

LOCAL PENSION BOARD

MINUTES of the meeting held on Friday, 24 January 2025 commencing at 10.30 am and finishing at 11.57 am

Present:

Voting Members: Matthew Trebilcock – in the Chair

Susan Blunsden
Alistair Bastin
Stephen Davis
Angela Priestley-Gibbins
Janet Wheeler

Other Members in Attendance: Councillor Donna Ford

By Invitation:

Officers:

Whole of meeting Mark Smith (Head of Pension Services), Mukhtar Master (Governance and Communications Manager), Anna Lloyd (Governance and Communications Officer), Greg Ley (Pension Fund Investment Manager), Vicki Green (Pensions Service Manager) and Shilpa Manek (Interim Democratic Services Officer)

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

1/24 WELCOME BY CHAIRMAN

(Agenda No. 1)

The Chairman welcomed all to the meeting. A warm welcome was also given to Councillor Ford.

2/24 APOLOGIES FOR ABSENCE

(Agenda No. 2)

Apologies had been received from Liz Hayden.

3/24 DECLARATIONS OF INTEREST - SEE GUIDANCE NOTE BELOW

(Agenda No. 3)

No declarations of interests were received.

4/24 MINUTES

(Agenda No. 4)

Resolved: that the minutes of the meeting on 18th October 2024 were a true and accurate record.

5/24 UNCONFIRMED MINUTES OF THE PENSION FUND COMMITTEE ON 13 DECEMBER 2024

(Agenda No. 5)

It was pointed out that there was an action that the Board had reviewed the timelines for the Strategic Asset Allocations, which would be on the agenda for the next Board meeting in January, however this was not on the agenda. Officers reported that they would look into this and report back.

ACTION: Officers to report back to Members on the action.

Resolved: that the unconfirmed minutes of the Pension Fund Committee on 13 December 2024 were noted.

6/24 REVIEW OF THE ANNUAL BUSINESS PLAN, INCLUDING THE 'LGPS (E&W): FIT FOR THE FUTURE' CONSULTATION

(Agenda No. 6)

The Head of Pension Funds presented the report to the Board. The main points were the review of the business plan and the recent government consultation. Progress had been made against all of the measures. The governance and communications report would include a section on the National Knowledge assessment. All Members were thanked as there had been 100% completion. At present the Fund remained on target to be fully compliant with the General Code by March 2025. It had been agreed to appoint Hyman's Robertson to undertake an independent review and scrutinise the work done by Fund Officers. A report would be provided later in the year.

A business planning meeting had taken place on 16 January and Fund Officers were reviewing the outcomes from that meeting and preparing a note for circulation and further comments. This would then be approved at the next Committee in March 2025.

The timelines for the McCloud project remained challenging but were on track. The resources within the Team had been flexed to assist with this work. These were regularly monitored to ensure that the statutory deadline of 31 August 2025 for the annual benefit statements. A modelling exercise had been completed for the initial valuation. Engagement had begun with the target employers, the councils and the university. The initial meeting had taken place with four of the seven largest employers. The progress was on track. Further details of progress and timescales would be provided in the Committee meeting. The actuary would attend the Committee meeting to provide training before and the timescale for discussion around the assumptions to take place in June 2025.

A meeting had taken place to discuss the Chancellors Mansion House speech and the Funds response to it. There was a consensus and that had been submitted.

There were a number of other consultations taking place.

The Fund Officers were currently working through the training plan with the outcomes of the National Knowledge Assessment. This would be on the March Committee agenda to formalise a training plan for the next 12 months.

Members made the following points:

- It had been noted that the largest item in the budget was the management fees. Members still wanted a breakdown of how much was on each individual asset class to assess if Value for Money was being achieved for the management fees paid. A breakdown of fees against each asset under management for each of the different Brunel portfolios that were held then the Value for Money could be clearly seen. Officers reported that a breakdown of management fees had been circulated but this would be further broken down by portfolio and circulated to the Board before the next meeting.
ACTION: Officers to circulate breakdown of management fees by portfolio by the next meeting.

Resolved: that the Board reviewed the progress made against each of the key service priorities as set out in the report; and agreed any further actions to be taken to address those areas not currently on target to deliver the required objectives.

