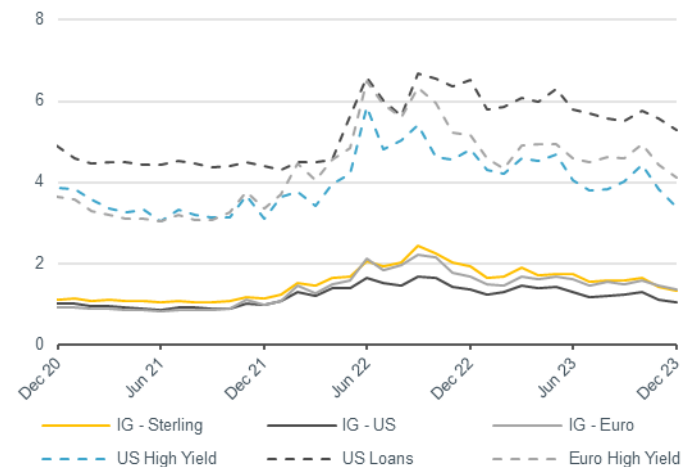
The FTSE All World Total Return Index returned 9.3% over Q4 in local-currency terms, as markets anticipated the positive impact on economic activity of rate cuts. Meanwhile, lower yields lent support to valuations. North American equity markets outperformed, given their exposure to the technology sector. All other regions underperformed, while still producing positive returns. Japan and the UK notably underperformed, given yen and sterling strength, which weighed on the high proportion of overseas earnings in both markets. UK stocks were also impacted by above-average exposure to the energy sector.

The MSCI UK Monthly Property Index fell 1.2% as income was offset by capital value declines. Values fell most sharply in the office and retail sectors, which are down 16.6% and 5.6%, respectively, over 12 months. Industrial values also declined 0.7% in Q4 following seven months of capital growth, resulting in flat growth over 12 months.

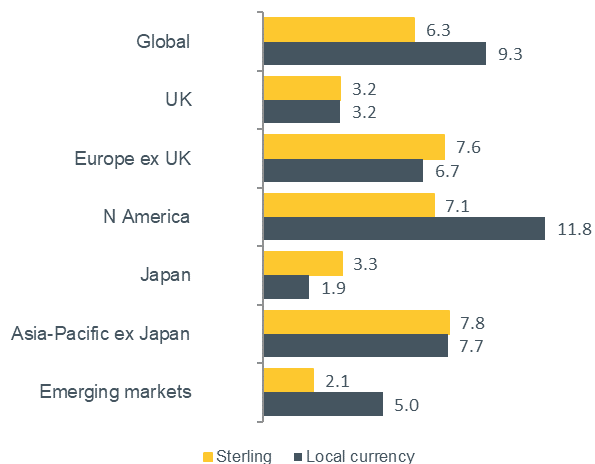
Gilt yields chart (% p.a.)



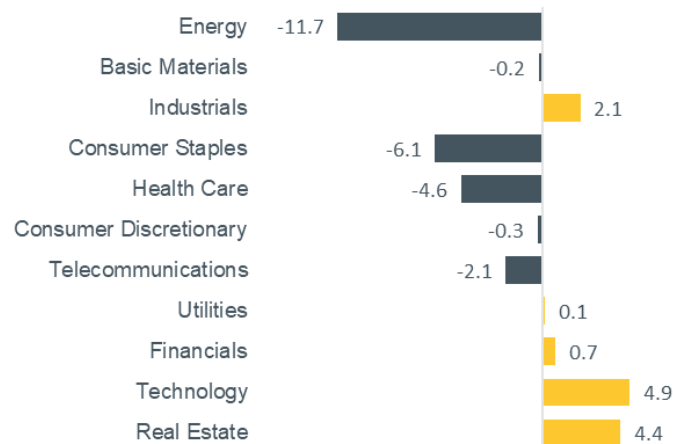
Investment and speculative grade credit spreads (% p.a.)



Regional equity returns [1]



Global equity sector returns (%) [2]



Source: DataStream, Barings, ICE [1] FTSE All World Indices. Commentary compares regional equity returns in local currency. [2] Returns shown in Sterling terms and relative to FTSE All World.

Summary of Medium-term Capital Market Views

The page summarises our broad views on the outlook for various markets. The ratings used are Positive, Attractive, Neutral, Cautious and Negative.

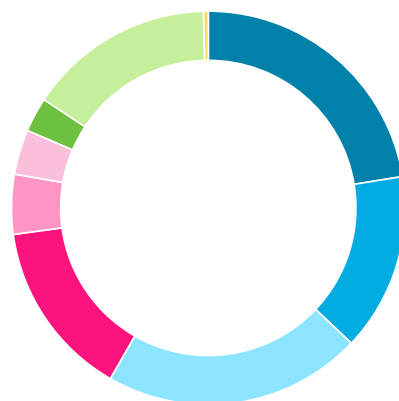
The ratings are intended to give a guide to our views on the prospects for markets over a period of around three years; although they are updated quarterly, they are not intended as tactical calls. The ratings reflect our expectations of absolute returns and assume no constraints on investment discretion. In practice, they need to be interpreted in the context of the strategic framework within which individual schemes are managed.

	September 2023	December 2023	Comment
Index-linked gilts	Attractive	Neutral to Attractive	Subsiding fears about long-term inflation to a certain extent reduce the fundamental support for index-linked gilts, but real yields remain at reasonable levels at a time when real growth is expected to be barely positive in the near-term. Furthermore, the technical picture is arguably better for index-linked gilts: they were not included in the Bank of England's asset purchase program, and so are not being sold as part of Quantitative Tightening (QT), and benefit from a captive institutional buyer base in the UK.
Conventional gilts	Attractive	Neutral to Attractive	Declining inflation, alongside lacklustre real growth forecasts, improves the fundamental support for nominal gilts. Despite the recent rally, longer-term forward nominal yields look very elevated versus our long-term fair value. Longer-term forward real yields also still offer some value. BoE's gilt sales and increased new supply provide for a fragile technical backdrop, particularly for nominal gilts. However, an easing of inflation concerns, and weak growth should improve sentiment towards the asset class in 2024.
Sterling non-government bonds	Neutral	Cautious	Effective interest rates continue to move higher as debt matures and is refinanced, which will continue to place downwards pressure on debt affordability metrics. However, corporate balance sheets are in a healthy position and weaker inflation, easing financial conditions, and a slightly better global growth outlook, should help limit the potential deterioration in fundamentals. Sterling credit spreads look increasingly tight given recent spread tightening, leading to a slightly more cautious overall stance.
Private Debt	Neutral	Neutral to Cautious	Leverage is higher and interest coverage is lower in the traded loan market and current high interest rates may make it harder for lower-rated loan issuers to refinance debt. However, interest rate cuts would provide relief and some issuers may be able to refinance with private debt funds. Loan spreads, broadly in-line with long-term medians, look far less compressed than speculative-grade bond spreads.
Equities	Neutral to Cautious	Neutral to Cautious	Following flat, full-year earnings growth in 2023, analysts' earnings forecasts for global equities for 2024 and 2025 are healthier, at 10% and 12%, respectively. However, there remain risks to the earnings outlook as growth and demand slows: the expectation that global profit margins rebound towards their post-pandemic high may be challenged by higher effective interest rates and employment costs, and waning corporate pricing power. Market performance in the final couple of months of 2023 has driven cyclically adjusted valuations above long-term averages – something that has historically augured periods of more subdued subsequent returns.
Cash Strategies	Neutral	Neutral	Higher base rates means investors can now generate positive real returns through cash holdings. However, the outlook for interest rate cuts means prospective returns should fall over the year.

Asset Allocation

Manager	Valuation (£m)		Actual Proportion	Benchmark	Relative
	Q3 2023	Q4 2023			
Newton Global Equity Fund	153.5	163.4	22.4%	18.8%	3.7%
Baillie Gifford Diversified Growth Fund	99.5	106.4	14.6%	10.0%	4.6%
UBS Climate Aware World Equity Fund	144.7	154.6	21.2%	18.8%	2.5%
BlackRock UK Select Fund	101.3	106.0	14.6%	12.5%	2.1%
Total Growth	499.0	530.4	72.8%	60.0%	12.8%
Schroders Property Fund	36.6	35.7	4.9%	8.0%	-3.1%
GSAM Broad Street Loan Partners IV Fund	27.8	26.8	3.7%	5.0%	-1.3%
Partners Infrastructure	18.9	20.8	2.9%	5.0%	-2.1%
Total Income	83.3	83.3	11.4%	18.0%	-6.6%
Schroders Fixed Income Fund	106.5	0.0	0.0%	0.0%	0.0%
Royal London Sterling Core Bond Fund	0.0	111.6	15.3%	22.0%	-6.7%
Total Protection	106.5	111.6	15.3%	22.0%	-6.7%
Cash	4.8	2.8	0.4%	0.0%	0.4%
Total Scheme	693.6	728.1	100.0%	100.0%	

Asset class exposures



- Newton Global Equity Fund 22.4%
- Baillie Gifford Diversified Growth Fund 14.6%
- UBS Climate Aware World Equity Fund 21.2%
- BlackRock UK Select Fund 14.6%
- Schroders Property Fund 4.9%
- GSAM Broad Street Loan Partners IV Fund 3.7%
- Partners Infrastructure 2.8%
- Royal London Sterling Core Bond Fund 15.3%
- Cash 0.4%

As at 31 December 2023, the Fund's assets totalled £728.1m, increasing by £34.5m over the quarter.

Global growth confounded expectations in 2023: Forecast to slow to 1.5% at the beginning of the year as higher interest rates and energy prices, and a cost-of-living squeeze weighed on consumers and business. Full-year real global GDP growth looks to have been closer to 2.6% in 2023 – a large margin of error, even by the standards of economic forecasts.

Headline CPI inflation fell more than expected across the major economies in Q4.

Consequently, the major central banks left interest rates unchanged over the quarter.

The considerable falls in inflation determined markets to price in earlier and larger interest-rate cuts in 2024, with the Fed reinforcing these expectations in mid-December as its revised policy projections suggested it will indeed reduce rates over 2024. Therefore, both equities and bonds rallied over the 3 months to the end of 2023.

Fund performance

Background

Strategy / Risk

Performance

Managers

Appendix

Over Q4, the Fund returned 3.6% against its benchmark of 2.5%, a relative overperformance of 1%.

Over the medium term, the Fund beat its 12-month benchmark by 0.5%. Over the 3-year period the fund underperformed its benchmark by 0.4% p.a., delivering a 2.5% return per year.

The Fund benefited from the decreased inflation updates and upward GDP revisions over the last three months of 2023 with all public equity and bond exposures returning positively.

Lower sovereign bond yields lent particular support to more rate-sensitive growth stocks, with technology outperforming the index and rising 15.7%. This is reflected in the significant performance of the Baillie Gifford DGF mandate. Despite the positive relative performance of the BlackRock allocation, UK equities underperformed global growth due to the large exposure to the underperforming energy sector.

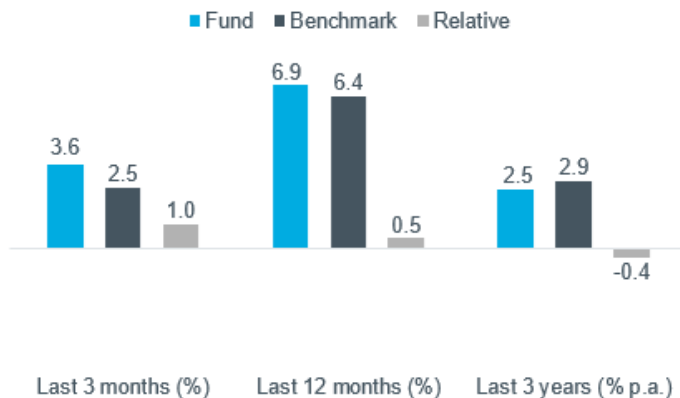
Investors' enthusiasm over the prospect of lower interest rates saw bond prices rally and yields fall sharply. As a result, the transitioning bond allocation overperformed throughout the quarter.

Income was once again offset by capital value declines in the retail and office sectors, leading to the Schroders property mandate being the only laggard within the Fund's strategy over the quarter.

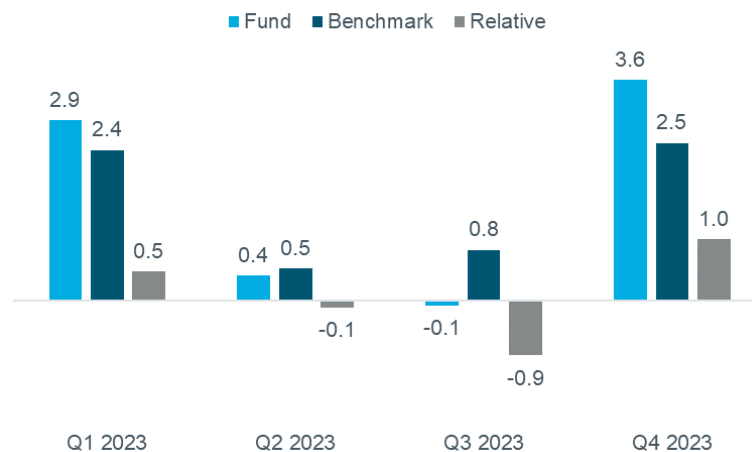
Manager performance (gross of fees)

	Last 3 months (%)			Last 12 months (%)			Last 3 years (% p.a.)		
	Fund	B'mark	Relative	Fund	B'mark	Relative	Fund	B'mark	Relative
Growth									
BlackRock UK Select Fund	4.7	3.2	1.4	7.3	1.5	5.7	-	-	-
Newton Global Equity Fund	6.6	6.3	0.2	18.9	15.3	3.1	9.2	8.2	0.9
Baillie Gifford Diversified Growth Fund	7.0	2.2	4.8	5.1	8.3	-3.0	-0.9	5.6	-6.2
UBS Climate Aware World Equity Fund	6.8	6.8	0.0	17.5	17.1	0.3	-	-	-
Income									
Schroders Property Fund	-2.3	-1.2	-1.1	-7.0	-1.4	-5.6	-1.2	2.1	-3.2
Protection									
Schroders Fixed Income Fund	3.4	2.8	0.6	1.6	1.0	0.6	-9.3	-8.7	-0.7
Royal London Sterling Core Bond Fund	0.0	-2.0	2.1	-	-	-	-	-	-
Total	3.6	2.5	1.0	6.9	6.4	0.5	2.5	2.9	-0.4

Fund performance vs benchmark/target



Historical quarterly performance summary



Source: Fund performance and valuation data provided by Investment Managers and is gross of fees. Benchmark performance provided by Investment Managers and DataStream. 12-month BlackRock UK Select Fund's performance since inception (23.02.2023). Total Performance excludes the impact of private market allocations and any cash held.

