

LOCAL PENSION BOARD

MINUTES of the meeting held on Friday, 13 January 2017 commencing at 10.30 am and finishing at 12.30 pm

Present:

Voting Members: Graham Burrow – in the Chair

Stephen Davis
Councillor Bob Johnston
David Locke FCA

By Invitation: Rob MacDougall, Assistant Chief Fire Officer, Chair of Firefighters Pension Board

Officers:

Whole of meeting Sean Collins and Julie Dean (Corporate Services)

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.

1/17 WELCOME BY CHAIRMAN

(Agenda No. 1)

The Chairman welcomed everyone to the meeting.

2/17 APOLOGIES FOR ABSENCE

(Agenda No. 2)

Apologies for absence were received from Alistair Bastin and Cllr Roger Cox.

3/17 DECLARATIONS OF INTEREST - SEE GUIDANCE NOTE OPPOSITE

(Agenda No. 3)

There were no declarations of interest.

4/17 PETITIONS AND PUBLIC ADDRESS

(Agenda No. 4)

There were no requests to submit a petition or to make an address.

5/17 MINUTES
(Agenda No. 5)

The public part of the Minutes of the meeting held on 21 October were approved and signed as a correct record.

6/17 EXEMPT ITEMS
(Agenda No. 6)

RESOLVED: that the public be excluded for the duration of item 7 in the Agenda 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.

PUBLIC SUMMARY OF PROCEEDINGS FOLLOWING THE WITHDRAWAL OF THE PRESS AND PUBLIC

7/17 EXEMPT MINUTES - 21 OCTOBER 2016
(Agenda No. 7)

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 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 that disclosure could distort the proper process of each of the 10 Committees negotiating the final proposal. It is intended that once all Committees have agreed the final proposal for submission to Government, the final proposal will become a public document. Disclosure would also prejudice the commercial position of the individual pension funds, and future negotiations with Fund Managers.

The exempt part of the Local Pension Board Minutes of the meeting held on 21 October 2016 were approved and signed as a correct record.

In relation to exempt Minute 36/16, the Board **AGREED** to accept the decision of the Pension Fund Committee that the next review of the Council's AVC Scheme be carried out independently and that a comparison of AVC Schemes of Brunel Scheme partners be carried out.

ITEMS FOLLOWING THE RE-ADMISSION OF THE PRESS AND PUBLIC

8/17 EMPLOYER MANAGEMENT

(Agenda No. 8)

The Board considered a report (LPB8) which covered the specific issues raised by this Board during its discussion at the last meeting in respect of concerns regarding employer data, and the issuance of pension information to scheme members, including annual benefit statements.

At its last meeting, the Board raised concerns about the lack of information on how many scheme members were missing more than just their last annual benefit statement, and suggested options to improve communication with such members going forward. Other proposals were raised to improve the overall performance in this area. As requested, an update on the position was before the Board (LPB8), including details of the subsequent discussion and decisions of the Pension Fund Committee when it discussed this issue at its December meeting. The Officer report to the Committee was also included as an Annex to this report (LPB8).

Mr Collins reported that since the initial report to the Regulator, 1,298 more statements had been issued, the majority of which were to Oxford City Council staff. This left 8,197 outstanding, or 42% of the active membership. Within this outstanding figure were 3 significant groups of employee, the Academies (3,187), Oxford Brookes (2,310) and the balance on Oxfordshire County Council (989).

During discussion the Board noted that:

- most authorities had struggled after the scheme changes in 2014 to issue their statements but there was a need to ascertain the reasons why Oxfordshire's statistics appeared worse than other authorities;
- noted that this year's breach had been reported to the Regulator and a further response was awaited;
- Brookes had employed more staff to rectify the problems with their data, and, following recent discussions, a clear way forward had been determined;
- The issues with Academies had been compounded by a recent change in their payroll provider. Errors on final pay data had recently been reported impacting 2,700 staff, with a further 470 statements delayed due to queries on CARE data;
- just under 1,000 queries were waiting for a response from Oxfordshire County Council; and
- of the 9,459 people who had not yet received a statement on 14 November for the 2015/16 year, 2,572 had not received a statement for the previous year, representing 13.3% of active members. 655 members (3%) were missing more than 2 statements whilst 193 had not received one since annual benefit statements had been introduced in 2005. This group presented the biggest challenge in trying to resolve, given the passage of time since the initial query.

Mr Collins then explained what measures had been taken to address the above concerns:

- (a) the Committee had agreed to increase staffing in OCC Pensions by 5.81fte staff. This would enable a team to be established specifically to work with employers, to ensure earlier intervention where accurate data was not received regularly on a timely basis;
- (b) officers were reviewing the way data was asked for from employers, seeking a more standard, automated approach which would assist in a better flow;
- (c) more training and support was to be given to employers in a bid to improve the process as a whole.
- (d) The escalation process would be reviewed to ensure earlier escalation to senior staff in employers; and
- (e) summary data would be brought to the Board so that it could hold the Committee to account if there were concerns.

Mr Collins asked the Board how it would like to see the data, including the number of records deemed to be accurate and key reasons/employers behind incomplete or inaccurate records. A Board member asked whether other annual data checks could be utilised to find out, for example why a record had been suspended for more than a year. Mr Collins responded that contracts were already in place with the electoral registration offices and other providers were used also, for example, to find missing people. Officers were also working more closely with the County's Registration Service.