7/24 RISK REGISTER

(Agenda No. 7)

The Governance and Communications Manager presented the Risk Register report to the Board. The following key changes were highlighted since the last meeting:

- One new emerging risk had been added to the risk register. It had been recognised that there was a possibility that the whole Committee could change following the May 2025 elections. This had been given an amber rating score of 8.
- During the quarter, no risks had increased, and one had, Risk 13, reduced. No risks had been removed off the risk register.

Board Members asked if the election in May would be delayed and were informed that a response from government was awaited. A letter had been sent from Cabinet indicating that they would reluctantly support the delay till 2026.

ACTION: Circulate decision to the Board once known

An amendment to the new risk was suggested and agreed by the Board. The risk should read:

Impact of the potential turnover of Pension Fund Committee members as a result of elections.

ACTION: Wording of risk to be amended in the Risk Register.

Resolved: that the Board noted the latest risk register with the amendment suggested and accepted that the risk register covered all key risks to the achievement of their statutory responsibilities, and that the mitigation plans were required, where appropriate.

8/24 GOVERNANCE AND COMMUNICATIONS REPORT

(Agenda No. 8)

The Board received the report from the Governance and Communications Manager. The main points highlighted included:

- General Code of Practice work was continuing to ensure compliance against the new general Code of Practice. The Plan had been updated where some modules had been completed. The amber rated modules still had some small requirements outstanding. These should all be completed by the end of the year.
- Hymans LGPS National Knowledge Assessment 2024 – There had been 100% participation from the Committee and the Board. The results were good.
- Mandatory Training – This had been slightly amended so would be presented to the Audit & Governance Committee and then adopted as part of the Constitution. Committee Members and substitutes were required to do the fundamentals course by the end of 31 December 2025. This was the key change and would be adopted in the Constitution.
- Proposed Government Changes to fund governance as part of the ‘LGPS: Fit for the Future’ Consultation. The contentious point raised was that another independent advisor be on the Committee, but this was not supported by the Committee, and this had been submitted in the response to Central Government.
- Breaches -The report that went to the Committee covered the period July to September. The two breaches mentioned were the General Code of Practice, this had been reported to the Pensions Regulator and the material breach which had not been reported.
- Communications – The Annual Employer Forum was on 12 February 2025. This was an online event for employers. It was also good for the Board to know that the Communications Manager had returned from extended leave. It was also confirmed that all Board and Committee Members were up to date with their mandatory training as per the training schedule.

Members asked the following questions:

- The Chair asked that with respect to the TPR Code, was the review across all the modules. It was confirmed that the review would be across all three

elements, mandatory requirements, advisory requirements and best practice. All were being covered, looking at the entirety to show compliance across the Board.

- It was reported that the Employer Forum Events were really good days to attend, The Pension Geeks was really interesting too. There were very interesting webinars that were worth joining. Officers added that all employers were written to informing them of the event. The events were better attended if online. The Team may look at running an in-person event next year. Could details of the event be sent to Parish Clerks.
ACTION: Pension Geeks details to be sent to Members.
ACTION: Details of Parish Clerks to be sent to Anna Lloyd.
- It was good to see the General Code of Practice was on track for review but was there an action plan being put together to see how the fund would comply with all the modules? Was work being done with other Funds particularly within the Brunel pool as everyone was facing the same challenges? It was reported that the review was being carried out by looking at all the requirements and looking at the compliance against it and making a determination on whether the Fund was compliant or not. If not, then acting immediately to implement and resolve. This was a living action plan. The aim was to try and be fully compliant. The compliance was formed on what Officers thought. This would be independently challenged and reviewed by Hymans, who had been commissioned for the next year. Working with other Funds was difficult as each one was doing their own way. A recent webinar discussed ongoing work and issues to make all Funds aware. A number of Funds had been reviewed by the Team, and the general consensus was that Officers felt optimised of the Fund's position. Another review was due soon. There was a lot of cross working and regular meetings with Hymans. The Fund was ahead of other Funds and well positioned in terms of governance.

Resolved: that the Board:

- a) Noted the Fund's update on the Pension Regulator's General Code of Practice.
- b) Noted the results of the Hymans LGPS National Knowledge Assessment 2024.
- c) Agreed changes to mandatory training requirements for Committee members.
- d) Noted the proposed government proposals for fund governance as part of the 'Local Government Pension Scheme (England and Wales): Fit for the future' consultation.
- e) Noted the latest quarter's breaches for the fund.
- f) Noted the communications update.

