

## **BATH AND NORTH EAST SOMERSET**

### **PENSION BOARD**

Wednesday, 27th July, 2016

**Present:-** Howard Pearce (Chair), Steve Harman (Employer Representative), Tom Renhard (Member Representative), David Yorath (Member Representative) and Tony Whitlock (Employer Representative)

**Also in attendance:** Andrew Pate (Strategic Director, Resources), Tony Bartlett (Head of Business, Finance and Pensions), Jeff Wring (Head of Audit West) and Geoff Cleak (Pensions Benefits Manager)

#### **70 EMERGENCY EVACUATION PROCEDURE**

The Democratic Services Officer read out the procedure.

#### **71 APOLOGIES FOR ABSENCE**

Apologies were received from Gaynor Fisher and Mark King.

#### **72 DECLARATIONS OF INTEREST**

Tom Renhard said that he had recently been appointed a Director of Freedom of Mind CIC. The Chair said that this would not be a relevant interest for this meeting, but that he should add this appointment to his Register of Interests entry.

#### **73 TO ANNOUNCE ANY URGENT BUSINESS AGREED BY THE CHAIR**

There was none.

#### **74 ITEMS FROM THE PUBLIC**

There were none.

#### **75 ITEMS FROM MEMBERS**

A Member asked about the impact of the vote to leave the EU on the Avon Pension Fund.

The Head of Business, Finance and Pensions replied that conversations were taking place with the Fund's investment managers. There were as yet no plans for the UK to leave the EU, so institutional investors were not reacting with major decisions at the moment. Currency issues were the most significant for the Fund at present. A currency hedge denominated in dollars had been place some time ago; this was not too helpful at present, but things were not as bad as they could be. It is difficult to put the right kind of currency hedge in place at the right time. Property portfolios were causing some concern in the short term. However, it should be remembered that the Fund is a long-term investor with a long-term strategy, which it will be reviewing in the near future.

## **76 MINUTES OF 19TH MAY 2016**

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

A Member asked for an update on insurance indemnity for Board Members. The Head of Business, Finance and Pensions said the Council's insurers had given written assurance that Board Members were covered by the Council's existing indemnity policies.

## **77 AVON PENSION FUND COMMITTEE: MINUTES OF THE MEETING OF THE 24TH AND 30TH JUNE 2016**

A Member asked about the Committee's review of responsible investment. The Head of Business, Finance and Pensions replied that because of the amount of officers' and members' that had been taken up by pooling, consideration was being given to a special meeting in December dedicated to the Responsible Investment Policy.

**RESOLVED** that the public interest would be better served by not disclosing information about the Board's discussion of the Exempt Minutes of these two meetings of the Avon Pension Fund Committee, and that therefore the public should be excluded from the meeting for this discussion and its reporting should be prevented in accordance with the provisions of section 100(A)(4) of the Local Government Act 1972 as amended.

When the meeting returned to open session, it was **RESOLVED** to note the minutes of the Avon Pension Fund Committee of the 24th and 30th June 2016.

## **78 AVON PENSION FUND COMMITTEE INVESTMENT PANEL: MINUTES OF THE MEETING OF 25TH MAY 2016**

**RESOLVED** to note the minutes of the meeting of the Avon Pension Fund Committee Investment Panel for 25th May 2016.

## **79 LGPS DEVELOPMENTS AND UPDATES**

The Head of Business, Finance and Pensions presented this item and commented on the list of consultations, surveys and issues contained in Appendix 1 to the report.

He said that the Government had promised legislation to implement the Public Sector Exit Payments Cap by October, but he doubted about whether they could achieve this.

The Fund would respond to the Best value and Fair Deal consultation. The proposals were good news for employees, who would no longer have to leave the Fund when their jobs were outsourced. At the same time it would be more difficult for local authorities to make outsourcing contracts attractive to potential bidders.

There was an ongoing consultation on the insolvency regime for the further education and sixth form sector. The Fund had been speaking to all colleges about this, and encouraging them to respond to the consultation. Colleges, unlike

Academies, do not have guarantees and represent a risk to the Fund. If colleges did have guarantees, their contribution rates could be more affordable.

GAD had consulted about information needed to manage the cost cap regulation. The Fund had responded that this was not deliverable.

A response had been received from DfE about failed Academies. This stated that DfE expected to pick up the first tranche of liabilities. The Chair noted that the National Scheme Advisory Board had issued a tender for a review of the funding and status of Academies; there is a suggestion that all new Academies should be allocated to a single LGPS fund. The Head of Business, Finance and Pensions said that the future of Academies needs to be debated; individual Academies differ in their liabilities. Responding to a Member he clarified that it was only the non-teaching staff in Academies who could be members of the LGPS.

