

PENSION FUND COMMITTEE

MINUTES of the meeting held on Friday, 2 December 2022 commencing at 10.00 am and finishing at 11.55 am

Present:

Voting Members: Councillor Bob Johnston – in the Chair

Councillor Kevin Bulmer (Deputy Chair)

Councillor Imade Edosomwan

Councillor Nick Field-Johnson

Councillor John Howson

Non-Voting Members: Shelley Cook (Academy Sector Member) (Remotely attended)
Alistair Fitt (Oxford Brookes University)
Steve Moran (Pension Scheme Member)
District Councillor Jo Robb (District Councils) (Remotely attended)

Local Pension Board Members in Attendance: Elizabeth Griffiths
Alistair Bastin (Remotely attended)
Angela Priestley – Gibbins (Remotely attended)
Stephen Davis (Remotely attended)

By Invitation: Philip Hebson (Independent Investment Advisor)

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

The Committee 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.

44/22 MINUTES
(Agenda No. 3)

The Minutes of the meeting held on 10 October 2022 were approved and signed.

45/22 MINUTES OF THE LOCAL PENSION BOARD

(Agenda No. 5)

The unconfirmed Minutes of the Local Pension Board held on 20 October 2022 were noted.

46/22 REPORT OF THE LOCAL PENSION BOARD

(Agenda No. 6)

The Committee was provided with the report of the Local Pension Board, which was introduced by Board Member, Alastair Bastin.

47/22 REVIEW OF ANNUAL BUSINESS PLAN 2022/23

(Agenda No. 7)

Consideration was given to a report which provided an update on progress against the key priorities set out in the Annual Business Plan for 2022/23, and the initial results of the National Knowledge Assessment.

The Service Manager for Pensions, Insurance and Money Management reported there were four service priorities each with a number of key measures of success.

Review and Improve the Scheme's Data – An outstanding issue with common Data was largely missing member addresses.

Develop a holistic approach to technology across Pension Administration Services – There was a full report on this agenda on the future use of technology.

Enhanced Delivery of Responsible Investment responsibilities – Members were informed there was a struggle to recruit the new Responsible Investment Officer. Reference was made to possible solutions such as working with Brunel and it was agreed that the recruitment process should continue and should this be unsuccessful by the next meeting of this Committee, discussions take place on possible options.

Deliver improved and consistent service performance to scheme members - Performance has been steadily improving, however, it does remain below the Service Level Agreement (SLA) targets on a number of measures. If successful in recruiting the additional staffing as set out within the Administration report elsewhere on the agenda, performance standards should be increased and brought back into line with the SLA.

The Chair referred to the National Knowledge Assessment Results, which demonstrated both excellent levels of knowledge and skills of both the Committee and Board, together with good engagement.

In relation to the training programme for Pension Fund Committee and Local Pension Board Members in the Business Plan, the Governance and Communications Manager reported that the training plan would cover issues which had arisen from the assessment of training needs.

RESOLVED – (1) That the Committee reviewed progress against each of the key service priorities as set out in the report.

(2) That approval be given to the further actions to be taken to address those areas not currently on target to deliver the required objectives.

(3) That the provisional results from the National Knowledge Assessment be noted.

(4) That approval be given to holding a 2023/24 Business Planning session on the morning of Friday 3 February 2023.

48/22 RISK REGISTER

(Agenda No. 8)

The report presented the latest position on the Fund's risk register, including any new risks identified since the report to the last meeting of the Committee.

Members were informed that there had not been many changes, however, Risk 15 in relation to Fund officers having sufficient skills and knowledge to carry out their roles effectively, work was taking place with HR as the Fund were struggling to get the roles adequately graded.

The Governance and Communications Manager referred to the recommendation to enhance the risk management processes and reporting which were:

- Develop a Risk Management Framework for the Fund;
- Report on 'Emerging Risks', which can then subsequently drop off the register if deemed unnecessary or be incorporated as an inherent risk to the Fund;
- Develop a 'heat-map' which visually and easily show all risks for the fund and their impact rating.

RESOLVED – That the latest risk register be noted, and the Committee accepted that the risk register covers all key risks to the achievement of their statutory responsibilities, and that the mitigation plans, where required, are appropriate.

