

LOCAL PENSION BOARD

MINUTES of the meeting held on Friday, 22 January 2021 commencing at 10.30 am and finishing at 12.10 pm

Present:

Voting Members: Matthew Trebilcock – in the Chair

Alistair Bastin
Stephen Davis
Lisa Hughes
Councillor Bob Johnston
Angela Priestley-Gibbins
Sarah Pritchard

By Invitation: Ian Colvin, Hymans Robertson
Andrew McKerns, Hymans Robertson
Claire McDines, Hymans Robertson

Officers:

Whole of meeting Sean Collins, Service Manager Pensions; Sally Fox, Pension Services Manager and Sue Whitehead, Law & 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.

1/21 **WELCOME BY CHAIRMAN**

(Agenda No. 1)

Sean Collins, Service Manager Pensions, introduced Matthew Trebilcock, Head of Pensions at Gloucestershire County Council as the new Independent Chairman of the Oxfordshire Local Pensions Board.

Sean Collins also reminded the meeting that representatives of Hyman's were observing the meeting as part of their Governance Review.

The Chairman welcomed all to the meeting.

2/21 DECLARATIONS OF INTEREST - SEE GUIDANCE NOTE OPPOSITE

(Agenda No. 3)

There were no declarations of interest made.

3/21 PETITIONS AND PUBLIC ADDRESS

(Agenda No. 4)

There were none.

4/21 MINUTES

(Agenda No. 5)

The Minutes of the meeting held on 23 October 2020 were approved and signed as a correct record.

An Employers Side representative expressed his continuing concern over risk 13/14 relating to the risk of intervention from the Pension Regulator in respect of the skills and knowledge of the Committee.

5/21 UNCONFIRMED MINUTES OF THE PENSION FUND COMMITTEE - 4 DECEMBER 2020

(Agenda No. 6)

The Local Pension Board received the draft Minutes of the meeting of the Pension Fund Committee held on 4 December 2020 for information. A member of the Board who had attended the meeting noted that the Minutes represented a fair account of what he considered had been a useful meeting.

6/21 REVIEW OF THE ANNUAL BUSINESS PLAN

(Agenda No. 7)

The Board reviewed the latest position against the Annual Business Plan for 2020/21 as considered by the Pension Fund Committee at their meeting on 4 December 2020. In particular, they were invited to comment on the changes to the format of the report, following their comments at the last meeting of the Board.

In generally welcoming the changes to the format of the report members recognised that further changes might be needed in order to get the right balance between detail and accessibility of the information. It was suggested that:

- It would be helpful to see the addition of a direction of travel indicator to the RAG rating. The RAG rating could be made clearer by the use of an additional column or the use of words as it was difficult to read in paper copy as that was only black and white and it was difficult to judge the shades of grey.
- It would be helpful to have some narrative at the end of each of the 4 blocks of information.
- Going forward the next steps column would be improved by being sharpened to include SMART information such as what, when by and who by.

- Further work was needed to map business development and the annual business plan against risk.

Sean Collins, Service Manager Pensions, welcomed the comments and agreed that it was an iterative process. The Pensions Fund Committee had also welcomed the changes in format.

Members commented on the content of the report and Sean Collins in response to a query indicate that there were no Next Steps against the Governance Section as the Review was still ongoing.

7/21 RISK REGISTER

(Agenda No. 8)

The Local Pension Board considered the latest risk register as considered by the Pension Fund Committee on 4 December 2020. The Board were invited to review the report and offer any further views back to the Committee.

Sean Collins, Service Manager Pensions, advised the Board that the Committee had accepted the comments made by the Board at their last meeting. Discussion at the Committee had centred around the new Risk 21 and the Committee had endorsed the short-term policy relating to the £95,000 exit cap.

During discussion members:

- Highlighted concern over Risk 13 given the local elections scheduled for May 2021. There was a query on the level of scenario planning being undertaken to respond to the situation after May. The Chairman referred to his experience with a new Unitary Council where the entire membership of the Pensions Committee had been new. What was important was the robust training plans in place as part of the induction of new councillors. A further protection for the Committee was the requirement to take appropriate advice; from officers and from the Committee's pensions advisor. Sean Collins added that there was an induction pack ready for new members should that be the case. Also, there was a policy that new members in their first year on the Committee must complete the LGA Fundamentals three-day training or the online training from the Pensions Regulator. If there was an item at a particular meeting that members were not aware of there would be pre-Committee training. Sean added that it was not yet known what the Hyman's report would say about the governance arrangements and what the future shape of the Committee might look like. Whatever the final make-up of the Committee, with the training plan in place and advisors to provide support we were well prepared.
- Queried, in relation to paragraph 13 of the report, on Risk 8 concerning the risk of employer default whether the risk should be amended to reflect a worsening situation with the country in a third lockdown creating additional financial pressures. Sean Collins responded that there was no feedback or evidence of financial problems for the FE/HE employers in the scheme. An Scheme Member added that it was her understanding that enrolment at Brookes was at 116% and there were no worries currently.

- Suggested that the risk of default from outsourced contractors such as cleaners and caterers was a growing concern. Sean replied setting out the reasons why there was less impact from the risk from outsourced contractors compared to FE/HE colleges. The amounts involved in outsourced contractors was smaller than the FE/HE sector and generally underwritten by the employers who had outsourced the work. The impact was less on the Pension Fund as a whole.
- Noted the importance of a read across between the risk register and the business development plan.
- Referred to Risk 18 and the work in hand by the Climate Change Working Group to understand how the portfolios offered by Brunel can be aligned to the Paris Agreement.
- Discussed the risks around the McCloud Judgement. It was suggested by a Scheme member that in the light of research by Unison that indicated that the numbers involved and thus the impact would be small, the impact of 4 as set out in the register was unlikely. Sean Collins advised that the score reflected the reputational and work impact risks as much as the finance aspect.
- Heard that the risk register for Gloucestershire was predominantly the same in terms of the risks covered, mitigations and the presentation of the information.

