

## **Annual Report of Isle of Wight LGPS Pension Board for 2023/2024**

### **Introduction from the Independent Chair of the Local Pension Board**

Welcome to the Annual Report of the Local Pension Board (“the Board”) of the Isle of Wight Pension Fund. This report covers the period from 1 April 2023 to 31 March 2024 during which the Board is due to hold four meetings.

The focus of the Board has been on ensuring compliance with the Public Service Pensions Act, all of the relevant LGPS regulations, LGPS best practice guidance issued by the Scheme Advisory Board and the Chartered Institute of Public Finance and Accountancy (CIPFA) and the requirements of the Pensions Regulator (TPR). Section 2 “Functions and Operation of the Board” in this report gives more detail on our aims and responsibilities.

As Board Chair, I formally present to each Pension Committee an Executive Summary from each Board meeting indicating any specific recommendations made by the Board and any other matters considered to be relevant to the Committee.

The Board’s work during 2023-24, is set out in the “Detailed Work of the Board” section of this Annual Report.

Each year, the Board seeks assurances with evidence from the Fund and external bodies that the Administering Authority is meeting its objectives and managing its risks.

In August 2023, the Fund actuary, Hyman Robertson, conducted a review (Isle of Wight Pension Fund Governance Outlook report) of the Isle of Wight Pension Fund’s ability to comply with its statutory duties. Their conclusions include the following:

“There is a risk that the Fund may be unable to fulfil its statutory duties because of subject matter experts leaving, leading to the Fund being unable to execute some of its basic functions e.g., paying pensioners.

There is a risk that the Fund may be unable to fulfil its statutory duties because of an overreliance on key members of staff.

There is a risk that the Fund will not deliver to existing exceptionally high service standards because of key people leaving the Fund leading to reputational risk and potential backlogs.

There is a risk that the Fund’s climate reporting approach has not been progressed as a result of other priorities leading to the Fund being non-compliant when the regulations come into effect.”

The Board agree with this assessment and has conveyed its opinion to the Pensions Committee and senior officers within the Council. The Board is currently not able to provide assurance that the Isle of Wight Council (the Administering Authority and Scheme Manager as defined in s.4 of the Public Service Pensions Act 2013) is complying with its statutory duties. Although statutory requirements have been met in the year, there are significant weaknesses in key governance and administration areas, which put the Administering Authority’s objectives at risk.

Martin Doyle - Independent Chair of the Isle of Wight Local Pension Board.  
22 February 2024

## 1 Constitution, Representation and Attendance

- 1.1. The Local Pension Board of the Isle of Wight Council (the Administering Authority and Scheme Manager as defined in s.4 of the Public Service Pensions Act 2013) is established under s.5 of that Act and regulation 106 of the Local Government Pension Scheme Regulations 2013 (as amended).
- 1.2. The Board is established in the interests of the Fund, by the Administering Authority and operates independently of the Pension Fund Committee. The Board is accountable to the Scheme Manager and the Pensions Regulator
- 1.3. The Board is not a committee constituted under s.101 of the Local Government Act 1972 and therefore no general duties, responsibilities or powers assigned to such committees or to any sub-committees or officers under the Constitution, standing orders or scheme of delegation of the Administering Authority apply to the Board unless expressly provided.
- 1.4. Pension board meetings are not required to be open to members of the public.
- 1.5. The board held its first meeting on 14 August 2015.
- 1.6. The terms of reference allow the Board to consist of a minimum of four and a maximum of eight members, as well as an independent chairman.
- 1.7. Board membership during 2023-24 comprised three representatives of the Scheme employers, and three representatives of the Scheme members, all of whom are voting members. In addition, a non-voting independent chairman has been appointed.

