

Decisions of the Local Pension Board

26 September 2023

Geoffrey Alderman (Chair)
Vacant (Vice-Chair)

Stephen Ross
David Woodcock

Deepani De Silva
Salar Rida

Alice Leach
Hem Savla

Councillor Humayune Khalick

Apologies for Absence

None

1. MINUTES OF LAST MEETING

Minutes

RESOLVED:

That the minutes of the meeting held on 28 June 2023 be agreed as a correct record.

Matters Arising from the Minutes

Item 1 - 1. Election of the Chair

The Clerk advised the Board that Part 14.9.2 of their Terms of Reference which related to the Chair and Vice-Chair of the Board stipulated that one of these positions should be held by an employee (scheme) representative and the other by an employer representative and as such there was a brief discussion held regarding the Vice-Chair position before nominations for the role was opened. The two Board Members who were eligible to be nominated for the Vice-Chair position both advised that they did not wish to be considered for the role and gave reasons for their decisions.

Following request from the Chair, the Clerk agreed to make enquiries regarding the eligibility criteria for the Chair and Vice-Chair position for the Board and to provide feedback at their next meeting. (**Action**)

The Chair thanked Mr Hem Savla for his contribution to the Board as Vice-Chair and during the periods he acted as the Chair.

The Chair welcomed Micheal Bediako from BDO to the meeting who was in attendance to give an update on the external audits.

2. DISCLOSABLE PECUNIARY INTERESTS AND OTHER INTERESTS

The Chair advised that he was an Emeritus Professor at Middlesex University and that this position was an honorary post and that he did not receive any remuneration or was involved in any way in the formulation of policies at the University.

Stephen Ross advised that he had recently been appointed as an Independent Member on the London Borough of Brent's Audit Advisory Committee.

3. ABSENCE OF MEMBERS

None.

4. PUBLIC QUESTION AND COMMENTS (IF ANY)

None.

5. DEPUTATIONS (IF ANY)

None.

6. REPORT OF THE MONITORING OFFICER (IF ANY)

None.

7. MEMBERS' ITEMS (IF ANY)

None.

8. EXTERNAL AUDIT UPDATE

The Board received their report. Members noted that the Pensions Fund Accounts were ready to be signed off and this would be completed once the main Council Accounts are signed off.

The Board was advised that it was imperative that all audits are closed by the set backstop dates and failure to achieve this would result in opinions being issued or a form of qualification being given to specific areas where assurances have not been obtained. The main risks involved in failing to meet the backstop dates would result in the starting points of the following years Accounts being wrong or misstated. The Board raised concerns over reputational damage that the Fund may incur following such delays and noted that the Risk Register included a segment regarding failures in reporting accounts within the set timeframes.

There were also concerns raised regarding the Pensions Fund Accounts not being signed off in particular the asset statements and its impact on employers who are required to prepare pension disclosures. The Board agreed that employers' representatives should provide feedback on how their organisations have been impacted in this area.

The Board were reminded that accounts always continued to be prepared and that there were rigorous controls in place, and these included extensive internal audits. The field work for the Pensions Fund Accounts has been completed and the 2020/ 21 Accounts are ready to be signed off and this would have a positive bearing on the auditing of the accounts of proceeding years.

The following action points were agreed: -

- Officers to provide feedback on the updated Risk Register which details the impact of failing to report accounts within set timeframes and the revision made.
- Employer representatives to report back to the Board on the impact of the Pensions Fund Accounts not being signed off in particular the asset statements and its effect on their organisation.

Having considered the report, the Local Pension Board:

RESOLVED:

That the Local Pension Board noted the update on the 2020/21 audit, and the plan for the 2021/22 audit.

9. PENSION FUND ADMINISTRATION RISK REGISTER

The Board received the report. The Pensions Fund Administration Risk Register format has been revised and the new version was reported to be more user friendly. The revised Register has been circulated to the Chair of the Pensions Committee for comments. A similar exercise is to be undertaken for the Non-Administration Risk Register and the same format would be used. The new format enables the analysis of risks to be conducted easier. The Risk Register would continue to be reviewed by the Pensions Administration Team on a regular basis. The Board welcomed the revised document and agreed it was more user friendly.

