

## **PENSION FUND COMMITTEE – 9 MARCH 2018**

### **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.
- 2) This is the third such report of the Board under these new arrangements, and reflects the discussions of the Board members at their meeting on 19 January 2018. All members of the Board were present, and it was also acknowledged that all members of the Board except for the Independent Chairman had attended the Pension Fund Forum on 17 January which included a presentation from the Pension Regulator. This presentation provided useful context to the report on Employer Management.

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

- 3) The Board again devoted a significant part of its agenda to the on-going issues on employer management, data quality and the issue of Annual Benefit Statements. The Board received an update from the meeting in London between Officers and the Pension Regulator and reviewed the subsequent Improvement Plan aimed at ensuring there would be no further statutory breach in terms of issuing the 2017/18 statements by 31 August 2018.
- 4) The Board wished to bring two issues from their discussion to the attention of the Committee. Firstly, they felt that the Committee should seek to define what they would regard as a material breach to the Regulations. The Board accepted that the target should always be to issue 100% of the statements to ensure individual scheme members had the appropriate information on their pension benefits and could raise any queries on their record in a timely manner. They also accepted that the definition would perhaps need to cover both an overall breach (a figure of less than 95% of statements issued was suggested) and a figure in respect of a material breach by an individual employer. On the latter, the view was that the decision to report an employer for a material breach of the regulations should be considered on a case by case basis rather than setting any specific targets.
- 5) The second issue the Board wished to bring to the attention of the Committee was concerns around the security associated with the iConnect solution. A

couple of these concerns arose directly from the supplier's presentation at the Pension Fund Forum, and were in respect of reliance on single factor authentication and the use of http rather than https. These and a request for a more general risk assessment have been passed to the Council's Information Management Team and we are currently awaiting further advice before proceeding with the iConnect project.

- 6) The Board considered the latest review of the Annual Business Plan for 2017/18, and had two issues they wished to bring to the Committee's attention. On the cash flow modelling item within the Plan, the Board were keen for the Committee to set a clear time line to complete this work. This has now been included in the new Business Plan for 2018/19.
- 7) The Board also discussed the consultation process to obtain the views of scheme members on the Investment Strategy Statement, with some Board members expressing a wish that in future consultation could be widened to provide all scheme members the opportunity to express their views, rather than relying on the representatives at the Board. The Board accepted the difficulties of engaging with the full membership of the Fund on such a complex issue, but invited the Committee to consider reviewing the consultation arrangements in respect of the next Investment Strategy Statement.
- 8) On the risk register report, the Board discussed the issue of cyber security, particularly in the context of their earlier discussion about the potential risks associated with the iConnect project. In light of the increasing risks associated with the General Data Protection Regulations which come into effect from 25 May 2018, the Board invited the Committee to review the current scoring of the cyber security risk, and include a robust statement within the 2018/19 Business Plan with regard to cyber security.
- 9) Under the Brunel update, the Board discussed the process by which Reserved Matters were being signed off by the Shareholder's Representative (the Council's Director of Finance), following consultation with the Chairman and the Service Manager (who represented the Fund on the Oversight Board and Client Group respectively). The Board accepted the process that had been put in place, but invited the Committee to review its effectiveness at the end of 2018/19.
- 10) Finally the Board noted the delays in establishing the training day for members of both the Committee and the Board and wished to encourage the Committee to set up the day as soon as possible. Since the meeting with the Board, Officers have had discussions with Hymans Robertson (the new Fund Actuary), who have provided an assessment tool to help identify the key gaps in the current skills and knowledge on the Committee and Board, to be used in prioritising the requirements for a training day. Information will be sent to both Committee and Board members shortly inviting them to complete the assessment and submit their responses through to Hymans Robertson who will collate the information and produce a draft list of priorities for the training day.

## **RECOMMENDATION**

**11) The Committee is RECOMMENDED to:**

- (a) note the concerns of the Board in respect of the Business Plan and Risk Register and consider them further at the relevant items later in the agenda;**
- (b) agree a definition of material breach in respect of the statutory requirement to issue Annual Benefit Statements to be used in assessing performance in issuing the 2017/18 statements;**
- (c) agree to review the process for determining the response to Reserved Matter Items for the Brunel Pension Partnership at the end of 2018/19 in light of this year's experience;**
- (d) consider the consultation process by which scheme member views can be best obtained in advance of the next review of the Investment Strategy Statement; and**
- (e) endorse the proposal for all Committee and Board member to complete the assessment tool produced by Hymans Robertson as a means for establishing the priorities for a future training day.**

Mark Spilsbury  
Independent Chairman of the Pension Board

Contact Officer: Sean Collins, Tel: 07554 103465

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