49/22 FUNDING STRATEGY STATEMENT

(Agenda No. 9)

The Committee was provided with a report which summarised the responses to the recent consultation on the Funding Strategy Statement and sought approval to the final document.

Members were reminded that at the Committee's last meeting, consideration was given to the draft Funding Strategy Statement which had been produced by Hymans Robertson alongside officers from the Fund. The document set out the key principles as agreed by the Fund, to set the framework for the 2022 Valuation exercise.

Members were informed there had been a significant change to the way the document was presented, which involved a slimmed down version of the Funding Strategy Statement itself, with some of the more detailed arrangements removed and included in standalone policy documents

Members were informed that by the end of the consultation period there had been 8 responses, plus two further responses after the deadline.

Reference was made to the inclusion of a specific approach to the calculation of cessation amounts where it was proposed to specify that the likelihood score for a low-risk cessation calculation would normally be set at 90%.

There was disappointment expressed at the number of responses received and whether the Schools Forum represented all schools. This would be added to the framework.

RESOLVED – (1) That the responses to the consultation exercise be noted.

(2) That approval be given to amend the draft documents to specify a standard likelihood of 90% for cessation calculations.

(3) That approval be given to the final version of the Funding Strategy Statement to support the 2022 Valuation exercise.

50/22 ADMINISTRATION REPORT

(Agenda No. 10)

The report updated the Committee on the key administration issues including service performance measurement, the debt recovery process and any write offs agreed in the last quarter.

The Pensions Service Manager referred to a Scheme Member who had asked for information which had resulted in lengthy correspondence. However, some responses were incorrect and during 2020/2021 tax year these queries were either not answered or not answered in a reasonable time frame which resulted in the member losing the opportunity to make additional pension contributions which meant a loss of tax relief. The Pension Services Manager, in line with the Scheme of Delegation, awarded a compensatory payment of £1,400 for loss of tax relief and the distress caused by this matter.

Reference was made to the data quality score detailed in paragraph 15 of the report and for debt management in the last quarter there had been one overpayment of £10,000 paid back.

There was also a request for the Committee to agree a write off for the last quarter of £23.93. There had been four deaths where monies could not be recovered and in one case where the amount to be repaid was incorrectly stated by £4.60.

RESOLVED – (1) That the compensatory payment made in line with Scheme of Delegation be noted.

(2) That the release of deferred benefits on grounds of ill-health in line with Scheme of Delegation be noted.

(3) That approval be given to the write off for the last quarter of £23.93.

51/22 TECHNOLOGY REVIEW

(Agenda No. 11)

The Committee was provided with a report on the findings of the project to review the current offerings from the 3 system suppliers on the National Procurement Framework and which recommended the Committee to either renew the existing contract for a further 5 years or seek to re-tender the contract.

Members were reminded that as part of the 2022/23 Business Plan, this Committee agreed as a key objective for the current year was to explore the options around improving the system technology currently available to the Fund. The Committee was keen to see a holistic offering where all component parts were fully integrated and offered a seamless service to scheme members, scheme employers and the Fund's officers.

The work was timed to coincide with the extension clauses within the current contract which allowed for a 5 year extension to the current contract, which would otherwise end in the summer of 2024.

The outcomes of the review from Hymans Robertson were included in the exempt items part of the agenda.

After consideration of the confidential information on this item the following was

RESOLVED – (1) That approval was given to the extension of the current system contract, as allowed for within the contract.

(2) That officers be asked to bring forward a proposal to the March meeting of this Committee, as part of the 2023/24 Business Plan to identify options to address the current weaknesses in the employer database offering, to maximise the use of the current system functionality and to ensure the Fund is fully prepared to run a full procurement exercise at the end of the agreed extension.

52/22 REPORT OF THE INDEPENDENT INVESTMENT ADVISOR

(Agenda No. 12)

The Independent Investment Advisor submitted a report which provided an overview of the financial markets, the overall performance of the Fund's investments against the Investment Strategy Statement and commentary on any issues related to the specific investment portfolios. The report also included the quarterly investment performance monitoring reports, including the newly designed report from Brunel.

