

# Minutes

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| Name of meeting | <b>LOCAL PENSION BOARD</b>   |
| Date and Time   | <b>WEDNESDAY 6 MARCH 2024 COMMENCING AT 2.00 PM</b>  |
| Venue           | <b>COUNCIL CHAMBER, COUNTY HALL, NEWPORT, ISLE OF WIGHT</b>  |
| Present         | M Doyle (Chairman), Cllr P Fuller, T Jayston, B Milton (Virtual) and T Ould  |
| Also Present    | Sharon Betts, Matthew Collier, Jo Cooke, Claire Massiter, Louisa Richards, Jo Thistlewood and Megan Tuckwell<br><br>Kerry Hubbleday and Chris Ward (Virtual) |
| Apologies       | L Kingston   |

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## 22. **Minutes**

RESOLVED:

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

## 23. **Declarations of Interest**

No declarations were received.

## 24. **Report from the Pension Fund Committee**

The board received the draft minutes of the meeting of the Pension Fund Committee held on 14 February 2024. The Director of Corporate Services provided an update on the progress with addressing the ongoing staffing capacity issues within the Pensions Administration Team. It was advised that recruitment activities were underway, with an estimated timeframe of three-to-four months before the four vacant posts would be filled. It was assured that there was a good training programme in place for new members of staff.

It was advised that, to date, there was no backlog of work, data quality remained good, and the team were prioritising tasks to maintain support for scheme members and to identify areas where efficiencies to the service could be introduced. The board noted that the team were being supported by external consultants from Hymans Robertson who were assisting with the delivery of day-to-day activities and the additional upcoming work projected over the next twelve months, at a cost to the fund of £29,000 per month.

Questions were raised regarding the sustainability of reliance on agency staff, the capacity to deliver training to new staff, the ability to offer competitive salaries, mainland pay disparity, and market supplements.

The Director of Finance and Section 151 Officer provided an update on the activities underway ahead of the upcoming departure of the Pension Fund Manager. It was advised that the Pension Fund Manager had been asked to provide a summary of the work to be prioritised over the next twelve months, and once complete, work could be done to identify internal capacity, look at job design, and identify where additional support was needed regarding governance and investments. It was noted that a new Pension Governance Compliance Officer had been appointed and reference was made to the recommendations of the Barnett Waddingham review of the operational structure for the pension fund.

The board expressed concern that the loss of administration staff and the upcoming departure of the Pension Fund Manager were not being escalated and prioritised as a matter of urgency by senior officers, despite the risks to the fund. It was highlighted that the risks regarding recruitment and retention, resilience (key person risk), and capacity (sufficient resources), had been flagged repeatedly over a number of years. Additionally, the lack of action in addressing these risks had resulted in the reliance on costly external consultants at the expense of the fund.

It was agreed that the board would meet informally in a week's time to discuss the Barnett Waddingham structure options report, to collate its comments to be passed onto the Pension Fund Committee. It was requested that the board be provided with details of the current job adverts, job descriptions, and comparative pay and benefits with other managing authorities.

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

The board believed that job re-evaluations and a service redesign was required without further delay. Concerns were raised regarding the lack of strategic direction, and the board were not assured that senior officers had long-term resourcing plans in place to address key-person dependency and knowledge transfer that could potentially impact the resilience of the fund.

The board believed that senior officers would need to be held to timeframes in the future due to the potential risk to scheme members, and the risk to the fund in breaching its statutory obligations. It was agreed that the issue would be added to the fund's breaches log and consideration would be given to the potential for reporting the matter to The Pensions Regulator. Following discussion, it was:

**RESOLVED:**

- i) THAT the update on the progress with addressing the significant ongoing staffing capacity issues within the Pensions Administration Team, and the upcoming departure of the Pension Fund Manager, be received and noted.
- ii) THAT members of the Local Pension Board meet informally in the next week to discuss the Barnett Waddingham structure options report, to formulate its comments for onward presentation to the Pension Fund Committee.

- iii) THAT copies of the Pensions Administration Team job descriptions be sent to the fund's governance consultants, Hymans Robertson, for review.
- iv) THAT the matter be added to the Breaches of the Law log.

**25. Local Pension Board Attendance 2023-24**

The board received the report on members' attendance at meetings in 2023-24. It was noted that Neil Cain had not attended a meeting since April 2023. The chairman advised that he had contacted Mr Cain to remind him that the board's terms of reference and the board member role profile state that all board members should endeavour to intend attend all meetings. It was proposed that Neil Cain be given notice that he is removed from the board, and a selection process for a replacement member be commenced as soon as possible. Following discussion, it was agreed that:

RESOLVED:

- i) THAT Mr Neil Cain be given notice that he is removed from the Local Pension Board due to repeated non-attendance.
- ii) THAT, as soon as the above notice has been issued, a selection process for scheme members be undertaken with the intention of seeking a new board member by the next meeting in June 2024.