Manager ratings

Mandate	Hymans Rating	RI
Newton Global Equity Fund	Suitable	Good
BlackRock UK Select Fund	Preferred	Adequate
Royal London Sterling Core Bond Fund	Positive	Good
Schroders Property Fund	Positive	Good
Baillie Gifford Diversified Growth Fund	Negative	Good
GSAM Broad Street Loan Partners IV Fund	Positive	Adequate
Partners Infrastructure	Preferred	Good
UBS Climate Aware World Equity Fund	Preferred	Good

Baillie Gifford DGF Downgrade - from 'Positive' to 'Negative'

The multi-asset business now represents approximately 2% of firmwide AUM, raising doubts regarding the extent to which Baillie Gifford may see multi-asset as strategic for the business going forward. The multi-asset business has seen significant outflows from the Diversified Growth Fund, which represents the lion’s share of team assets. We had a more favourable view of the DGF historically, viewing it as playing on Baillie Gifford’s key strengths as a firm, most notably long-term active investing with risk reduction driven by greater diversification than many other managers in the space. In recent years, there has been a degree of drift from that structure of fund, with the team taking more esoteric positions such as exchange-traded notes and greater use of absolute return strategies, which we do not believe play to Baillie Gifford’s strengths as an investment house. We believe that the team’s ability to assess these opportunities is weaker relative to peers and the results from the absolute return strategies in particular have disappointed when they were needed most. The continued increase in the use of structured finance positions, an area which is also not core to Baillie Gifford as a firm, is also a concern and we question how much the team is reliant on its external relationships to source ideas in this area.

The strategy has offered a similar broad risk profile in terms of equity beta and volatility to the median of our directional multi-asset peer group, while delivering significantly lower returns than peers over the long-term. While there have been efforts to rectify elements of the process, we do not view these as sufficient to take confidence that the funds will be able to deliver outperformance of the broader DGF market going forward. Our forward-looking assessment views the risks regarding the direction of assets under management and Baillie Gifford’s commitment to the multi-asset business as significantly skewed to the downside and believe there to be stronger, more stable options in the multi-asset space.

This page includes details of the current investment manager ratings together with any relevant manager business updates.

This page also shows RI ratings for the current investment managers.

Blackrock UK Equity

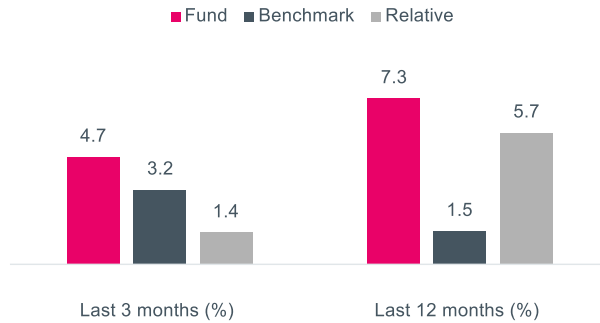
The Liontrust UK Equity fund was replaced by the BlackRock UK Select fund as of the 23rd February 2023.

Over Q4 2023 the BlackRock UK Select Fund delivered a total return of 4.7%, outperforming its FTSE All Share benchmark of 3.2%. The fund managed to perform better than its benchmark since the Fund's investment in the first quarter of 2023, with a relative outperformance of 5.7%.

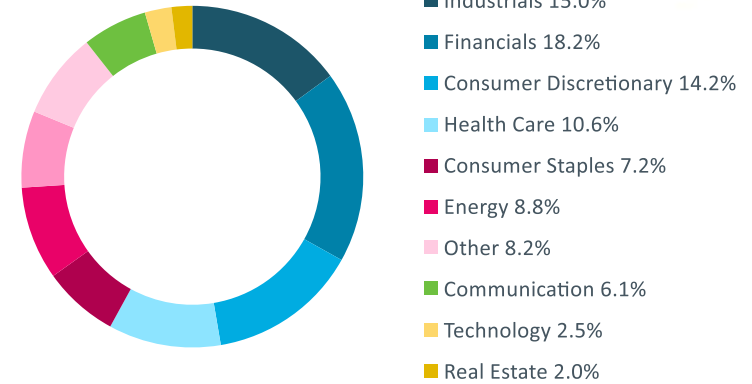
The BlackRock Institutional Equity Fund ('BIEF') – UK Select takes active positions, with significantly overweight allocations to Communication and Industrials. On the other hand, the fund is materially underweighting the UK's Financial, Consumer Staples, Energy and Health Care sectors. This allocation is consistent with the fund's moderate quality/growth bias.

Underweighting the lagging energy sector paid off over the fourth quarter. However, while the mandate's positive relative performance is promising, sterling strength's adverse impact is evident when compared to the global equity returns posted by UBS and Newton.

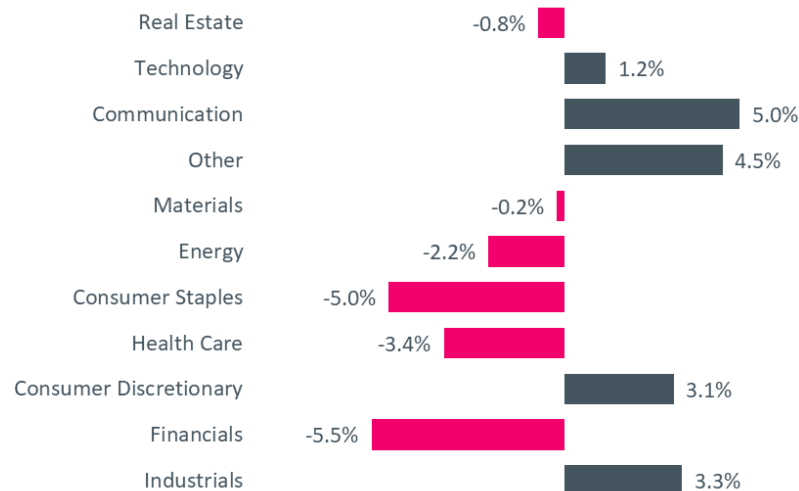
Performance summary*



Sector allocation



Allocation relative to benchmark



Source: Data and fund performance provided by Waystone Group and is gross of fees. *12m performance represents the SI figure provided by manager. SI date is 23/02/2023

Newton Global Equity

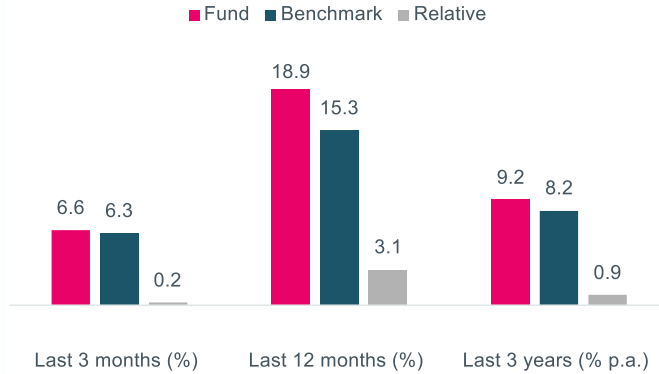
The Newton Global Equity Fund outperformed its MSCI ACWI benchmark over Q4 2023, returning 6.6% in absolute terms. The fund outperformed its 12-month and 3-year benchmarks by 3.1% and 0.9% respectively p.a.

Due to their high exposure to the technology sector which is heavily influenced by long duration cashflow valuations, North American equity markets outperformed. European equities were the second best-performing region, leading to the Newton mandate's holdings performing admirably over the fourth quarter.

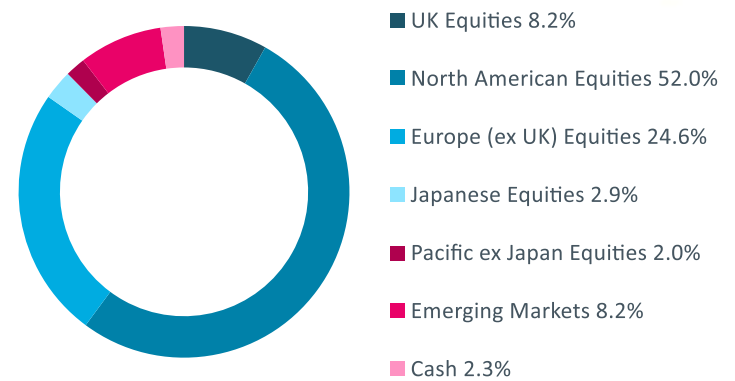
The mild outperformance was mainly driven by stock selection in industrials and an underweight allocation to the poorly performing energy sector. As indicated in the regional performance paragraph above, the fund's overweight allocation to the IT sector also contributed positively, however stock selection within this sector partly offset returns.

The fundamental bottom-up approach taken by the manager proved effective over 2023, materialising a performance of over 18% for the year and playing its expected role within the Fund's strategy. It will be interesting to see how the manager evolves their strategy as market conditions change.

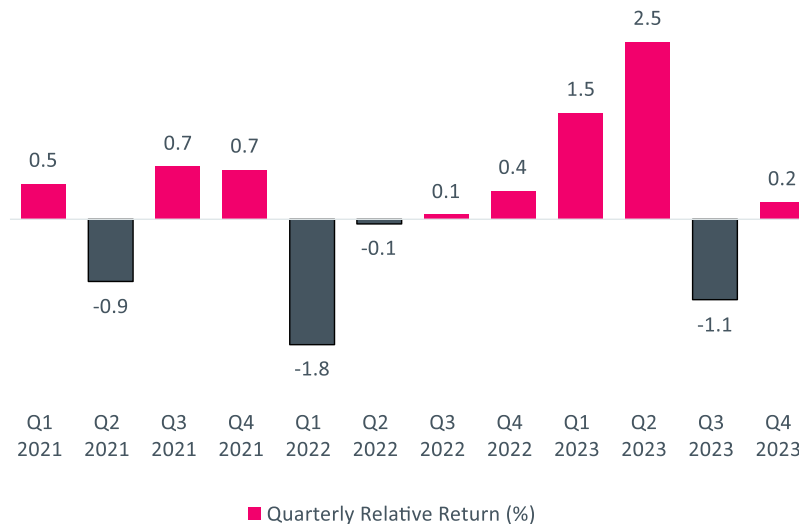
Performance summary



Asset allocation



Quarterly relative performance



Source: Data and fund performance provided by Newton and Waystone Group and is gross of fees.

UBS Climate Aware World Equity Fund

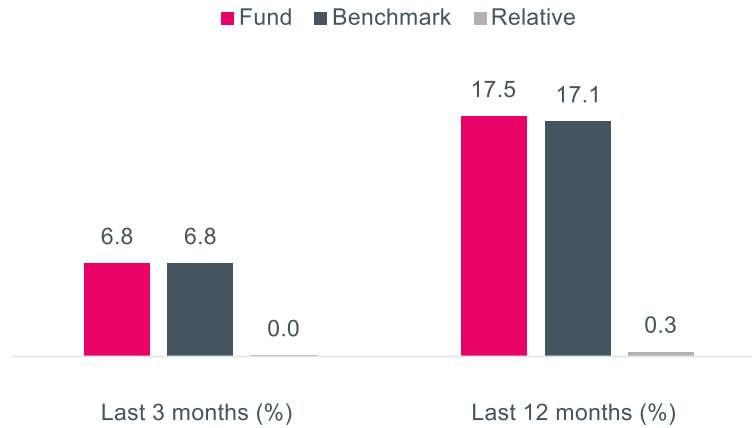
Following the equity review in November 2020, the Committee agreed to introduce a passively managed global mandate to provide a more balanced equity investment approach. In December 2021, the allocation of £145m was invested in the UBS Global Climate Aware mandate.

The aim of the mandate is to perform broadly in line with the FTSE AW Developed Index, delivering similar performance to standard global equity indices but with less carbon intensive investments.

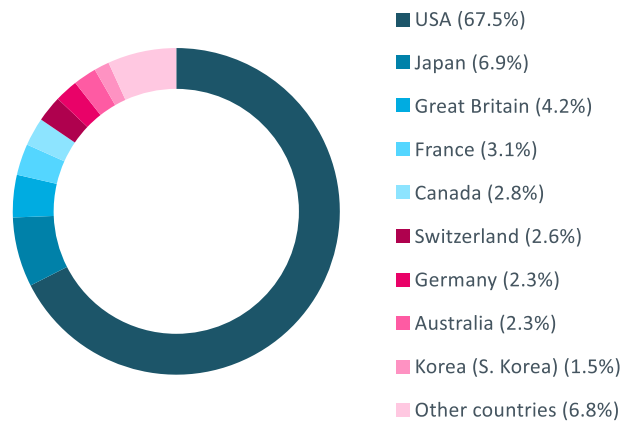
The positive return over the last quarter of 2023 and the year overall can be attributed to the 93% exposure to large cap stocks expected of an index-tracking mandate. Inflation surprising to the downside boosted the valuations of North American technology stocks, which represent a high proportion of the allocation taken by UBS in this fund.

