

LOCAL PENSION BOARD

MINUTES of the meeting held on Friday, 20 October 2023 commencing at 10.30 am and finishing at 12.24 pm

Present:

Voting Members: Matthew Trebilcock – in the Chair

Alistair Bastin
Stephen Davis
Liz Hayden
Angela Priestley-Gibbins
Susan Blunsden

Other Members in Attendance: Councillor Bob Johnston

Officers: Sean Collins, (Service Manager, Pensions);
Mukhtar Master, (Governance & Communications Manager);
Sally Fox, (Pension Services Manager);
Gregory Ley, (Financial Manager – Pension Fund Investment);
Sharon Keenlyside, (Interim Committee Officer)

Whole of meeting

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.

39/23 APOLOGIES FOR ABSENCE

(Agenda No. 1)

There were no apologies for absence.

40/23 DECLARATIONS OF INTEREST - SEE GUIDANCE NOTE BELOW

(Agenda No. 2)

There were no declarations of interest.

41/23 MINUTES OF THE MEETING OF 7 JULY 2023

(Agenda No. 3)

The minutes of the meeting held on the 7 July were agreed as a correct record.

42/23 UNCONFIRMED MINUTES OF THE PENSION FUND COMMITTEE - 8 SEPTEMBER 2023

(Agenda No. 4)

The Service Manager, Pensions, updated the Board on a recommendation put forward by the Pension Fund Committee at the last meeting. The Committee had discussed the constitution of the Committee itself after several concerns had been raised including the number of elected councillors and possible implications following the next election in 2025. The Committee proposed to remove the two Academy Reps and increase the number of elected members to seven. This would go to Full Council for approval on 7 November 2023. If this proposal was approved, an Academy Rep would be sought from the academy sector for the Local Pension Board.

The Board had before it the draft minutes of the Pension Fund Committee meeting of 8 September 2023.

The Board noted the draft minutes.

43/23 REVIEW OF THE ANNUAL BUSINESS PLAN

(Agenda No. 5)

The Board had before it the Annual Business Plan for 2023/24, as considered by the Pension Fund Committee at their meeting on 8 September 2023, and were invited to offer any comments to the Committee.

The Service Manager, Pensions, presented the report, outlined the four service priorities, highlighted key issues, and answered questions raised.

The Board enquired about support and guidance received from the Scheme Advisory Board in respect of the McCloud remedy and regulatory changes as set out by the Government and were advised that officers were still awaiting guidance from them. Officers were working with the system provider to ensure the required changes worked and so that officers knew in what order to make adjustments to data. There were regular briefings being held by the Local Government Association and attended by project leaders.

The Board commented that the National Knowledge Assessment was particularly laborious and difficult. Officers informed members that feedback would be forwarded to Hymans Robertson. Hymans Robertson would produce a report when all the assessments had been completed which would highlight trends and help develop necessary training.

The Service Manager pointed out that since the report had been drafted, there had been a number of positive outcomes including the successful application under the Stewardship Code. There had also been a new investment agreed by the Committee in partnership with 5 other funds within the Brunel Pension Partnership. This was a sustainable renewable infrastructure portfolio which included a solar farm within Oxfordshire and partly addressed the service priority of increasing the allocation to positive investments.

The Board discussed management fees and the appropriateness of including them in an operational budget. The Board agreed that it was a very important figure that needed to be known to both the Committee and the Board.

The Board noted the report.

44/23 GOVERNANCE AND COMMUNICATIONS REPORT

(Agenda No. 6)

The Board were invited to review the first Governance and Communications Report as presented to the Committee at the meeting on 8 September 2023.

The Governance and Communications Manager presented the report which included a schedule for reviewing policies and a log of regulatory and data breaches. It was noted that with the Service Managers guidance, officers took a zero-tolerance approach towards breaches.

The Governance and Communications Manager informed the Board that the investment survey had been sent to members and officers had received a good response to it. A member informed the Board that Unison members within the Fund had been asked to complete the survey as well as Unison members across Oxfordshire and Oxfordshire County Council which was welcomed as part of the member engagement plan to improve member engagement.

It was noted that the team had successfully recruited a new Governance and Communications Officer.

The Board welcomed the new report as both the Committee and Board could now review all the governance and communications issues in one place.

The Board noted the report.

45/23 RISK REGISTER

(Agenda No. 7)

The Board was provided with the latest risk register which had been considered by the Pension Fund Committee on 8 September 2023. The Board was invited to review the report and offer any further views back to the Committee.

The Governance and Communications Manager presented the report and highlighted three new emerging risks.

Reference was made to Risk 26 in relation to the departure of the current Independent Investment Advisor (IIA). Officers informed the Board that advisor, John Arthur, had been nominated as the new IIA and the contract with the Apex Group had been extended to 3 years. Officers explained that it was necessary for the advisor to have appropriate FCA approval to support the Funds trading on the private equity listed allocation. The Apex Group advisors had the required accreditation. Officers

were confident that John Arthur would be able to provide clear impartial advice to the Committee.

The Board asked if there was any concentration risk as John Arthur was the advisor for both Oxfordshire and Gloucestershire, with both Councils having Funds in Brunel amounting to 20% of Brunel. Officers reassured the Board that there would not be a risk of over concentration as 20% was still a minority. John Arthur would be providing independent advice appropriate to each Fund.

Reference was made to Risk 27 in relation to the potential loss of key members of staff. The Fund's Service Manager and Pensions Services Manager could both potentially retire with three months' notice. Officers explained to the Board that it was important to have succession plans in place. The Section 151 officer had begun a review of future requirements and was looking to begin the recruitment process to enable a 'hand over' period before the departure of the Service Manager. Personal development plans for existing staff were being looked at to identify suitable internal candidates who could step up as required in the future.

