

LOCAL PENSION BOARD

MINUTES of the meeting held on Friday, 21 October 2022 commencing at 10.30 am and finishing at 12.30 pm

Present:

Voting Members: Matthew Trebilcock – in the Chair
Alistair Bastin
Stephen Davis
Elizabeth Griffiths
Angela Priestley-Gibbins

Members of Pension Fund Committee in Attendance: Councillor Bob Johnston
Steve Moran

Officers: Sean Collins (Service Manager Pensions Insurance and Money Management), Sally Fox (Pension Services Manager), Gregory Ley (Financial Manager- Pension Fund Investment), Mukhtar Master (Governance & Communications 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.

SARAH PRITCHARD

The Board was informed that Sarah Pritchard had resigned from the Board. The Board placed on record their appreciation for the work Sarah had undertaken during her membership of the Board.

33/21 APOLOGIES FOR ABSENCE

(Agenda No. 1)

An apology for absence was submitted by Marcia Slater.

34/21 MINUTES OF THE LAST MEETING

(Agenda No. 3)

The minutes of the meeting held on 8 July 2022 were agreed as a correct record.

35/21 UNCONFIRMED MINUTES OF THE PENSION FUND COMMITTEE - 10 OCTOBER 2022

(Agenda No. 4)

The meeting had before it the draft minutes of the last Pension Fund Committee meeting of 10 October 2022 for consideration. The draft Minutes were noted.

36/21 FUNDING STRATEGY STATEMENT AND 2022 VALUATION

(Agenda No. 5)

The Board considered a report which was considered at the Pension Fund Committee on 10 October 2022. The report set out the high-level results for the whole Fund following the 2022 Valuation, with further work required before the results for the individual scheme employers are available. The report also set out the revised Funding Strategy Statement which sets the ground rules on which the Valuation is based.

The Pension Fund Committee noted the position on the 2022 Valuation and agreed the draft Funding Strategy Statement and accompanying annexes as the basis of consultation with scheme employers.

The Board was informed that the draft version of the Funding Strategy Statement and policies had gone out for consultation and reference was made to the Employer Forum which had taken place where only 20 out of well over 100 employers had been in attendance.

Reference was made to the Board having the core of the document with six satellite policies. In relation to Cessation Risk, there was more flexibility with realistic cessation set.

Discussion took place on the McCloud case, and that every employer would have to pay a premium, although a decision was required on how the costs would be distributed.

The Board was informed that the Actuary reported that the Fund was in a much better position than 3 years ago. Based on a set of single assumption, there was 70% achieving 4.6% return and being 100% funded.

The consultation ended on 18 November and Board Members were asked to submit their comments. The final document would be considered by the Pension Fund Committee in December. Discussions would continue with employers till March.

The report was noted.

37/21 REVIEW OF BUSINESS PLAN 2022/23

(Agenda No. 6)

The Board was provided with an update on progress against the key priorities set out in the Annual Business Plan for 2022/23 which had been reported to the Pension Fund Committee.

Discussion took place on cyber security and the Board was informed that the monitoring arrangements were not robust. A Board Member referred to a recent data breach which had been reported, however, this had been a breach by a third party. The third party had confirmed that the issue had been resolved.

The newly appointed Governance & Communications Manager of the Fund referred to a breach register and that he would ensure that breaches would be reported to the Board.

On holistic approach to technology across the service, there needed to be a decision on whether to re-tender the contract or extend the current arrangements. A decision would be sought from the Pension Fund Committee in December with the report also submitted to the January Board meeting.

With regard to Enhanced Delivery of Responsible Investment responsibilities, the Service Manager for Pensions, Insurance and Money Management updated the Board on progress made in the recruitment for the new Responsible Officer. This had taken longer than had hoped although the post was to be advertised shortly.

Discussion took place on Job Evaluation process and the Board was informed that the post was not subject to the County Council Job Evaluations. Reference was made to the Government's requirement on Pension Funds producing a workforce strategy.

It was also noted that there would be a report to the December Pension Fund Committee on Brunel's Change Policy around progress made to date.

On delivering improved and consistent service performance to scheme members, service level agreements had been missed. Performance standards should be increased and brought back into line with the SLA, subject to successful recruitment.

Draft guidance on TCFD had been received, but we were still awaiting the draft guidance on Pooling and McCloud.

The Board noted the report.

38/21 RISK REGISTER

(Agenda No. 7)

The Board was asked to review the report which presents the latest position on the Fund's risk register, including any new risks identified since the report to the last meeting of the Pension Fund Committee.

The Board noted that the requests made to the Pension Fund Committee to consider the risks scores for Risks 16 and 17 should be increased until such time the Fund had a comprehensive cyber security policy in place were accepted.

It was noted that the Risk score on 16 and 17 should be 8 and not 4.

In relation to Risk 21 - Insufficient Resource and/or Data to comply with consequences of McCloud Judgement, the impact on the resources was not known as the Government guidance was still awaited. Discussion took place on the delivery of it and whether there should be two parts to Risk 21. It was acknowledged that this would take some resource.

The report was noted.

39/21 ADMINISTRATION REPORT

(Agenda No. 8)

The Board was asked to review the report which updated the Pension Fund Committee at its meeting on 10 October 2022 on the key administration issues including service performance measurement, the debt recovery process and any write offs agreed in the last quarter.

The Board was updated on staffing and was informed that one of the successful administrative assistant applicants had pulled out.

In response to a question, the Board was informed that communication took place with deferred Members with a deferred Members newsletter.

In relation to paragraph 17 on the latest figures in respect of the data quality scores, officers said they would update the detail in the report as the percentage figure of the records without a fail of the total records tested was incorrect in the report.

The Board noted the report and that the Pension Fund Committee agreed the change to wording of the fund's discretionary statement relating to trivial commutation and small pots and also agreed to write off £37.46 of irrecoverable payroll adjustments.

40/21 CYBER SECURITY

(Agenda No. 9)

The Board was asked to review the report which Pension Fund Committee considered which set out the approach for managing the cyber security risks facing the Committee and how the Committee can monitor the success of this approach.

A Board Member expressed concern regarding data, particularly Members' data which was held by third parties such as suppliers. The report did not have any details on this, particularly around the security of the data and how it was being looked after by third parties. The Pension Services Manager reported that she would obtain information on this and include this assurance in the report to the Pension Fund Committee.

Reference was made to AVC data breach, was there a report of what happened, were the correct processes followed. The Pension Services Manager reported that as soon as she was made aware of the data breach it was reported on-line and the correct procedures were followed.

The Board asked for assurance that the correspondence detail on this breach be circulated to Board Members.

A question was asked on whether there were performance data on how third parties dealt with data security. The Chair asked that an item as part of the Administration Report include cyber security and penetration testing. The Pension Fund Committee would also receive this information at its next meeting.

The Board noted the report and that an update on cyber security would come back to the next Board meeting.

41/21 TASKFORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES REPORT

(Agenda No. 10)

The Board was asked to review the report which set out the performance of the Pension Fund on the Implementation of its Climate Change Policy and the priorities for the forthcoming period.

The Board noted the report and that the Pension Fund Committee approved the draft Task-Force for Climate-related Financial Disclosures Report 2021/22, and delegated to the Director for Finance responsibility for submitting a response to the Government on their recent consultation of future Task-force for Climate-related Financial Disclosures reporting, having first taken the advice of the Climate Change Working Group.

..... in the Chair

Date of signing