The fund is performing broadly in line with the FTSE AW Developed Index over both the shorter and the longer term, some tracking error of +/- 0.5% is expected from this mandate.

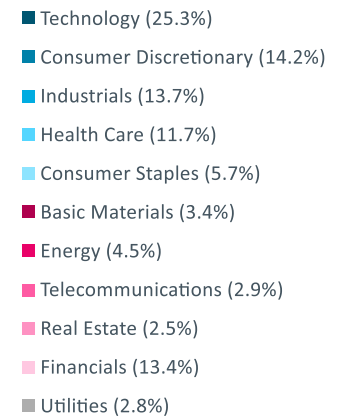
Performance summary



Geographical allocation



Sector allocation*



Source: Data and fund performance data provided by UBS and is gross of fees.
 *Due to rounding the allocation total sums to over 100%

Baillie Gifford Diversified Growth

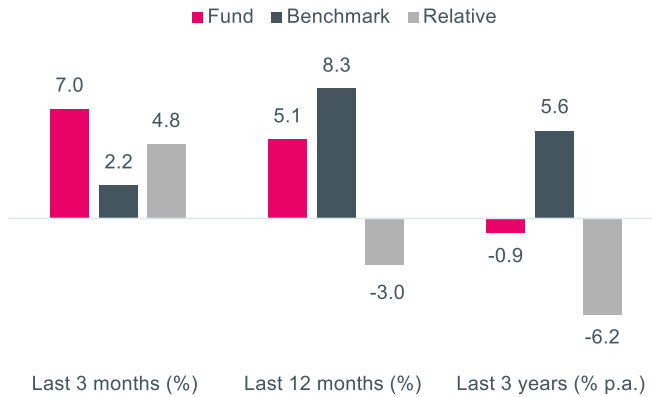
Over Q4 2023, the Diversified Growth Fund returned 7.0%, outperforming its benchmark by 4.8%. The fund fell short of its longer-term benchmarks, with the 3-year relative performance the greatest laggard against its cash plus 3.5% benchmark by 6.2%.

Over the last quarter of 2023, particularly during the last two months of the year, the market narrative switched from one of anxiousness over the direction interest rates and inflation to an optimistic expectation of a 'soft landing'. This turn of events led to positive performance figures being posted across the DGF's holdings.

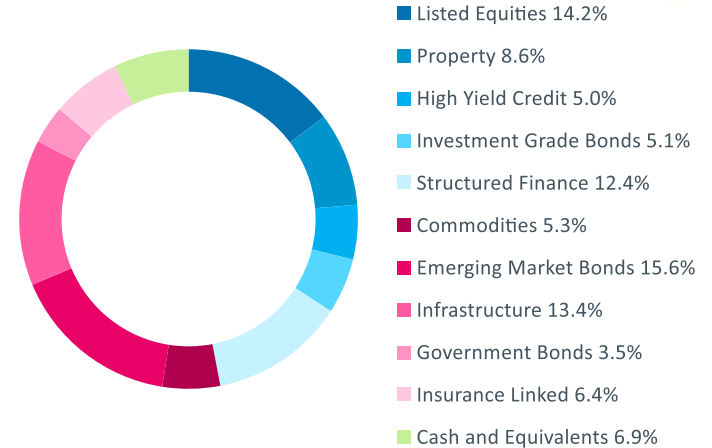
Over 2023 the manager increased its exposure to property and bonds at the expense of their equity allocation, with a firm view that in the wake of the yield surge of 2022 undervalued yield-sensitive assets would stand to benefit once yields trend back downwards. While this strategy adjustment contributed to the drastic underperformance observed over the longer term, with yields now decreasing significantly the positive contributions from these asset classes provided a much-needed uplift.

In terms of positioning, Baillie Gifford continue to avoid listed equity and aim to add more yield-sensitive assets to their portfolio. Another asset the manager aims to increase the allocation to is infrastructure.

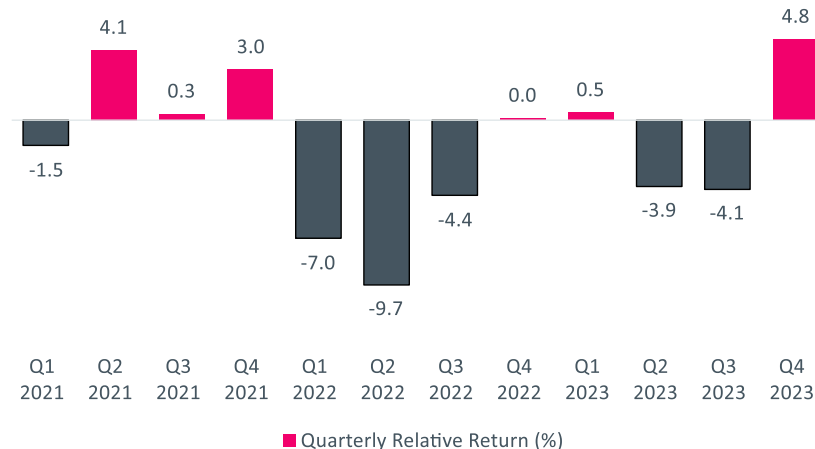
Performance summary



Asset allocation*



Quarterly relative performance



Source: Data and fund performance provided by Baillie Gifford and Waystone Group and is gross of fees.
*Due to rounding the allocation total sums to over 100%

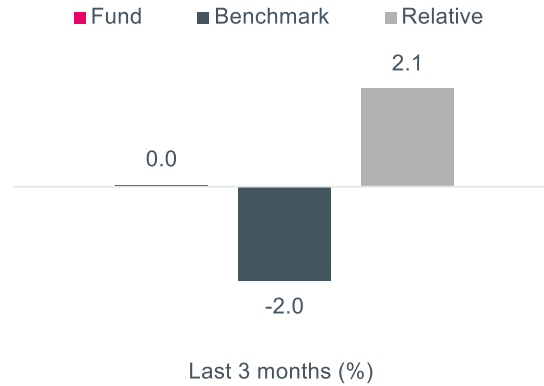
Royal London Sterling Core Bond Fund

In order to take advantage of the full benefits of pooling, the Committee agreed to switch the Fund's fixed income allocation from Schroders (outside of ACCESS) to Royal London Asset Management (within the ACCESS pool). This transition was effective as at 18 December 2023, when all the proceeds from the sale of the Schroders mandate were invested in the Sterling Core Bond Fund.

The performance of the fixed income allocation benefited from the significant yield decreases observed on the markets. Most of the performance boost materialised under Schroders management before the mandate was liquidated on the 4 December 2023. Despite this the relative performance of the Royal London fund since its inception on the 18 December 2023 is promising, however inconclusive given the short period concerned.

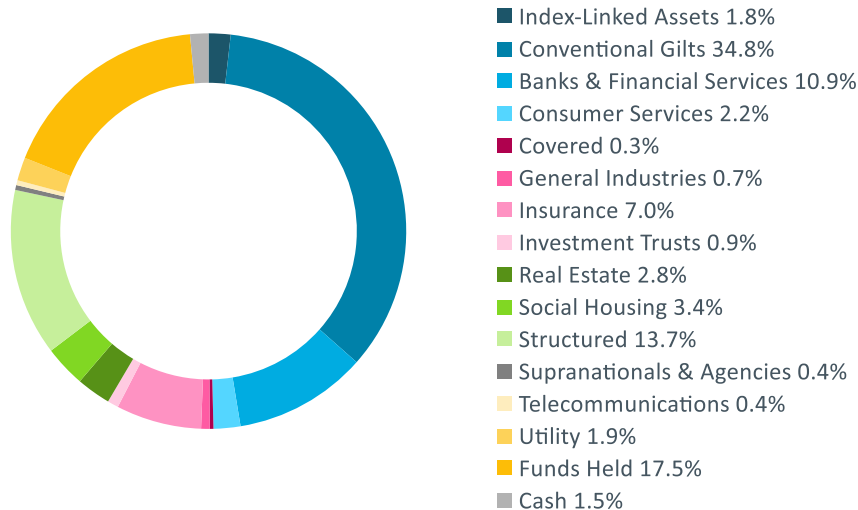
Similarly to the closed Schroders fund, the RLAM allocation aims to invest in a diverse bundle of fixed income assets, spanning across both government debt and investment grade corporate bonds.

Performance summary



Last 3 months (%)
Performance displayed as 0.0 due to rounding

Asset allocation*



Source: Data and fund performance provided by Royal London and Waystone Group and is gross of fees.

*Performance represents the SI figure provided by manager. SI date is 18/12/2023.

*Due to rounding the allocation total sums to over 100%

Schroders Property

The Schroders UK Real Estate mandate returned -2.3% over Q4 2023, 1.1% below the benchmark return.

Weighed down by recent performance, the fund has delivered negative absolute and relative returns over all longer periods considered.

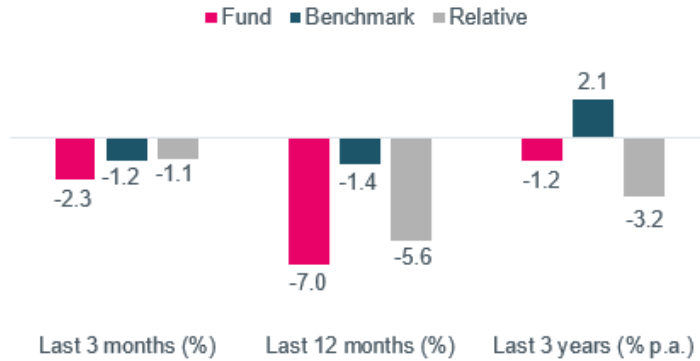
The office and retail sectors continue to see the largest month-on-month capital value declines. Capital values also fell marginally in the industrial sector over the month, following six consecutive months of growth before stalling in October.

The Schroders fund is overweight to offices (c17%), especially outside of central London, an allocation decision which is primarily responsible for the underperformance over all the periods reported.

On a 12-month basis, capital values are down around 18%, 7%, and 4% in the office, retail, and industrial sectors, respectively.

The fund's income return is above the benchmark at 4.6% p.a. which aids absolute and relative performance.

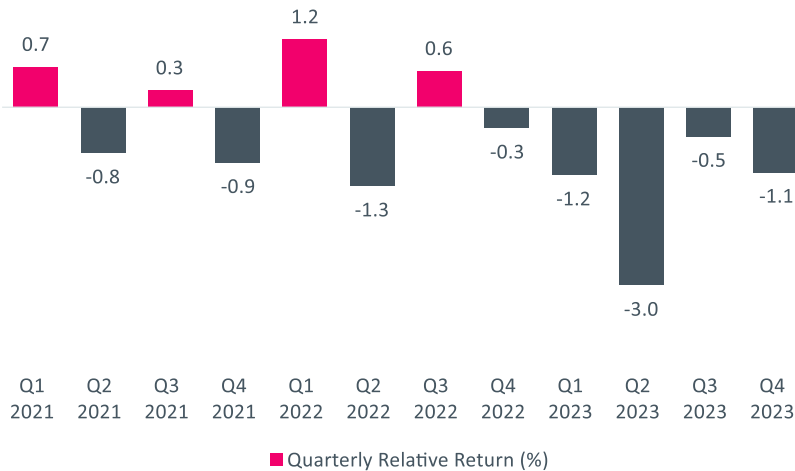
Performance summary



Key statistics

Fund size (gross)	£1,812.5m
Number of holdings	49
Number of tenants	654
Debt (% of NAV)	3.5%
Top 10 holdings as % of portfolio	42.5%

Quarterly relative performance



Source: Data and fund performance provided by Schroders and is gross of fees.

GSAM Broad Street Loan Partners IV Fund

In July 2020, a new 5% allocation to private debt was agreed by the Committee which will be drawn down over time.

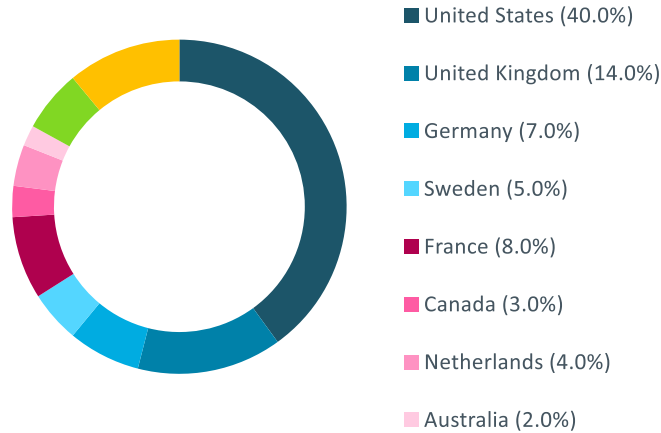
The table to the right reflects the key statistics since inception based on the estimated end of June figures from GSAM.

The estimated capital balance by GSAM as at 31 December 2023 was c.£26.8m and capital contributions were c.£30.7m (out of which £6.6m were distributed back).

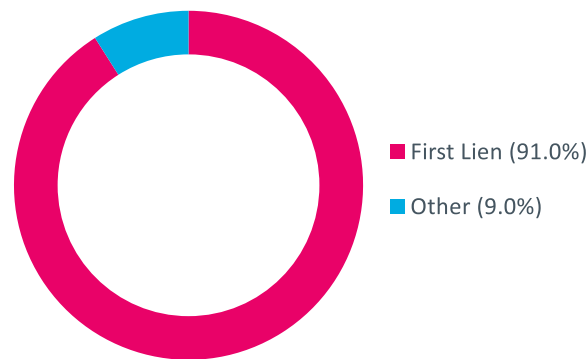
First Lien term loans continue to hold the majority weighting, in line with the Fund's target investment profile.

