

## **PENSION FUND COMMITTEE – 15 SEPTEMBER 2017**

### **REPORT OF THE PENSION BOARD**

#### **Report by the Independent Chairman of the Pension Board**

##### **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. This is the first such report of the Board under these new arrangements.

##### **Pension Board's Work Programme**

2. As required under the Regulations, the Board must issue a report on its work programme and submit this to the Pension Fund Committee within 6 months of the end of each financial year. The report for the work programme of the Board for 2016/17 is included at pages 5-7 in the Annual Report and Accounts elsewhere on the agenda.
3. The Board also discussed its work programme for the forthcoming year and determined its focus should remain on scheme data and the management of employer returns. As a key part of this work, the Board discussed inviting in scheme employers to discuss with the Board the particular difficulties faced in meeting their responsibilities in respect of completing the requested data returns to the Pension Fund, as well as what works well from their perspective. The Board would seek to use the information gained to support the dissemination of best practice, as well as look at what changes could be made within the current processes to improve their overall efficiency.
4. The Board was also keen to maintain its overview of the progress on the development of the Brunel Pension Partnership, as well as review the progress of the Committee on the delivery of their annual business plan and the actions to mitigate the key risks highlighted in the Committee's risk register.
5. The Board would also welcome any comments from the Pension Fund Committee in respect of its future work programme and whether there were any additional areas that the Committee would wish the Board to focus its attention on.

## **Matters the Board wished to bring to the Committee's Attention**

6. Given the main focus of the Pension Board on scheme data and employer returns, the Board was keen to bring to the Committee's attention the on-going nature of the current issues, and the effort spent on trying to resolve these. The Board itself was keen to support the process with the Trade Union representatives happy to be involved in seeking to maximise the engagement of the employers in the process.
7. The Board wanted attention to be drawn to the improved position this year, as well as supporting the need for further investment in the systems to further improve the position in future years. The Board recognised that investment in i-Connect alone would not resolve the current data issues, but would allow greater automation of the process so reducing human error, and allow earlier checking of incomplete or invalid data thereby alerting employers for the need to make changes before the following month's data became due.
8. The Board also wished to support a direction of future travel that led to greater standardisation in the reporting requirements of the various LGPS Funds across the Country to assist those scheme employers and payroll providers with scheme members employed in multiple funds, and would encourage the Committee to take this forward with the Scheme Advisory Board.
9. The Board were keen to support the proposal for a quarterly review of progress against the annual business plan as a means of ensuring actions to mitigate the key risks within the risk register did not slip. The Board would welcome the opportunity to discuss the quarterly review at its meetings.
10. The Board in examining the current risk register identified three risks which they asked the Committee to re-examine. These were risks 4, 8 and 10. In respect of risk 4, the Board queried the current score of 2 (possible) given to the risk of Fund Managers underperforming their targets and therefore the pension fund deficit not being reduced as planned. Given the current levels of under-performance amongst the fund managers on both a short and longer term view, the Board felt that the likelihood score should be increased to either 3 (likely) or 4(very likely).
11. In respect of risk 8, the Board queried the likelihood score of inaccurate or out of date pension liability data as a result of late or incomplete employer returns. In light of the information provided to the Board on the current position on the end of year returns, the Board felt that the likelihood score should be revised upwards.
12. On risk 10, the Board again felt that the likelihood score of the risk that there were insufficient resources to deliver the Fund's regulatory responsibilities should be increased.

13. Finally the Board were keen to recognise that they were working with a very new Committee and wished to express their willingness to support the Committee going forward.

#### **RECOMMENDATION**

14. **The Committee is RECOMMENDED to:**
  - (a) **note and support the work programme of the Pension Board and advise of any additional areas of focus that they would wish the Board to prioritise;**
  - (b) **note the comments of the Board in respect of the collection of scheme data and support the future investment in i-connect and greater standardisation of data collection practices;**
  - (c) **consider the risk scores for risks 4, 8 and 10 as requested by the Pension Board; and**
  - (d) **endorse the proposal that future meetings of both this Committee and the Pension Board should receive an update report on the progress on delivering the annual business plan.**

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Independent Chairman of the Pension Board

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