<b>Name</b>	<b>Category</b>	<b>Date of appointment</b>	<b>End of term</b>
Martin Doyle	Independent Chairman	07-Mar-22	06-Mar-26
Michael Lilley	Employer rep	21-Jul-21	17-May-23
Ashley Curzon	Employer rep	19-Jan-22	18-May-23
Liz Kingston	Employer rep	01-Jun-22	31-May-26
Tonya Jayston	Employer rep	09-Nov-23	08-Nov-27
Trevor Ould	Scheme member rep	17-Nov-21	16-Nov-25
Neil Cain	Scheme member rep	01-Apr-22	31-Mar-26
Barbara Milton	Scheme member rep	01-Apr-22	31-Mar-26

There is currently a vacancy for the third Employer representative on the board, which is expected to be filled early on 2024-25.

- 1.8. The Board is scheduled to meet on four occasions during the year. All meetings take place in person at County Hall, Newport, Isle of Wight. The board's terms of reference allow members to attend these meetings virtually if required.
- 1.9. Agendas and minutes can be found at the following web link:  
<https://iow.moderngov.co.uk/ieListMeetings.aspx?CId=168&Year=0>

1.10. Members' attendance at each of the meetings is detailed on the following table.

	Indep. Chair	Employer rep 1	Employer rep 2	Employer rep 3	Scheme member rep 1	Scheme member rep 2	Scheme member rep 3	
05-Apr-23	√	√	√	aps	√	√	√	86%
12-Jul-23	CANCELLED							
13-Sep-23	√	n/a	n/a	√	aps	√	√	57%
13-Dec-23	√	n/a	√	√	aps	√	√	57%
06-Mar-24	TBC	TBC	TBC	TBC	TBC	TBC	TBC	
% to December 2023	100%	100%	100%	67%	33%	100%	100%	<b>86%</b>

1.11. To facilitate the operation of the Board, all the board members are invited as observers to meetings of the Isle of Wight Pension Fund Committee ("the Committee").

## 2 Functions and Operation of the Board

- 2.1 The primary functions of a Local Pension Board (LPB) (as defined by the Public Services Pension Act 2013) are to assist the Administering Authority to:
- ensure effective and efficient governance and administration of the LGPS.
  - ensure compliance with relevant laws and regulations.
  - ensure compliance with requirements imposed in relation to the scheme and any connected scheme by the Pension Regulator.
  - such other matters as the scheme regulations may specify.
- 2.2 It therefore has a monitor/assist/review/scrutinise purpose, rather than being a decision-making body. It could be seen as being a critical but supportive friend.
- 2.3 It sets its own agenda and can be selective and probe particular topics in more depth than the Committee with its wider range of statutory responsibilities.
- 2.4 As such, the general approach of the Board is to seek assurances with evidence from the Fund and external bodies that it is meeting its objectives, producing its required statements, managing its risks, etc. so as to achieve the overall objectives as set out in paragraph 2.1 above.
- 2.5 It can commission its own reports, and where appropriate, makes recommendations to the Committee and to officers.
- 2.6 In so doing, the Board is helping manage the reputational risk of both the Fund and the Administering Authority. This is more critical now that the LGPS in England and Wales has both the Department for Levelling Up, Housing & Communities (DLUHC) and the Pensions Regulator (TPR) as its regulators. The Administering Authority, and in extreme circumstances Board members, can be fined by TPR, who also has other powers available.
- 2.7 The Board is supported by the Pension Fund Manager and Democratic Services and operates under Terms of Reference which were initially agreed by Isle of Wight Council in January 2015.

- 2.8 The current Terms of Reference are included in the Council's constitution version 9.1  
<https://iow.moderngov.co.uk/documents/g1767/Public%20reports%20pack%2013th-Oct-2023%20Constitution.pdf?T=10&Info=1>
- 2.9 In 2023-24 the direct costs of operating the Board, covering training and development expenses relating to Board members amounted to £2,500 (2022-23: £2,500).
- 2.10 These costs do not include any indirect costs relating to officer time nor any apportioned costs for the use of the Council's premises, systems or services recharged to the Fund by the Council.
- 2.11 The budget for 2023-24 is set at £3,500 (2022-23 budget was also set at £3,500), and actual spend will be monitored against this. The budget is set at a level to show the Boards' commitment to technical updating and training.
- 2.12 Mindful of delivering value for money, the Board endeavours to work in a cost-effective manner, as its costs are reflected in employer contribution rates.

