

# Isle of Wight Local Pension Board

Introduction meeting

6 April 2022

Jo Thistlewood, Pension Fund Manager

# What will we cover?

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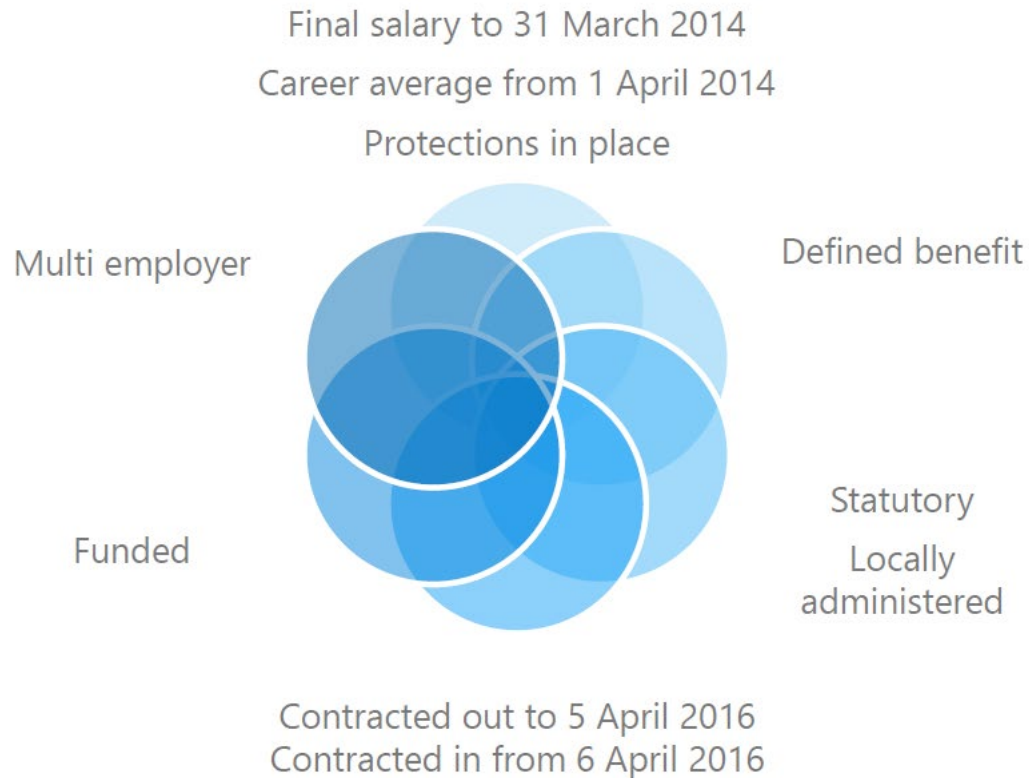
- Local Government Pension Scheme
- Isle of Wight Council Pension Fund
- Role of the Pension Board

