

LOCAL PENSION BOARD

MINUTES of the meeting held on Friday, 22 April 2022 commencing at 10.30 am and finishing at 12.05 pm

Present:

Voting Members: Matthew Trebilcock – in the Chair

Alistair Bastin
Stephen Davis
Angela Priestley-Gibbins
Marcia Slater

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.

9/21 **APOLOGIES FOR ABSENCE**

(Agenda No. 1)

Apologies for absence were received from Councillor Bob Johnston (Chair of the Pension Fund Committee) and Sarah Pritchard.

10/21 **MINUTES**

(Agenda No. 3)

The Minutes of the meeting held on 21 January 2022 were approved.

[In relation to Minute No. 8/22 - Items to be Included in the Agenda for the Next Board Meeting – the Service Manager for Pensions Insurance and Money Management reported that the look at costs and fees of assets to Brunel would be reported back on an annual basis and would be reported to the next meeting of the Board.]

11/21 **UNCONFIRMED MINUTES OF THE PENSION FUND COMMITTEE - 4 MARCH 2022**

(Agenda No. 4)

The meeting had before it the draft minutes of the last Pension Fund Committee meeting of 4 March 2022 for consideration. The draft Minutes were noted.

12/21 REVIEW OF THE ANNUAL BUSINESS PLAN

(Agenda No. 5)

The report set out the business plan and budget for the Pension Fund for 2022/23. It followed on from the Workshop held on 4 February 2022 to which all Members of the Pension Fund Committee and the Local Pension Board were invited.

The Plan detailed the key priorities for the Fund as agreed at the workshop, the key service activities for the year, and included the proposed budget and cash management strategy for the service.

The Board was provided with an update of the four key service priorities for 2020/21:

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- Delivering Key Progress on the Implementation of the Climate Change Policy - There had been a lot of progress in this area, and this would be carried forward to the 2022 Business Plan. Investing in climate solutions was the only area of shortfall and this would be picked up.
- Delivering further improvements to the governance arrangements of the Fund – The Board was informed that all key measures of success against this priority which had been recommended by the Hymans Robertson review had been delivered with the exception of the appointment of the new Governance and Communications Team Leader which was being progressed.
- Further improving the data management arrangements between the Fund and scheme employers and scheme members – The Board was informed the measure associated with improving customer satisfaction scores through the customer survey had been amended to Red reflecting the very low numbers of surveys returned, which meant there had been no meaningful feedback. Central guidance was still awaited on the implementation of the remedy to age discrimination identified in the McCloud case.
- On reviewing the reporting arrangements with Brunel following the transition of the majority of Fund assets to Brunel portfolios – Brunel were currently taking this forward to improve the quality of the quarterly performance reports.

Discussion took place on the low returns on the customer satisfaction survey and it was suggested the Board Members complete the survey. The Board was informed that next Year's Business Plan would include how communication could improve with scheme members. The impact of responses being made on-line was discussed and whether this was a reason for a poor response.

The Board was informed that there was a general lack of knowledge of pensions amongst some scheme members and this needed to be addressed to increase scheme member participation.

The Service Manager for Pensions Insurance and Money Management reported that as a result of the Workshop held on 4 February 2022, the priorities, resources and measures of success were agreed, and they have been incorporated into the draft Business Plan and Budget for 2022/23. The focus was on four key priorities:-

- Reviewing the scheme data

- Delivering a holistic approach to technology (including cyber security)
- Enhancing the delivery of the responsible investment priorities. This included the continuation of the current work on implementing the Climate Change Policy, but also looking to widen the focus to the rest of the environmental issues facing the Fund, alongside the key social and governance issues. ESG was wider than just climate, there was Biodiversity, Social and Governance issues, the war in Ukraine and the impact on investments in Russia and risks associated with emerging markets
- Improving the delivery of service performance to scheme members and ensuring service standards were consistently maintained. The objective of the Fund was to pay scheme members accurately. In 2021/22 performance levels dropped due to staffing shortages in the team. The Pension Fund Committee requested that service standards were consistently maintained throughout the year.

The Board was informed that the appointment of new staff required the new staff being trained, which put a burden on other team members. Update reports would be submitted to both the Board and the Pension Fund Committee on progress made.

Reference was made to the service priority of enhanced delivery of Responsible Investment responsibilities, and the appointment of the Responsible Investment (RI) Officer. The Board was informed that subject to the recruitment process, it was expected that reports from RI would be submitted to the Board.

The Board noted the report and the following decisions made by the Pension Fund Committee:

“(1) That the progress against the service priorities for 2021/22 be noted.

