



Pension Fund Board minutes

Minutes of the meeting of the Pension Fund Board held on Wednesday 27 July 2022 in The Paralympic Room, The Gateway, Aylesbury, commencing at 10.00 am and concluding at 11.45 am.

Members present

B Black, P Dearden, R Ellis, I Thompson and L Wheaton

Others in attendance

J Edwards, K Farooqi, C Gray, C Lewis-Smith, M Preston and S Price

Apologies

J McGovern and T Pearce

Agenda Item

1 Apologies / Declarations of interest

Apologies were received from T Pearce and J McGovern.

A declaration of interest was reported from T Pearce who was potentially affected by the £95k exit cap.

2 Minutes of the Pension Fund Board

RESOLVED Members of the Board AGREED the minutes of the Pension Fund Board held 16 March 2022.

A member of the Board queried if Buckinghamshire Council's annual accounts had been formally signed off. It was advised the pension fund annual accounts audit had been completed however, there were no timescales currently for when they would be formally signed off due to the ongoing audit of the Council's accounts. It was noted the 2022 accounts were complete and would be formally signed off once the 2021 accounts had been signed off. It was advised queries related to the 2021 accounts were due to added complexities of the formation of Buckinghamshire unitary authority.

A member of the Board asked if members who attended either the CIPFA or Barnett Waddingham training could provide feedback on the training events. The Chairman advised the presentations from the events would be circulated to the Board and an

item on training feedback could be included on the agenda for the next Board meeting.

3 Minutes of Pension Fund Committee

RESOLVED Members of the Board NOTED the minutes of the Pension Fund Committee held 21 March 2022.

4 Review of Buckinghamshire Pension Board Policies

C Lewis Smith, Pensions Administration Manager, Buckinghamshire Council referred to the Pension Board policies circulated with the agenda.

- There were no regulation changes to the Board policies. Date had been changed on the policies to reflect the change of year.
- The Conflict Policies had been amended to reflect that any conflicts would be reported at all Board meetings not annually as previously stated.
- The Knowledge and Understanding Framework policy had been updated to indicate a new module on pension scams had been added to the public sector online training toolkit.

The Board were asked if a notice period for resignations from the Board should be included in the Terms of Reference policy. The Board agreed a three-month notice period except in exceptional circumstances would be added to Section 15 of the Terms of Reference.

Action C Lewis Smith to update.

The vacant Employer Representative position had been advertised in In-form the quarterly newsletter for Buckinghamshire Pension Fund employers and employees at Thames Valley Police had been contacted. The next stage would be to contact employers and an advert would be posted on the Buckinghamshire Council jobs page.

A member of the Board highlighted the Terms of Reference policy specified Board members would be appointed for a three-year term and queried if this was the maximum term Board members could serve. It was noted the policy did not specify a maximum number of terms and knowledgeable and experienced members were important to retain.

The Chairman highlighted as per the Terms of Reference Board members could attend the Pension Fund Committee as observers. Members were advised to contact Democratic Services if they wanted to attend in the future.

RESOLVED Members of the Board NOTED the update.

5 Pension Fund Annual Report 2021/22

Julie Edwards, Pensions and Investments Manager presented the report attached to the agenda.

The Chairman advised any observations relating to the report could be emailed to officers for amendment.

There was a discussion relating to forecasted management expenses. It was highlighted that management expenses were linked to the value of assets and fees would increase with the value of the fund. Additionally, the type of assets invested in including private markets could incur higher fees. It was anticipated the fees incurred would not be as high as reported however it was acknowledged there were challenges with estimating potential future fees.

There was a query relating to movement assets and liabilities, in particular how officers decide which overpayments to write off. It was confirmed there were limits on amounts written off and sign off from senior management was required over a certain amount. The likelihood of recovery of funds and economic benefit were considered, in certain instances small amounts were written off as the cost of recovery negated the amount to recover.

A member of the Board highlighted the interim valuation showed that the funding level had increased to 96% and queried if there was a long term intent to achieve 100%. It was advised the aim was to increase the valuation to 100% however, a cautionary note was added that these figures were based on the 2019 membership and the market had changed significantly since then. The actual figures would be clearer at the end of the calendar year.