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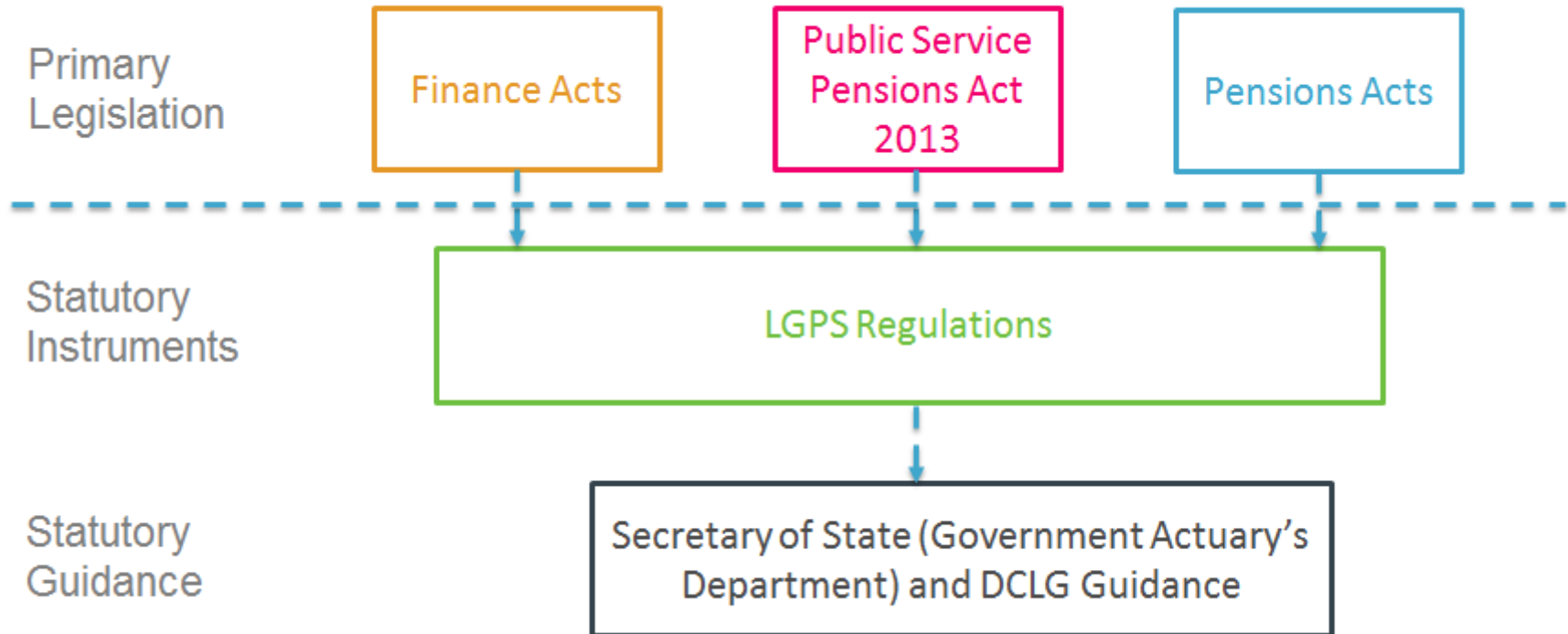
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# INTRODUCTION TO THE LGPS

# Local Government Pension Scheme



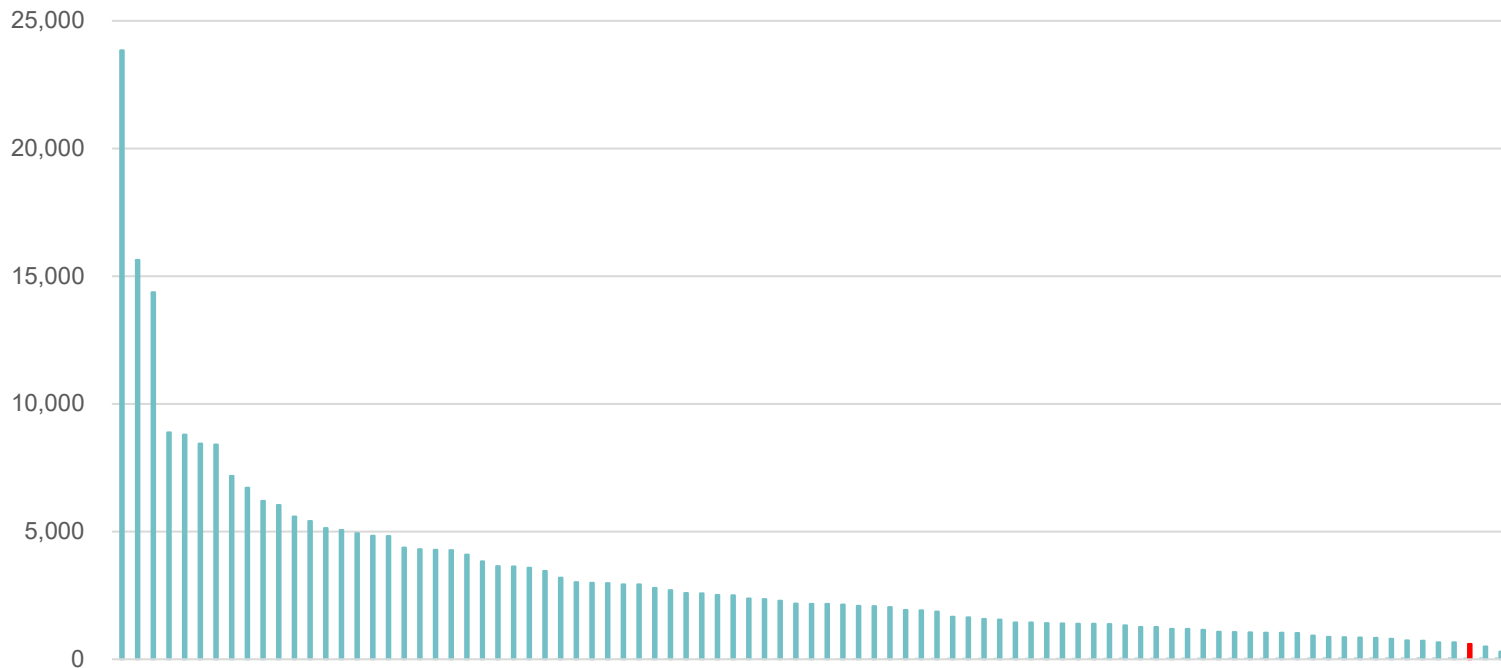
# Statutory scheme ...