**26. Local Pension Board Draft Annual Report 2023-24**

Consideration was given to the board's draft annual report for 2023-24. Attention was drawn to the statement in the introduction of the chair of the board that highlighted the risk to the fund in being unable to fulfil its statutory duties due to an overreliance on key members of staff, the associated reputational risk and potential backlogs, and that the fund's climate reporting approach had not been progressed. It was agreed that the report would be presented to the Pension Fund Committee at its next meeting in May 2024.

RESOLVED:

THAT the draft report be agreed for presentation to the Pension Fund Committee at its meeting on 22 May 2024.

**27. Complaints and Internal Dispute Resolution Process**

The Pension Fund Manager presented the updated complaints and internal dispute resolution process and outlined the process for the consultation on the proposed changes to the original procedure. It was noted that minor grammatical changes would be made before onward presentation to the Pension Fund Committee. Following consideration, it was:

RESOLVED:

- i) THAT the process for the consultation on the proposed changes to the original procedure be noted.

- ii) THAT the draft revised Complaints and Internal Dispute Resolution Procedure be agreed (subject to minor grammatical amendments) and be recommended to the Pension Fund Committee for adoption at its meeting on 22 May 2024.

## 28. **Conflicts of Interest Policy**

The Pension Fund Manager presented the report which proposed a new policy on conflicts of interest, based on the current code of conduct for councillors and inclusive of specific potential conflicts arising from the operation of the pension fund. It was noted that minor grammatical changes would be made before onward presentation to the Pension Fund Committee. Following consideration, it was:

RESOLVED:

- i) THAT the responsibility for the maintenance and publication of the registers of interest for board and committee members (section 5.1 of the policy) be assigned to Democratic Services, supported by the Pension Governance Compliance Officer.
- ii) THAT the treatment of potential conflicts identified during meetings be consistent for councillors and other members of the committee and board, as set out in section 5.3 of the policy.
- iii) THAT the management of potential conflicts of interest with the Council as administering authority for the fund, as set out in section 5.6 of the policy, be agreed.
- iv) THAT the proposed register of interests at Appendix 2 be agreed.
- v) THAT the draft conflicts of interest policy (subject to minor grammatical amendments) be agreed and be recommended to the Pension Fund Committee for adoption by at its meeting on 22 May 2024.

## 29. **Governance Compliance Statement 2022-23 Action Plan**

Consideration was given to the governance compliance statement action plan for 2022-23. It was assured that progress was being made against the three identified areas of non-compliance; the complaints and internal dispute resolution policy and a fund-specific conflicts of interest policy had been developed and approved by the board for recommendation to the Pension Fund Committee under Minute items 28 and 29. With regards to knowledge and understanding of board and committee members, the creation of a training strategy and the development of a training programme for 2024-25 and beyond would be discussed by the board under Minute item 32.

RESOLVED:

THAT the governance compliance statement action plan for 2022-23 be received and noted.

**30. Report from the Pensions Administration Team**

The Pensions Manager presented the report on administration statistics, employer compliance with end of month reporting and payment deadlines for the year 2023-24 to date, complaints recorded, and breaches of the law identified since the last meeting. Attention was drawn to the team's capacity issues and it was noted that since last reported, another member of the team had resigned. Support from the external consultants, Hymans Robertson, had been invaluable in assisting with i-Connect, GMP and McCloud remedy projects. The team continued to prioritise day-to-day tasks and were also challenging existing procedures to look for future efficiencies. The board expressed its thanks to the team for their hard work in maintaining the service.

RESOLVED:

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

**31. Risk Register Update**

The Pension Fund Manager presented the report on the revised risk register for the fund, and attention was drawn to the increase in score of five risks, the unchanged score of twenty-three risks, and the resulting six red risks. It was noted that going forward each risk would include a future trend statement, which would provide additional context to the nature of the risks should they be unaddressed. Discussion took place regarding the employer engagement risk increasing from a low-to-medium risk.

RESOLVED:

- i) THAT the updated risk register be agreed, including the increase in score of five risks, the unchanged score of twenty-three risks, the resulting six red risks, and the inclusion of a future trend statement for each risk.
- ii) THAT the revised risk register be recommended to the Pension Fund Committee for adoption at its meeting on 22 May 2024

**32. Knowledge and Understanding**

Consideration was given to the record of board members' training and the Hymans Robertson Knowledge Progress Assessment report. Consideration was given to the next steps for the creation of a training strategy, and the development of a training programme for 2024-25 and beyond.

It was suggested that the board meet with the Pension Governance Compliance Officer to discuss the initial training plan and to agree the priorities for development.

RESOLVED:

- i) THAT the report from the Knowledge Progress Assessment be noted.
- ii) THAT the board meet with the Pension Governance Compliance Officer to discuss the initial training plan 2024-25 and to agree the priorities for development.

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

Members of the board wished to express their sincere thanks to the Pension Fund Manager for her work on behalf of the pension fund during her time in post.

CHAIRMAN