*Net income allows for impact of currency movements. Over Q4 2023 the dollar depreciated against the pound, negatively impacting returns

Geography split



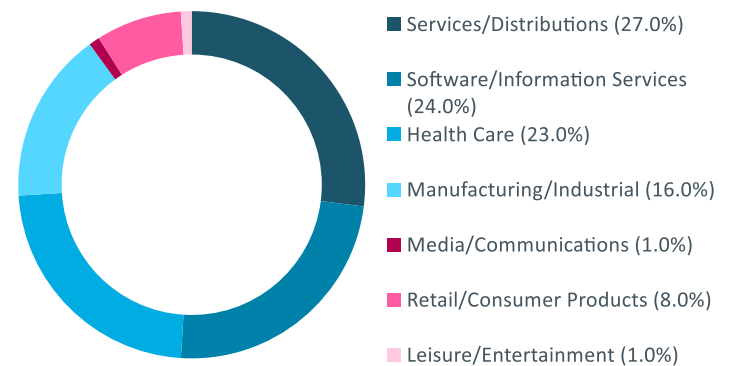
Security/Loan type



Key statistics since inception (£m)

Commitment	30.0
Capital contributed	30.7
Distributions	6.6
Estimated Capital balance	26.8
Estimated Net Income/Loss*	2.7

Industry split



Source: Fund data provided by GSAM and is gross of fees.

Partners Direct Infrastructure

In July 2020, a new 5% allocation to infrastructure was agreed by the Committee which will be drawn down over time. The first allocation to Partners Direct Infrastructure Fund was drawn on 10 July 2021.

The estimated net asset value for the fund as at 31 December 2023 was c.£20.8m (vs. c.£18.2m as at 30 September 2023). The latest valuation available (as at 30 November 2023) was adjusted for the latest capital call due on 18 December 2023.

With the December capital call the net contributions to the fund are now up to £18.8m (vs £16.7m in September 2023).

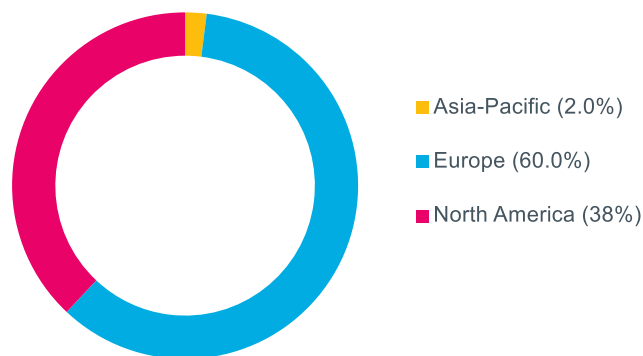
It should be noted that given this is a EUR fund, FX movements will impact the returns. During Q4 2023 the UK Sterling only mildly appreciated against the EUR and thus did not affect the reported NAV meaningfully.

Reporting for the fund will evolve over time as the fund establishes.

Key statistics (£m; 30th November 2023 statistics adjusted to 31st December 2023)

Commitment	35.3
Capital contributions	18.8
Distributions	0.4
Net contributions	18.4
Net asset value	20.8
Net multiple (as at 30 th November)	1.15x

Regional allocation (as at 30th November 2023)



Source: Fund data provided by Partners.

Benchmarks, Targets & Fees

Mandate	Date Appointed	Benchmark Description	Performance Target (% p.a.)
Newton Global Equity Fund	25/08/2009	MSCI AC World	+2% p.a. over rolling 5 years
BlackRock UK Select Fund	23/02/2023	FTSE All Share	+2% p.a. over rolling 5 years
Royal London Sterling Core Bond Fund	14/12/2023	50% iBoxx Non Gilt All Maturities Index and 50% iBoxx Sterling Gilt Index	Outperform benchmark by 1.3% p.a. (net of fees) over 5 year rolling period
Schroders Fixed Income Fund	31/08/2009	50% iBoxx Gilts and 50% iBoxx Non-Gilts Indices	Outperform benchmark by 1% p.a. (net of fees) over a market cycle before fees
Schroders Property Fund	31/08/2009	AREF/MSCI UK Quarterly Property Fund Index All Balanced Funds Median	Outperform benchmark by 0.5% p.a. (net of fees) over 3 year rolling period
Baillie Gifford Diversified Growth Fund	30/10/2013	UK Base Rate +3.5% p.a.	UK Base Rate +3.5% p.a. (net of fees) over 5 year rolling period
GSAM Broad Street Loan Partners IV Fund	25/01/2021	-	8% gross IRR
Partners Infrastructure	10/07/2021	-	8-12% p.a. net of fees
UBS Climate Aware World Equity Fund	08/12/2021	FTSE AW Developed Index	-

Source: Investment Managers

Hymans Ratings

Preferred	Our highest rated managers in each asset class. These should be the strategies we are willing to put forward for new searches.
Positive	We believe there is a strong chance that the strategy will achieve its objectives, but there is some element that holds us back from providing the product with the highest rating.
Suitable	We believe the strategy is suitable for pension scheme investors. We have done sufficient due diligence to assess its compliance with the requirements of pension scheme investors but do not have a strong view on the investment capability. The strategy would not be put forward for new searches based on investment merits alone.
Negative	The strategy is not suitable for continued or future investment and alternatives should be explored.
Not Rated	Insufficient knowledge or due diligence to be able to form an opinion.

Responsible Investment

Strong	Strong evidence of good RI practices across all criteria and practices are consistently applied.
Good	Reasonable evidence of good RI practices across all criteria and practices are consistently applied.
Adequate	Some evidence of good RI practices but practices may not be evident across all criteria or applied inconsistently.
Weak	Little to no evidence of good RI practices.
Not Rated	Insufficient knowledge to be able to form an opinion on.

This page sets out the benchmark, performance targets, and fees of each mandate.

It also provides descriptions of our ratings and the rationale behind our Hymans research and Responsible Investment ratings.

Risk Warning

Please note the value of investments, and income from them, may fall as well as rise. This includes equities, government or corporate bonds, and property, whether held directly or in a pooled or collective investment vehicle. Further, investment in developing or emerging markets may be more volatile and less marketable than in mature markets. Exchange rates may also affect the value of an investment. As a result, an investor may not get back the amount originally invested. Past performance is not necessarily a guide to future performance.

Hymans Robertson LLP and our group companies have a wide range of clients some of which are fund managers, who may be parties in our recommendations to you in various circumstances including but not limited to manager selection, moving money to or from a manager or supporting retention of or disinvestment from a manager. We have a research team that advises on shortlisting fund managers in manager selection exercises and forming views on managers, which is separate from our client and other relationships with fund managers and therefore we do not believe there will be a conflict that would influence the advice given.

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Geometric v Arithmetic Performance

Hymans Robertson are among the investment professionals who calculate relative performance geometrically as follows:

$$\frac{(1 + \text{Fund Performance})}{(1 + \text{Benchmark Performance})} - 1$$

Some industry practitioners use the simpler arithmetic method as follows:

$$\text{Fund Performance} - \text{Benchmark Performance}$$

The geometric return is a better measure of investment performance when compared to the arithmetic return, to account for potential volatility of returns.

The difference between the arithmetic mean return and the geometric mean return increases as the volatility increases.

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Isle of Wight Pension Fund

Fund Governance Outlook – Pension Fund Committee Update

February 2024

Andrew McKerns – Senior Governance, Administration & Projects Consultant

Susan McKenzie – Project Consultant

For and on behalf of Hymans Robertson LLP

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2 What's changed since September 2023	3
3 Progress since September 2023	4
4 Outlook for next Period	7
5 Action Required	7
6 Plan on a page – 12-month timeline (attached)	7

1 Background

This paper refers to ITEM 10A Governance Outlook presented to Isle of Wight Pension Fund Committee in September 2023.

The purpose of this paper is to provide an update on progress, set out ongoing challenges, the outlook for next period and actions required of the Pension Committee

2 What's changed since September 2023

Governance update – A critical impact to the Fund's existing Governance priority work will be the loss of the existing Pension Fund Manager. Committee will note that the majority of Governance objectives for the Fund is 'owned' by this role. A re-prioritisation is taking place to confirm what outstanding objectives are achievable before the existing Pension Fund Manager leaves their role in April 2024. Alongside existing Fund Investment priorities, the Pension Fund Manager has advised that they will prioritise the delivery of the actuarial tender within the timeframe of their leaving this role.

The Fund, following advertising and interviews will soon benefit from a Governance Officer. It is expected that some of the governance activities of the Fund will transfer to this role, but Committee should assess the level of support needed for this new person.

The key requirement for the Committee will centre on areas contained within this reports **section 4 - Outlook for next period** and **section 5 - Action required**.

Administration Update - The Administration team continues to be impacted by the loss of experienced staff. The Fund's administration lead has prioritised core administration requirements, in line with the "working assumptions" agreed with Committee in September 2023. Chiefly, this is the payment of pensioner payroll, key administration benefit calculations and meeting required administrative statutory duties.

The Fund have employed retained administration support from Hymans Robertson. This support covers:

1. Staff training
2. Technical queries
3. Senior Administration support
4. Optional 'drawdown' of junior administration support

At present, the Fund continues to focus on the delivery of core administration requirements. Fund's administration lead has advised that there has been some deterioration of service. Further that there is a high risk to service delivery if any further staff loss or increased workload happens. Weekly calls are in place with the Fund's administration lead and Hymans Robertson, with the key objective to monitor existing work and interface on upcoming requirements i.e. McCloud, Pension Dashboard.

6-month reflection – In order to assess the benefits of this governance workplan, the existing challenges and upcoming challenges, Officers and representatives from Hymans Robertson met on 16th January 2024.

Setting the scene for this discussion we concluded that, the Fund continues to function within a challenging framework of:

- Over-reliance on a small number of Officers (both senior and junior).

- Requirement to fulfil its statutory duties as a LGPS fund – regardless of its size of membership or officer base.
- Increasing areas of compliance in the pension industry, with a need for Officers to understand requirements and implement improvements (where required)

Benefits of work

The group concluded that the benefits since this plan has been brought together were:

- Production of a prioritised action plan with allocated action owners, targeted timescales and agreed pinch points.
- Completion of activities such as conflicts of interest policy, academy participation policy, annual benefit statements, IDRPs guide, and Pension Fund annual report.
- Full risk register review since previous assessment in May 2023
- Weekly check in support, allowing Officers to both track progress and raise any new challenges/solutions that will impact the plan.

Crucially, Officers state they are operating under a clearer plan of actions, with an understanding of any limitations to deliver on objectives or actions.

Increased challenge

Despite the good progress that has been made and support solutions sourced, the news of the Pension Fund Manager's imminent departure is expected to impact delivery of the plan for the first quarter of 2024 and any interim period from then until a new Pension Fund Manager is appointed. Consequently, the group are working together to reprioritise what must be achieved in this period by the current Pension Fund Manager.

The crucial action for the Fund remains a decision based on Barnet Waddingham structure paper. The loss of the Pension Fund Manager further accelerates the urgency of that decision.

3 Progress since September 2023

3.1 Quick Wins

Fund Officers identified quick wins to alleviate pressure and reduce risk. Three areas were initially identified:

3.1.1 Data Improvement Plan

This is an area of concern for the Fund and is a strong focus for the Pension Regulator (TPR). Fund Officers have several data quality initiatives underway, which should be brought together under a Data Quality Maintenance/Improvement Plan. That plan will evidence the Fund's good work in this area.

- Action agreed September 2023: Hymans and the Fund will work together to produce a Data Quality Management Plan by end March 2024
- Update November 2023: The start of this activity has been impacted by the resourcing challenges within the Administration team, however, remains on track for March 2024.
- **Update February 2024: Data improvement support has been proposed by Hymans to Officers covering both existing Fund data retention policy and an update to the existing Fund data improvement plan. The target date for this work has moved to June 2024 given resource**

constraints and will be dependent on the appointment of a new Pension Fund Manager. We would note that there is a risk to the Fund that if an updated Data Improvement plan is not completed or a definite timescale for completion, then this would be a specific risk that TPR would focus on if they requested a compliance update from the IOW Fund.

3.1.2 Conflicts of Interest Policy

The Fund currently relies on IOW Council's Constitution; however, the introduction of expected [Good Governance](#) recommendations should specify that the Fund maintains its own conflicts of interest policy. Hymans have produced a template which can be tailored to Fund specifics and remove reliance on Council Constitutional documentation.

- Action agreed September 2023: Hymans and Fund Officers will work together to produce a Conflicts of Interest Policy by end September 2023.
- Update November 2023: This activity has been impacted by the resourcing challenges within the Administration team. A proposal to adopt a tailored Conflicts of Interest policy template is with the Pension Fund Manager for decision later this calendar year, for presentation to Committee in February 2024.
- **Update February 2024: Proposal to be presented by the Pension Fund Manager to Board in March. The Pension Fund Manager will prepare a covering paper for Committee in May.**

3.1.3 System Project – Implementation of immediate payments functionality

This is an area where current subject matter expertise should be directed, to reduce effort required on a resource heavy administration task. Implementation of this functionality would allow resource to focus on more value-add tasks.