# ... Locally administered

- Total assets £291bn. IW assets £0.596bn

LGPS by Assets Under Management 2019



# Defined benefit: LGPS Regulations

1997

- From 01/04/98 to 31/03/08
- Active members moved to LGPS 2008
- Final Salary Scheme
- Accrual rate 1/80<sup>th</sup> pension plus 3/80<sup>th</sup> retirement grant for this service
- Final salary link remains

2008

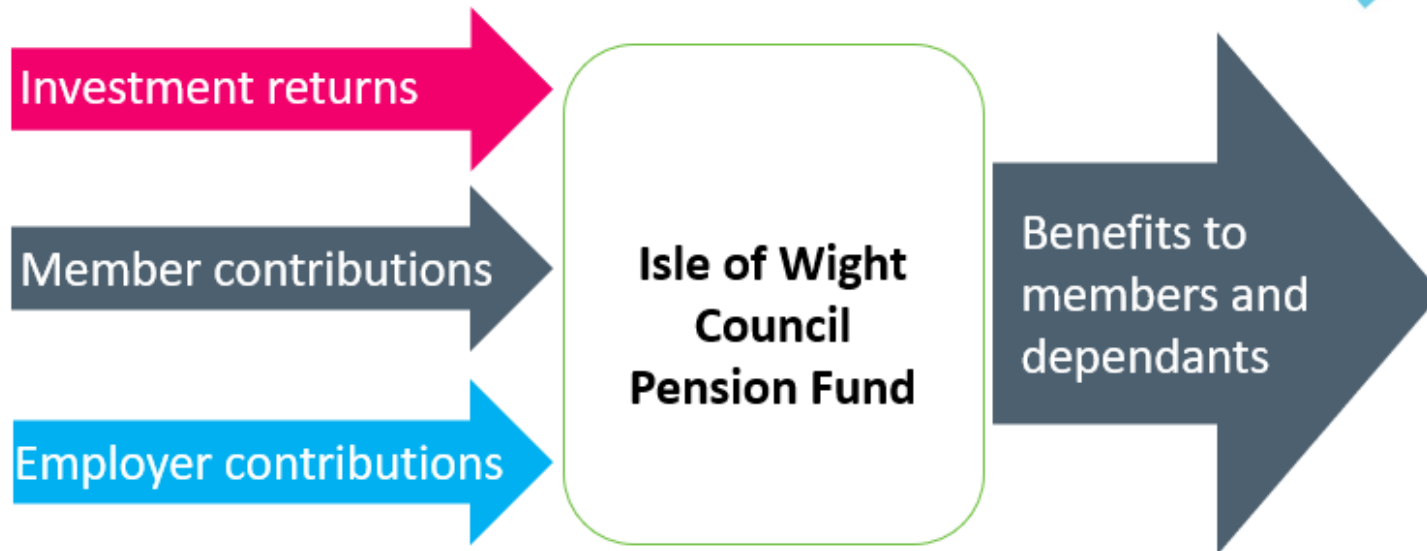
- From 01/04/08 to 31/03/14
- Active members moved to LGPS 2014
- Final Salary Scheme
- Accrual rate 1/60<sup>th</sup> pension for this service
- Lump sum: commute pension at 1:12
- Final salary link remains

