

PENSION FUND COMMITTEE – 1 DECEMBER 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.
2. This is the second such report of the Board under these new arrangements, and reflects the discussions of the Board members at their meeting on 20 October 2017. The meeting was attended by District Councillor Sandy Lovatt who had been appointed to fill the Scheme Employer vacancy caused by the resignation of District Councillor Roger Cox. Cllr Lovatt had previously served on the Pension Fund Committee.

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 were keen to highlight the improvement in the position relative to previous years, and the fact that the 77% of statements issued by the statutory deadline of 31 August 2017 was a significant increase on the previous year.
4. The Board discussed the actions highlighted in their report which were aimed at ensuring as many as possible of the outstanding statements were issued before the end of 2017, and that the position for 2017/18 would show further improvement. The Board were pleased to note that the additional resources agreed by the previous Committee had now been used to bring in external support to work on some of the backlog of cases, but were concerned about the availability of resources to meet the breadth of the work outlined.
5. In particular, the Board identified additional specialist project management support as an area which merited further consideration by the Committee. This would support the work to implement i-Connect, as well as reviewing the current data collection and verification processes in place with employers.
6. The Board recognised the key need to ensure robust communications between Pension Services and the scheme employers, particularly in setting out employer responsibilities at the point new employers joined the Fund.

They were also keen to ensure that the promised communications to scheme members who had not yet received their annual benefit statement were produced.

7. The Board considered the latest review of the Annual Business Plan for 2017/18, but had no issues they wished to bring to the Committee's attention.
8. On the risk register report, the Board were pleased to note that the Committee had considered their previous comments and made changes to the risk register accordingly. They were also pleased to note that the risks associated with the new General Data Protection Regulations would be subject to a report to the next Committee meeting, and were keen to have the opportunity to review this report at their next meeting.
9. The Board asked that where the date changed for the completion of any action to mitigate risks included in the risk register, that this was highlighted directly to the Board.
10. The Board raised some concern about the current score given to risk 17 in respect of the impact of structural change and the cash flow of the Fund. They accepted that the risk would be better understood on completion of the work to develop the cash flow modelling tool, and wished to re-examine this issue once the modelling tool was available.
11. The Board were also keen to better understand the risks around the financial failure of scheme employers and asked that they were able to review the report on employer covenants due to be reported to the December Committee meeting.
12. Finally the Board asked that the Committee consider adding a further risk to the Risk Register in respect of changes in Government Policy. This comment reflected a discussion on the structural change risk, and the possibility that the Government could make significant changes to the participation of academy schools within the LGPS.

RECOMMENDATION

13. **The Committee is RECOMMENDED to:**
 - (a) **note the comments of the Board in respect of the workload associated with the employer management programme, and the potential benefits of increased investment in specialist project management support,**
 - (b) **consider whether they wish to ask the Board to undertake any specific follow up work in respect of the items on the General Data Protection Regulations or Employer Covenants included elsewhere on their agenda today, and**
 - (c) **consider the need for a further risk in respect of changes in Government Policy.**

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Independent Chairman of the Pension Board

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