

LOCAL PENSION BOARD

MINUTES of the meeting held on Friday, 22 October 2021 commencing at 10.30am and finishing at 12.30pm.

Present:

Matthew Trebilcock – in the Chair

Voting Members

Elizabeth Griffiths
Angela Priestley-Gibbins
Sarah Pritchard
Marcia Slater
Stephen Davis

**Pension Fund
Committee Members
in Attendance:**

Councillor Bob Johnston.

Officers:

Sean Collins (Service Manager Pensions Insurance and Money Management), Sally Fox (Pension Services Manager), Gregory Ley (Financial Manager-Pension Fund Investment) and Khalid Ahmed (Law and Governance).

The Committee considered the matters, reports and recommendations contained or referred to in the agenda for the meeting, together with and decided as set out below. Except as insofar as otherwise specified, the reasons for the decisions are contained in the agenda and copies of which are attached to the signed Minutes.

32/21 APOLOGIES FOR ABSENCE

(Agenda No. 2)

Apologies for absence were submitted by Alistair Bastin.

33/21 MINUTES

(Agenda No. 5)

The Minutes of the meeting held on 9 July 2021 were approved.

34/21 UNCONFIRMED MINUTES OF THE PENSION FUND COMMITTEE - 10 SEPTEMBER 2021

(Agenda No. 6)

The meeting had before it the draft minutes of the last Pension Fund Committee meeting of 10 September 2021 for consideration. The draft Minutes were noted.

35/21 GOVERNANCE REVIEW

(Agenda No. 7)

The Board was invited to consider the response to the 10 recommendations made within the Independent Governance Review undertaken by Hymans Robertson, as considered by the Pension Fund Committee on 10 September 2021.

The Board was informed that one of the recommendations was in relation to the **Constitution of the Committee** which was to ensure wider representation of the scheme employers within the Fund, and this was taken forward at the March meeting before the May 2021 elections.

Reference was made to the development of a fund specific **conflicts of interest policy**. The main issue behind this recommendation was the potential conflicts of interest between the County Council's role as the Administering Authority and its role as a scheme employer, including the potential conflict of interest for County Council officers, in particular the Section 151 Officer. There was also a concern about the potential conflict of interest between the role of the County Council as a Shareholder of Brunel and its client role.

The Board was informed that this recommendation was adopted by the Pension Fund Committee so that this conflict of interest policy applied to both Committee and Board Members.

Discussion took place on this recommendation and the Board asked whether its Members should be registering their interests in the register of interests which Councillors signed. This would be investigated.

Reference was made to whether the conflicts of interest policy covered political pressures/ philosophies or was it just financial. It was agreed that this would be raised with the Pension Fund Committee.

In relation to the recommendation on **reviewing the Terms of Reference for the Pension Fund Committee and Pension Board**, to clarify roles and improve **communication** between the two bodies. The Board was informed that communication had been improved with both bodies receiving draft minutes of each other's meetings, and the Chair of the Pension Fund Committee attending meetings of the Board, with Board Members invited to observe Pension Fund Committee meetings.

Another recommendation related to the **establishment of a Governance Officer** role to support the Service Manager (Pensions) and service delivery of the Fund. This would reduce key person risk and support the findings of the Good Governance Project. The Pension Fund Committee agreed this recommendation, and this was supported by the Board.

In relation to the recommendation relating to **reviewing the agenda content for the Pension Fund Committee and Pension Board**, the Board was informed that it was the aim of officers to ensure that reports which were presented to future meetings of the Pension Fund Committee were tied into the strategic roles and responsibilities.

The aim was to reduce reports which were simply just for noting and the recommendations should reflect the regulatory roles and responsibilities of the Committee. Recommendations should be clear to ensure better focus on debate.

The Chair asked if a similar exercise would be undertaken for the Local Pension Board and the Service Manager (Pensions) reminded the Board that its role was to support and scrutinise the decisions of the Pension Fund Committee and to ensure it was meetings its roles and responsibilities.

In respect of the recommendation to **hold a separate meeting of the Committee to discuss the annual business plan and budget**, the Board asked that consideration be given to inviting Board Members to this meeting to attend as a “Critical Friend” to the Committee. It was agreed that a Special Board meeting should also take place to ensure the Board has input into the process.