### Pooling

The Chair reminded Members that the Board did not have a specific remit in relation to pooling yet, because the revised Investment Regulations had not been issued and there were no TPR requirements relating to it. It was, however, covered by the Board's general duty to monitor the Fund's processes and procedures. A Member noted that pooling was included in the Risk Register.

The Head of Business, Finance and Pensions said that the Government's response to the Project Brunel proposal was awaited. The proposal to establish an investment company would have to be approved by each of the Councils in Project Brunel and by their pensions committees. It was expected that the APF Committee would be invited to approve business case before the proposal before it was submitted to B&NES Council on 17<sup>th</sup> November. It was hoped that sign-off by all the Councils would be achieved by the end of the year before annual budget setting and county elections. Developments after that would depend on the Government issuing the revised Investment Regulations.

A Member wondered whether transition costs would be likely to pressure on contribution rates, and whether the Committee and Panel should be alerted to this risk. The Head of Business, Finance and Pensions said that there were significant transition costs. There would also be ongoing additional operating costs, because the Government had insisted that the company must be FCA regulated. There was some concern among officers of the funds in Project Brunel about the savings that might be achieved. At the moment the break-even point was estimated to be in 2020/22. There would be pressure on pay grades because the staff working for the investment company would have to be FCA-accredited; the savings that could be made on investment managers' fees were hard to estimate. The Committee was fully aware of the uncertainties. However, the important point was that the Government was insisting on pooling. The Strategic Director of Resources asked whether this initiative might have a lower priority with the new Prime Minister and Cabinet. The Head of Business, Finance and Pensions replied that DCLG seemed to be keen to maintain momentum. In reply to a question from the Chair he said that the business case prepared by PwC would be subject to independent scrutiny.

Members asked whether there was scope for savings on the administration of the payment of benefits and whether there were any plans to merge funds. The Head of Business, Finance and Pensions replied that there were no plans to pool the administration of funds. Members' benefits were guaranteed by statute so the risk of a shortfall arising from pooling would be borne by employers. The cost structure of the LGPS was being reviewed by GAD. The merging of funds had been discussed a few years ago, and the Government had concluded that there were greater savings to be made on investment costs than on administration. If pooling was a success, the idea of merging funds might well be revived.

In reply to a question from a Member about the Oversight Board, he said that it had already been established in shadow form and comprised an independent Chair and the Chairs of each of the pension committees in Project Brunel. Its role would be to manage the contracts with the investment managers. In time it might have delegated to it some of the powers of the administering authorities as shareholders.

It was noted that Tom Renhard would be attending an LGA training event on 10th August; he agreed to circulate a note about this to Members.

The Head of Business, Finance and Pensions said that it was hoped to have a joint workshop in October on the structure of Project Brunel to which Pension Board Members would be invited.

**RESOLVED** to note the report and latest LGPS developments.

## **80 COMMUNICATIONS STRATEGY**

The Communications and Public Relations Manager gave a presentation. A copy of his PowerPoint slides is attached.

The Chair said that the Fund was making good progress with communications and that he thought the Board should review APF's communication strategy once a year.

**RESOLVED** to note the Avon Pension Fund's communication strategy.

## **81 RISK REGISTER**

The Acting Pensions Manager presented the report. He said that he hoped the new template used in Appendix 1 for the top ten risks made things easier to follow. It indicated the risk status as red, amber or green together with previous risk levels for each item. A new item had been added for risks arising from the Brunel Pension Partnership. The Head of Audit West said that giving the risk level for the three previous quarters would enable Members to monitor trends. The new presentation was also more focused on actions to minimise the risks.

A Member asked whether Brexit should be listed as a risk. The Head of Business, Finance and Pensions referred back to his earlier comments about the impact of Brexit and about the Fund being a long-term investor, and said that he thought it inappropriate to list it as separate risk as a knee-jerk reaction. The Chair said that he

felt that the impact of Brexit was something for the Committee and Panel to keep under review as part of their general role in monitoring the Fund's investments.

The Chair suggested that the creation of Brunel Pension Partnership would give rise to the risk of losing senior staff to the investment company and that thought needed to be given to recruitment and retention of staff in the Fund. The Head of Business, Finance and Pensions said that it was difficult to judge the impact at this stage. The company would be a new entity, and as it developed it would become part of a competitive market with other organisations created by pooling. The Chair suggested that vacancies in the Fund arising in the short term could be filled on short-term contract. The Head of Business, Finance and Pensions said that if recruitment problems arose in the future, it might be necessary to review the terms and conditions of APF staff.