- Action agreed September 2023: Administration lead Officer to seek support to accelerate immediate payments project utilising resource due to leave the Fund by end September.
- Update November 2023: This activity has been superseded by the implementation of “enhanced admin to pay”. This decision was taken to alleviate pressure on the administration team processes and can be implemented with the assistance of Heywood resource (the third-party admin system provider).
- Immediate payments functionality will move to early 2024 implementation. NOTE: There remains a dependency on Council IT resource to execute this project in the time available.
- **This has been deprioritised because of resource constraints in the Administration team.**

3.2 Pinch Points

Upcoming loss of the Fund's Pension Fund Manager, alongside recent loss of administration team members, increases reliance on remaining senior officers (namely Administration Lead and Jo Cooke (0.2 FTE)). Beyond these remaining senior officers, the Fund retains inexperienced LGPS Officers (Two existing junior administration team members) and incoming Governance Officer (with no LGPS experience)

3.3 Next steps

Next steps were agreed at September's Pension Fund Committee. Good progress has been made and is summarised below:

Next Step agreed at September PFC	Update as at February 2024
Explore opportunities for high priority activities	See attached Plan on a Page for current status
Risk assessment of medium priority activities, exploring support options Validate low priority activities Fund and Hymans meet regularly to maintain focus on delivery	Ongoing support from Hymans Robertson in place with regular meetings to track progress and outsource work where possible. This is critical to ensure clear sight of priorities for new Pension Fund Manager Assessment of medium and low priority activities, monitoring changes in priority levels and identifying new priorities is discussed at these meetings.
Commence quick win actions	See 3.1 above for update and current status
Seek clear direction or decision on structural options paper	No decision made or direction provided. Working assumption: Fund continues to function in the long term and will have a fully trained and resourced team. This is challenging given the current resourcing situation and Committee may conclude that this working assumption is currently invalid. Resource challenges are being managed by officers, though challenge has increased with upcoming loss of existing Pension Fund Manager.
Report progress to Pension Fund Committee	Report to February Committee prepared

Summary of high priority activities noted below. See attached document for more detail.

Status	Activities	
	Nov 23	Jan 24
Complete	4	12
In progress / on track	17	13
At risk	3	5
Not Started	7	5
New items added	n/a	5
Total	31	40

Key Gap

Confirmation of decision or direction with regards structural options paper. Assistance sought to progress.

4 Outlook for next Period

- Recruit a new Pension Fund Manager
- Plan to be produced for the interim period between new Pension Fund Manager joining the Fund and decision on BW structural paper.
- Continued focus on high priority activities for delivery before the Pension Fund Manager leaves the Fund.
- Prepare a roadmap of priority activities in readiness for the new Pension Fund Manager.
- Ongoing Governance support from Hymans Robertson.
- Ongoing Administration support from Hymans Robertson, until the admin function is fully resourced and trained.
- Assessment of medium and low priority activities, monitoring changes in priority levels and identify new priorities until the Pension Fund Manager leaves the Fund.
- Regular progress reporting to Pension Fund Committee.

5 Action Required

The Pension Fund Committee is requested to:

- Note the content of this update and the increased risk to the Fund's compliance.
- Continue to support the actions and approach to Fund Governance.
- Prioritise conclusion of structural options paper.
- Request action plan for the interim period between new Pension Fund Manager joining the Fund and decision on BW structural paper.

6 Plan on a page – 12-month timeline (attached)

High Priority activities August 2023 – July 2024

NOTE: These timelines remain indicative, and each activity requires detailed planning and resources.

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Isle of Wight - Fund Governance Outlook - 2023 onwards

Green - On track
 Within accepted tolerances. No threat to delivery.

Amber - Minor lag
 Corrective action and/or re-plan required. Potential risk to delivery.

Red - Significant lag
 Corrective action and/or re-plan required. High risk to delivery.

Complete - task closed

★ Activity
★ Fund - Gov
★ Fund - Invest
★ Inv Adviser
★ Fund - Finance
○ Highest Effort



updated priorities		Status	Priority	Effort	Fund Rep	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24
Actuarial	Tender	on track	High	High	Jo T			Procurement for Tender			ITT issued	ITT Responses Delegated Authority	Evaluation of Responses Award	Handover	New Contract starts 01 May 2024		
	Cashflow strategy	not started	TBC	TBC	TBC										Consider and scope		
	Valuation Planning for 2025	not started	High	Medium	TBC										Planning	Valuation tasks	
Admin	Annual benefit statements	complete	High	n/a	Admin	BAU PRIORITY											
	Pension Saving statements	complete	High	n/a	Admin		BAU PRIORITY										
	Maintaining KPI's	at risk	High	n/a	Admin	BAU PRIORITY											
	Pensioner Payroll - maintenance	on track	High	n/a	Matthew	BAU PRIORITY											
	Record-keeping (data retention)	not started	High	Medium	TBC	Identify requirements for record keeping policy				Socialise proposal and metrics proposed					Agree and plan implementation		
	Academy participation policy	complete	High	Medium	Jo T	Create policy document		Policy to PFC									
	Data Quality maintenance plan (data improvement plan)	not started	High	Medium	Matthew	Analysis of requirements and create DQ plan				Socialise proposal and metrics proposed					Agree and plan implementation		
Data	TPR Data scoring	complete	High	Low	Matthew			TPR Data scoring									
BAU	Retention of staff	at risk	High	Medium	Matthew / Jo T	Retention plan			Execute retention plan - Restructure over 12 months								
Governance	Recruitment/Induction - officers	at risk	High	Medium	Jo T			SME backfill - TBC									
	Governance Compliance Statement	in progress	High	High	Jo T/Officer			Input to annual report				To PFC (23/24)					
	Training strategy & plan - creation and monitoring	in progress	High	Medium	Jo T/Officer					KPA approved	KPA Close	KPA findings (PFC Feb24)	KPA findings (LPB Mar 24)	Training plan to address knowledge and skills gaps			
	Head of Fund recruitment and training	not started	High	Medium	Chris/Kerry						Job Spec/interviews	Appointment/ Notice period	Jo leaves 19/04 Handover of workplan			HD Fund replacement starts	
	Conflicts of interest policy - link to registers of interests	in progress	High	Medium	Jo T			Consider Fund version (conflicts)		Create fund version (conflicts) - if required			To LPB		To PFC		
	General Code of Practice - IoW Assessment	not started	High	Medium	TBC							Compliance Checker	General Code of Practice - Training plan based on KPA report, Gov Comp Stmt and Comp Checker findings				
Projects	Systems projects - immediate payments	not started	High	Medium	Matthew									Plan and execute implementation			
	Systems projects - Enhanced admin to pay	at risk	High	Medium	Matthew	Plan and approach to implementation			Plan with Heywood					Implementation			
	GMP reconciliation - pensioner fees	in progress	High	Medium	Matthew/Jo T	Ascertain population			Work with provider to remediate members					Complete by 07/03/2024	Member record fees		
	McCloud (outsourcing ?)	at risk	High	High	Matthew			McCloud assessment of effort		Seek assistance		Heywood fees for McCloud - guesstimate for delivery				McCloud fe - guesstimate for delivery	
ACCESS	Pooling consultation	complete	High	Medium	Jo T		input to consultation										
	Operator procurement	in progress	High	Low	TBC		input to operator procurement							Evaluation panel (TBC)		Operator Appointment	
Investments	Strategy review - selection exercise for private debt	complete	High	Medium	Jo T			Review and agree strategy proposed by Investment Adviser		urgent end Dec							
	Strategy review - selection exercise for infrastructure solutions	complete	High	Medium	Jo T			Review and agree strategy proposed by Investment Adviser			Doc completion		Fund Close				
	Regular updates on access/pools	in progress	High	Low	TBC			Committee update				Committee update			Committee update		
	Investment Strategy Statement	in progress	High	Low	Jo T						Investment Strategy Review						
	Switch to Blackrock - investigate non tobacco	complete	Low	Low	Jo T					Fund switch proposal							
	Move to ACCESS Bond - due diligence on Schroder replacement	complete	High	Low	Jo T			ACCESS bond move		14 Dec end date							
Risk	Disaster recovery - including BCP, Cyber risk, scenario planning	not started	High	High	TBC / Matthew	Identify requirements for DR			Create DR plan engaging 3rd parties as required						Test and implement DR plan		
	Internal dispute resolution guide	in progress	High	Medium	Jo T/Gov Officer	Review current IDRP guide			Out for comment			Present to LPB Agree review cycle			PFC		
	Reporting breaches DRAFT	complete	High	Low	Jo T		Committee review										
	Risk register	complete	High	High	Gov Officer		Committee review		Revisit approach to risk register								
Finance & Accounting	Stat accounts at end of fin year - in time to include in council accs	not started	High	Medium	Jo C	2022/23 draft published					Prep for Stat Accounts - input to Council		23/24		is/fo by who ??		
	Annual report for PF - end Oct	complete	High	Low	Jo C		Prep for Annual Report			Upload draft Await CC accs							
	Audit - liaising with Auditors - no forewarning - 2023 dates confirmed	complete	High	High	Jo C, Matthew, Jo T				Answering auditor questions - 30/09 - 06/12							Audit field work 23/24	
	Audit Planning for 23/24	not started	High	High	Jo C, Matthew					Responses		Queries					
	Maintain cashflows and day to day accounting	on track	High	Low	Jo C	BAU PRIORITY											
Committee and Board	Committee/Board meetings cycle	on track	High	High	Gov Officer		PFC/LPB update		PFC update		LPB update		PFC update		LPB update		PFC update

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Purpose: For Discussion

Committee Report

ISLE OF WIGHT COUNCIL

Meeting	ISLE OF WIGHT PENSION FUND COMMITTEE
Date	14 FEBRUARY 2024
Title	KNOWLEDGE PROGRESS ASSESSMENT REPORT
Report of	PENSION FUND MANAGER

Executive Summary

1. During December 2023, the pension fund promoted the Hymans Robertson Knowledge Progress Assessment survey, to support the development of a training programme for committee and board members.
2. This report presents the output from this exercise, summarising areas where additional focus may be required to support the development of committee and board members' understanding.
3. It also presents an initial training plan for discussion and agreement.

Recommendation

- | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ol style="list-style-type: none">4. That the report from the Knowledge Progress Assessment is noted.5. That the initial training plan is considered and priorities for development are agreed. |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

Background

6. The Hymans Robertson Knowledge Progress Assessment was designed to provide information on how members' collective knowledge levels are progressing since the last assessment in 2022, and to support the development of a training plan to continue improvement.

7. Committee members will be aware of both the Department of Levelling up, Housing and Communities and the Pension Regulator's push for appropriate levels of knowledge and skills for the Funds decision-making body (Committee) and oversight board (Pension Board). It is expected that the Fund can provide clear evidence of actions in this area, primarily through a Fund training strategy, training plan, training activities and ongoing assessment.
8. The survey ran locally from 5 December 2023 until Friday 19 January 2024, and was open to all committee and board members. Following several reminders, the survey was completed by three (out of eight) committee members and five (out of seven) board members.
9. The output report from the survey is presented at appendix 1 to this report.
10. Since the 2022 assessment was completed there have been a number of changes in membership of both the committee and board, so to some extent a comparison of understanding levels between surveys maybe irrelevant.
11. Despite the relatively low level of participation, particularly from committee members, the results demonstrate a good base level of collective understanding for both board and committee KPA participants and highlight a number of key areas for future development.
12. Based on the outcome of the survey, an indicative training plan has been prepared by Hymans Robertson, which is attached at appendix 2 to this report. This plan is for consideration and agreement by the committee and board but will form the basis of initial discussions between the Pension fund Manager and the council's Learning and Development Team to formalise a plan and develop a learning programme for committee and board members.

Corporate Priorities and Strategic Context

13. There is nothing contained in this report which directly contributes to the priorities contained in the Isle of Wight Council [Corporate Plan 2021 – 2025](#).

Pension Fund Strategic Aims

14. 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 employer to meet the cost of future benefits accruing.
15. The fund has also agreed the following objectives, which are supported by information in this report:
 - (a) Ensure compliance with the LGPS Regulations, other relevant legislation and the Pensions Regulator's Codes of Practice.

- (b) Ensure Fund is managed, and its services provided, by people with the appropriate knowledge and understanding.

Local Pension Board View

- 16. The Local Pension Board will consider this report and their knowledge and understanding requirements at its meeting on 6 March 2024.

Financial / Budget Implications

- 17. The total cost of participating in the Knowledge Progress Assessment survey and the provision of the report and outline training plan as presented was £5,000.
- 18. The costs for the delivery of the training programme will be determined by both the method of delivery and the presenters of that training. As the training plan is developed a formal budget will be established and monitored.

Legal Implications

- 19. Isle of Wight Council is the administering authority for the Isle of Wight Council Pension Fund. An administering authority is defined in the Local Government Pension Scheme Regulations 2013 as “a [local authority] required to maintain a pension fund under the local government pension scheme regulations”.
- 20. The Public Service Pensions Act 2013 introduced the requirement for local pension boards to be established for all public service pension schemes. The Local Government Pension Scheme Regulations 2013 (as amended) enacted this legislation.
- 21. The Pensions Act 2004 specifies the knowledge and understanding requirement for local pension board members but does not implicitly state the same requirements for pension committee members.
- 22. The government’s response to the Department for Levelling Up, Housing and Communities consultation “LGPS (England and Wales) Next steps on investments” stated that there will be an expectation that knowledge and understanding requirements for pension committee members will align with those for local pension board members.

Equality and Diversity

- 23. 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.

24. There are no implications for any of the protected characteristics arising from this report.
25. Any future training programme will be designed to meet, as far as possible, the individual learning preferences of all committee and board members, to encourage participation and engagement.

Appendices Attached

26. Appendix 1: Hymans Robertson 2023 Knowledge Progress Assessment Isle of Wight Pension Fund.
27. Appendix 2: Draft initial training plan.

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CHRIS WARD
*Director of Finance
and Section 151 Officer*

COUNCILLOR CHRIS JARMAN
*Chairman of the Isle of Wight
Pension Fund Committee*

2023 LGPS Knowledge Progress Assessment

Isle of Wight Pension Fund

Overview

This Knowledge Progress Assessment (KPA) allows a direct insight into the knowledge and skills of the key decision makers and oversight body of the Isle of Wight Pension Fund.

Participants answered a series of questions covering a broad spectrum of topics, for which they should be familiar to effectively perform their role. Based on participants' answers, a score is recorded for each member, and also collectively for both the Committee and Board.

This information can be incredibly valuable in helping shape and plan training sessions at both group and individual level.

This assessment sits alongside the LGPS National Knowledge Assessment (NKA). Unlike the NKA, there is no benchmarking provided against the results of all other participating Funds. The results focus solely on your Fund.

