

Pension Committee

1st September 2017

Pension Board Annual Report for 2016/17

Report of the Strategic Finance Director

Introduction

The terms of reference for the local Pension Board of the Gloucestershire Local Government Pension Fund states the Board shall provide an annual report to the Pension Committee and also to the County Council.

Report

The Pension Board's report is attached. A summary of the report is also included within the Pension Fund's Annual Report for 2016/17, which will be presented to County Council on 6th December 2017.

Recommendation

The Committee are asked to note the report.

Contact Officer

Mark Spilsbury (01452 328920)

The Gloucestershire Local Government Pension Scheme (LGPS) Pension Board – Annual Report 2016/17

All Public Sector Pension schemes were required under the Public Service Pensions Act 2013 to set up a Pension Board with effect from 2015/16, to assist the administering authorities of their Pension scheme in ensuring compliance with LGPS and other pension regulations.

The County Council, as administering authority of the Gloucestershire LGPS agreed the terms of reference of the Pension Board in February 2015. These terms of reference are included within the Pension Fund's Governance Policy document, and this is on pages 53 to 57 of the Pension Fund's Annual Report for 2016/17.

Employers, scheme members and the relevant unions were invited to be considered to become members of the Pension Board and the following make up the current membership of the Board.

Chair

Sean Collins – Head of Pensions for the Oxfordshire Pension Fund.

Employer representatives

Cllr Nigel Moor (Gloucestershire County Council)

Kate Walton (University of Gloucestershire) – replaced by John Wills (University of Gloucestershire) from March 2017.

Scheme member representatives

Owen Shaw

Jon Topping

Taking account of the relevant LGPS regulations and guidance, the Gloucestershire LGPS decided to appoint an independent non voting chair of the Pension Board. An independent chair of the Pension Board cannot have any involvement (e.g. through membership or employer links) with the local pension scheme they would be chairing, but having good experience and knowledge of the LGPS would be advantageous and would assist the other Board members in their role. To comply with these requirements the Gloucestershire LGPS invited the Head of the Pension Fund at the Oxfordshire LGPS, Sean Collins, to become chair of the Gloucestershire Pension Board.

During the financial year 2016/17 there were three meetings of the Board which were all attended by all Board members.

In addition to attendance at Board Meetings, members of the Pension Board are invited to attend joint training and update sessions with members of the Pension Committee. During 2016/17 the following number of members from the Pension Board attended at each of the following training events:

Regional engagement event on the Brunel Pension Partnership – 3 attendees from the Board

In house training day covering the Strategic Asset Review, Market Forecasts, Infrastructure, Private Markets, Low Volatile Equities – 4 attendees from the Board

Members of the Pension Board are also sent all agenda papers for the Pension Committee meetings, which they can attend as observers. The minutes of the Pension Board are reported to the next Pension Committee and Cllr Nigel Moor, as a member of the Board, attends to give a verbal update to the Committee on these minutes.

During the financial year 2016/17 the Board have focused on the following key areas:

- The continued development of the Governments requirement for LGPS Funds to combine their investments in pools of at least £25 billion via one FCA regulated company. In addition to briefings at the Board meetings, three members of the Board attended at a regional briefing on the Brunel Pension Partnership which the Gloucestershire LGPS is joining.
- The Risk Register. The Board reviewed the risk register at each meeting and raised a number of concerns with the Pension Committee in relation to data security, the Pension Fund deficit and the impact on the fund if large numbers of active members were outsourced on a “closed” (to new entrants) basis.

In response to feedback from the Pension Board to the Pension Committee on the importance of the Risk Register, the Pension Committee agreed to consider a quarterly report on the risk register as a standing item.

- Pension Administration Arrangements. The Board considered a detailed performance report on the administration arrangements. The Board was very pleased to be informed that 100% of Annual Benefit Statements relating to 2015/16 were issued by the statutory deadline to active members set up on the Pensions Administration system, a marked improvement on the previous financial year.

With regard to other performance measures, the Board was concerned that, for the majority of performance indicators, actual performance was below target. However the Board acknowledged the key reasons for this, particularly the increased complexities and workload emanating from the new “CARE” scheme, and welcomed the decision of the Pension Committee to increase staffing within the Pension Administration Team.

- Other areas considered included the Fund’s Business Plan and scheme administration costs.

In March 2017, Kate Walton, the employer representative from the University of Gloucestershire, informed the Board that she was finishing her employment with the University. The Chair of the Board thanked Kate Walton for all of her positive input to the Board since its establishment.