(2) That approval be given to the Business Plan and Budget for 2022/23 as set out in Annex 1 of the report.

(3) That approval be given to the Pension Fund Cash Management Strategy for 2022/23.

(4) That delegated authority be given to Director of Finance to make changes necessary to the Pension Fund Cash Management Strategy during the year, in line with changes to the County Council’s Treasury Management Strategy.

(5) That delegated authority be given to the Director of Finance to open separate pension fund bank, deposit and investment accounts as appropriate.

(6) That delegated authority be given to the Director of Finance to borrow money for the pension fund in accordance with the regulations.”

13/21 RISK REGISTER

(Agenda No. 6)

The Board was informed that the Pension Fund Committee agreed to add the two additional risks to the risk register, recommended by the Board at its last meeting:-

Cyber Security Policy as part of the mitigation for Risks 16 (Loss of Key systems) and Risk 17 (Breach of Data Security).

Discussion took place around the risk of skills and knowledge of both the Pension Fund Committee and the Board, and that this was less of an issue for Board Members.

Reference was made to the risk caused by the staffing shortages in the team, which impacted on the workload of the existing staff in the team.

The Board noted the Risk Register and expressed their thanks to the Pension Fund Committee for agreeing the recommendations of the Board to add the two additional risks to the Risk Register.

14/21 ADMINISTRATION REPORT

(Agenda No. 7)

The Board was provided with a report on the key administration issues including the iConnect project, service performance measurement and any write offs agreed in the last quarter.

An update was provided on staffing, with two out of the four administrators appointed, one of which was an internal candidate. There had been a high level of sickness in the team (both Covid and long term) and the Pension Fund Committee provided support by agreeing to additional resource for additional administrators.

Reference was made to the Pension Fund Committee who agreed that the team could continue working to a reduced SLA standard until March 2022, but that SLA should return to normal levels, thereafter.

An update was provided on the vetting of incoming returns and on the action being taken to both the outstanding vetting of returns and to vet the returns due to be made for the period November 2021 to March 2022.

In relation to complaints, the team had been asked to look at ways of engaging with customers to encourage feedback and advice had been sought from other funds on the most successful ways to engage.

Discussion took place on the Pension Dashboard and the Board was informed that no submission had been made to the DWP consultation on the draft Pensions Dashboard Regulations 2022. Fund scheme members still received paper statements if requested and officers were asked for data on those members who did not access the Pension Dashboard and did not receive paper statements.

The Board noted the report.

15/21 CLIMATE CHANGE ENGAGEMENT POLICY

(Agenda No. 8)

The Board was informed that at its December meeting, the Pension Fund Committee agreed an initial draft Climate Change Engagement Document which set out some of the key principles to be included in the final draft policy.

Officers were asked to continue working with the Climate Change Working Group to produce the final draft version of the Policy which was considered at the last Committee. Further consideration and views were taken at the Climate Change Working Group meeting in February 2022 where a number of changes / suggestions were made. This would be reconsidered at a further working group meeting to take place on 5 May 2022 and then submitted to both the Pension Fund Committee and this Board.

The Board noted the report.

16/21 ITEMS TO INCLUDE IN REPORT TO THE PENSION FUND COMMITTEE

(Agenda No. 9)

It was agreed that there were no significant issues to draw to the attention of the Pension Fund Committee. It was further agreed that the following item be submitted to the next meeting of the Board:

- Annual Report of the Local Pension Board

17/21 EXEMPT ITEMS

(Agenda No. 10)

The Board agreed that the public be excluded for the duration of the following items on the Agenda since it is likely that if they were present during these 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.

18/21 CESSATION OF SCHEME EMPLOYER

(Agenda No. 11)

The Board noted the agreed approach by the Pension Fund Committee to the Cessation Debt in respect of the cessation employer detailed in the confidential report.

The public was excluded during this item because its discussion in public was likely to 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 was considered that, in all the circumstances of the case, the public interest in

maintaining the exemption outweighed the public interest in disclosing the information , in that such disclosure would prejudice the trading activities of the fund managers involved and would prejudice the position of the authority's investments in funding the Pension Fund.

19/21 PAYMENT OF DEATH GRANT

(Agenda No. 12)

The Board noted the decision of the Pension Fund Committee on the determination of payment of a death grant to a child.

The public was excluded during this item because its discussion in public was likely to 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 was considered that, in all the circumstances of the case, the public interest in maintaining the exemption outweighed the public interest in disclosing the information , in that such disclosure would prejudice the trading activities of the fund managers involved and would prejudice the position of the authority's investments in funding the Pension Fund.

..... in the Chair

Date of signing