Background

The Isle of Wight Pension Fund agreed to participate in the KPA using our online assessment. This is in addition to having completed the 2022 NKA.

This report provides an overview of the participants' results broken down into 8 key areas, noted in the section below.

The online assessment opened in December 2023, and there were weekly progress updates provided to the Fund confirming participation levels.

Each participant received their individual results report following completion of the assessment.

The questions posed in the assessment are split into 3 categories:

- Technical questions
- Roles and responsibilities
- Decision making

Technical questions, made up around two thirds of the questions. The remaining questions were split between the categories of Roles and Responsibilities as well as Decision Making. This helps to provide more in-depth analysis of the results and provides further context to the proposed training plans.

The Knowledge Progress Assessment is a challenging multiple-choice assessment of participants' knowledge and understanding of key pension areas. There was no expectation that participants would score 100% on each subject area tested. Rather, the goal was to gain a true insight into members' knowledge in the areas covered by the CIPFA Knowledge and Skills Framework and the Pensions Regulator's (TPR) Code of Practice.

Why Does this Matter?

While fund officers may deal with the day-to-day running of the funds, members of the Committee play a vital role in the scheme as decision makers.

To execute their roles effectively, Committee members must be able to address all relevant topics such as investment matters, issues concerning pension funding, pension administration and governance.

All topics which require a level of knowledge and understanding from the Committee. Similarly, the Pension Board members must have a sound knowledge of these topics in order to be able to offer critical challenge in the oversight of Committee decisions.

The Assessment

The members of the Isle of Wight Pension Fund Committee and Board were invited to complete an online knowledge assessment. In total there were 3 respondents from the Committee and 5 respondents from the Board.

Each respondent was given the same set of 48 questions on the 8 areas below:

Section	Names
Section 1	Committee Role and Pensions Legislation
Section 2	Pensions Governance
Section 3	Pensions Administration
Section 4	Pensions Accounting and Audit Standards
Section 5	Procurement and Relationship Management
Section 6	Investment Performance and Risk Management
Section 7	Financial Markets and Product Knowledge
Section 8	Actuarial Methods, Standards and Practices

Under each subject heading, there were 6 multiple choice questions to answer. Each question had 4 possible answers, of which one answer was correct.

Participants were also given the option of selecting “I have no knowledge of this area”, where they were unsure.

This allows us to build a picture of the knowledge levels of each individual member in each of the topics, but crucially to help inform you of the overall levels of knowledge in each area.

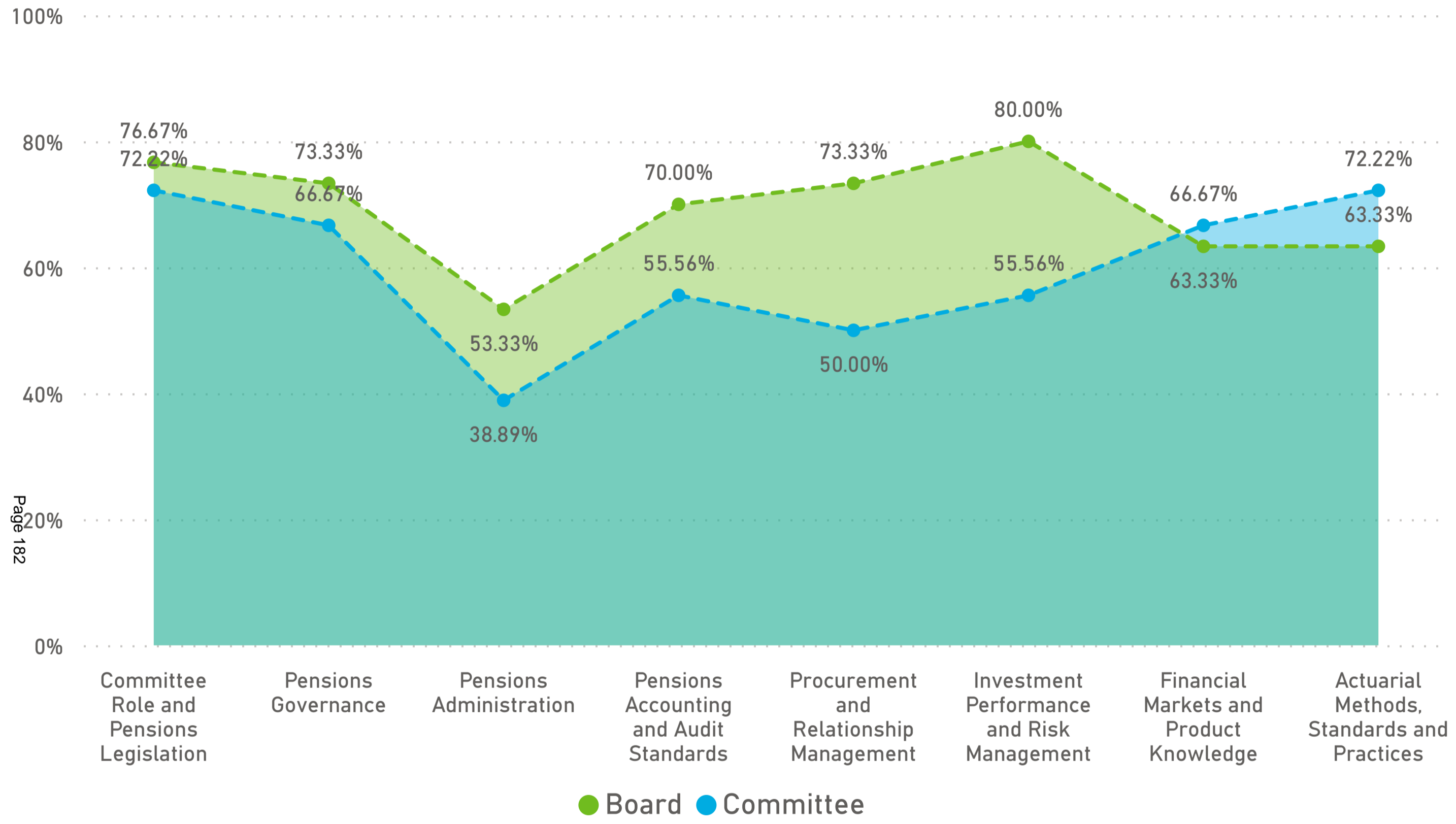
Results

The responses for all members who participated have been collated and analysed. For each section we have shown:

- The average score for each of the 8 subject areas, for both the Committee and Board.
- Results split by the categories of “**technical**”, “**roles and responsibilities**” and “**decision making**”.
- Each score compared with the results of the previous assessment taken by the fund, to show growth or regression in each area.
- Engagement levels for both the Committee and Board and how these levels rank against other LGPS funds.
- The most requested topics for training.

Based on the results and the responses received from participants, we have proposed some “next steps” to consider.

Average Score for Board & Committee



For each of the assessment's 8 areas we have shown the results of both the Committee and Board.

These have been shown in the order in which the sections appeared in the survey.

There is also a summary showing the average scores across all sections for the Committee and Board.

- The performance of the Board (average overall score of 69.2 %) was stronger than that of the Committee (average overall score of 59.7 %).
- The performance for the Committee and Board diverged the most in the Investment Performance and Risk Management section, when Board were 24.4% higher than the Committee.
- The Committee performed most strongly in the areas of Committee Role and Pensions Legislation and Actuarial Methods, Standards and Practices.
- The Board areas of strongest knowledge were Investment Performance and Risk Management and Committee Role and Pensions Legislation.

Commentary on results

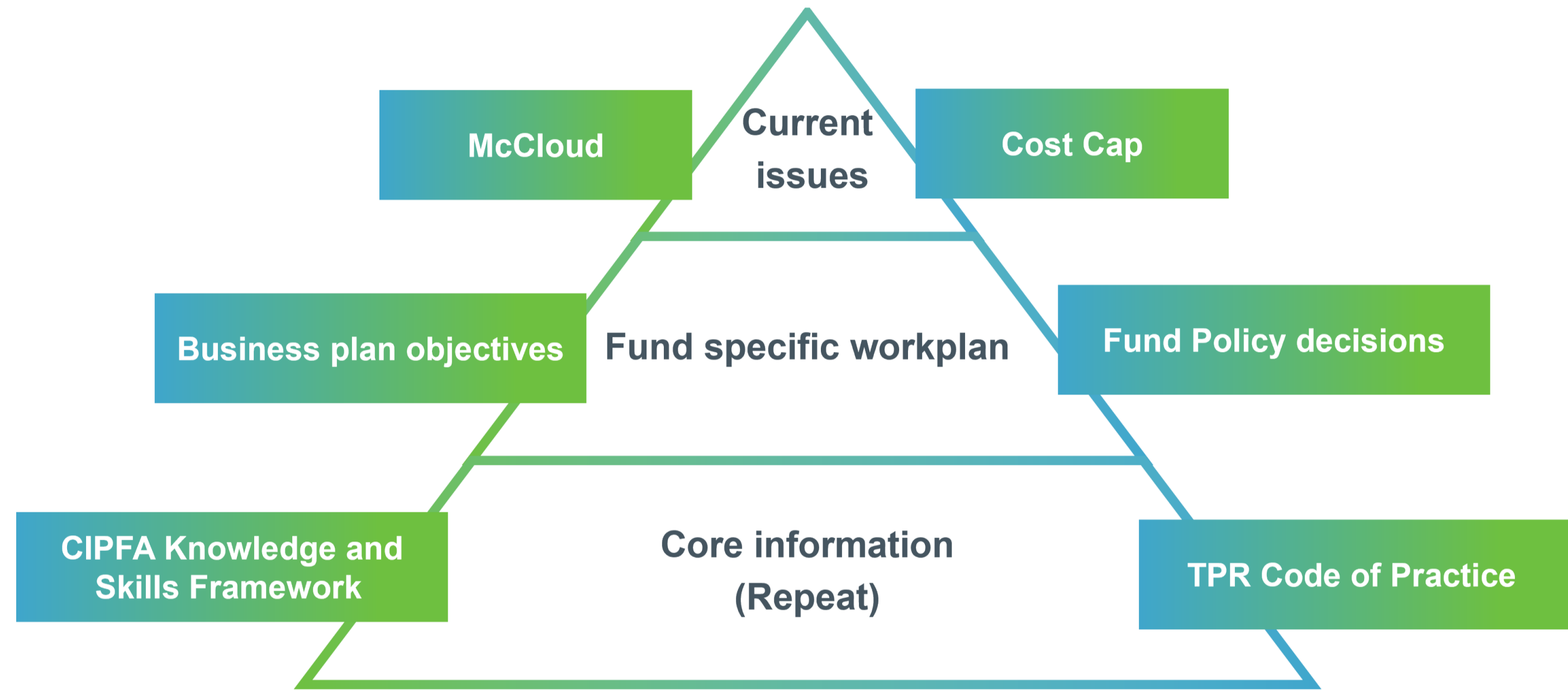
It's encouraging that 8 participants from your Fund took part in the assessment. Overall, the results were positive and it's clear that there are areas of greater knowledge levels as well as areas in which knowledge should be developed over time.

We would fully expect there to be gaps in the knowledge of all members, no matter their role on the Committee/Board, their tenure or indeed their background in terms of pensions experience.

The most important thing to emphasise is that not everybody needs to be an expert in all areas, rather there should be a spread of knowledge across your Committee and Board which is supported by advice from officers and professional advisors.

Just as important as gaining the relevant knowledge and understanding expected of a Pension Committee or Board, is the application of that knowledge and understanding, including the utilisation of an individual's own background and perspective.

Many funds have implemented training plans that follow the pyramid diagram of LGPS training areas. Fundamentally, a plan based on this example pyramid would provide a LGPS fund with a robust training program for its Committee and Board.



Committee

The results show that Committee Role and Pensions Legislation and Actuarial Methods, Standards and Practices have the highest levels of knowledge. But the areas to focus any specific training on might be Pensions Administration for the Committee.

In general, the Committee's performance was reasonably strong. There are areas which could be improved on with focused training.

Local Pension Board

The results show that Investment Performance and Risk Management and Committee Role and Pensions Legislation have the highest levels of knowledge, but the areas to focus any specific training on might also be Pensions Administration for the Board.

The next step would be to try and develop the knowledge of the lower scoring areas. You might already have a training plan in place, in which case you could use these results to tailor the specific training and with the knowledge of these results, ensuring it aligns with your priorities.

Further Analysis

In order to gain further insight into the knowledge and understanding, the questions posed covered 3 distinct areas. These were:

- **Technical** – 66% of questions
- **Decision Making** – 17% of questions
- **Roles and responsibilities** – 17% of questions

The purpose of this was to drill deeper into the collective understanding of these categories, and to provide further analysis on which areas to target when creating training plans. The following chart shows the average score for each of these sections, for the Committee and Board combined.



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From this chart, the lowest scoring area was Technical. Bearing this in mind, a particular focus could be put on this over the coming months.

Some next steps to consider are:

Decision making – A review of the Fund's decision-making procedures, and updating/creating a decision-making matrix, and sharing this with the Committee and Board to ensure visibility of the role of each group in across a broad spectrum of potential decisions.

Roles and responsibility – A specific training session covering the roles and responsibilities of different stakeholders within different points in the annual cycle of the Fund. This could include preparation of annual report, annual benefit statements, business planning and investment performance reviews for example. It would also be good to cover more niche topics such as the IDRP process, review of suppliers and cyber risk.

Technical – The majority of questions in the assessment were technical and related to core areas of knowledge and skills for Committees and Boards. We would expect the Fund's training strategy and training plan to reflect requirements here.

Collective Knowledge

It is not just the overall average scores which are important, we realise that you need to be aware of the collective knowledge of your members. All Committee and Board members will bring different experience and perspectives, and will feel more comfortable providing challenge in areas they are more knowledgeable in. As such, the spread of detailed knowledge in each subject is important for the robust governance of the Fund.

