

Minutes of the Governance and Risk Working Party, 10.00, Wednesday 14 November 2024.

Microsoft Teams meeting.

Present:

Name	Initials	Organisation
Councillor Brenda Hall (Chair)	BH	WBC
Councillor Christopher Carubia	CC	WBC
Councillor Ann Ainsworth	AA	WBC
Councillor Helen Cameron	HC	WBC
Councillor Chris Carubia	CC	WBC
Councillor Pat Cleary	PC	WBC
Councillor George Davies	GD	WBC
Councillor Jeff Green	JG	WBC
Councillor Christine Howard	CH	Sefton MBS
Councillor Brian Kenny	BK	WBC
Councillor Sue Powell-Wilde	SPW	WBC
Peter Wallach	PW	Director of Pensions
Adil Manzoor	AM	Head of Pensions (Private Markets)
Donna Smith	DS	Head of Pensions (Finance & Risk)
Guy Hayton	GH	Senior Manager of Operations & Information Governance
Mark Niblock	MN	Chief Internal Auditor

Apologies were received from:

Name	Initials	Organisation
Councillor Ruth Molyneux	RM	WBC
Yvonne Murphy	YM	Head of Pensions Administration

In attendance: Emma Littler.

1. Approval of Minutes & Introduction

Minutes of GRWP, Wednesday 4 April 2024, were reported to Pensions Committee and have been approved.

PW introduced the meeting and advised that ahead of the Chancellor's Mansion House speech this evening, the government has issued a press release and PW also had the opportunity of a briefing from MHCLG yesterday afternoon. This is to be followed by two consultations. PW to advise on what these will entail in due course.

PW briefed members on the proposals and highlighted what the potential implications may be.

- PW to share a link to the government's website with members.

Questions

A question was raised as to whether pension funds will move away from local Pensions Committee.

PW replied it seems that there is no immediate proposal for LGPS funds to merge and the changes to the LGPS will be more prescriptive in relation to investments: -

- The responsibilities for the Fund will remain with the administering authority along with liabilities and strategic asset allocation.
- The implementation of Fund's strategic asset allocation will be delegated to the Pool.
- Pensions Committees will retain their responsibilities for pensions administration.

PW advised there will be more structure to the arrangements and advised on how the consultation suggests responsibilities could be allocated.

Action points

Noted.

2. Declarations of Interest

BH reported that declarations of interest are taken as already notified; there were no new declarations stated.

Action points

Noted.

3. Annual internal audit report

MN presented the Annual Internal Audit Report and reported that it complies with current best professional practices and summarises the work undertaken by the Internal Audit Service delivered to the Fund.

MN outlined the salient points from the report and invited questions from the floor.

Questions

MN was asked if he could explain some of the minor recommendations, what the timeframe is and whether they have been accepted.

MN advised all the recommendations included within the report were completed over a twelve-month period but were relatively minor in nature. They were all subject to a very specific time scale and have been fully implemented.

Although there are no outstanding issues remaining if there were they would be escalated to Officers and through the Audit Risk Management Committee, where MN reports on a quarterly basis.

DS added that Officers have to follow up on the audits recommendations and engage with Internal Audit and provide evidence that the recommendations have been implemented.

Two questions were asked in relation to the timing of audits Contributions Income and IT Security/Business Continuity

MN advised that there are various factors that that are considered when compiling the audit plan and the allocation of time and resources. GH added that in relation to the Contributions Income – Scheme Employers the Internal Audit team have been visiting other employers within the scheme to see how they allocate contributions and checking that the Fund is receiving the correct amount of money.

GH advised arrangements in relation to the IT Security/Business Continuity noting that cyber security is very important and a Cyber Governance Policy has been devised and approval will be sought from Pensions Committee next year.

GH listed a number of the measures in place and that further control were anticipated when the Pension and Payroll system contract is renewed.

Action Points

- A Security Business Continuity Audit prior to any kind of migration which would effectively bookend the project of the migration.
- Consider that there are sufficient controls in place prior to starting the work and then checking and reviewing it afterwards.

4. Pensions Dashboard

GH presented an overview of the Pensions Dashboard and advised members on some of its key features and how it will enable individuals to securely access their pensions information online.

The Pensions Dashboard will provide clear and simple information about an individual's multiple pension savings, including their state pension and this will replace the Pensions Tracing Service which has not been very effective.