The chairman advised the outcome of the triennial valuation would be available in December.

It was highlighted the training attendance for the Board required updating as members had attended training sessions.

Action: C Lewis Smith to update

There was a lengthy discussion regarding differences in the total membership figure throughout the report. The chairman requested a note was added to page 92 of the report to confirm the total membership number including or excluding certain membership categories i.e. leavers, refunds or undecided.

There was a query regarding transfer values of which on 31 March 2022 £2.899m had not been received. It was highlighted processing transfers was a lengthy process due to the lead in time for leavers joining new funds on the commencement of employment.

It was highlighted any missing information and minor changes in the report would be populated before the report was presented to the Pension Fund Committee in September.

RESOLVED Members of the Board NOTED the update.

6 Annual Benefit Statements - Administration Year End Update

S Price, Assistant Pensions Administration Manager, Buckinghamshire Council, referred the report circulated with the agenda.

The following points were highlighted:

- 98% of employers submitted annual returns by 30th April deadline. The outstanding returns were received in early May.
- 85% of the returns submitted by the 30th April deadline were accepted.
- The 15% remaining returns were sent back to employers and subsequently these were processed a few days later. Any returns with incorrect formatting or missing AVC contribution details were sent back to employers to be checked.
- The valuation data submission deadline was 30th June which meant all returns needed to be processed & queries raised. The team achieved this by the deadline.
- Returns from 250 employers were processed and had no outstanding queries relating to the 2021/22 return. These were ready for annual benefit statements to be issued.
- A further 35 returns from employers were processed and had 582 outstanding queries relating to the data provided. These queries had been sent to employers.
- Overall, a total of 1406 queries were raised with 824 already resolved. 98% of queries were resolved in the 10 working days' timeframe.
- Queries were reducing year on year and there was no backlog of outstanding queries. This was attributed to efficiency from the administration team and greater accuracy of data since employers moved to using i-Connect. There were monthly checks and data reconciliation which were previously undertaken annually.
- Annual benefit statements were being issued from the end of July. The largest scheme employer had no outstanding queries.
- The 356 statements for active scheme members who had opted out of the online service would be printed and posted by the end of August.
- The administration team were commended for their good work in dealing with queries proactively. The data being provided by employers was more accurate and of better quality than previous years.

It was confirmed scheme members who received paper annual benefit statements had actively elected to opt out of My Pension Online. All annual benefit statements were uploaded to My Pension Online whether scheme members had registered online or not. All employers were emailed to advise the annual benefit statements had been issued and employees should be updated accordingly.

It was noted that 174 employers had annual benefit statements issued as of the 27th July.

RESOLVED Members of the Board NOTED the update.

7 Administration performance statistics

S Price, Assistant Pensions Administration Manager, Buckinghamshire Council, referred the report circulated with the agenda.

The following points were highlighted:

- Incoming communications were at a consistent level to previous quarters. There had been less post received and emails from individuals to the pensions general inbox had reduced. The majority of scheme members communicated through My Pension Online and employers were using i-Connect to upload employee documentation.
- The pensions inbox was monitored daily with 100% of queries dealt with on the same day. Queries were replied to directly by email or the necessary work flow was raised.
- The target average phone queue time was 40 seconds however, the team performed better than this target with averaged queue time of 18 seconds. In June it was noted the average time was 13 seconds. The team had four Member Liaison Officers to answer calls who were commended for their prompt responses.
- The priority target relating to work load was 95% of tasks completed within relevant turnaround times. The team achieved 97.2% this quarter with payments of benefits prioritised.
- The four benefit administration priority areas included retirements, deaths, AVC's at retirement and refunds. Three of the priority areas achieved 98% of tasks completed in the target turnaround time. The AVC's at retirement achieved 91% which was due to having to chase information from the AVC provider.
- The table showing other areas of benefit administration highlighted the team had on average dealt with 3300 new cases per month with no areas for concern or backlog of outstanding queries.
- Aggregation had a 72% achievement rate. It was noted the team were working to improve turnaround times. These cases were high volume and a lower priority for the team.
- It was noted the table showing open cases was for June 2022 not February 2022. There were 2829 open cases with 29% overdue. Cases were reviewed on a monthly basis with a notable reduction since April with 61% open cases.
- It was highlighted the overdue cases for Leavers was fairly high due to difficulties in receiving information from scheme employers. The team had reviewed these cases in detail assessing the information held and wrote to scheme members if required.
- Cases which were overdue for longer than three months were reviewed by the Senior Pensions Officer monthly. 78% of overdue cases were waiting for external partners to respond. 22% of overdue cases were either being dealt with by the team or were ready for checking.

