LOCAL PENSION BOARD

MINUTES of the meeting held on Friday, 3 May 2024 commencing at 10.30 am and finishing at 12.17 pm

Present:

Voting Members: Matthew Trebilcock – in the Chair

Stephen Davis
Liz Hayden
Angela Priestley-Gibbins
Susan Blunsden

Other Members in Attendance: Councillor Bob Johnston

Officers:

Whole of meeting   Sean Collins (Service Manager (Pensions, Insurance & Money Management), Greg Ley (Financial Manager - Pension Fund Investments), Anna Lloyd (Governance and Communications Officer), Mukhtar Master (Governance & Communications Manager) and Shilpa Manek (Senior Democratic Services Officer)

The Committee considered the matters, reports and recommendations contained or referred to in the agenda for the meeting. 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.

14/24   WELCOME BY CHAIRMAN
(Agenda No. 1)

The Chair welcomed everybody to the meeting.

15/24   APOLOGIES FOR ABSENCE
(Agenda No. 2)

Apologies for absence were received from Alistair Bastin, Lorna Baxter, Executive Director Resources and Section 151 Officer and Vicki Green, Pension Services Administration Manager.

16/24   DECLARATIONS OF INTEREST - SEE GUIDANCE NOTE BELOW
(Agenda No. 3)

No declarations of interest were received.

17/24 PETITIONS AND PUBLIC ADDRESS
(Agenda No. 4)

No petitions and public address requests were received.

18/24 MINUTES
(Agenda No. 5)

The minutes of the meeting held on 26 January 2024 were agreed as a correct record.

19/24 UNCONFIRMED MINUTES OF THE PENSION FUND COMMITTEE OF 1 MARCH 2024
(Agenda No. 6)

The Board had before it the draft minutes of the Pension Fund Committee meeting of 1 March 2024.

The Board noted the report.

20/24 REVIEW OF ANNUAL BUSINESS PLAN
(Agenda No. 7)

The Board had before it the report which set out the latest progress against the key service plan priorities in the Annual Business Plan for the Pension Fund 2023/24 and the new service priorities for 2024/25, as considered by the Pension Fund Committee at its meeting on 1 March 2024.

The Service Manager Pensions, presented the report, outlined a review of the 2023/24 Key Service Priorities, and the Service Priorities for 2024/25, and answered any questions raised.

In response to a question regarding the cash flow modelling for the Fund, in regard to the ageing population within their own small employer and whether this was representative of other admission bodies, the Service Manager Pensions responded that where other admissions bodies that were larger and open to new members, staff turnover kept the average age more stable. In situations where staff were more likely to be outsourced under closed agreements, reducing numbers and increasing average age would provide a larger risk. However, an example was provided of an employer that had outsourced the majority of their staff but was now planning to bring those staff back in-house, which in turn raised the numbers of LGPS employees.

In respect of the new priority around investment strategy, the Chair of the Pension Fund Committee commented that Pension Fund Members would be resistant to unwarranted government pressure on which investments should be considered and would not allow this to impact their fiduciary duty.

The Service Manager Pensions provided an update on the activity-based exclusions that had been provided to the Committee for review and to determine the limited use

of activity-based exclusions to be appropriate. Of the four presented, two were supported on the grounds that they were consistent with the current Climate Change Policy, however the other two were considered not within the agreed policies and could set an unwelcome precedent for future exclusions. However, they requested officers review these against the Responsible Investment Policy that would be reviewed by the Committee at their next meeting.

In response to a query regarding if officers were confident of the amount of resource in place to ensure the McCloud data would be ready for August 2025, the Service Manager Pensions advised that the two temporary posts agreed by the Committee had become permanent posts to ensure sufficient resource in place. However, due to the new systems being implemented, manual workarounds had been required which had stretched the team's resources. Further guidance on the amount of work was expected in the next couple of weeks, which would provide clarity on the level of resource required.

The Board noted the report.

21/24 RISK REGISTER REPORT
(Agenda No. 8)

The Board was provided with the latest risk register which had not been considered by the Committee on 1 March 2024 due to lack of time, however the Board received reassurance that there had not been any significant changes since its last presentation at the previous Committee meeting.