Questions

A question was raised with regard to exemptions. GH advised that it may be extensions rather than exemptions and explained that some closed schemes in the defined benefit are asking for extensions because they cannot meet the timescale due to 'old' computer systems and more time is needed so that these systems can be connected to the Internet.

A question was raised about how the information is retained. GH advised that all information will be encrypted and it will be passed along as a token but the information will not be stored and only expressed on the screen. The responsibility will not lay with the Pension Fund but with GCHQ.

GH further advised it is a mandatory scheme and this is why legislation has been passed so that all pensions can be found in the same place.

- Links to the Pensions Dashboard will be available on the Fund's website.

Action Points

None.

5. Risk Register

PW presented and reported on the Risk Register and reported it is kept under active review. It is taken to the Pension Board on a quarterly basis and is reviewed by officers regularly at the Fund. PW advised it is a standing item at the monthly FOG (Fund Operating Group) and is also brought to Pensions Committee.

PW advised that as the report sets out there is a revised score on Risk 8 and a new risk (Risk 22) has been added. Changes have been highlighted in red.

Questions

It was asked if Government plans for the LGPS will enhance the risk around staff retention going forward.

PW answered that to a large degree it is limited to investment staff and will not affect the majority of staff at the Fund, i.e. pensions administration and the majority of the finance staff. As the requirement will be for an FCA regulated entity it may require staff to work in a different location and some staff may choose not to move.

However, the new arrangements may help to reduce the disparity with some of the existing pools.

Following a discussion around the risk of the Fund's investments lagging liabilities, and mitigants, it was agreed that officers would review the risk score.

Action Points

- The Risk Register to be reformatted so that all items can be seen clearly.
- Circulated to members.

6. Risk Policy

PW presented the Risk Policy report and advised that a Risk Policy, bespoke to the Pension Fund, but based on Wirral's risk policy in terms of its scoring matrix, had been prepared.

The draft Risk Policy is contained with the GRWP Pack. PW covered the salient details contained within the policy.

Action Points

None.

7. CMA Objectives

AM presented the CMA Objectives and advised it is a legal requirement to set the objectives for the investment advisor and review the performance of the investment advisor against those objectives on a twelve-month basis.

Towards the end of Quarter 1 this year, at the beginning of Q2, a comprehensive review of the objectives was undertaken.

AM advised that although the advisor met most of the Fund's expectations there were some areas which require further improvement and objectives for 2024 were agreed, which will be reviewed in 2025.

Contained with the report is: -

- The summary of the 2023 review.
- A brief overview of 2024 which contains the objectives.

- The appendix includes a full list of the Fund's objectives which have been agreed with the investment advisor.

AM asked Members to note the review undertaken and endorse the objectives for 2024.

Questions

There were a number of questions and comments about the objectives and the way in which they are monitored and measured.

AM clarified how the objectives are recording and outlined the RAG rating system.

Action Points

To report to Members the specifics of how the CMA objectives are reported and how they are monitored by the Fund.

8. Training update

PW reported on the Training Update and advised this is brought on a quarterly basis and has two purposes as it is required for the Fund's Annual Report and to reflect to Members what training they have undertaken.

PW noted the LGPS Online Learning Academy (LOLA) update was contained in the pack.

Questions

A discussion arose as to whether prompts could be sent to members with regard to LOLA training. GH advised members that reminders are sent out periodically, at least four times a year, and this will continue and offers support on LOLA, when and if needed.

Fundamentals Training was discussed and it was agreed that officers would reassess the effectiveness of the training for the cost and time involved.

Action Points

- Amend the attendance record to show that it was Cllr. Jeff Green who attended the LGC Investment & Pension Summit on the 11 September 2024 not Cllr. Pat Cleary.
- Fundamental Training to be reviewed.
- Clarify training options advice for Members.
- In house training options to be considered for Members.

9. Administration KPI report

GH presented the Administration KPI report which was contained within the GRWP Pack. GH advised members on its content and highlighted areas such as the production of the Annual Benefit Statements, training provided by the Fund to

members and the Pensions Awareness Week. GH advised that it should also provide Members the reassurance that we are in a good position to supply information to the Pensions Dashboard.

Questions

A question was raised with regard to potential charges, fees and financial penalties in relation to additional work undertaken by the Fund for employers.

GH clarified the way in which the Fund levies costs and fees and the scope for bulk calculations to be provided to employers.

Action Points

None.

Date of Next Meeting – TBC.