2014

- From 01/04/14
- Underpin protection for some
- Current Scheme
- CARE Scheme
- Accrual rate 1/49<sup>th</sup> +/- annual CPI revaluation pension
- Lump sum: commute pension at 1:12
- Cost cap could change future accrual rate
- McCloud / Sargeant case

All defined benefit, funded, statutory schemes

# How the fund works



Determined by investment strategy & manager performance

Determined by LGPS Regulations

Must meet balance of cost over longer term



# Contributions

- EmployEEs' set nationally

Pensionable Pay for an Employment	Main section Gross Contribution	50/50 section Gross Contribution
£0 - £15,000	5.5%	2.75%
£15,001 - £23,600	5.8%	2.90%
£23,601 - £38,300	6.5%	3.25%
£38,301 - £48,500	6.8%	3.40%
£48,501 - £67,900	8.5%	4.25%
£67,901 - £96,200	9.9%	4.95%
£96,201 - £113,400	10.5%	5.25%
£113,401 - £170,100	11.4%	5.70%
£170,101 or more	12.5%	6.25%

- EmployERs' set locally by Independent Qualified Actuary

	Actuarial valuation	
	31-Mar-19	31-Mar-22
2020-21	£	
2021-22	£	
2022-23	£	
2023-24		£
2024-25		£
2025-26		£

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# ISLE OF WIGHT COUNCIL PENSION FUND

# Isle of Wight Council Pension Fund

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- Administering Authority: Isle of Wight Council
  - Scheme Manager: Pension Fund Committee
  - Section 151 Officer: Chris Ward
  - Pension Fund Manager: Jo Thistlewood
  - Pension Fund and Treasury Management Accountant: Jo Cooke
  - Pensions Manager: Matthew Collier
  - Democratic Support Officer: Megan Tuckwell
  - Local Pension Board
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# Working together

## Pension Committee locally agreed role

Administering Authority  
power to delegate



LGPS Regulations 2013  
Regulation 105



Role?

See constitution & terms of reference  
& governance compliance statement

## Local Pensions Boards statutory role

### Prescribed in LGPS 2013 Regulation 106

To **assist** the administering authority to:

- secure compliance with:
  - LGPS & other legislation relating to Scheme governance & administration
  - requirements of the Pensions Regulator
- ensure effective & efficient governance & administration of the Scheme

