

Minutes

Name of meeting	LOCAL PENSION BOARD
Date and Time	WEDNESDAY 19 JUNE 2024 COMMENCING AT 2.00 PM
Venue	CONFERENCE ROOM 5, COUNTY HALL, NEWPORT, PO30 1UD
Present	M Doyle (Chairman), P Fuller, L Kingston and T Ould, B Milton (Virtual), T Jayston (Virtual)
Also Present	Jo Cooke and Louisa Richards, Cllr Jarman, Carl Moreira-Smith, Chris Ward (Virtual), Chris White (Virtual)
Apologies	Sharon Betts

34. **Minutes**

RESOLVED:

THAT the minutes of the meeting held on 6 March 2024 be approved.

35. **Declarations of Interest**

No declarations were received.

36. **Operational Update**

The Director of Finance and Section 151 Officer shared slides providing the board with an update on operational developments. Topics highlighted to the board included:

- 89.2% average of administration service KPIs completed within target for the period 1 Feb 2024 to 31 May 2024.
- Ongoing recruitment to roles within the administration team: since the last update to the Committee, a number of vacancies had been filled including one Pension Officer and the Employer Liaison & Data Quality Officer; a new Assistant manager role was going through job evaluation; and three Pension Officer roles remained vacant.
- A 12-month administration secondment contract with Hymans was in place to provide the administration team with additional support.
- The first round of recruitment failed to fill the vacancy for the Strategic Manager of Pensions. The decision had been made to widen the possible pool of candidates for the next round and candidates with transferable skills from corporate finance activities would be considered. The board was advised that interviews for this post would take place at the end of July.

- The Director and Service Director of Finance were both continuing to regularly attend meetings with ACCESS.
- The pension fund risk register was being reviewed internally by the team to improve and widen the ownership of risks. It was agreed that the board would review the revised risk register at the next meeting. An overview of the mitigations and actions being taken to address the red-rated risks were discussed. Risk management was also a topic on the Board agenda to be discussed including an overview of the Pension Regulator's requirements and proposed updates to the risk management policy for the fund.
- The draft accounts were ready to be externally audited. Once completed they would be brought to the board and Pension Fund Committee.
- An update on the ongoing government's requirements regarding the Council's Productivity Plan were discussed. Discussion took place around what a future government may or may not decide to do with pension funds including mandates to encourage investment within the UK rather than internationally, and/or potential merge of funds and/or investment pools.

The board noted the operational updates and discussed the vacancies within the team, as well as the current capacity and resilience of the team and ongoing support arrangements with Hymans.

RESOLVED:

- i) THAT the update from the Director of Finance be received and noted.
- ii) THAT the new Risk Register be presented to the Board at the next Local Pension Board meeting in October 2024.

37. **Cyber Assurance Update (IW Council & Heywood Pension Technologies)**

The board received verbal reports from Carl Moreira-Smith, Information Security Manager at the Isle of Wight Council and Chris White, Head of Standards and Compliance at Heywoods Pensions Technologies.

The board were updated on the IT systems and cyber security put in place by both the IW Council and Heywoods in order to protect the pension members and their data.

Mr Moreira-Smith shared that the IW Council was currently dealing with hundreds of cyber-attacks every hour and currently these were focussed on disrupting the general election, but once this was over, they would re-focus back on attacking everything, which could include the Pension Fund data. Mr Moreira-Smith assured the board that there were multiple layers of defence in place to safeguard the IW Council systems including firewalls, anti-virus and anti-malware. There were also several policies in place including an Information Security Policy which covered cyber security as well as hardware and software policies and home and mobile working policies. If there was an incident, the Isle of Wight Council has a robust Cyber Incident Response Plan in place. There was also a data breach incident reporting policy that would respond. There was also Information Security training

available for employers and Councillors and regular cyber updates shared via the Vine and through Managers Communications.

Mr White shared how Heywoods kept the pension administration and member data safe. This included ISO 27001:2022 and Cyber Essentials Plus security certifications, two UK based tier IV data centres, back-ups of data taken every night, policies and technical controls and regular internal and external cyber security reviews.