For this reason we feel it is important to understand how many members scored highly in each of the topics, to provide an insight into the breadth of knowledge. Where a Committee or Board have individuals with high knowledge levels in each of the topics, you can feel more assured that members will be able to provide challenge or guidance as and when required.

A well rounded Committee or Board will have a number of members scoring highly in each topic. To measure this, we have analysed:

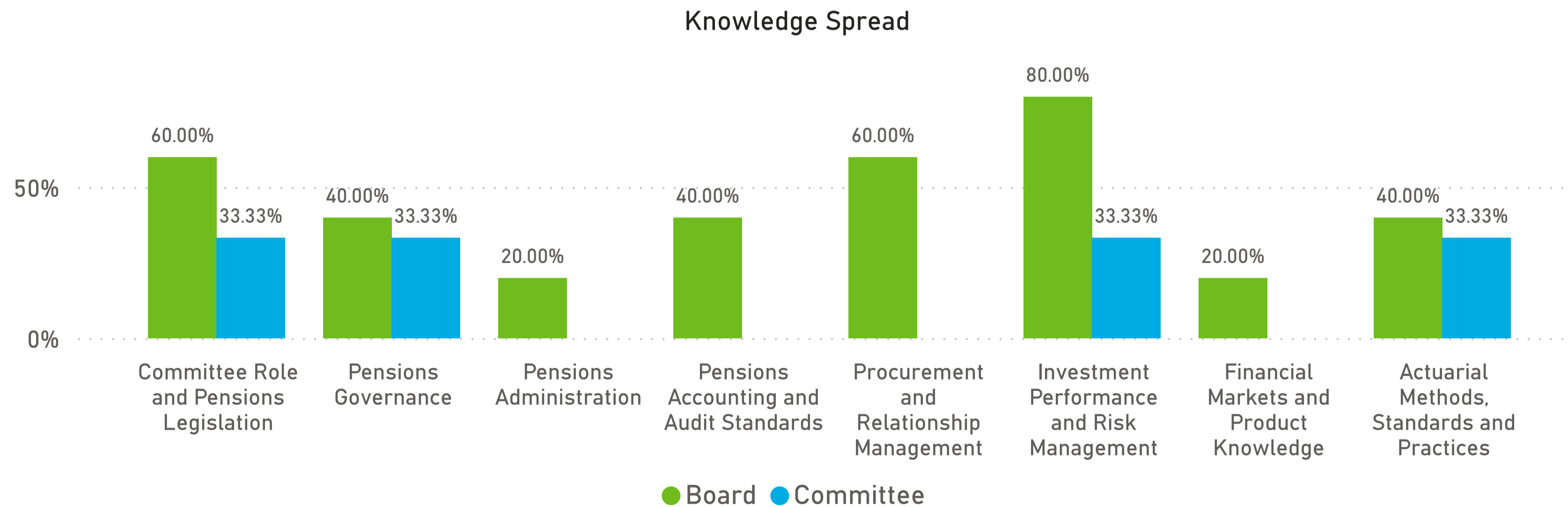
- the number of members who correctly answered at least 5 of the 6 questions in each topic.

It is also important that it is not just the same individuals who score highly in each topic. A spread of individuals with detailed knowledge across different topics, is more likely to create an effective committee or board.

We have analysed the number of members who correctly answered 5 or 6 questions in at least one topics. This gives an indication of the spread of knowledge. The chart below shows the respondents who correctly answered 5 or 6 questions in each particular section.

- For the Committee there were 2 of members who scored highly in at least 1 topic.
- There were 4 Board members who scored highly in at least 1 topic.

This is a positive result for the Board, as you would hope that most members would have specialist, detailed knowledge in at least one subject area.



Comparison with previous results

The Isle of Wight Pension Fund also took part in a previous Assessment. The results for each of the 8 topics can be compared to measure progress in each area.

This is shown in the following chart.

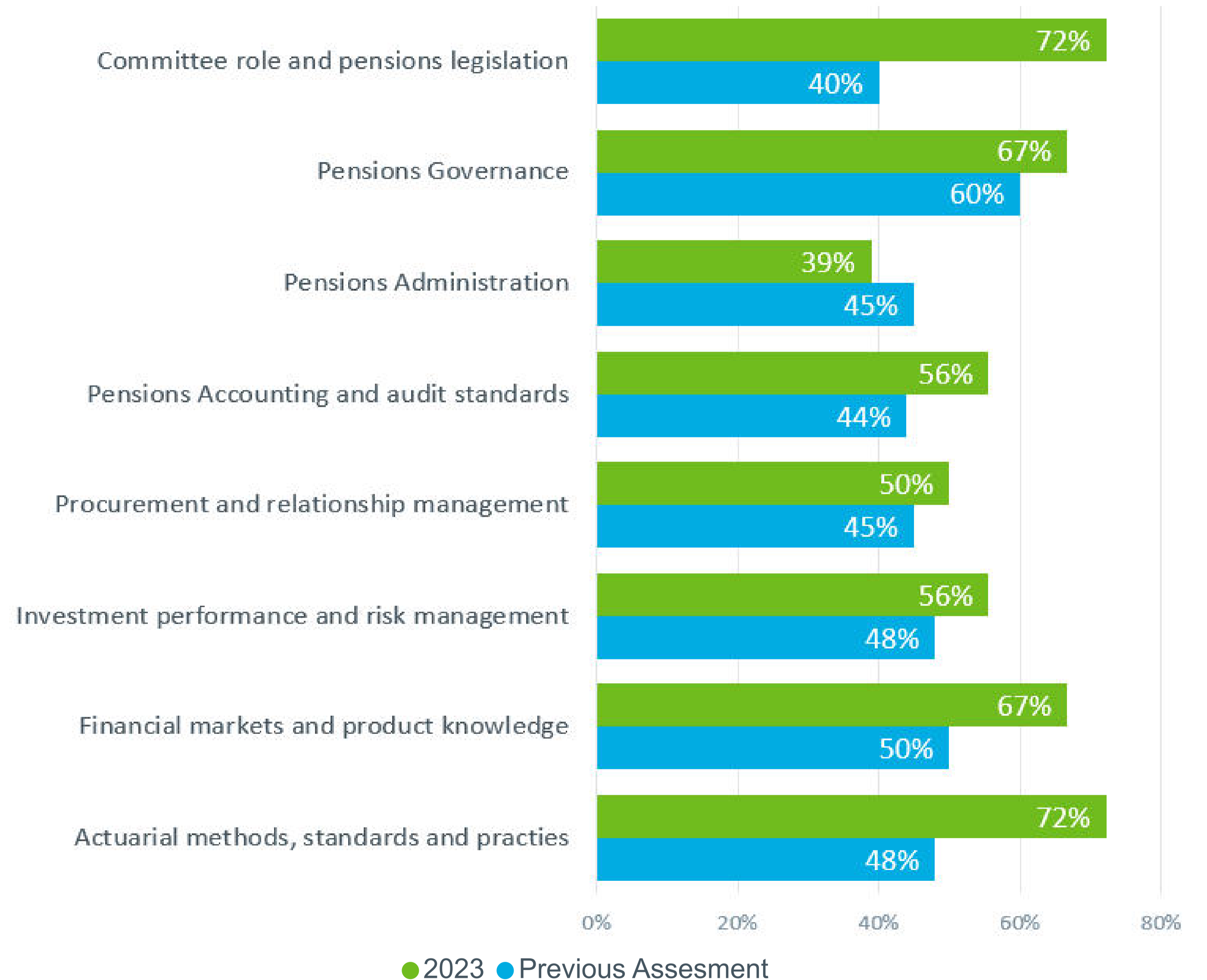
The average score for each topic this year is compared with that from the previous assessment. This has been broken down to show the results for the Committee and Board separately.

It's worth noting that while there will be differences in the members who actually participated in each assessment, it's the collective knowledge of each group which is important.

The area in which knowledge appears to have developed most for the Committee is Committee Role and Pensions Legislation which is encouraging.

On the other hand, knowledge levels seem to have regressed in Pensions Administration

Committee Results



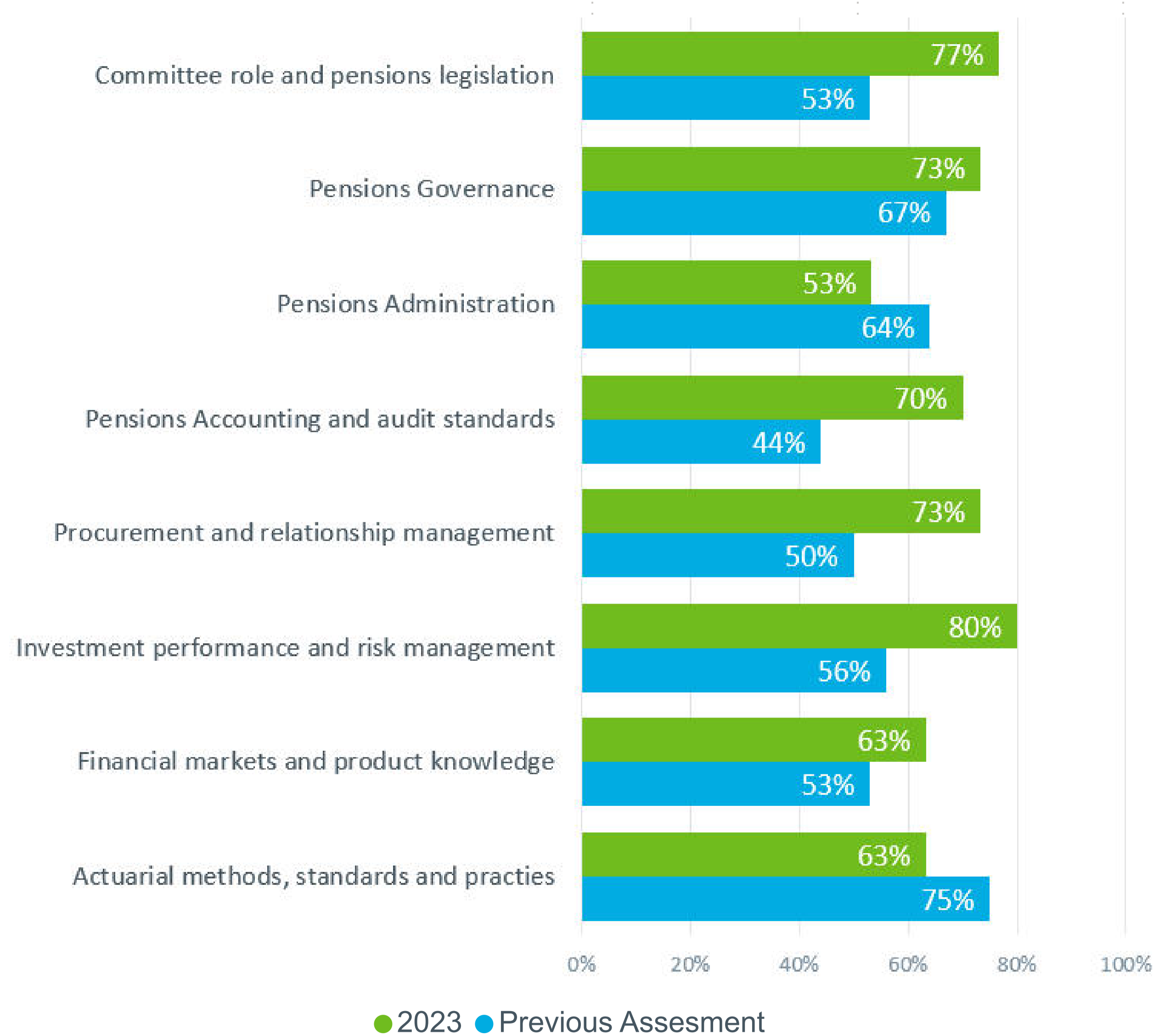
The same comparison can be made for the Board. The chart on the right shows these results.

The area in which knowledge appears to have developed most for the Board is Pensions accounting and audit standards which is encouraging. On the other hand, knowledge levels seem to have regressed in Pensions Administration and Actuarial Methods, Standards and Practices.

It's worth noting that the underlying questions have changed between both assessments.

This might account for some small differences in the results.

Board Results



Engagement

One of the key areas that we recommend funds focus on is Committee and Board training engagement.

With the ever-increasing pace of change in the pensions and investments world, Committee and Board engagement is critical to maintaining strong collective knowledge. There is an expectation that they need not only be willing, but keen to develop their knowledge and understanding across the raft of topics upon which they will need to make, or ratify, decisions.

One measure of the engagement of members is their willingness to participate in training. As such, we have used the participation level of this survey to measure the engagement of your Committee and Board members.

The chart below shows the breakdown of the total number of participants from the Isle of Wight Pension Fund, as a proportion of those who could have responded.

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Role	Participants	Possible Participants	Participation Rate
Board	5	6	83.3%
Committee	3	8	37.5%

That 8 participants from your Fund took part in the assessment is encouraging. With the number of changes to the LGPS in recent years, it is vital that Committee and Board members remain abreast of the latest developments and feel confident that they have the knowledge required to make the decisions required of them.

Their level of engagement is a key driver of this. Overall engagement seems to be strong with Board members, but low with Committee members. Given the increased governance expectations of both the Department for Levelling Up, Housing and Communities and TPR, the Fund will have to consider how to improve engagement.

The move to online learning and tackling topics in bitesize chunks can help.

The way in which information is shared with the Committee and Board can also promote engagement.

There have been moves by some funds to issuing short timely bulletins and newsletters to increase training knowledge and engagement, which we very much encourage.

Training Feedback from Participants

One of the final sections of the survey asked participants to indicate which topics they would like to receive training on.