8/21 ADMINISTRATION REPORT

(Agenda No. 9)

The Board was invited to review the latest Administration Report as presented to the Pension Fund Committee on 4 December 2020, including the latest performance statistics for the Service. The Board was invited to discuss the proposed amendments to the Funding Strategy Statement reflecting the new flexibilities in respect of the dealings between the Administering Authority and Scheme Employer and to offer any comments back to the Pension Fund Committee as part of the current consultation process.

Members generally welcomed the report as encouraging noting that recruitment seemed to be getting a little easier.

There was some discussion around the amount of detailed information provided and whether all of the detail was necessary. For example, it was queried whether all of the annexes around late payments were necessary. Rather it was suggested that what was needed was information on persistent late payers and what was being done about it. Sally Fox, Pension Services Manager, commented that the information provided had increased over time and was that required for the Pension Fund Committee. They were looking at the presentation of the information with a view to refining it going forward. The reporting of statistics was under review and officers were currently looking at how reporting could be improved. Responding to comments from an individual Employer Member Sean Collins undertook to discuss with them labelling outside of the meeting. The Board noted that the level of detail required was ultimately for the Pension Fund Committee and suggested that they be asked to consider the level of detail needed.

Sally Fox responded to individual queries on complaints, McCloud/Sargeant and pension benefit statements. In light of the discussion on McCloud/Sargeant Councillor Bob Johnston noted that he was a member of the Fire Pensions Board.

Responding to a query, the Employer members on the Board confirmed that they received invitations to the Employer Meetings.

Sean Collins, Service Manager Pensions introduced the second part of the report relating to changes to the Funding Strategy Statement, currently out for consultation. He highlighted for the Board the two key areas and noted that Annex 4 did not contain the track changes that set out notes on those areas. The track change version would be circulated to members of the Board.

9/21 GOVERNANCE REVIEW

(Agenda No. 10)

The Board had requested that this item be added to the agenda in order to receive an update from representatives of Hymans Robertson on their independent review of the governance arrangements of the Fund as well as to give an opportunity for the Board to feed any further comments into the review on the governance arrangements in general, and the role of the Pension Board within these arrangements in particular.

Ian Colvin, Andrew McKenna and Claire McDines were in attendance from Hymans Robertson. Ian Colvin noted that they were at the end of the information gathering and that attendance today was the last part of the jigsaw and they had heard interesting discussion. He thanked all those involved in the Review so far and although noting that it was too early to speak about recommendations it was possible to highlight some of the areas that had come up. This included: the roles and responsibilities of the Committee and Board; training, knowledge and understanding; recruitment of key personnel; and structure and organisation, for example committee size. It was hoped that they would report to the Pension Fund Committee in March.

10/21 INVESTMENT MANAGEMENT COSTS AND PERFORMANCE

(Agenda No. 11)

At the request of The Board a report was before them for consideration setting out the costs and performance of the individual investment portfolios over the most recent 12-month period. The Board was invited to discuss the contents of this report and consider what advice, if any, to send to the Pension Fund Committee.

Sean Collins, Service Manager Pensions, referred to Annex 1 explaining that the figures were up to March 2020 in order to provide accurate information. He referred to the issues and concerns of officers, highlighted in the report, of looking at the figures in this way, particularly as so many of the portfolios are transitioning across to Brunel.

Responding to a query when the March 2021 figures would be available Sean Collins replied that they would be available for the July meeting.

During discussion:

- A Scheme Member thanked officers for the report and the clarity of the information. They looked forward to the next report and the opportunity to look at

the figures over time and in particular to looking at the passive versus active fund management debate.

- Responding to a query Sean Collins indicated that the Diversified Growth Fund was not in the longer-term asset allocation It was an area the Committee would be looking to move the money from when proposals were brought forward by Brunel.
- It was suggested that the report be forwarded to the Pension Fund Committee.

RESOLVED: To refer the report to the Pension Fund Committee.

11/21 ITEMS TO INCLUDE IN REPORT TO THE PENSION FUND COMMITTEE

(Agenda No. 12)

- Review of the Annual Business Plan
 - Board would like to see the business plan mapped to/from the risk register.
- Risk Register
 - Discussed Risks 8 (Risk of Employer default) and Risk 18 in detail. Risk 18 to be addressed by Climate Change Working Group
 - Discussion about Risk 13 (knowledge & skills) in light of forthcoming elections was discussed. Board request that Committee ensure they have an appropriate training/induction strategy for new Committee members post elections.
- Administration Report
 - Board request Committee look at reporting by exception. (e.g. no need to see all Employers list on contribution payment schedule, only those who have paid late and what actions have been taken)
- Governance Review
 - Board is looking forward to the outcome of the review.
- Investment Management Costs and Performance
 - Board wish to send paper to Committee for their information. Also advise Committee that a further report will be brought to the LPB in July 2021 with the 2020/21 data to compare.

12/21 ITEMS TO BE INCLUDED IN THE AGENDA FOR THE NEXT BOARD MEETING

(Agenda No. 13)

It was requested that the next performance and costs report be submitted to the July meeting of the Local Pension Board.

..... in the Chair

Date of signing 2021