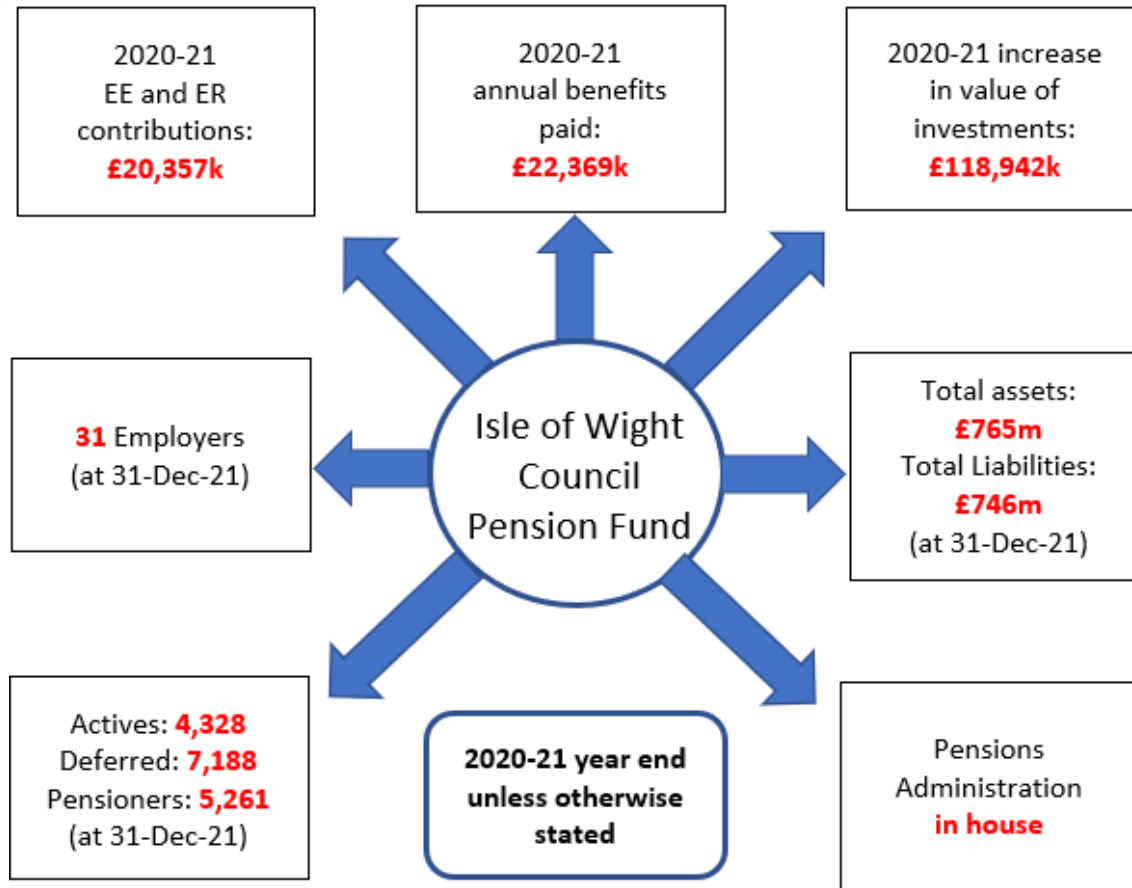
And have *the power to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions*

# Advisers to IWCPF

- Actuaries: HYMANS  ROBERTSON
- Investment Consultants: HYMANS  ROBERTSON
- Governance advisers: HYMANS  ROBERTSON
- Custodian:  Northern Trust
- Investment Pool:  ACCESS  
Effective • Collective • Investment
- Fund managers:  Schroders



# Summary facts and figures



# Investments at 31 December 2021

Asset class	Value £m	% of fund	Allocation %
UK Equity (active)	107.3	14.0%	12.5%
Global Equity (active)	183.5	24.0%	18.75%
Global Equity (passive)	143.1	18.6%	18.75%
Diversified Growth	120.9	15.8%	10%
Fixed Income	142.1	18.6%	22%
Property	42.4	5.5%	8%
Private Debt	20.4	2.7%	5%
Infrastructure	5.8	0.8%	5%
	<b>£765.5m</b>	<b>100%</b>	<b>100%</b>

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# ROLE OF THE LOCAL PENSION BOARD