It was highlighted discussions were ongoing with Aquila Heywood, the pensions administration software provider, to develop a new report to produce more in-depth data on overdue cases by employer. This data would be provided as a

confidential appendix of the agenda in the future.

In response to a query it was confirmed when a user raises a question via My Pension Online this was automatically sent to the Pensions inbox for the necessary workflow to be created.

There was a request for future reports to include the relevant time periods above tables of case statistics and headers.

A member of the Board highlighted the issue of pension scams and scam awareness when dealing with account queries from scheme members. It was advised there was updated guidance for administrators on pension scams. There was a lengthy process of verifying and checking the identity of scheme members and financial advisor's credentials before discussing or paying funds.

It was explained that aggregation included an employee who had more than one period of membership in the Local Government Pension Scheme. There was in-house aggregation when an employee commences employment at another employer with the same pension fund. The employees' period of membership could be joined together unless specified and there were inter-fund transfers with other LGPS funds.

RESOLVED Members of the Board NOTED the update.

8 McCloud update

C Lewis Smith, Pensions Administration Manager, Buckinghamshire Council referred to the report circulated with the agenda.

The Department for Levelling Up and Communities were in the process of producing McCloud regulations by the late Autumn to early November. There had been no reported change to implementation of the regulations by 1st October 2023.

The team were in the process of uploading historical data for the data verification report before live data uploaded. There were 378 employers to provide data with 215 data sets returned. There were 2 employers yet to send historical data. The details as of 1st April 2014 would be compared to data held from end of March 2014 with data verification tools from providers available in the near future. The next update will be provided at the December 2022 Board meeting.

RESOLVED Members of the Board NOTED the update.

9 Forward Plan

Members of the board were requested to inform officers of any further reports to be added to the forward plan.

S Price advised there would be further information from the reporting tool Insights at the October Board meeting.

A member of the Board requested the results from the audit by Grant Thornton to be provided at the October Board meeting.

C Lewis Smith advised the employer covenant review by Barnett Waddingham would potentially be later than October.

RESOLVED Members of the Board NOTED the update.

10 Exclusion of Press and Public

RESOLVED To exclude the press and public as the following items are exempt by virtue of Paragraph 3 of Part 1 of Schedule 12a of the Local Government Act 1972 because they contain information relating to the financial or business affairs of any particular person (including the authority holding that information).

**11 Confidential minutes of Pension Fund Board
Restricted.**

**12 Confidential minutes of Pension Fund Committee
Restricted.**

**13 AVC Review
Restricted.**

**14 Pension Fund Performance
Restricted.**

15 Date of next meeting / AOB

Any other business

It was confirmed the cybercrime scorecard tool would be issued late June. An item on this would be added to the December Board meeting agenda.

A member queried if there was a cyber-incident response plan. It was advised the team followed the Council's main cyber security policy however, a separate policy relating to pensions specifically could be created if necessary.

It was highlighted the pensions cost cap breach had resulted in a challenge against the government due to McCloud costs. There was currently no requirement to backdate however, benefits could potentially be backdated to April 2019. Barnett-Waddingham had confirmed if the breach is confirmed it would have a negligible effect on value although the administration process could change.

The decision on higher education institutions and academies being classed as public sector bodies and therefore offering LGPS would likely be announced in September. Barnett-Waddingham were aware of this and valuation assumptions could be affected.

The implementation of the pension single code of practice was delayed until autumn. The procurement for the pension administration system was underway with tender documentation issued and bids submitted. The contract would be awarded with the system going live by September 2023. The process was underwritten by Norfolk LGPS framework with three providers able to bid for the contract.

Date of next meeting: 19 October 10am via MS Teams