

LOCAL PENSION BOARD

MINUTES of the meeting held on Friday, 21 January 2022 commencing at 10.30 am and finishing at 11.30 am

Present:

Voting Members: Matthew Trebilcock – in the Chair

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

**Pension Fund
Committee Members
in Attendance:** Councillor Bob Johnston

Officers: Sean Collins (Service Manager Pensions Insurance and Money Management), Sally Fox (Pension Services Manager), and Khalid Ahmed (Law and Governance).

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

1/22 MINUTES
(Agenda No. 4)

The Minutes of the meeting held on 22 October 2021 were approved.

**2/22 UNCONFIRMED MINUTES OF THE PENSION FUND COMMITTEE - 3
DECEMBER 2021**
(Agenda No. 5)

The meeting had before it the draft minutes of the last Pension Fund Committee meeting of 3 December 2021 for consideration. The draft Minutes were noted.

3/22 GOVERNANCE REVIEW
(Agenda No. 6)

The Board was informed that there would be a special informal meeting of the Pension Fund Committee on 4 February 2022, to discuss the Annual Business Plan and Budget for the Fund. Members of the Local Pension Board would be invited to attend this meeting as observers and then feed any views on the proposed way forward to the March Pension Fund Committee meeting.

Issues identified to be discussed included the following:

- a) Implementing the McCloud/Sargeant remedy
- b) The Pensions Dashboard
- c) An Employer Management System
- d) Improving Communications to Scheme Members
- e) Fund Governance including improved performance reporting and Member Training
- f) Review of Additional Voluntary Contribution (AVC) provision
- g) Re-tender of the Pensions Software
- h) Taking forward the Implementation of the Climate Change Policy
- i) The 2022 Fund Valuation including review of the Funding Strategy Statement and Strategic Asset Allocation.

A Board Member requested that implementing a cyber security policy be added to the items discussed.

Reference was made to Knowledge Assessment and Training assessment by Hymans Robertson, and the Service Manager for Pensions, Insurance and Money Management reported that it had been identified that there were a number of gaps in the skills and knowledge of the Committee and the Board as a whole. However, the Board's level of skills and knowledge were higher than the Committees.

Discussion took place on the Training Policy and Programme and the Board was informed that there had been a low take up of the training. Members were reminded that all Members of the Pension Fund Committee were required to undertake either the LGA 3-Day Fundamentals Training Course, or the 9 key modules (5 Core and 4 Defined Benefit modules) of the on-line Trustee Toolkit Training produced by the Pension Regulator.

The Board was reminded that the Pension Fund Committee had agreed that the Training Policy would be updated to include the annual assessment process and include an escalation process to ensure all members were engaging appropriately with the training programme and displaying sufficient progress in acquiring the skills and knowledge or face removal from the Committee or Board.

The Service Manager for Pensions, Insurance and Money Management commented that training was important, to ensure those charged with managing the Pension Fund, which comprised over £3bn, had the necessary skills and knowledge to meet their statutory duties. It also mirrored the increased scrutiny of the governance arrangements of all Pension Funds from the Pension Regulator and Scheme Advisory Board.

The Board was informed that because of the results of the initial Knowledge Assessment exercise, the draft training programme has been reviewed, to include a series of training events linked to the valuation process reflecting the relatively low score for the Pension Fund Committee on this section of the Assessment (28%) and the impending 2022 Valuation process.

Reference was made to the December Governance newsletter which contained relevant training pieces and it was hoped that there would be greater participation from Members in the future.

Members of the Board were thanked for their responses to the training.

The Board noted the information contained in the report.

4/22 REVIEW OF THE ANNUAL BUSINESS PLAN

(Agenda No. 7)

The Board considered a report which set out the latest progress against the key service priorities set in the business plan for the Pension Fund for 2021/22.

On delivering key progress on the Implementation of the Climate Change Policy, the Board was informed that the Climate Change Working Group had met on 10 November 2021 to review the progress made.

Discussion took place on the development of an engagement policy which would provide a benchmark against which the success of current engagement could be assessed, and decisions to divest could be made. The Climate Change Working Group would develop the Policy further alongside Brunel.

The Board was informed that discussions would take place with a number of parties on the engagement policy and it was hoped the policy would be in place in 2023. It was noted, that although there was not currently an engagement strategy, it did not mean that Fund Managers were not currently engaging with companies on the Pension Fund's behalf or taking decisions as part of their active management role to exclude companies where they felt they did not meet the investment parameters set by Brunel in each of the portfolio specifications.

In relation to the work on the implementation of the remedy to age discrimination identified in the McCloud case, a Board Member reported that it was expected Government regulations would be published in the next four weeks.

The Service Manager for Pensions Insurance and Money Management reported that in relation to the partnership with Brunel, this was a work in progress but there was an expectation that this would be delivered. The Pension Fund Committee had a new financial adviser who would be working at building up the relationship with Brunel.

The Board noted the report.

5/22 RISK REGISTER

(Agenda No. 8)

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

The Board was reminded that at its last meeting on 22 October 2021, it had recommended to the Pension Fund Committee, the inclusion of an additional risk

relating to the skills and knowledge of the Pension Board itself. This had been added as a new Risk 14 to the Register.

The Board was informed that there were five risks which were currently scored as Amber which required further mitigation to reduce the overall level of risk to target. These included the following: -

- Risk 13 - the skills and knowledge of the Pension Fund Committee to effectively undertake their statutory responsibilities.
- Risk 14 - to reflect the gap in the skills and knowledge of the Pension Board.
- Risk 21 - Reflects the lack of national progress on bringing forward guidance on the steps necessary to fully remedy the age discrimination identified in the McCloud court case.
- Risk 22 - Relates to the same issue in Risk 21, but in relation to the fire-fighters' pension scheme.
- Risk 23 – This related to the appointment of the new Governance Officer as identified in the independent governance review carried out by Hyman Robertson.

Discussion took place on Risks 16 and 17, Key System Failure and Breach of Data Security respectively and that there should be a cyber security policy, specific to the Pension Fund.

The Board noted the report, and it was agreed that the Pension Fund Committee be asked to consider implementing a cyber security policy.

6/22 ADMINISTRATION REPORT

(Agenda No. 9)

The Board was asked to review the latest Administration Report as presented to the Pension Fund Committee on 3 December 2021, including the latest performance statistics for the Service.

The Board was informed that over the past six months the benefit team had been working to a reduced SLA standard, which had been agreed by the Pension Fund Committee. Improvement had been made but further approval had been given to the temporary SLA targets continuing until March 2022.

Reference was made to the recruitment of another 4 administrators which meant that 90% of team Administrators were or would be in training.

The Board welcomed the improvements in performance and congratulated officers on their performance.

The Board noted the report.

7/22 ITEMS TO INCLUDE IN REPORT TO THE PENSION FUND COMMITTEE

(Agenda No. 10)

The Board discussed items to be included in the report to the Pension Fund

Committee and the following were agreed: -

- Cyber Security policy for the Pension Fund – To be fed into the 4 February informal meeting and reported back to the March meeting of the Pension Fund Committee
- Risks 16 and 17, Key System Failure and Breach of Data Security respectively – linked to the request for a Cyber Security policy.

8/22 ITEMS TO BE INCLUDED IN THE AGENDA FOR THE NEXT BOARD MEETING

(Agenda No. 11)

Six monthly look at costs and fees following the transition of assets to Brunel. It was agreed that officers would investigate which meeting of the Board this should be submitted to.

..... in the Chair

Date of signing