**RESOLVED** to note the report.

## **82 COMPLIANCE REPORT**

The Acting Pensions Manager introduced this item. He said that the reports contained in the appendices were being reviewed as part of the Task Workflow Project; it was expected that new and updated versions would be presented to the APF Committee in the Autumn.

He commented on the report and the appendices.

The Chair asked whether outstanding issues could be categorised as to whether delays were due to the employee, the employer or the Fund. The Acting Pensions Manager said that reports were being reviewed and he would consider how far this was possible.

A Member asked why some targets in the key performance indicators in Appendix 3A were set at 75%; a cynic might suggest that this indicated a willingness to accept a 25% failure rate. The Head of Business, Finance and Pensions said that the really low scores, e.g. 59% for transfers in, related to tasks where there was a multi-stage process, and delays occurred when information was awaited from the scheme member or from GAD, for example. The reduced control that the Fund's officers had over the speed of the process was reflected in a lower performance target.

The Chair asked whether the actuaries were happy with the information being supplied for the valuation. The Acting Pensions Manager said that they had sent a list of queries, which had been received the previous day, but were generally happy with the data. The queries received were minimal and related mainly to the smaller employers.

**RESOLVED** to note the report and Performance Indicators and Customer Satisfaction feedback for 3 months to 30 June 2016 and progress on the Data Improvement Plan.

## **83 ANNUAL REPORT**

The Head of Audit West presented the report. He reminded Members that there was a statutory requirement for the Board to publish an annual report. He invited them to comment on the structure and content of the draft report.

A Member queried the phrase “securing compliance” (paragraph 6, agenda page 86). He suggested that the Board could only monitor and advise and that it could not actually “secure” compliance. He also felt that the description of the Board as “sitting alongside” the Committee (paragraph 9, agenda page 87) was misleading. He noted that table giving details of Members’ attendance at Board meetings on page 87 did not include the employee representatives and suggested that it should also include Members’ dates of appointment. The Chair agreed that “secure compliance”, unless it was the wording of the statute, should be replaced by “monitor” and “advise” and that “sitting alongside” should be replaced by “works with”.

The Head of Business, Finance and Pensions referred to the third paragraph on page 90:

“In summary compliance was high and there were only a small number of recommended actions to take in relation to the Fund and meeting best practice...”

and said that this could be understood to mean that the Fund was not compliant, when in fact it was intended to state that the Board was compliant with its own codes. The Chair said that it should state that the Board was compliant with its code and guidance and that when the Board had assessed the Fund’s compliance it had recommended some actions to enable the Fund to achieve best practice. The Head of Business, Finance and Pensions noted that the Breaches Policy, which the Board had reviewed before it was submitted to the APF Committee, was not mentioned. The Head of Audit West explained that the list of items page 90 was taken directly from TPR’s benchmarking exercise. The Fund was compliant on all of these, but the Board had identified a few actions that could be taken for the Fund to achieve best practice. The Chair said that the wording would be reviewed and that the Annual Report should state that there had been no breaches to report to TPR.

A Member asked whether it was planned to issue the report as plain monochrome text or whether it would be in colour with illustrations. The Chair said that the plan was to issue it as a plain PDF file. The Head of Audit West said that he assumed that people would want to read the Annual Report because they were interested in the contents, though he would be happy to take advice about design from the Communications team.

**RESOLVED** to approve the Annual Report subject to comments made.

## **84 TRAINING PLAN**

The Head of Audit West presented the report. He drew attention to the high level summary of skills and knowledge on page 103, in which he had amalgamated Members’ self-assessments to produce an average rating for the Board in each of the eight knowledge areas. He had then had looked at the different types of training that might be used. Pages 104 and 105 listed Members’ specific requests for additional briefing.

Two Members said that that they would prefer interactive training, e.g. at seminars, than just receiving briefing papers.

The Chair suggested Members could be invited to training events arranged for the Committee and the Investment Panel. He advised Members to keep an eye on training offered by the LGA and TPR and to apply to go to relevant events. He also advised Members to keep their training logs up to date.

**RESOLVED** to note the report and high-level plan and comments made by Members.

**85 WORK PLAN**

The Head of Audit West presented the report.