The Governance and Communications Manager presented the report and highlighted that the Board had requested a report on succession planning to come to the next meeting, however this had now been mitigated. He outlined any changes since the last report and drew the Board's attention to increased risks in risk 15, insufficient skills and knowledge amongst officers, which had increased to a red 8 in relation to the Head of Fund and Pensions Administrations Manager both leaving the Council. A number of risks were removed from the register, including risk 25, the potential loss of key members of staff which was seen as a duplication of risk 15. One risk added to the register was risk 23, impact of pension scams, at the request of the Board, having previously been included as an emerging risk.

The Board noted the report.

22/24 GOVERNANCE AND COMMUNICATIONS REPORT
(Agenda No. 9)

The Board had before it the Governance and Communications Report which had not been presented to the Committee on 1 March 2024 due to lack of time.

The Governance and Communications Manager presented the report and advised the Board that the General Code of Practice had been agreed. The Governance and Communications Team had been working under the draft General Code of Practice and undertaken a preliminary review against the 51 modules as set out in the attached appendix to the report. The number of the breaches was provided, and it

was advised that it should be a noted an increase of breaches should be expected due to better reporting practices under the new policy, and the detail of these were included within the report.

The Board noted the report.

23/24 GENERAL CODE OF PRACTICE UPDATE
(Agenda No. 10)

The Board had before it a report on the General Code of Practice: Initial Compliance Assessment carried out by the Governance and Communications Team.

The Governance and Communications Manager presented the report, which provided a quarterly update on the Single Code of Practice as requested by the Board. An outline of the 51 modules which related to the five main areas was provided, and an action plan and timeline of actions was included in the attached appendices.

The Chair advised that there would be challenges in identifying which of the modules applied to the LGPS, and this was currently being reviewed by the Scheme Advisory Board, who would provide guidance to scheme providers.

The Board thanked officers and noted the report and agreed that this would be embedded into the Governance and Communications Report moving forward.

24/24 ADMINISTRATION REPORT
(Agenda No. 11)

The Board considered the latest Administration Report as presented to the Committee on 1 March 2024. The Committee had agreed to the additional staffing as set out in the report, and the Service Manager Pensions provided an update on the current issues in recruiting to the outstanding vacancies. The applications for the administrator positions were currently being reviewed. Also, it had been identified that more work should take place on in-house training, and the creation of a Technical and Training Officer would support the process reviews and all staff training.

In response to a question from the Board, the Service Manager Pensions advised that there was a national issue in recruiting to the outstanding positions and would be discussed further under the Workforce Planning Report. Whether these posts could be recruited to as remote positions was unclear due to the nature of some of the paper-based administrative tasks that were still required to be carried out.

The Chair of the Board advised that this was an issue for local government in its entirety and provided examples of similar circumstances experienced in recruiting to LGPS roles in Gloucester. The Board discussed other ways of working that could support the remote function, which would enable a wider pool of talent to be sourced.

In response to a request from the Board, the Service Manager Pensions advised that the numbers of people could be added to the detail on the Members' Self Service graphs contained within the report.

Following queries regarding the McCloud, an updated plan would be formulated following meetings due to be held the following week, and any missing returns on McCloud would be chased up. The Board acknowledged that there were expected issues with IT, and these would be worked through with the software supplier.

The Board noted the report.

25/24 CYBER SECURITY REVIEW
(Agenda No. 12)

The Board had before it a report on the Fund's review of its cyber security risk prevention and response approach initially agreed in 2022. Since that point, the Pensions Regulator had set out further requirements in the draft General Code of Practice, and the Fund had tailored its approach to ensure compliance with the General Code of Practice.

The Service Manager Pensions presented the report and the conclusion which advised that key systems and controls were in place with a mechanism to review this information on a quarterly basis.

The Board noted the report.

26/24 SUCCESSION PLANNING
(Agenda No. 13)

The Service Manager Pensions provided a verbal report to the Board on the steps being taken to secure replacements for the Head of Pensions and the Pension Services Administration Manager, both of whom were due to retire in April 2024. It was noted that the post of Pension Services Administration Manager had been appointed to from an internal post, however this had created a gap in that role, and would be discussed under the Workforce Planning Report. For the position of Head of Pensions, an offer had been made following an extensive application process, and a conditional offer would be approved the following week with a handover period planned to bring the new person on board.