# Statutory position

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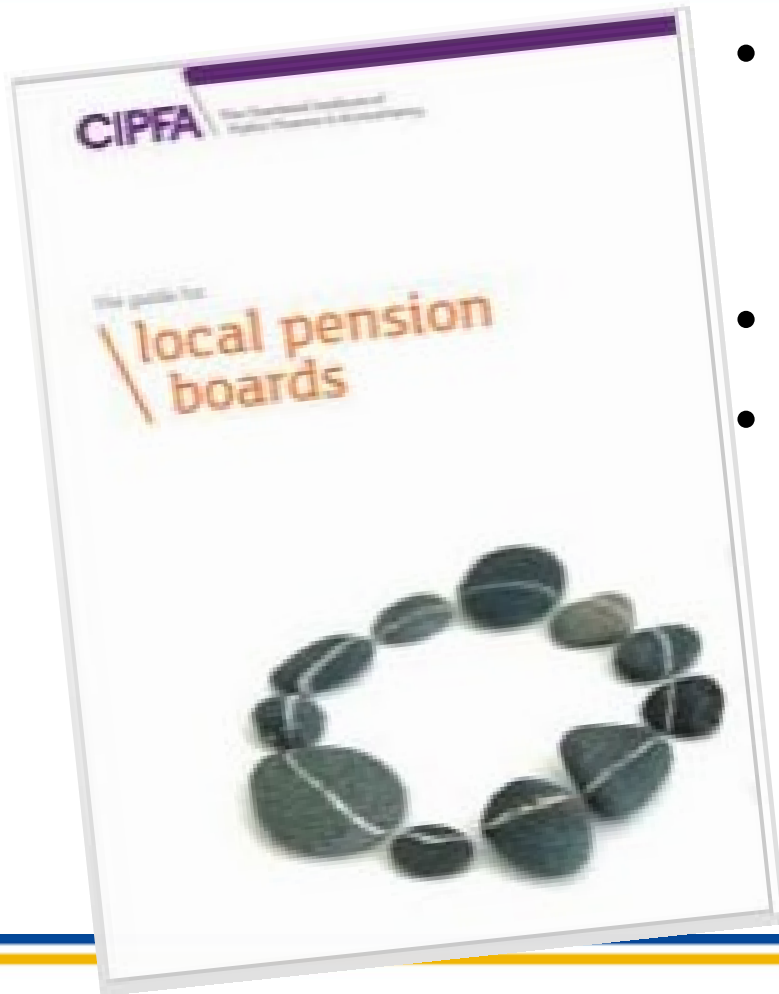
To assist the Scheme Manager (Reg 106)

- to secure compliance with:
  - the Regulations,
  - any other legislation relating to the governance and administration of the Scheme, and
  - any requirements imposed by the Pensions Regulator; and
- to ensure the effective and efficient governance and administration of the Scheme.

# What is the role of board members?

- Have a legal responsibility to “assist the scheme manager” in securing compliance with its obligations
- Expected to work closely with those who are managing the LGPS fund ensuring that those responsibilities are met.
- Ensure that the Pension Regulator’s requirements are met, many of which are focused on efficient and effective administration.
- Collective responsibility (senior officers and committee and board members) for the proper governance of the fund, including administration and communications matters.

# CIPFA Guide for local pension boards



- Relationships with committee, officers, administering authority, pool, external suppliers
- Structure and operation
- External links – Scheme Advisory Board, the Pensions Regulator  
TPR Code of Practice  
Work programme and training

