

## **BATH AND NORTH EAST SOMERSET**

### **PENSION BOARD**

Thursday, 13th June, 2019

**Present:-** Howard Pearce (Chair), Gaynor Fisher (Employer Representative), Steve Harman (Employer Representative), Mark King (Member Representative), David Yorath (Member Representative) and Tony Whitlock (Employer Representative)

**Also in attendance:** Jeff Wring (Service Director - One West), Liz Woodyard (Investments Manager), Geoff Cleak (Pensions Manager) and Kathryn Shore (Technical and Compliance Advisor)

#### **1 EMERGENCY EVACUATION PROCEDURE**

The Democratic Services Officer advised the meeting of the procedure.

#### **2 APOLOGIES FOR ABSENCE**

Apologies were received from Tom Renhard.

#### **3 DECLARATIONS OF INTEREST**

There were none.

#### **4 ITEMS FROM THE PUBLIC**

There were none.

#### **5 ITEMS FROM MEMBERS**

A Member requested that thought be given to reducing the volume of agenda papers sent to Members, who were after all volunteers with other commitments. The Chair recalled the plan to supply information to AFP Committee members through an electronic portal, and requested that Board Members should be included in this, so that Members were not confronted with large amounts of paper arriving at the same time.

#### **6 CHAIRMAN'S INTRODUCTION**

The Chair welcomed Councillor Bruce Shearn, the newly-appointed Chair of the Avon Pension Fund Committee to the meeting. Cllr Shearn thanked him and said that this was his intention to attend future meetings of the Board.

The Chair reminded Members that the role and purpose of the Board (specified in section 5 of the Public Service Pensions Act 2013) was to assist the administration authority to secure compliance with Regulations, other legislation relating to the governance and administration of the LGPS, the requirements imposed by the Regulator in relation to the LGPS, and to ensure the effective and efficient governance and administration of the Avon Pension Fund.

## **7 MINUTES OF PREVIOUS MEETING: 7 MARCH 2019**

These were approved as a correct record and signed by the Chair.

## **8 ACTION TRACKER**

The Chair noted that the Administration Strategy had been approved for consultation by the Pensions Committee at its March meeting, and was item 12 on today's agenda. This action was therefore complete.

There had been progress on one of other four actions and three were still open.

**RESOLVED** to note the Local Pension Board Action Tracker.

## **9 MINUTES OF AVON PENSION COMMITTEE: 22 MARCH 2019**

The Chair noted that the issues of particular relevance to the work of the Board were the change in the Fund's governance arrangements and the Administration Strategy that had been agreed at the meeting. The latter formed the subject of a later agenda item.

**RESOLVED** to note the Minutes of the meeting of the Avon Pension Fund Committee of 22 March 2019.

## **10 MINUTES OF THE AVON PENSION COMMITTEE INVESTMENT PANEL: 27 FEBRUARY 2019**

### Exempt Minute 43: Brunel Pension Partnership

A Member asked about transition costs. The Investment Manager explained that transitions were performed by a transition manager. Before the transition an estimate was made of the costs of the transition, which was used as guidance in selecting a transition manager. The costs were higher than estimated, but officers were satisfied that they were reasonable.

The draft Minutes of the meeting of the Brunel Oversight Board for 30 April were circulated to Members, and the Investment Manager gave an update on Brunel Pension Partnership. She said that Brunel was reviewing its governance arrangements and its internal control environment. Brunel had issued a Climate Change Position Statement. The Committee would be considering climate change in October/November as part of its review of investment strategy and she hoped that by then Brunel's climate change policy would be well-developed if not finalised.

The Chair requested that the Board to be kept informed about the progress of the Brunel governance review and any changes proposed. The Investment Manager reminded the Board that governance changes were a reserved matter, and would have to be approved by the shareholders. The Chair also asked about the reporting of investment costs and whether there would be transparency about the impact on APF. The Investment Manager said that there would be information in the Fund's annual report about actual and cumulative costs, with a commentary. She was waiting for the final numbers to be provided.

**RESOLVED** to note the public and exempt Minutes of the Avon Pension Fund Committee Investment Panel of 27 February 2019.

## **11 LGPS UPDATES**

The Technical and Compliance Advisor presented the report.

A Member asked whether there the Fund had a policy on which consultations it responded to and which ones it did not. The Technical and Compliance Advisor acknowledged there were a number of consultations to which the Fund had not responded; there was no policy, but the Fund responded to those it thought important.

The Chair congratulated the Fund on adopting on the key performance measures recommended by CIPFA (agenda page 50) with effect from 1 April 2019.

The Chair said that there should be future agenda items on the Scheme Advisory Board's second survey of the effectiveness and operational efficiency of Local Pension Boards, which would be published later this year and on The Pensions Regulator report on the governance and administration of the LGPS funds. TPR had also done a special study on ten underperforming funds which would also be reported later in the year. He also drew attention to the Unison survey of responsible investing by LGPS funds, and was pleased to note that Avon was ranked second, for which officers and the Committee deserved congratulations.

### **RESOLVED:**

1. to note the current position regarding the developments that could affect the administration of the Fund;
2. to note the responses to the MHCLG consultations on 'LGPS Asset Pooling', 'Fair Deal', and 'Late Retirement Factors'.

## **12 PENSION FUND ADMINISTRATION STRATEGY**

The Pensions Manager presented the report.