The Chair requested that the new Head of Pensions provide a brief introduction or bio to the Board. The Service Manager Pensions advised that he would request this. (**ACTION**)

The Board thanked the Service Manager Pensions and noted the verbal update.

27/24 WORKFORCE PLANNING REPORT
(Agenda No. 14)

The Board had before them a report which set out the basis of providing a Workforce Strategy for the fund to ensure that the appropriate workforce was in place to deliver

improved services, greater productivity and better customer focus. The Governance and Communications Manager presented the report and highlighted the issues around recruitment and succession planning, and the turnover of staff which was an issue for most funds in England and Wales.

Structural issues were identified that could be reviewed to increase efficiency and equity in workloads for staff members, and specific requirements were detailed in the report. The benefits of agile working were also highlighted in how technological advancement could support issues identified in recruiting to fund administrator roles.

The Governance and Communications Manager highlighted that this report had been presented to the previous Committee meeting, and the first recommendation had now been completed. Therefore, the Board were asked to note the second recommendation in agreeing to the development of a Workforce Strategy for the fund.

In response to a question regarding successful succession planning and team building, the Service Manager Pensions advised that the new Pension Services Manager had started work on workforce development, and produced ideas for developing a structure for the new team. Challenges had been identified and split into short-, medium- and long-term strategies, however meeting these would be dependent on successful recruitment to the outstanding posts and development of existing staff. When this had been finalised, work could start on implementing technological systems to support workload. It was recognised that remote working presented challenges with supporting new staff and building team-spirit, and the implications of succession planning without a strong team in place.

The Governance and Communications Manager emphasised the need for formulating a cohesive team, and outlined some examples of how the new team could be developed, which would be included within the Workforce Strategy.

The Board agreed that a timeline for further development of this Strategy would come to future meetings, following the implementation of the new management team.

In response to a query regarding when the Board could expect this to take place, the Service Manager Pensions advised that the Workforce Strategy principles would be finalised before the end of the year, with longer term objectives agreed.

The Board noted the report and agreed the following recommendation:

ii) Agree to the development of a Workforce Strategy for the fund which:
   a) Covers a short, medium and long-term horizon;
   b) Facilitates the implementation of the appropriate structure, staffing, skills and knowledge to meet new and changing demands;
   c) Makes use of new technologies and new ways of working, including agile working where appropriate;
   d) Considers succession planning, retention, and development of the workforce

28/24 DRAFT RESPONSIBLE INVESTMENT POLICY
(Agenda No. 15)

The Board had before it a report from the Executive Director of Resources and Section 151 Officer on the Development of the Fund's Responsible Investment Policy submitted to the Committee on 1 March 2024. The initial draft of the Fund's first Responsible Investment Policy had been developed by the Officers following a wide engagement programme which included a survey response of over 4,000 from scheme members.

The Financial Manager – Pension Fund Investments presented the report and highlighted that the draft policy had been agreed by the Committee, and the formal consultation was now underway which included scheme members, scheme employers and key stakeholders, including Brunel, and the partner funds.

The Chair commented that the Board would have been represented in the consultation as part of the scheme employers' views and agreed with the process being followed in regard to the policy.

29/24 REVIEW OF POST-POOLING INVESTMENT COSTS
(Agenda No. 16)

The Board had before it a report of the Executive Director of Resources and Section 151 Officer which had been submitted to the Committee on 1 March 2024. The report provided an analysis of the management fees payable by the Pension Fund pre- and post-pooling and was based on data to the end of March 2023.

The Financial Manager-Pension Fund presented the report which had been prepared at the request of the Committee, however noted that there would be issues in making direct comparisons due to different fee structures such as tiered fees, and the different investment targets in place for mandates.

The Board noted the report.

30/24 ITEMS TO INCLUDE IN REPORT TO PENSION FUND COMMITTEE
(Agenda No. 17)

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

- The Board's agreement to recommendation ii) of the Workforce Strategy
- An agreed timeline for implementation of the Workforce Strategy be produced and circulated to the Board.

31/24 ITEMS TO INCLUDE IN THE AGENDA FOR NEXT BOARD MEETING
(Agenda No. 18)

The Board requested the following items be included at the next Board meeting:

- The TPR Code would be incorporated into the Governance and Communications Report.

.... in the Chair

Date of signing   ....