# Regular monitoring – what?

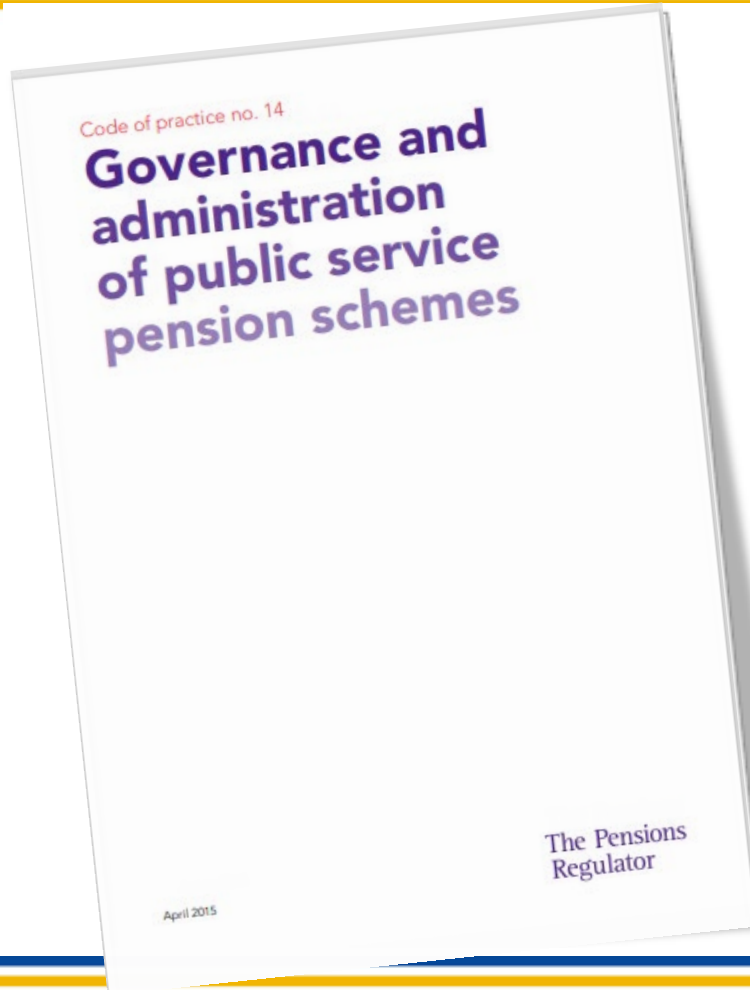
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- Are KPI's being met?
- Breaches and errors
- Trends over time on tasks
- Customer feedback
- Data issues?
- Are employers meeting their requirements?
- Is the administration team delivering on the priorities on the business plan?

# CIPFA guidance: board member role

- Administration and communications strategies are in place and are regularly reviewed
- Engage with your administration team, encourage transparency and be supportive.
- Identify the administration teams' current challenges, e.g. backlogs, data gaps, poor satisfaction scores, lack of time/resources to develop efficiencies and improvements.
- Develop a plan with clear actions and timescales to overcome current challenges: reviewing priorities, increasing resource, implementing new systems or procedures, outsourcing some of the rectification.
- Get regular updates showing progress against action plan.
- No “silver bullet” but clear plan of action.

# Governance “Bible”



## Governing your scheme

- Knowledge and understanding required by pension board members
- Conflicts of interest
- Information to be published about schemes

## Managing risks

- Internal controls

## Administration

- Scheme record keeping
- Maintaining contributions
- Information to be provided to members

## Resolving issues

- Internal dispute resolution
- Reporting breaches of the law

# What do you need to know?

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- Pensions Legislative and Governance Framework
- Pensions Accounting and Auditing Standards
- Financial Services Procurement and Relationship Management
- Investment Performance and Risk Management
- Financial Markets and Product Knowledge
- Actuarial Methods, Standards and Practices

# Support is available

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## For public sector pension schemes:

- The Pensions Regulator toolkit

<http://www.thepensionsregulator.gov.uk/public-service-schemes.aspx>

## For LGPS:

- Hymans Robertson “LGPS Online Learning Academy” *Accounts created for all board members*

<https://aspire.hymanslearning.co.uk>

## For IWCPF:

- Committee and board development sessions



# 2022-23 key activities

- Triennial valuation – health-check; setting contribution rates for the next three years.
- McCloud remedy.
- Preparing for Pension Dashboard.
- Big consultation in summer:
  - Climate risk and reporting
  - Levelling Up
  - Pooling
  - Good governance project
- Policies review and refresh.
- Fund operational structure review.
- And more ...?

# Work plan

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- Four committee meetings – May, July, November, February
- Four board meetings – June, September, December, March (and this one!)
- Virtual development sessions each month on relevant topics.
- Regular contact between chairmen of board and committee.



ISLE *of*  
WIGHT  
C O U N C I L