The Board noted the report.

46/23 ADMINISTRATION REPORT

(Agenda No. 8)

The Board considered the latest Administration Report which was presented to the Pension Fund Committee on 8 September 2023 and included the latest performance statistics for the Service.

The Pension Services Manager presented the report and updated the Board on staff recruitment. Three new administrators had been appointed, with one in-post, one starting on 1 November and the other currently going through the recruitment checks. There was currently a vacancy in the employer's team.

In relation to performance statistics, the officer informed the Board that the Annual Benefit Statements had been sent out with 99.75% within the deadline.

The Board was advised that there had been some challenges within the admin team. This was reflected in some of the performance statistics which were not up to SLA standard. This was being constantly reviewed to ensure that team members were being used to best effect.

Reference was made to complaints which had not changed from the previous quarter, but further complaints had been received which would be reflected in the next quarter.

Debt management had been transferred to the Corporate Team who had reviewed outstanding invoices. As part of the process there had been some 'write-offs' as detailed in the report.

The Board commended the Pension Services Managers team on the successful recruitment campaign particularly when recruitment had been a national problem.

The Board noted the report.

47/23 ADMINISTRATION STRATEGY

(Agenda No. 9)

The Board were invited to review the draft Administration Strategy as presented to the September meeting of the Pension Fund Committee. The Strategy was currently subject to formal consultation with Scheme Employers, and the Board was invited to offer any comments on the draft Strategy to be considered by the Pension Fund Committee at their December meeting, when the final Strategy would be agreed.

The Pensions Services Manager presented the report of the draft Administration Strategy and informed the Board that the updated strategy was more robust, particularly given changes to the regulator's guidance. The officer explained the scale of charges and the contention over casual employees. Some Scheme Employers had casual employees with zero earnings which end of year required a penny added to their accounts to enable processing. Due to increased software costs, the Scheme Employers would be charged if casual employees were left on record for 12 months without earnings.

The officer informed the board that the consultation was due to end on Tuesday 24 October and 6 responses had been received so far and it would go back to the Committee in December for finalising.

The Board noted that it was only persistent failings that were to be charged and that support would be offered before charges applied.

The Board commended officers on the draft Administration Strategy, particularly the appropriate and meaningful scale of charges.

The Board noted the report and that the consultation period was underway.

48/23 APPROACH TO MITIGATE THE RISKS OF PENSION SCAMS

(Agenda No. 10)

The Board were invited to review the report on mitigating pension scam risks as presented to the Pension Fund Committee in September and offer any advice to the Committee on any additional actions they would like to see taken to further mitigate risk.

The Pension Service Manager presented the report and answered queries raised.

Discussions took place about pension transfers and the onerous checks that needed to be undertaken. The officer informed the Board that there had not been any pension transfers stopped but there had been two transfers that were thoroughly investigated to make sure they were going to the right people. Last year there were 331 transfer outs. The LGPS mitigated a lot of the risk around transfers in terms of the evidence required.

The Board discussed whether loss of funds through fraud should be on the Risk Register as there was a potential risk to the Fund itself. There had been cases where the regulator had told the Fund to recompense the member monies lost due to fraud.

The Board:-

- 1) noted the report,
- 2) and recommended that officers considered adding to the Risk Register an operational risk of loss of funds due to fraud and subsequent possible risk to the Fund due to reinstatement from the regulator.

49/23 ANNUAL REPORTS AND ACCOUNTS

(Agenda No. 11)

The Board were provided with the draft Annual Report and Accounts for the Pension Fund for the 2022/23 financial year and were invited to offer any comments.

The Financial Manager – Pension Fund Investment, presented the report and informed the Board that the 2020/21 audit was recently signed off and the 2021/22 would be signed off in the next few weeks. The auditors were currently reviewing this year's accounts.

Alistair Bastin asked officers to correct his Board Members training details for 2022/23 (page 114 of the report).

The Board noted the report.

50/23 STEWARDSHIP CODE AND COMPANY ENGAGEMENT

(Agenda No. 12)

The Board were invited to review the Fund's Stewardship Policy and the report covering the Feedback from the Financial Conduct Authority as part of their approval of the application under the Stewardship Code and offer any comments to the Committee.

The Financial Manager – Pension Fund Investment informed the Board that the Fund was successful in their Stewardship Code application.

The Board congratulated officers on achieving Stewardship Code status.

The Board suggested that as Oxfordshire County Council had a Climate Change Policy and a Climate Change Working Group, it might be worth expanding their remit to include a Responsible Investment Working Group to help the Fund develop the Responsible Investment Policy. Officers said that they would consider the suggestion.

The Board noted the report.

51/23 ITEMS TO INCLUDE IN REPORT TO THE PENSION FUND COMMITTEE

(Agenda No. 13)

It was agreed that the following be included in the report to the next Pension Fund Committee:

- The Board suggested that as Oxfordshire County Council had a Climate Change Policy and a Climate Change Working Group, it might be worth expanding their remit to include a Responsible Investment Working Group to help the Fund develop the Responsible Investment Policy.
- The Board recommended that officers considered adding to the Risk Register an operational risk of loss of funds due to fraud and subsequent possible risk to the Fund due to reinstatement from the regulator.

52/23 ITEMS TO BE INCLUDED IN THE AGENDA FOR THE NEXT BOARD MEETING

(Agenda No. 14)

The Board requested the following item to be included at the next Board meeting:

- Responses to the investment survey of the membership (to be included in the Responsible Investment Policy Report going to the December Committee).

..... in the Chair

Date of signing