Discussions took place regarding the external testing and accreditation in relation to the Isle of Wight Council data and systems. Mr Moreira-Smith advised the Board that the council was aligned to ISO security standards and certified as a Public Services Network. There was also extensive external testing taking place regularly.

Further discussion took place regarding cyber insurance and the business continuity arrangements for the Pension Fund. Mr Moreira-Smith advised the Board that although there was no cyber insurance, the IW Council had disaster recovery backup arrangements in place to recover IW Council data which included business continuity arrangements for each business unit. The Pension Governance Compliance Officer advised the board that the pension fund business continuity arrangements were currently managed by two business units and in the future the aim was to document the arrangements in one place to help the board with monitoring and oversight and there were no gaps.

RESOLVED:

- i) THAT the update from the IWC Information Security Manager and Heywoods Pension Technologies be received and noted.
- ii) THAT the Pension Governance Compliance Officer create one business continuity plan to cover the entire Pension Fund.

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

The board reviewed the report provided by the Pensions Manager on administration statistics, employer compliance with end of month reporting, complaints recorded, and breaches of the law identified since the last meeting.

The chair drew the members' attention to a number of areas of concern in the report:

- One employer had not submitted data for several months within the statutory deadlines due to technical and staffing issues. The chair advised that he would write to the Pensions Manager and advise for this to be escalated to the s.151 Officer. Concerns were raised by the Chair of the knock-on impacts and the fact the fund may not be able to issue Annual Benefit Statements to the employer's members by the statutory deadline of 31 August.
- The KPI figure in the report highlighted by the Director of Finance earlier in the meeting was an average score and there were some low-scoring KPIs for the board to be aware of that would require further assurance.

The board raised queries about additional benefits members of the pension fund may receive as part of being a member. It was noted that other Local Government Pension Schemes (LGPS) appeared to receive details of additional benefits in belonging to that scheme. It was agreed that the board would share the information received by other LGPS members to be discussed at the next meeting.

RESOLVED:

- i) THAT the report from the Pensions Manager be received and noted.
- ii) THAT the benefits received by members of the Isle of Wight Pension Fund be shared at the next Board meeting by the Pensions Manager.

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

The board received the draft minutes of the meeting of the Pension Fund Committee held on 22 May 2024.

The Chair of the Pension Fund Committee, Cllr Jarman, shared with the board the committee's concerns about cross charging of costs between the Isle of Wight Council and the pension fund.

A discussion was held around what charges were allowed and the Pension Fund and Treasury Fund Accountant advised that she would again request the breakdown of charges from the Director of Finance. It was agreed that Cllr Jarman and the chair of the Board would draft a letter and contact other Pension Funds to gather information on how costs are charged by other Local Authorities.

RESOLVED:

- i) THAT the draft minutes from the Pension Fund Committee on 22 May 2024 be received and noted.
- ii) THAT a breakdown of charges from the Isle of Wight Council to the Pension Fund Committee be requested by the Pension Fund and Treasury Fund Accountant.
- i) THAT the chairs of the Local Pension Board and the Pension Fund Committee draft a letter together to gather information from other Pension Funds to ascertain charging.

40. **Risk Register Update**

The Pension Governance Compliance Officer advised that the Director of Finance had already discussed the new risk register. There were no further questions from the board.

RESOLVED:

THAT the earlier verbal update from the Director of Finance be received and noted.

41. **Legislation/Regulation Update**

The Pension Governance Compliance Officer presented the committee with a report. There were no questions received.

RESOLVED:

THAT the report on the Legislation and Regulation update be received and noted.

42. **TPR General Code Compliance Checker**

The Pension Governance Compliance Officer presented the committee with a verbal update on The Pensions Regulator (TPR) General code of practice and the pension fund's compliance as set out in the excel tracker.

The tracker covered fourteen areas: compliance against two of the areas, cyber security and risk management were meeting agenda items for discussion.

The Pension Governance Officer highlighted to the board that their role would be to review the evidence presented against each topic, review the proposed scoring and timelines for the next review dates as well as agree any recommendations for future improvements.