Mr Collins confirmed that the Pensions Service was now looking to claim costs for the reworking of statistics in accordance with the Committee's Administration Strategy. The Chairman of the Pension Fund Committee had also undertaken to be involved in the escalation process. He added that these were part of a combination of factors to be considered with a view to ensuring that the employers take problems seriously.

Mr Collins confirmed that a realistic target, if the key employers were to be concentrated on, would be 70% - 80% of the 2016/17 statements sent by the statutory deadline of the end of August 2017.

The Board made the following suggestions for the Committee to consider:

- To establish a set of Performance Indicators (PIs) for employers, in order to strengthen the importance of correct submissions of data. If the PIs were not met, then the Board could invite particular employers to meetings;
- A report be submitted to the Board clarifying where Oxfordshire Pension Fund was in relation to other Pension Funds, perhaps to start with other authorities within the Brunel Partnership;
- The Board requested to see what was being reported to the Pension Regulator;
- To suggest to the Pension Fund Committee that it liaises with other Pension Fund Committees, asking what was the level of tolerance, the level of risk they were prepared to accept and how many checks were made.

Mr Collins stated that as the Brunel Pension Partnership was developed, the Pension Fund Committee's Agenda would be freed up so that more attention could be given to the above issues. He reminded the Board that if liability was not understood, then there was a danger that the asset allocation would be incorrect.

The Board was asked what it would like to see in the administration report in the future. The response was as follows:

- To include comparative data when available, as detailed above. This would be easily available from the Brunel Group to begin with. Mr Collins agreed that the Brunel Group could be used as it would give a good cross-section of practices, some authorities having already automated some of their data collection processes;
- What data was accepted, what wasn't and risks and tolerances in order to ensure that the escalation process was working properly.

The Board felt it important to notify members of the LGPS of the reasons why their statement was late. Mr Collins agreed to implement this stating that it would encourage correct returns.

9/17 RISK REGISTER

(Agenda No. 9)

The Board were asked to review the latest risk register report as presented to the Pension Fund Committee on 2 December 2016 and to offer any comments to the Committee.

Mr Collins, in his introduction, reported that the Committee had received assurance that Pensions staff would be relocated again in April. He added that the recent office move had not been ideal, but to date no staff had been lost as a consequence.

The Board discussed the risks associated with the loss of informed members of the Committee following the election. It was felt that there was a need to give careful thought to the Members' Induction Programme following the election. Plans were in place for a whole day's training for new members of the Committee. The Chairman of the Board stated that Gloucestershire was also working up similar training for after the election and that he provided training for the Gloucestershire Pension Fund once a year. He offered to open up some of the latter sessions to a wider audience. He also flagged up a new risk which was that of data security in light of recent hacking incidents nationally, and asking if there was a need for further review. Mr Collins agreed to take the issue to the next Pension Fund Committee. He also undertook to bring back the findings from a report from Oxfordshire's Internal Audit on computer security.

10/17 BRUNEL PENSION PARTNERSHIP

(Agenda No. 10)

Mr Collins gave an oral update on the latest position in respect of the Full Business Case for the Brunel Pension Partnership Ltd, as agreed at the 2 December 2016 meeting of the Pension Fund Committee, and the next stages of the project. He reported the following:

- The full business case was proceeding through all the 10 Pension Fund Committees and Councils. It had been signed off by all 10 Committees and by 6 of the 10 Councils;
- A meeting had taken place with Marcus Jones MP which had been attended by two members of the Brunel Oversight Board and officers. The Minister had given his approval to the direction the Brunel Group was travelling. Currently five pools had received letters of approval and three were outstanding;
- He circulated the advertisement from the Brunel Pension Partnership for an independent Chair and independent non-executive directors, with a view to the Chair being in post from March/April 2017. There was also the need for a Chief Executive to be appointed early. Specialist recruitment consultants had been appointed to support the process;
- Work was ongoing within a newly formed Legal Sub-Group to draw up the formal legal documentation required for the new company; and
- The Board continued to meet monthly, with fortnightly officer meetings and weekly telephone calls.

The Board congratulated Mr Collins and the other officers for all the work undertaken to date on this project and for their professionalism. The Board also thanked Mr Collins for the quality of his presentations to the Board and to Committee.

Mr Collins further reported that the joint engagement days (with Buckinghamshire and Gloucestershire) had been very well received and these would continue. The next big issue would be addressed in March/April when the new Chair/Chief Executive would hopefully be in place, and the legal documentation drafted.

Mr Collins was asked if he had any concerns with regard to Brunel. He responded that he did not. At the outset Brunel had set like-minded principles which continued to guide all work streams. All worked to the common cause and when issues arose they were discussed and answers were found. A further benefit was that there was a significant amount of collaboration amongst participants in the group. He emphasised that when Brunel had been fully established, a function of this Board would be to challenge Brunel to ensure that it was operating appropriately for Oxfordshire's funds. Collaboration work would continue to be strong and there would be more time to provide a focus on employer issues.

11/17 ISSUES/ITEMS TO BE REPORTED BACK TO SCHEME MEMBERS

(Agenda No. 11)

All issues had been discussed in previous items.

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A member of the Board asked if there were any forums where Boards could discuss similar issues of concern.

Mr Collins reported that Gregory Ley would be sending out information on particular training sessions.

..... in the Chair

Date of signing