### **3 Detailed Work of the Board**

#### **3.1 Overview**

- 3.1.1 Since their inception, Local Pension Boards have become increasingly visible, as have the expectations of Boards by both TPR and the Scheme Advisory Board (SAB).
- 3.1.2 In 2023-24, the work of the Board included:
- Monitoring of KPI's and review of risk register at each Board Meeting
  - Receiving updates from meetings of the Pension Fund Committee at each Board Meeting
  - Monitoring governance support provided by Hymans Robertson at each meeting
  - Review of the final Triennial Valuation 2022 report – April 2023 meeting
  - Review of the new Pension Administration Strategy – April 2023 meeting
  - Review of the key cyber security controls in place from the two major IT suppliers to the Fund – Isle of Wight Council and Heywood Pension Technologies – April 2023 meeting
  - Review of draft Recording and Reporting Breaches of the Law Policy
  - Consideration of the DLUHC consultation: Local Government Pension Scheme (England and Wales): Next steps on investments – September 2023 meeting
  - Review of the fund's new Academy Participation Policy – September 2023 meeting
  - Noting Hyman Robertson's Isle of Wight Pension Fund Governance Outlook – September 2023 meeting
  - Review of the draft governance compliance statement for the year ended 31 March 2023 – December 2023 meeting
  - Review of the External Audit Results Report 2021-22 – December 2023 meeting
  - Review of the new conflicts of interest policy – March 2024 meeting
  - Review of the updated conflicts and internal disputes resolution procedure – March 2024 meeting
  - LGA and legislation updates

3.1.3 The main elements of the work programme of the Board are governance and oversight of the pension administration function, which is run by an in-house team.

3.1.4 Paragraph 4 sets out further examples of how the Board is endeavouring to help manage the reputational risk of the Fund. Such a focus seeks assurances that the Fund is complying with its responsibilities and obligations. Where appropriate, these reviews are extended to ensure that all scheme employers are similarly complying, as their efficient, accurate and timely supply of information and data is critical to the Fund avoiding poor key performance indicators, but more fundamentally, avoiding breaches of the law, inaccurate data, inaccurate contribution rates and inappropriate investment decisions.

### 3.2 Risk management

3.2.1 The fund's Risk Management Policy was adopted by the pension fund committee at its meeting on 24 November 2021. At that meeting it was agreed that the risk register would be created and presented in due course for adoption.

3.2.2 At the pension fund committee meeting on 25 May 2022, the committee adopted the Isle of Wight Pension Fund risk register and agreed that the Local Pension Board be asked to maintain oversight of the risk management framework and risk register, to be reported to the committee at each future meeting.

3.2.3 Risk scoring uses the previously agreed risk scoring matrix, set out in the June 2022 board report.

### 3.3 The Pensions Regulator (TPR)

3.3.1 The Pensions Regulator examines the Fund's administration and governance on an ongoing basis and the Fund reports on its performance in these areas each year.

3.3.2 A key achievement of the Board has been to commence, with the Pension Fund Manager, a continuous review of the Fund against the standards and expectations as reflected in TPR's Code of Practice 14.

3.3.3 The assessment identifies areas in which the Fund needs to make improvements.

3.3.4 The Board monitors TPR's annual review of its priorities and reflects these in agenda setting.

### 3.4 Reporting and Recording Breaches

3.4.1 The Board, and all associated with the Fund, other than individual scheme members, have a responsibility to report significant breaches of law to TPR. The Board reviews any breaches of the law as a standing item on its agenda.

3.4.2 During 2023-24, none of the recorded breaches were deemed to be of material significance to the TPR, hence no breaches were formally reported via the Administering Authority.

3.4.3 The Board has received training to improve skills and knowledge on their Board member responsibilities along with the Hymans Robertson LGPS Online Learning Academy training with regard to the identification of a breach.

### 3.5 Scheme Advisory Board (SAB)

3.5.1 The Board monitors the focus and priorities of the SAB, takes them into account in setting its Work Programme, and also receives minutes of SAB meetings. The SAB commissions periodic surveys of local pension boards, although there was no survey during 2023-24.