The timeline for collating the additional evidence for the remaining twelve areas and the initial overall compliance report and a draft action plan covering recommendations, would be presented at the next board meeting in October.

The board were advised that any recommendations for further improvements would be incorporated into a compliance tracker for 2024/25. The updates to the risk register would also take into consideration the Pension Regulators expectations. The Pension Governance Compliance Officer drew the board's attention the evidence that had been presented earlier in the meeting in relation to the IT systems and cyber security arrangements in place for the pension fund. The pension fund's proposed scoring against The Pension Regulator General code of practice was highlighted along with future recommendations for improvement as well as proposals for the next review dates.

No comments were received from the board about the fund's compliance scoring for IT and cyber security arrangements against the Pension Regulator General code of practice. The board agreed that the fund's IT and cyber security arrangements should be reviewed on an annual basis.

RESOLVED:

- i) THAT the verbal update on the TPR General code of practice Compliance Checker be received and noted.
- ii) THAT the overall TPR General code of practice Compliance Tracker report would be presented at the next Board meeting in October.

- iii) THAT the proposed scoring, recommendations, and next review date to assess the fund's IT systems and cyber security arrangements against TPR's General code of practice be received and noted.

43. Proposal to close package of work with Hymans and non-compliance action plan from 2022/23

The Pension Governance Compliance Officer recommended that any outstanding issues on the Hymans 2022/23 action plan will be moved into the governance compliance action plan for 2024/25.

RESOLVED:

THAT the board agreed to transfer outstanding actions from the 2022/23 action plan to the 2024/25 governance compliance action plan.

44. New Report Guidance

The Pension Fund and Treasury Management Accountant presented the committee with a verbal update on changes announced by SAB for the annual report. The new requirements had been reviewed, and the draft report was to be presented to the board at the next meeting in October and published in December.

RESOLVED:

THAT the verbal update from the Pension Fund and Treasury Management Accountant be received and noted.

45. Required Document List Review

The Pension Governance Compliance Officer presented the board with an update on the required documents. It was highlighted that there were several overdue items relating to policy reviews. The board was advised that the review of the policies that were currently overdue would be included on the new governance action tracker for 2024/25 that would be shared at the next meeting in October.

RESOLVED:

THAT the Required Document List be received and noted.

46. Risk Management Policy

The Pension Governance Compliance Officer advised that the current Risk Management Policy was overdue and needed to be reviewed. The previous policy with proposed changes was shared with the board members. There were no further proposed changes.

RESOLVED:

THAT the changes to the Risk Management Policy be agreed and be recommended to the Pension Fund Committee for adoption at its meeting on 10 July 2024.

47. Risk Management overview

The Pension Governance Compliance Officer presented the committee with an update on the risk management procedures in place for the pension fund. The proposed scoring of the pension fund against the Pension Regulator's General code of practice that came in effect in March 2024 were noted. The board were reminded of monitoring tools in place including assurance reports received from service providers, officers and advisors. The board agreed that the risk management processes should be reviewed annually against the Pension Regulator General code of practice.

RESOLVED:

THAT the update from the Pension Governance Compliance Officer be received and noted.

48. Knowledge and Understanding Update

Consideration was given to the record of board members' training. The board were advised that during the last six months, there had been good engagement from board members with training. Board members were updating their knowledge through attending board meetings, conferences, and through completing mandatory training.

The board discussed the training needs for members of both the Local Pension Board and the Pension Fund Committee and the knowledge gaps. The Chair requested to see the latest online training statics for the Hyman's online learning modules. The board enquired whether the training requirements also extended to the s151 Officer.

The board discussed the benefits of face-to-face sessions compared to online training. It was agreed that the Pension Compliance Officer would look into a combined face-to-face training session for both members of the board and committee to attend.

RESOLVED:

- i) THAT the Pension Governance Compliance Officer look into training opportunities for members of the Local Pension Board and Pension Fund Committee to ensure minimal knowledge gaps.
- ii) THAT the Pension Governance Compliance Officer present the statistics for the Hyman's online training modules.

49. Other matters for the Board's attention

No further matters were raised.

CHAIRMAN

Draft