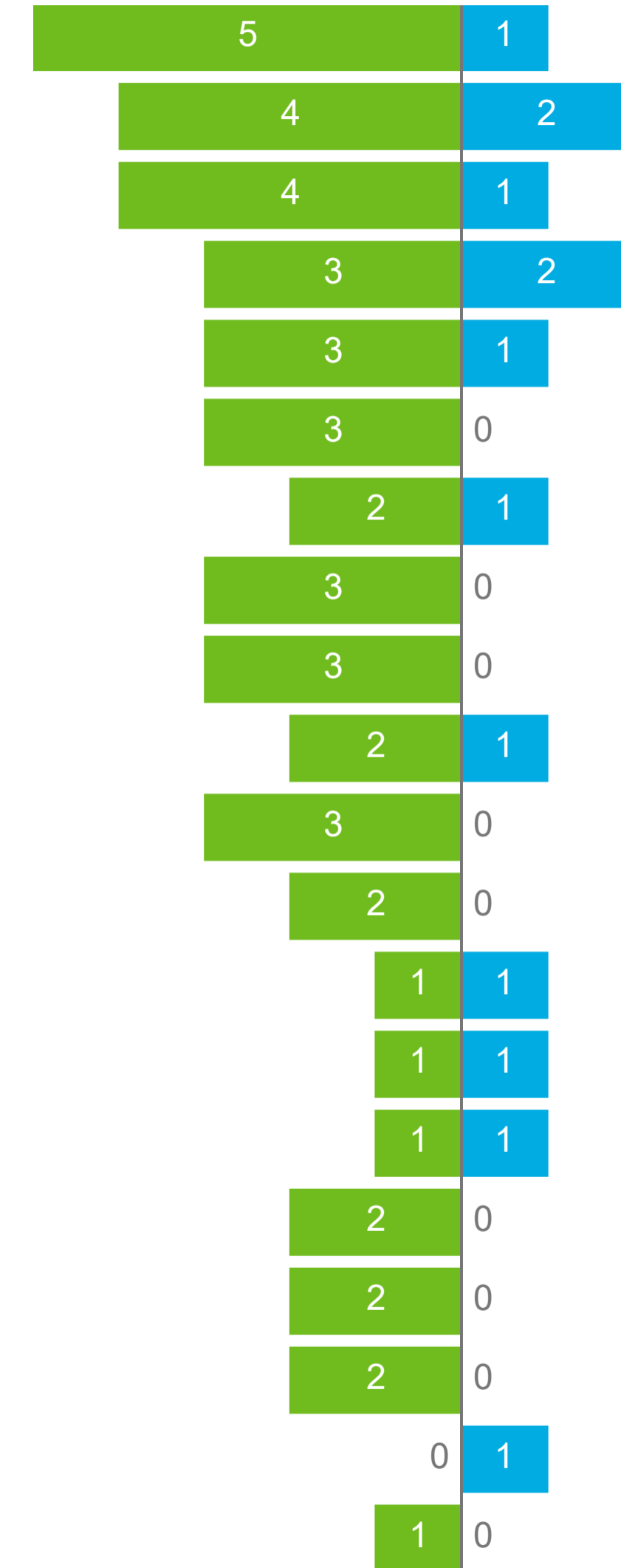
There was a list of options available, covering a broad spectrum of the topics we believe are most relevant to allowing Committee and Board members to effectively perform their roles. Members were also given the option to indicate any other areas in which they would benefit from further training.

The table on the right summarises the areas in which members indicated training would be beneficial.

Training requirements

● Board ● Committee

Cyber security	5	1
Environmental, Social and Governance / Res...	4	2
Pension Regulator Code of Practice	4	1
Task Force on Climate-related Financial Discl...	3	2
Levelling up and impact investing	3	1
Good Governance	3	0
Investment Performance and Risk Managem...	2	1
LGPS Code of transparency	3	0
Pensions Accounting and Audit Standards	3	0
Pensions Administration	2	1
Pensions Dashboards	3	0
Actuarial Methods, Standards and Practices	2	0
Committee Role and Pensions Legislation	1	1
Financial Markets and Product Knowledge	1	1
Illiquid asset training	1	1
Pensions Governance	2	0
Procurement and Relationship Management	2	0
Section 13	2	0
McCloud impacts	0	1
Pension Scams	1	0



Next Steps

Based on the results, we would suggest that there should be consideration to the following next steps:

- This report should be **reviewed** by the Fund's officers and results shared with the Committee and Board.
- Set up a **structured training plan** or adjust the existing training plan for the next 18 months covering the main areas highlighted in this report.
- Plan for the **delivery** of training over the immediate 6-month period following these results and communicate that intention with the Committee and Board.
- Consider the most **pressing** training requirements in the coming months. Importantly, look at the **frequency** of training engagement with your Committee and Board.
- **Assess** the tools available to the Fund to assist with training, and whether any new methods should be deployed.
- Consider ways of **maintaining** and **increasing** the engagement of both the Board and Committee. This could include providing them with more information, training materials, briefing notes etc.
- Ensure that the Fund's training strategy is up to date and **appropriate** for purpose.

If you wish to discuss the contents of this report further, please get in touch.

Prepared by Hymans Robertson LLP.

Andrew McKerns



Senior LGPS Governance, Administration and Projects (GAP) Consultant

Alan Johnson



LGPS Governance, Administration and Projects (GAP) Consultant

Reliances and Limitations

This report has been prepared for the Isle of Wight Pension Fund.

This report must not be released or otherwise disclosed to any third party except with our prior written consent, in which case it should be released in its entirety.

Hymans Robertson LLP do not accept any liability to any party unless we have expressly accepted such liability in writing.

This report has been prepared by Hymans Robertson LLP, based upon its understanding of legislation and events as of January 2024.

Isle of Wight Pension Fund Training Plan 2024/2025 – 2025/2026

	Q1 2024/2025		Q2 2024/2025		Q3 2024/2025		Q4 2024/2025		Q1 2025/2026	
	1 April 2024 – 30 June 2024		1 July 2024 – 30 September 2024		1 October 2024 – 31 December 2024		1 January 2025 – 31 March 2025		1 April 2025 – 30 June 2025	
1 Core CIPFA requirement	Pension Administration (module 3)	Pension Accounting & Auditing Standards (module 4)	Pension Legislation (module 1)	Pension Governance (module 2)	Pension Services Procurement & Relationship Management (module 5)	Investment Performance & Risk Management (module 6)	Financial Markets & Product Knowledge (module 7)	Actuarial Methods, Standards & Practices (module 8)	Pension Administration (module 3)	Pension Accounting & Auditing Standards (module 4)
Outline of content	Providing a general understanding of best practice in pensions administration, together with Fund policies and discretionary powers, in line with CIPFA Knowledge & Skills Framework	Providing a general understanding of the Accounts and Audit Regulations and the role of internal and external audit, in line with CIPFA Knowledge & Skills Framework	Providing a general understanding of the legislative framework as it applies to the LGPS, in line with CIPFA Knowledge & Skills Framework	Providing a general understanding of the LGPS governance structure and a "who's who" of scheme governance, in line with CIPFA Knowledge & Skills Framework	Providing a general understanding of the public procurement requirement as they apply to the LGPS, in line with CIPFA Knowledge & Skills Framework	Providing a general understanding of the relationship between assets and liabilities, the Myners principles and the structure, operation and purpose of investment pooling arrangements, in line with CIPFA Knowledge & Skills Framework	Providing a general understanding of the risk and return characteristics of the main asset classes, the workings of the financial markets and available investment vehicles and the importance of the Fund's ISS and investment strategy decisions, in line with the CIPFA Knowledge & Skills Framework	Providing a general understanding of the role of the Fund actuary and the formal valuation process (including the FSS and inter-valuation monitoring) and the treatment of new and ceasing employers (including employer covenant) in line with the CIPFA Knowledge & Skills Framework	Providing a general understanding of best practice in pensions administration, together with Fund policies and discretionary powers, in line with CIPFA Knowledge & Skills Framework	Providing a general understanding of the Accounts and Audit Regulations and the role of internal and external audit, in line with CIPFA Knowledge & Skills Framework
Scheduled delivery date	(either exact date or specified quarter)	(either exact date or specified quarter)	(either exact date or specified quarter)	(either exact date or specified quarter)	(either exact date or specified quarter)	(either exact date or specified quarter)	(either exact date or specified quarter)	(either exact date or specified quarter)	(either exact date or specified quarter)	(either exact date or specified quarter)
Method of delivery	LOLA training videos (primary) / face to face (only where required)	LOLA training videos (primary) / face to face (only where required)	LOLA training videos (primary) / face to face (only where required)	LOLA training videos (primary) / face to face (only where required)	LOLA training videos (primary) / face to face (only where required)	LOLA training videos (primary) / face to face (only where required)	LOLA training videos (primary) / face to face (only where required)	LOLA training videos (primary) / face to face (only where required)	LOLA training videos (primary) / face to face (only where required)	LOLA training videos (primary) / face to face (only where required)
Delivered by	LOLA	LOLA	LOLA	LOLA	LOLA	LOLA	LOLA	LOLA	LOLA	LOLA
Committee	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Board	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
2 Business plan relevant	TPR - General Code of Practice	DLUHC consultation response - Levelling up and impact investing	Cyber Security	McCloud update	Responsible Investment	2025 Valuation - preparation training	TBD	TBD	TBD	TBD
Outline of content	Ensuring members understand the expectations set by TPR and the compliance levels of the IOW PF	Assessment of impact to IOW PF of DLUHC recent Investment consultation and future plans	Ensure the Committee and Pension Board are advised of this threat and what it means for the Fund	Ensuring members are up to date in understanding of the Fund's response to the McCloud judgement. Opportunity to enhance Committee administration knowledge	Ensure Committee and Board are presented with appropriate knowledge and skills on this area	Training session preparing Committee and Board with upcoming Valuation details and key milestones	TBD	TBD	TBD	TBD
Scheduled delivery date	tbc	tbc	tbc	tbc	tbc	tbc	tbc	tbc	tbc	tbc
Method of delivery	Briefing notes/ webinar/video conference/face to face/meeting papers/training video/webinar	Briefing notes/ webinar/video conference/face to face/meeting papers/training video/webinar	Briefing notes/ webinar/video conference/face to face/meeting papers/training video/webinar	Briefing notes/ webinar/video conference/face to face/meeting papers/training video/webinar	Briefing notes/ webinar/video conference/face to face/meeting papers/training video/webinar	Briefing notes/ webinar/video conference/face to face/meeting papers/training video/webinar	Briefing notes/ webinar/video conference/face to face/meeting papers/training video/webinar	Briefing notes/ webinar/video conference/face to face/meeting papers/training video/webinar	Briefing notes/ webinar/video conference/face to face/meeting papers/training video/webinar	Briefing notes/ webinar/video conference/face to face/meeting papers/training video/webinar
Delivered by	tbc	tbc	tbc	tbc	tbc	tbc	tbc	tbc	tbc	tbc
Committee	Yes /No	Yes /No	Yes /No	Yes /No	Yes /No	Yes /No	Yes /No	Yes /No	Yes /No	Yes /No
Board	Yes /No	Yes /No	Yes /No	Yes /No	Yes /No	Yes /No	Yes /No	Yes /No	Yes /No	Yes /No
3 Current issues and ongoing training	TCFD/TNFD (example)	Key LGPS current issue (2)	Key LGPS current issue (3)	Key LGPS current issue (4)	Key LGPS current issue (5)	Key LGPS current issue (6)	Key LGPS current issue (7)	Key LGPS current issue (8)	Key LGPS current issue (9)	Key LGPS current issue (10)
Outline of content	Ensure the Committee and Pension Board understand the LGPS requirements of TCFD/TNFD and what it means for the Fund	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD
Scheduled delivery date	tbc	tbc	tbc	tbc	tbc	tbc	tbc	tbc	tbc	tbc
Method of delivery	Briefing notes/ webinars video conference/face to face reading material training videos	Briefing notes/ webinars video conference/face to face reading material training videos	Briefing notes/ webinars video conference/face to face reading material training videos	Briefing notes/ webinars video conference/face to face reading material training videos	Briefing notes/ webinars video conference/face to face reading material training videos	Briefing notes/ webinars video conference/face to face reading material training videos	Briefing notes/ webinars video conference/face to face reading material training videos	Briefing notes/ webinars video conference/face to face reading material training videos	Briefing notes/ webinars video conference/face to face reading material training videos	Briefing notes/ webinars video conference/face to face reading material training videos
Delivered by	tbc	tbc	tbc	tbc	tbc	tbc	tbc	tbc	tbc	tbc
Committee	Yes /No	Yes /No	Yes /No	Yes /No	Yes /No	Yes /No	Yes /No	Yes /No	Yes /No	Yes /No
Board	Yes /No	Yes /No	Yes /No	Yes /No	Yes /No	Yes /No	Yes /No	Yes /No	Yes /No	Yes /No
4 Current issues and ongoing training	TPR toolkit Training videos Webinars Conferences	TPR toolkit Training videos Webinars Conferences	TPR toolkit Training videos Webinars Conferences	TPR toolkit Training videos Webinars Conferences	TPR toolkit Training videos Webinars Conferences	TPR toolkit Training videos Webinars Conferences	TPR toolkit Training videos Webinars Conferences	TPR toolkit Training videos Webinars Conferences	TPR toolkit Training videos Webinars Conferences	TPR toolkit Training videos Webinars Conferences
Outline of content										
Scheduled delivery date	Throughout the year	Throughout the year	Throughout the year	Throughout the year	Throughout the year	Throughout the year	Throughout the year	Throughout the year	Throughout the year	Throughout the year
Method of delivery	As appropriate	As appropriate	As appropriate	As appropriate	As appropriate	As appropriate	As appropriate	As appropriate	As appropriate	As appropriate
Delivered by	tbc	tbc	tbc	tbc	tbc	tbc	tbc	tbc	tbc	tbc
Committee	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No
Board	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No

Part 1 of 2

Appendix 2

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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