The Board was informed that Risk ADM15, which relates to the Cyber Security Breach, would be tested by the West Yorkshire Pension Fund. There are three scenarios being tested regarding data breaches. The Board will be updated regarding these exercises.

Officers advised that West Yorkshire Pension Fund regularly tested their cyber security and had a business continuity plan in this area.

Officers agreed to provide feedback at the next Board on the cyber-attack and data breach mock exercise undertaken by West Yorkshire Pensions Fund (**Action**)

Having considered the report, the Local Pension Board:

RESOLVED:

That the Local Pension Board noted the most recent administration risk register.

10. DATA IMPROVEMENT PLAN AND HISTORICAL LEAVERS

The Board received the report. Board Members had the opportunity to consider the report and ask questions. The Board was advised that West Yorkshire Pension Fund (WYPF) was continuing to work on improving the data for the Fund and the figures for outstanding data had been reduced. The WYPF has recently focused on data correction which relates to Guaranteed Minimum Pensions (GMPs) and this project is almost completed. The Board was informed that WYPF was waiting for data from the Capita

Project Team regarding the GMP reconciliation project and once received and uploaded this would significantly reduce the outstanding data items which needs correcting.

The Pensions regulator data scores continue to remain static. The Board noted that the WYPF would be completing the annual Scheme return to the Pensions Regulator in October or November. Officers advised that the TPR score for Conditional data continue to improve. There is still ongoing work with processing Historical Leavers data and focus was being placed on employers to ensure that their members who have recently left submit their leavers form on time.

Having considered the report, the Local Pension Board:

RESOLVED

That the Local Pension Board noted the progress on the correcting of the member data and the historical leaver exercise.

11. ADMINISTRATION PERFORMANCE REPORT AND UPDATE ON OTHER ADMINISTRATION AND LEGISLATIVE MATTERS

The Board received the report. Board members had the opportunity to consider the report and ask questions. The WYPF performance statistics is still consistent and 91% of cases are completed within their Key Performance Indicators (KPIs) for July 23 and similar figures are expected for August 23. The performance level slightly reduced in the beginning of the year however this has now improved. Their performances will continue to be monitored. The number of complaints received continues to be small and to date there are currently no stage 1 IDRPs in progress and one stage 2 case. The stage 2 case was reviewed and has been rejected. A complaint from The Pensions Ombudsman (TPO) has recently been received by the Pensions Administration Team.

The Pensions Administration Team is currently working on their Engagement Policy for the Fund, and this include visiting sites of work and offering members help with registering onto the Members Portal. The Communication Policy is being updated and the revised document will be presented at the next Board. The visits will be advertised extensively to ensure there is good response. Members were advised that the Board should receive feedback regarding the framework which is being used to undertake the AVC Provider review at their next meeting. The Annual Benefit Statement has been issued and 98.8% were completed within the set timescale of 31 August. There are 65 members who have not received their Statement and WYPF are working to send this information. These delays were due to employers not returning information and internal issues in obtaining data.

Following queries from the Board regarding the impact of the Mcloud Judgement, Officers advised that there was a limited number of members affected by the Judgement and adjustments to their pensions would not have a significant impact on the funding of the Pension Scheme

Members were reminded at their last meeting there were concerns regarding re-employees returning to the Council in April 2023 and informed that issues had been resolved and these were related to delays with data. The Board noted that some Capita CSG staff members had returned to Barnet Council in September 2023 and that were liaised with to ensure that issues experienced with the re-employees and Service Areas

are not encountered again. The Board noted that the Pension Fund Team had delivered workshops for re-employees regarding Pensions options, and these had been helpful. Members commented that a presentation for these employees regarding options available in relation to transferring benefits of other Schemes or their Capita Pensions should be offered to this cohort. The Board noted that transferring benefits would need to be undertaken within a year following move and that not all members would be aware of this timeframe.