The Committee was informed that the last quarter had been a strange period. Private market valuations have held up well and public market valuations which had flagged, have had a good recovery. Reference was made to the political events of the past few months which have impacted on the markets, inflation etc.

Reference was made to the impact interest rates were having on private market commitments, particularly around transactions which would affect activity levels.

Discussion took place on China and the implications on the Chinese economy of China's worsening relationship with the USA and the implications of this on the Fund. This would be revisited if there were concerns regarding Fund investments.

Members were reminded that at the last meeting of the Committee on 2 December, it was agreed that the Pension Fund Committee and the Local Pension Board would be invited to a hybrid meeting on Friday 3 February 2023 to discuss the 2023/24 Business Plan for the Pension Fund.

Members agreed to extend the meeting into the afternoon to discuss the strategic asset allocation as raised under the report from the Independent Investment Advisor.

RESOLVED – (1) That Members and relevant officers hold an informal session to consider future strategic asset allocation, including ESG and climate change considerations.

(2) That a meeting is then arranged with Brunel to discuss the forthcoming Strategic Asset Allocation review and this Fund's aspirations, along with any actions required to address a higher inflation environment.

(3) That officers be asked to progress a Brunel led training programme for Fund elected members and others that will provide information about the asset classes that they manage and their processes.

53/22 CORPORATE GOVERNANCE AND SOCIALLY RESPONSIBLE INVESTMENT

(Agenda No. 13)

Members were informed of two consultations which officers had responded to.

- Climate Risk Reporting – the Climate Change Working Group had formulated a response in consultation with officers
- Climate Action 100

54/22 EXEMPT ITEMS

(Agenda No. 14)

RESOLVED - That the public be excluded for the duration of the following items on the Agenda (during discussion on confidential matters) since it is likely that if they were present during those items there would be disclosure of exempt information as defined in Part I of Schedule 12A to the Local Government Act 1972 (as amended) and specified in relation to the respective items in the

Agenda and since it is considered that, in all the circumstances of each case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

55/22 CYBER SECURITY

(Agenda No. 15)

The Committee had previously received a report setting out the fund's approach to cyber security. At the last meeting of this Committee and at the Local Pension Board meeting, Members requested an update on the security of data held and used by third party providers to the fund.

The Committee agreed that there would be an annual report submitted on cyber security.

RESOLVED – That the information and assurance given in the report be noted.

The public was excluded during this item because its discussion in public would likely lead to the disclosure to members of the public present of information in the following prescribed category:

3. *Information relating to the financial or business affairs of any particular person (including the authority holding that information) and since it is considered that, in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.*

56/22 AVC REVIEW

(Agenda No. 16)

The Committee was provided with an update on the on-going review into the future additional voluntary contributions provision to scheme members.

RESOLVED – That the progress made in reviewing the Funds AVC provision be noted, and officers be asked to submit a report to the 3 March 2023 Committee meeting setting out a recommended course of action.

The public was excluded during this item because its discussion in public would likely lead to the disclosure to members of the public present of information in the following prescribed category:

3. *Information relating to the financial or business affairs of any particular person (including the authority holding that information) and since it is considered that, in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.*

57/22 CLIMATE STOCKTAKE

(Agenda No. 17)

The report includes the draft report from the Brunel Climate Stocktake which reviewed the implementation of the current Brunel Climate Change Policy. The final

report will become a public document and be published in the New Year alongside the Policy Update.

RESOLVED – That the report be noted.

The public was excluded during this item because its discussion in public would likely lead to the disclosure to members of the public present of information in the following prescribed category:

3. *Information relating to the financial or business affairs of any particular person (including the authority holding that information) and since it is considered that, in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.*

58/22 TECHNOLOGY REVIEW

(Agenda No. 18)

The Committee was provided with the final report on Review of Pension Administration System Technology.

RESOLVED – That the information contained in the confidential report was noted.

The public was excluded during this item because its discussion in public would likely lead to the disclosure to members of the public present of information in the following prescribed category:

3. *Information relating to the financial or business affairs of any particular person (including the authority holding that information) and since it is considered that, in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.*

..... in the Chair

Date of signing