**RESOLVED** to note the report and endorse the work plan outlined in Appendix A.

**86 DATE OF NEXT MEETING**

**RESOLVED** to note that the next meeting is scheduled to be held at 2 p.m. on Wednesday, 2<sup>nd</sup> November 2016 in Keynsham.

The meeting ended at 4.04 pm

Chair(person) .....

Date Confirmed and Signed .....

**Prepared by Democratic Services**

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# Avon Pension Fund



# Communications Strategy overview

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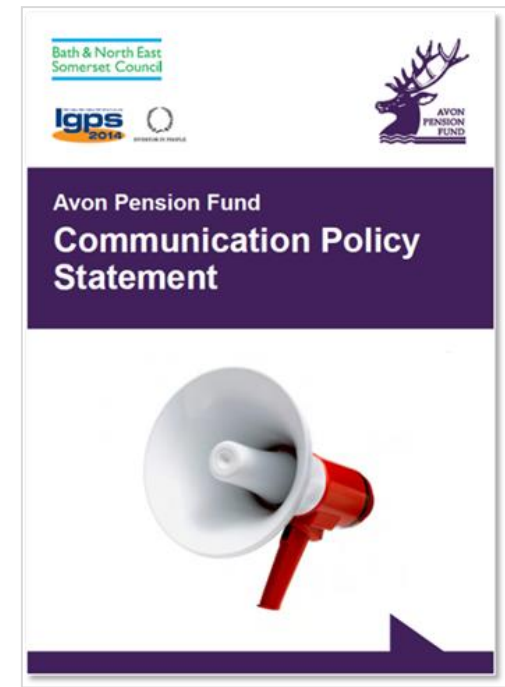
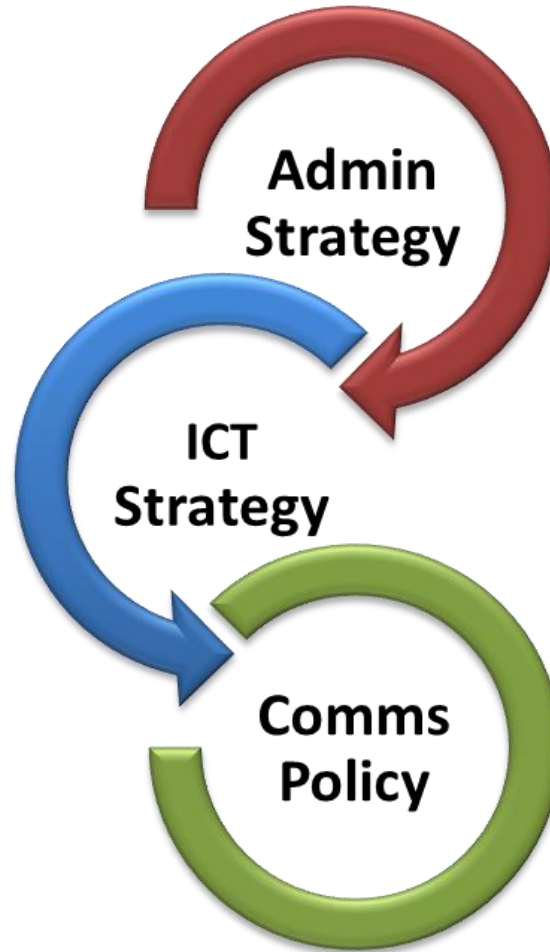
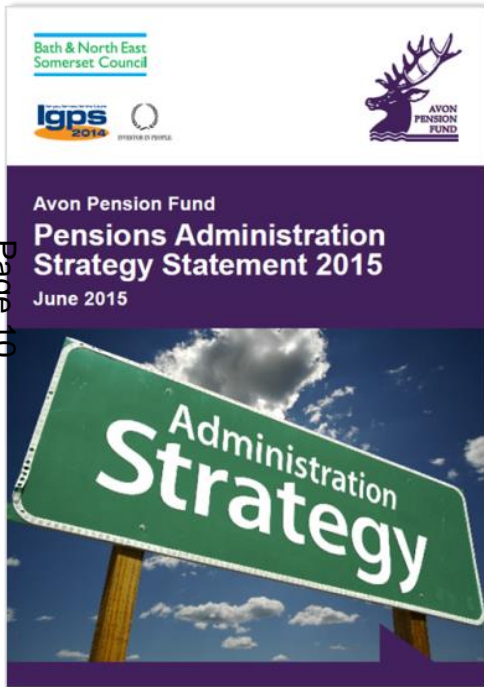