Officers advised that The Pensions Regulator (TPR) single Code of Practice was scheduled to be published and that an update would be provided to the Board at their next meeting regarding its contents. The Board would also receive training on the new Code at a future date.

The following Action points were agreed: -

- That the Local Pension Board receives the Pension Administration Team revised Communication Plan at their next meeting.
- That the Local Pension Board receive feedback on the framework which is being used to undertake the AVC Provider review.
- That detailed guidance on how re-calculations of benefits should be calculated be communicated in respect of the 2015 Mcloud Judgement coming into force on 1 October 2023.
- The Pension Administration Team organise workshops for re-employees, regarding options in relation to their Pensions and transferring benefits of other Schemes to London Borough of Barnet Pensions Fund.

Having considered the report, the Local Pension Board

RESOLVED:

That the Local Pension Board noted West Yorkshire Pension Fund's performance levels along with the updates on other administration and legislative issues.

12. LGPS INVESTMENT CONSULTATION

The Board received the report. Board Members had the opportunity to consider the report and ask questions. The Board were reminded of the importance of managing the Fund in a cost-effective manner and advised that Officers had provided six recommendations in response to the Consultation. The Board noted that pooling would reduce the number of Investment Managers and reduce the associated costs.

RESOLVED:

That Local Pension Board members considered the paper and agreed that they would like to feed in some specific points for Barnet Council to consider within its response.

13. DECISIONS MADE BY THE PENSION FUND COMMITTEE

The Board received the report. Members noted the matters that had been discussed by the Pension Fund Committee and the decisions that had been made. The Local Pension Board had the opportunity to consider the report. Members were advised that there had been one Pensions Fund Committee since its last Board.

In response to question from the Board, Officers advised that the decision to reduce equity was based on analysis from Actuaries and Investment Consultants. The Pensions Fund from 31 March was 115% funded and this was due to high interest rates. Officers advised that the high interest rates were beneficial to the Fund and provided higher returns. This period was viewed as an ideal opportunity to protect the surpluses whilst heading to 31 March 2025 valuation whilst still receiving a high return. The Board noted that 9% of contributions were previously directed to paying off the deficit and that this was no longer required. There are also concerns regarding equity markets. The Board noted that actions would result with some growth being removed and that the current funding supported this position and would continue to generate returns and fund the Scheme in an appropriate way.

Having considered the report, the Local Pension Board:

RESOLVED

The Local Pension Board noted the procedures applied and issued raised by the Pension Fund Committee when reaching decisions at recent meetings.

14. KNOWLEDGE AND UNDERSTANDING

The Board received the report. Board Members noted the role of the Local Pension Board is to contribute to the governance of the pension scheme by scrutinising the work of the Pension Fund Committee and making recommendations where appropriate. Members were reminded to reply to the email sent by Offices, which requested for details of all training that they had undertaken during the months of July and August.

The Board were reminded that the Local Government Association will be facilitating a Hybrid Governance Conference in 2024 and that Officers would be available to assist Members in joining the Conference online. There is also an event being organised by the Pensions and Lifetime Saving Association which is open to Board Members. The Board were reminded that it was a statutory regulatory requirement for them to keep their knowledge and understanding updated and requested that all training requirements be forwarded to the Pensions Manager.

Having considered the report, the Local Pension Board.

RESOLVED:

The Local Pension Board noted the training options available as set out in Appendix A and that it agreed to continue to update the LBB Pensions Team monthly on any training undertaken.

15. COMMITTEE WORK PROGRAMME

RESOLVED:

That the Local Pension Board noted the work programme for 2023 to 2024.

16. ANY OTHER ITEM(S) THE CHAIRMAN DECIDES ARE URGENT

None.

17. MOTION TO EXCLUDE THE PRESS AND PUBLIC

None.

18. ANY OTHER EXEMPT ITEM(S) THE CHAIRMAN DECIDES ARE URGENT

None

The meeting finished at 7.10 pm