The comments on the recommendation relating to **reviewing the process for risk review at the Fund** were noted.

A key recommendation was regarding a **mandatory training policy** including an escalation process where members of the Committee and/or Board failed to engage appropriately. The Board had expressed concern that the statutory requirement that all Board members must acquire the necessary skills and knowledge to sit on the Board, did not apply to Pension Fund Committee Members.

The Board was informed that there needed to be a more robust process around the policy to ensure compliance and assess the overall effectiveness of the training. It was proposed that annual knowledge assessment be undertaken of all Members of the Committee and Board and then the overall skills and knowledge of both bodies could be assessed on an annual basis.

The Board supported the recommendations on the Pension Fund Committee and asked that the Board’s comments be communicated to the Committee.

36/21 CLIMATE CHANGE REPORT

(Agenda No. 8)

The Board was invited to review the Fund’s first report produced in accordance with the Taskforce for Climate-Related Financial Disclosures template as presented to the Pension Fund Committee on 10 September 2021.

The report set out the Fund’s approach to meeting the climate related objectives as set out in the Funds Investment Strategy Statement.

The Board received an oral update on the latest position following the decision of the Pension Fund Committee to switch the whole of its passive equity allocation (15% of the Fund) to the new Paris Aligned Benchmark Fund developed by Brunel alongside FTSE Russell.

The Board noted the report and congratulated officers on the report.

37/21 REVIEW OF THE ANNUAL BUSINESS PLAN

(Agenda No. 9)

The Board was invited to review the latest position against the Annual Business Plan for 2021/22 as considered by the Pension Fund Committee at their meeting on 10 September 2021, and to offer any comments to the Committee.

Regarding delivering further improvements to the governance arrangements of the Fund, reference was made to the initial skills and knowledge assessment around Board Members, particularly as there were two new Board Members who did not have the necessary full range of skills and knowledge at this stage. It was agreed that this be added as a new risk to the Risk Register.

In relation to further improvement of the data management arrangements between the Fund and both scheme employers and scheme members, reference was made to the impact of the McCloud judgement. The Board was informed that it was anticipated that this affected around 13,000 employees which would require a review.

The Board noted the report.

38/21 RISK REGISTER

(Agenda No. 10)

The Board was asked to review the risk register report and offer any further views back to the Pension Fund Committee.

As per the discussion on the previous agenda item (Review of the Annual Business Plan), it was requested that Pension Fund Committee be asked to consider adding Knowledge and Skills on Local Pension Board Members to the Risk Register.

In relation to the McCloud issue, the Board was informed that it was difficult to fully understand the implications of the age discrimination issues identified in the court case due to the lack of guidance. The Board was informed that all employers would be written to on the numbers this would affect.

The Board noted the report, and it was agreed that the Pension Fund Committee be asked to consider adding Knowledge and Skills on Local Pension Board Members to the Risk Register.

39/21 ADMINISTRATION REPORT

(Agenda No. 11)

The Board was asked to review the latest Administration Report as presented to the Pension Fund Committee on 10 September 2021, including the latest performance statistics for the Service.

The Board was informed that i-connect had now been implemented for all scheme employers with the exception of Oxford Brookes and OCC.

Reference was made checks were built into the software which would prevent erroneous data being uploaded to pension records.

Reference was made to the reduced SLA which the team had been working to since March and an update on this would be reported to December's Pension Fund Committee. It was noted that there had not been an adverse impact on the service because of the staffing issues which was evidenced by the lack of negative feedback in the customer survey.

The report was noted.

40/21 ITEMS TO INCLUDE IN REPORT TO THE PENSION FUND COMMITTEE

(Agenda No. 12)

The Board discussed items to be included in the report to the Pension Fund Committee and the following was agreed:-

- Conflicts of Interest Policy - Whether the conflicts of interest policy covered political pressures/ philosophies or was it just financial.
- Annual Business Plan – That Local Pension Board Members observe the process
- Risk Register – To consider adding Knowledge and Skills on Local Pension Board Members to the Risk Register.

..... in the Chair

Date of signing