He noted that the Board would monitor the implementation of the Strategy and performance against standards. The Fund had consulted with employers about the Strategy in April and May, but only one response had been received within the deadline. The Chair said that was disappointing, but perhaps, optimistically, the failure to respond indicated satisfaction with the Strategy.

A Member asked for clarification of the role of the Board in monitoring the administration strategy. He said that he understood the monitoring of performance, but was uncertain what the Board could or should contribute in relation to other aspects of the strategy. The Chair replied that the Board had a statutory role to ensure that the Fund met administration requirements and was efficient and effective. To do this the Fund needed a strategy; the Board had to consider the

appropriateness of that strategy and to monitor the performance of the Fund against it to ensure it was being delivered. If there were areas in which it was not being delivered, the Board had to investigate why that was the case, and to consider whether this might be due to a lack of resources or a need for changes in legislation, for example.

The Board noted the proposals for a charging service to employers who continually fail to meet agreed standards or who require additional assistance outside the Service Level Agreement. Members felt this was an imaginative innovation.

**RESOLVED** to note:

1. the draft Communications Policy Statement;
2. the draft ICT statement;
3. the draft Performance Standards;
4. the draft Customer Service Charter;
5. the draft Schedule of Additional Admin Charges.

### **13 PENSION FUND SERVICE PLAN**

The Pensions Manager presented the report.

A Member asked whether there were still vacant posts in Pensions Administration. The Pensions Manager replied that all managers had now been appointed and were in place. A review was taking place of the structure of the Administration Team to ensure that it was appropriate going forward. There had been a restructuring in January 2017, which had freed up some staff resources. He said that it could be difficult to retain staff, given that some neighbouring authorities offered better remuneration packages.

The Chair said that the plan was very comprehensive, but wondered whether there was a prioritisation process for matching workload to available resources. The Pensions Manager replied that priority had to be given on the basis of urgency.

The Chair said that the Board would remain supportive of the Fund's efforts to secure the resources it required.

**RESOLVED** to note the 3-year Service Plan and Budget for 2019-22 for the Avon Pensions Fund.

### **14 COMPLIANCE REPORT**

The Pensions Manager presented the report.

Members noted that there were 74 potential new employers joining the Fund in the next 6 months. As at the end of March, 254 employers are now on i-Connect and submitting monthly returns covering approximately 85% of the active membership. The project is currently on hold over the valuation period and will re-commence in July with the aim of getting the remaining employers using i-Connect by October.

The Chair thanked the Pensions Manager for the very comprehensive information now presented to the Board. The data was now sufficiently granular to allow the Board to do some probing.

Members were very pleased to note the significant increase in statutory targets being achieved, that on the SLA targets a number of 'reds' had become 'amber' and the progress on the i-Connect project.

**RESOLVED** to note:

1. Membership data, Fund and Employer performance for the 3 months to 31st March 2019;
2. progress and reviews of the TPR Data Improvement Plan.

## **15 INTERNAL AUDIT UPDATE REPORT**

The Head of Audit and Assurance – One West presented the report.

Members were pleased to note that the audit finding was “Good” in each of the three reports, that APF management had accepted all the audit recommendations ,and that there was a high degree of assurance in relation to the three areas audited.

**RESOLVED** to note the report and outcomes from Internal Audit work carried out on the Avon Pension Fund for 2018/19.

## **16 RISK MANAGEMENT UPDATE**

The Pensions Manager presented the report.

The Investment Manager drew attention to the actions being taken to mitigate risk R25 (lack of knowledge and continuity in the Committee) by the training of new members, including general training sessions and workshops relating to the imminent valuation of the Fund.

**RESOLVED** to note the report.

## **17 ANNUAL REPORT**

The Service Director – One West presented the report.

He invited Members to communicate any comments about the content of the draft Annual Report by email within the next six weeks.

A Member noted that the budget for the latest year had been underspent again. The Service Director – One West said that he was very reluctant to reduce the allocation for training, so the budget had been set at the same level for next year.

**RESOLVED** to approve the draft annual report subject to any comments to be submitted by members.

## 18 TRAINING AND WORKPLAN

The Service Director – One West presented the report.

He noted that Gaynor Fisher and Tom Renhard would be leaving the Board after this meeting. The appointments of Mark King and Tony Whitlock would terminate next year. Recruitment to the Board had been delayed because of the absence on sick leave of the Head of Business Finance and Pensions. The appointment of the Chair had therefore been extended and his last meeting would be in October, to ensure that there is a proper handover to his successor. Meeting dates after October would be confirmed after the new Chair had been appointed. The quorum of the Board was 3, to include 1 member and 1 employer representative, so that it could still meet in October even if replacements for Gaynor Fisher and Tom Renhard had not been appointed. The position of Chair had been advertised.

The Chair said that he would try to ensure that there was a smooth handover to his successor.

The Chair and the Service Director – One West thanked Gaynor and Tom for their contribution to the work of the Board.

The Service Director – One West said that new Chair might have his/her own ideas about the priorities for the work plan and that future revision of it might be required. He had taken on board the comments made by Members about the volume of paper sent to them.

The Board wished the Head of Business, Finance and Pensions a speedy recovery.

**RESOLVED** to note the report.

## 19 DATE OF NEXT MEETING

**NOTED** that the next meeting was scheduled for 17 October 2019 in the Kaposvar Room, Guildhall, Bath.

The meeting ended at 3.35 pm

Chair(person) .....

Date Confirmed and Signed .....

**Prepared by Democratic Services**