Stephen Makin

Communications and Public Relations Manager

# Communications Strategy

## Communications Policy Statement



# Communication aims



- Clear, relevant, accurate, accessible and timely information for all our audiences & stakeholders
- Use communication channels which best fit the audience & the info being passed on
- Use plain language & avoid unnecessary jargon
- Be a more digital communication-based Fund, embracing new technology (web, email, social media)
- Provide stakeholders with a secure access point to relevant services / information
- Listen & respond to feedback
- Be compliant with all legislative requirements

# Who we communicate with



## Members

Active - 37,000

Deferred - 40,500

Pensioner - 24,000

Pension Committee

Pension Board

Trade Unions

Employers

230 +

Pensions Regulator

Govt bodies

Local Govt Assoc

Fund Actuary

CIPFA

Investment  
managers

Other funds

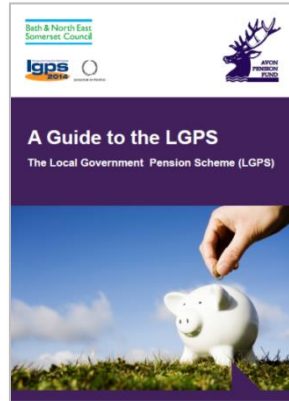
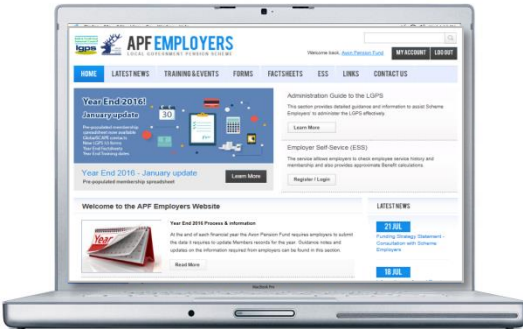
Brunel Pension Partnership