9/24 ADMINISTRATION REPORT

(Agenda No. 9)

The Pension Services Manager presented the report to the Board. There had been vacancies for administrators. Some vacancies were still present, and this continued to be an increased issue across local authorities. With respect to the employer monthly returns, in September 4.9% of returns had not been vetted. A lot of work had

been completed on vetting procedures to reduce the volume of work with training, increasing quality of checks and processes. The 37 closures to action backdated to 2022, there were a number of financial implications to find. There were no fines issued to employers in the last quarter, July to September 2024. There were 31 payments that were made past the deadline. In Benefit Administration, between July and September, there were 6367 cases created. There were a number of cases carried forward, pending information or pending further work. This had been mainly due to resource. The Team was now looking at how the work was being progressed. Members were asked to note that the top-line figure of the telephone statistics showed a lot of missed calls, these were out of hours calls or call that had been put down before being picked up. There was no pension scams reported. The data quality still required improvement on the missing addresses. All invoices were up to date. Of the 15 complaints reported, 14 were informal and had been resolved and the remaining had been resolved by the Pension Ombudsman. Some really good progress had been made with McCloud, completing 99% of status 1 active records and 96% of status 4 records. There were 25 records left with queries. There was no further update on the Pension dashboard and further work was being done for Members not using the self-service facility. The current way to use the facility was employees having to ask to use, could this be turned around so that employers were asking, would you like to use the self-service facility?

Members from Unison and Unite Trade Unions offered to assist to get Members to use the self-service facility. Members also requested further context on the MSF registration, adding the total number of active deferred pensioners on there so the percentages had context.

ACTION: Add information to report.

The Board commented that it was an excellent report.

Resolved: That the Board noted the progress of the McCloud project and the revised benefit administration statistics and confirmed the information required for the report.

10/24 POLICY REVIEWS

(Agenda No. 10)

The Pension Services Manager presented the report. Board Members were reminded that the policies in the report required review. After the reviews, no changes had been made to the policies.

Resolved: That the Board received the report and noted that no changes had been made to the policies.

11/24 PENSION INVESTMENT REVIEW - A CALL FOR EVIDENCE

(Agenda No. 11)

The Head of Pension Fund presented the report to the Board. This was the preamble of the Fit for Future consultation. On 4 September 2024 HM Treasury, Department for Work and Pensions and the Ministry of Housing, Communities and Local Government

issued a Call for Evidence from interested parties to inform the first phase of the Pensions Investment Review.

Since the Call for Evidence had been responded to, the outcome of the Mansion House speech on 14 November 2024 and the subsequent issuance of the Local Government Pension Scheme (England and Wales): Fit for the Future consultation had been issued. More information was included in the Review of the Annual Business Plan report to complement the summary communication issued to Committee on 19 November 2024.

Resolved: that the Board note the final version submitted to HM Treasury after feedback from Pension Fund Committee and the Executive Director for Resources & Section 151 Officer.

12/24 CORPORATE GOVERNANCE AND SOCIALLY RESPONSIBLE INVESTMENT

(Agenda No. 12)

This was the report that had been presented to Committee and included the LEP update and how these linked to the Funds' investments.

Members asked what the difference was between holding shares and holding corporate bonds as there were many corporate bonds and were informed that they were similar to the equities with a slightly different process to look at climate credentials.

Resolved: that the Board noted the report.

13/24 EXEMPT ITEM

(Agenda No. 13)

Resolved: that the Board agreed that the public be excluded for the duration of item 14 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.

14/24 EXEMPT ITEM: WORKFORCE STRATEGY

(Agenda No. 14)

The Board received an update from the Head of Pension Services and discussed the item in a private session.

Resolved: that the Board reviewed the progress on development of a Workforce Strategy for the Pension Fund and Agreed the further actions to be taken to support building an inclusive and sustainable workforce for the future.

15/24 ITEMS TO INCLUDE IN REPORT TO THE PENSION FUND COMMITTEE

(Agenda No. 15)

It was agreed that the Pension Fund Committee would get involved in the Workforce Strategy.

16/24 ITEMS TO BE INCLUDED IN THE AGENDA FOR THE NEXT BOARD MEETING

(Agenda No. 16)

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

- Report of the Independent Financial Advisor regarding active vs passive investments.

..... in the Chair

Date of signing