

Divisions: N/A

PENSION FUND COMMITTEE – 4 DECEMBER 2020

REPORT OF THE PENSION BOARD

Report by the Independent Chairman of the Pension Board

RECOMMENDATION

The Committee is RECOMMENDED to note the comments of the Board as set out below, and take these into account when discussing the relevant items on the agenda.

Introduction

1. At the first meeting of the new Pension Fund Committee on 23 June 2017, it was agreed at the suggestion of the Chairman, that each future meeting of the Committee should receive a written report from the Pension Board, setting out the key elements of their work and any matters which the Board wished to draw to the Committee's attention.
2. This report reflects the discussions of the Board members at their meeting on 23 October 2020. The meeting was again chaired by Paul Blacker, the Director of Finance at Gloucestershire County Council as the newly appointed Head of Pensions at the Gloucestershire Pension Fund had not yet taken up his position. All six members of the Board attended the virtual meeting.

Matters Discussed and those the Board wished to bring to the Committee's Attention

3. The Board received four of the reports which had been presented to the September meeting of this Committee. These were the reports on the quarterly review of progress against the annual business plan, the risk register, the administration report and the report on the governance review. The Board discussion on each of these reports highlighted a common theme relating to the Board's overall concerns about the governance arrangements for the Fund.
4. In respect of the report on the review of the annual business plan, the Board commented that in their view the performance reports presented to the Committee needed to be better presented to highlight areas of concern, and improve the focus on areas where action was required. In particular, they felt the review of the Business Plan was too discursive in nature and would benefit from a traffic system approach to identify whether the Fund was on target to achieve the objectives set out at the beginning of the year. The latest review report elsewhere on this agenda has been revised in light of the comments from the Board and the Committee will be invited to comment on the new presentation. Additional work is on-going to improve the presentation of the remaining performance reports, and revised presentations will be brought to the March meeting of this Committee.

5. In respect of the risk register, the Board noted and welcomed that the Committee had asked for an additional risk to be added to the Risk Register reflecting the legal uncertainty associated with the introduction of the new Restrictions on Public Sector Exit Payments Regulations 2020 in advance of the implementation of the required changes to the LGPS Regulations. The Board then drew attention to Risk 13, the risk of insufficient skills and knowledge amongst members of the Pension Fund Committee. The Board requested that the risk be amended to include the risk that under MIFID II the Fund could lose its professional investor status if the skills and knowledge fell below an acceptable standard, and as such would have to withdraw from a number of the current investments. The Board further highlighted that this risk would need to be kept under close review in light of the impending County Council elections due in May 2021, and the likelihood of change in membership of the Committee thereafter.
6. The Board raised further concerns about the current governance arrangements as part of their discussion on the governance review report presented to the last meeting of this Committee. These concerns reflected the relatively low scores for this Committee in the recent National Knowledge Assessment as well as the lack of engagement in the exercise by Committee Members. The Board recommended that there should be an annual process to review the skills and knowledge of the members of the Pension Fund Committee and themselves, to ensure that the training and development programme is focussed and effective, and that the Committee and the Board have the levels of skills and knowledge appropriate for their roles.
7. Finally, the Board considered a motion from Alistair Bastin, one of the scheme member representatives on the Board. The motion sought support for a £4,000 stipend to be paid to each of the 6 representative members of the Board. In presenting the motion, Alistair directly linked the proposal to the concerns over the current governance arrangements and his view that the Committee did not pay sufficient attention to the views of the Board. Whilst other Board Members shared the concern about their level of influence on the Pension Fund Committee, they expressed that there were better routes to resolve the issue. The motion was therefore lost.

PAUL BLACKER

Interim Independent Chairman of the Pension Board

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