The media

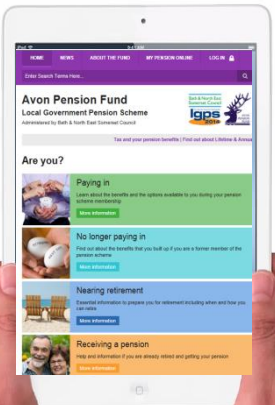




# How we communicate



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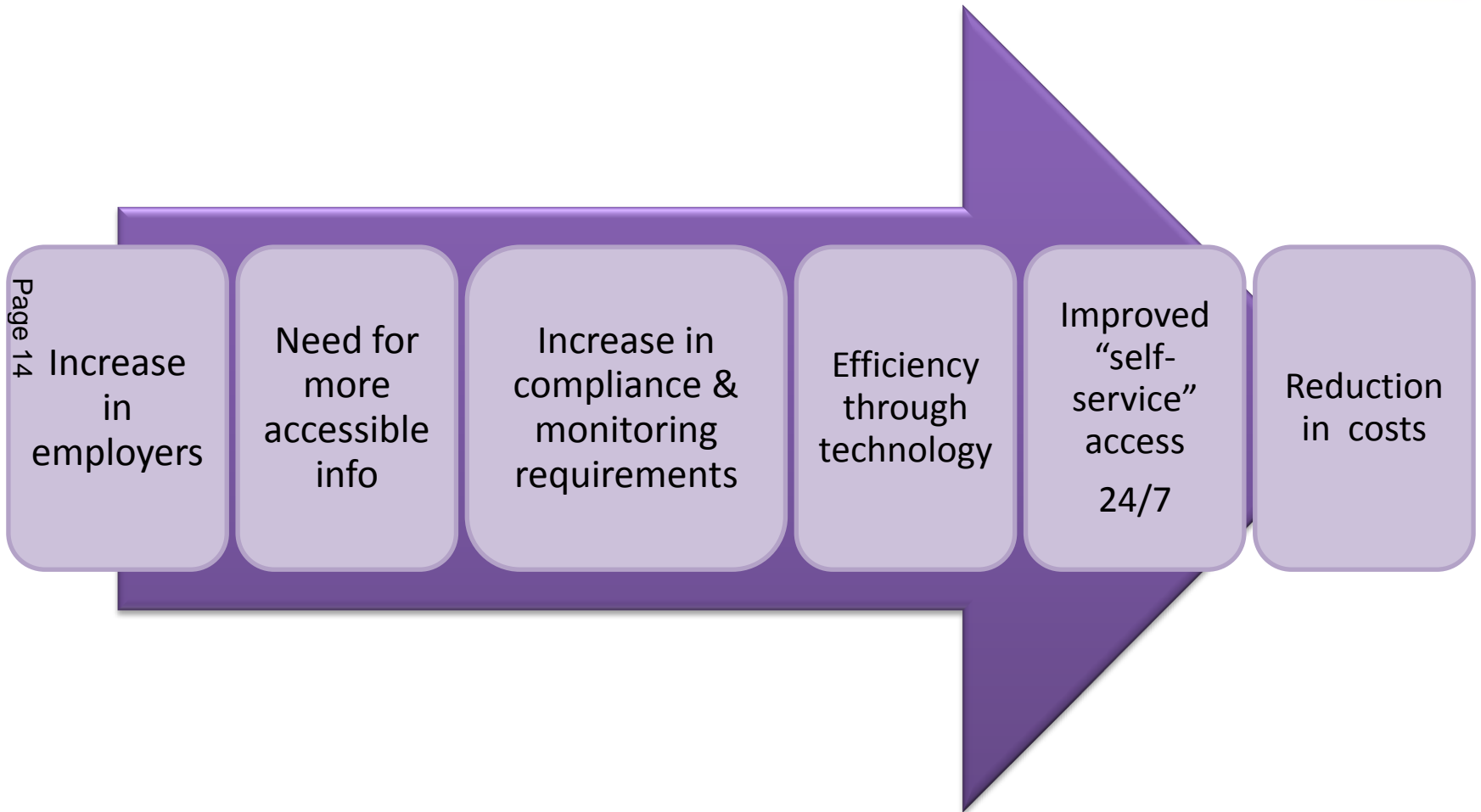
Annual Pension Statement 2016	
<b>Your personal information</b>	
Name:	Lynnda Marie Kaspen
Date of birth:	08/11/1957
N.I. Number:	989275278
Partnership status:	Married
Email address:	Not held
<b>Employment details as at 31/03/2016</b>	
Employer:	University Of Bath
Post number ref.:	20055202
Section of Scheme:	Man
<b>Your Pensionable Pay</b>	
CARE Pensionable Pay as at 31/03/2016	£ 13209.44
(This is used to calculate CARE pension in 2016/17)	
Pensionable pay in Main section:	£ 13209.44
Pensionable pay in SS58 section (if applicable):	£ 0.00
Final Salary Pensionable Pay as at 31/03/2016	£ 20400.03
(This is used to calculate Final Salary Pension benefits built up to 31/03/2016, if any)	
<b>Summary of your total pension benefits as at 31/03/2016</b>	
Annual pension:	£ 9454.23
Automatic tax-free lump sum:	£ 5862.21
Death in service lump sum (if member before 31/03/2016 see website notes):	£ 40138.32
Annual survivor (spouse/beneficiary's) pension:	£ 2337.02
<b>Tax-free cash lump sum</b>	
You may be able to take a tax-free cash lump sum for each event if a pension grant up to you get £15 of lump sum. You can calculate your maximum lump sum and annual pension if you want to take this option by logging into avonpensionfund.org.uk/avonpensionfund/apply-tax-free-cash-lump-sum	
Expression of wish nomination forms held (for your death grant):	No
If you want to update your expression of wish nomination sign up to "My pension online" at www.avonpensionfund.org.uk or contact us.	



my pension online 



# Drivers for change



PROFESSIONAL PENSIONS  
**PENSION  
SCHEME  
OF THE YEAR  
AWARDS  
2016  
FINALIST**

# Websites



# my pension online (MSS)



- Online pension account
- View & update details
- Estimates – self service
- ABS
- Need to integrate into admin process – sign up by default
- New “user friendly” version by 2017

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Eligible MSS Users	87087
Current MSS Users	11359
MSS Users Percent	13.04%

## MSS User Statistics - Status

Eligible Active MSS Users	32908
Current Active MSS Users	5574
MSS Active Users Percent	16.94%

Eligible Deferred MSS Users	34540
Current Deferred MSS Users	3618
MSS Deferred Users Percent	10.47%

Eligible Pensioner MSS Users	26088
Current Pensioner MSS Users	3409
MSS Pensioner Users Percent	13.07%



# Future developments



- Getting set up for digital delivery
- Member website – better feedback mechanisms
- New MSS – future-proofing for increased self-service
- MSS default sign-up to build volume
- Bulk email ‘vehicle’ - MailChimp
- Development of employers’ website – supporting employers (streamlining, self-service, automation, training tools and a knowledge “hub”)
- Fire Fighters – website and MSS (2018)

# Thank you

## Any questions?