### 3.6 Review of Investment Issues

3.6.1 Whilst the vast majority of the Board's work programme focuses on administration and governance issues, investment issues are not ignored.

3.6.2 As expected under the relevant Investment Regulations, the Board continues to monitor the on-going consideration and development of an appropriate strategy for responsible investment, as reflected in the Fund's Investment Strategy Statement.

3.6.3 The Board continued to receive updates on progress by the ACCESS Pool on pooling of assets. In addition, two members from the Isle of Wight Board attended the ACCESS Pool Joint Committee December 2023 meeting.

3.6.4 The Board keeps a watchful eye on on-going compliance with MiFID II, particularly should there be any changes of key staff with investment expertise.

### 3.7 Scheme documents

3.7.1 The Board examines the range of scheme documents expected to be in place. It has reported where it found gaps or a need to update.

3.7.2 The Board pays particular regard to those standard documents which are sent to scheme members and has made recommendations regarding their content.

## **4 Ensuring Compliance with Regulatory Deadlines.**

4.1 An increasing component of the Board's agenda is ensuring compliance with regulatory deadlines, some of which represent an annual requirement, whilst others relate to the effective dates of new legislation and regulations.

4.2 In all cases progress reports are received, with the Board considering whether any recommendations are appropriate to help meet the deadlines.

4.3 Annual requirements include producing Annual Benefit Statements for active members, Pension Savings Statements and the submission of the Scheme Annual Return to the TPR. The Fund complied with these deadlines.

4.4 On-going compliance of legislation, such as GDPR and MiFID II forms part of the work of the board.

## **5 Training**

5.1 Each Board member must be conversant with the details of the Scheme, which translates as having a good working knowledge.

5.2 CIPFA's Knowledge & Skills Framework identified six areas of knowledge and skills as the core technical requirements for those working in public sector pensions - these are:

- Pensions legislative and governance context
- Pensions accounting and auditing standards
- Financial services procurement and relationship management
- Investment performance and risk management
- Financial markets and products knowledge
- Actuarial methods, standards and practices.

5.3 The Fund has procured the Hymans LGPS Online Learning Academy for all Board members which covers the training for these core areas along with the TPR Toolkit.

5.4 In addition, Board members are informed of external training opportunities such as CIPFA Pensions Network events and the annual LGA/LGPS Trustees Conference. (Board members attended various events in year, including the LGA Governance Conference, and various webinars).

5.5 Board members are encouraged to attend LGPS-focussed seminars/conferences each year.

5.6 Board Members also attend in-house training, provided by the Isle of Wight Council to both Board and Committee members, as well as viewing relevant webinars.

## **6 Workplan**

6.1 A work plan has been implemented for both Board and Committee members. Specifically, it incorporates the following areas of activity for 2024-25 for Board Members:

- Pension Fund Annual Report and Accounts.
- Administration, including Key Performance Indicators and the Data Improvement Plan.
- Audit and risk management, including the Risk Register, cyber risk and climate change.
- Governance; including compliance with the TPR's General Code, and the expected regulations implementing the Good Governance Project.
- Investments, including developments with the ACCESS Pool: implications for Administering Authorities.
- Training.
- Member communications.
- Communications between the Board and Committee.
- Preparation for the 2025 triennial valuation.
- Policy updates: as required.

6.2 There is flexibility to allow for any additional reviews and developments.

## **7 Public accountability**

7.1 The agendas, minutes and the Board's Terms of Reference are available on the pension fund's website at the following address: [Local Pension Board | Isle of Wight Pension Fund](#)

## **8 Acknowledgment**

- 8.1 I am grateful to the Pension Fund Manager, the Pensions Manager and the Chair of the Pension Committee and other fund officers for their support of the Board.
- 8.2 Finally, the Pension Board can only function effectively with the input of all Board members and I would like to thank my fellow Board members for their support and commitment to their roles on the Local Pension Board during the last year.

Martin Doyle  
Chair, Isle of Wight Council LGPS Local Pension Board  
23 February 2024