



## Pension Fund Board minutes

Minutes of the meeting of the Pension Fund Board held on Wednesday 19 October 2022 in MS Teams, commencing at 10.00 am and concluding at 11.44 am.

### Members present

B Black, P Dearden, R Ellis, T Pearce, L Wheaton and J Whiteley

### Others in attendance

K Farooqi, C Lewis-Smith and S Price

### Apologies

J Edwards, J McGovern and I Thompson

### Agenda Item

#### **1 Apologies / Declarations of interest**

Apologies were received from J Edwards, I Thompson and J McGovern.

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

The Chairman welcomed Jo Whiteley the new Scheme Employer representative to the Board.

It was noted Dr Jane McCarthy was in attendance for the public section of the Board meeting.

#### **2 Minutes of the Pension Fund Board**

**RESOLVED Members of the Board AGREED the minutes of the Pension Fund Board held 27 July 2022.**

#### **3 Minutes of Pension Fund Committee**

**RESOLVED Members of the Board NOTED the minutes of the Pension Fund Committee held 7 July 2022.**

**RESOLVED Members of the Board NOTED the minutes of the Pension Fund Committee held 29 September 2022.**

It was advised the 2021-22 Buckinghamshire Council's annual accounts had not been

formally signed off yet.

#### **4 i-Connect/Pensions 'Online' Update**

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

The following points on My Pensions Online were highlighted:

- 38% of Buckinghamshire Pension Fund members were registered to use My Pension Online. This was a 6% increase since March 2022.
- The table on the report showed the different registration status of members, this included 52.89% of pensioner age members fully registered for the service which was encouraging.
- For those members who were partially registered i.e had not completed the sign up process, contact would be made annually to encourage them to complete the registration process.
- A member of the Board queried the number of people registered plus members who had opted out of the online service. It was confirmed 35.5% of pensioners were not registered and if the number of people opted out of the online service were removed, then only 83% of pensioners are able to be registered
- The Member Liaison Officers in the pensions team were encouraging members to use the online service for responses to queries. If a member had not chosen to opt of the service, all correspondence and statements would be issued on My Pension Online.
- A message to log online to view statements is included on all email communications and scheme employers had been notified once annual benefit statements had been issued asking them to encourage employees to use the online service.
- It was clarified that partially registered members had begun the registration process online however, they had not verified their email address and completed the final step in the registration process. There were instances when the verification email had gone to the junk folder.
- There was an increase of 600 pensioners who opted out of My Pensions Online, this surge occurred in April due to P60s being issued online.
- There were on average 8600 log ins to My Pensions Online a month, with figures increasing in May and August due to annual benefit statements and P60s being issued.
- The amount of traffic to the portal was positive each month with members able to update their own details. Members made use of the retirement benefit calculations function which resulted in less requests to the pensions team.

The following points on i-Connect were highlighted:

- The majority of employers would be on-boarded to the system by the end of 2022-23. The largest scheme employer was on-boarded in November 2021 and the last large employer was on-boarded last month with the systems team finalising the process.
- At the end of September 2022, 258 employers had been on-boarded and were successfully submitting data on a monthly basis.

- A monthly reconciliation of data provided from employers via i- Connect is now in place which allows the team query any data inaccuracies
- Scheme employers were able to upload documents to i-Connect instead of emailing them. The team were encouraging employers to use this function as it was a safer and quicker way for member data to be sent.

The chairman congratulated the team on their hard work and highlighted the benefit of more employers using i-Connect to reduce queries received by email.

## **5 Internal Administration Benchmarking**

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

The following points were highlighted to the Board:

- The annual report provided a comparison against measures including; staffing, scheme membership, costs & workload. The report covered the year 2021-22 and the previous two years.
- There had been an increase in staffing from 43.1 FTE to 49.1 FTE. In anticipation of McCloud going live in October 2023, one senior pension officer post and three pension officer posts were added in 2021.
- There were a total six posts added to the structure in 2021 including a one year fixed term member liaison officer post to cover maternity leave. This post would be removed from the structure next year.
- The two vacant posts from the end of last year had been recruited and there were currently no vacant posts in the team.
- The report included a breakdown on salary bandings and experience in the team structure. There were 10.8 FTE posts with less than one-year experience. Salaries were in line with LGPS nationally and were based on experience.
- Scheme membership increased year on year and the staff to fund member ratio was 1 to 1780. In 2018-19 the ratio was 1 to 2062.
- There had been a consistent increase in costs due to an increase in staffing costs.
- Buckinghamshire Pension Fund were previously part of the CIPFA benchmarking which provided a comparison of costs and performance with other funds. This benchmarking process was limited due to inconsistencies with the process of funds submitting data. CIPFA had conducted a review of the process and it was hoped the team could participate in the benchmarking scheme in the near future.

The Chairman asked if there was an optimum number of staff to scheme members. It was confirmed there was currently no target level and officers would discuss a target level.

A member asked if the increased cost of Heywood software provider was due to McCloud. It was advised there was a contract extension with Heywood as the contract was due to expire in March, the extension did incur additional costs.

A member queried if five days' sickness absence per full time post was a normal

level. It was highlighted there was previously a few members of staff on long term sick leave however, sickness absence had reduced over the years and wasn't considered a concern.

There was a discussion relating to scheme membership and an increase in frozen refunds. It was explained there had been an increase in new cases where employees had left their entitlement and it was difficult to make contact. Where a scheme member left with less than 2 years total membership they are not entitled to a deferred benefits but due a refund instead. This was an increase from 3 months as a result of Regulation changes in 2014 meaning there has since been a growth in the number of refund entitlements. Refund are expected to be paid out in five years. Scheme members were issued with a claim form however, in many cases there were no current addresses for the members, and many didn't realise they were entitled to a refund. It was noted the pensions dashboard would be useful in highlighting member's pensions rights and could encourage them to claim lost pensions.

The Chairman queried the process if scheme members claimed a refund after the five-year limit. It was advised some refunds were outstanding from 1980s/1990s and the member would receive the refund with interest accrued in line with scheme regulations.

A member of the Board queried if there were more people opting out of the pension scheme due to the cost of living crisis. It was advised there did not appear to be a trend for more members opting out however, this could be monitored going forward. Furthermore, there had not been an increase in members opting for the 50/50 scheme to reduce pension contributions in times of hardship.

**Action: S Price to provide opt out and 50/50 scheme statistics at each Board meeting.**

It was noted the employer newsletter could include wording to advise members of the 50/50 option to discourage opt outs.

## **6 Breaches of the Law**

C Lewis Smith, Pensions Administration Manager, Buckinghamshire Council provided an update on breaches of the law.

The following points were highlighted:

- The aim of the report was to identify, assess, record and report any breaches. Breaches of the law are reported annually.
- Appendix 1 of the report identified breaches of the law from 1st July 2021 to 30th June 2022.
- There were 43 refunds issued after the five-year limit expired. These were not material breaches and six months prior to the five-year deadline members were contacted in an attempt issue refunds. A request had been made to the Department for Levelling Up, Housing and Communities to remove the regulation for the five-year refund limit.

- There was a report of a breach as not 100% of annual benefit statements were issued. There were 99.89% of statements issued in time and the team continued to work with employers on outstanding queries.
- The table on page 36 highlighted late and outstanding payments for the last financial year and the first six months of this financial year.

A member of the Board queried the table on page 36 on late payments if there was a typing error and which employers had late payments.

**Action C Lewis Smith to check the queries above.**

## **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 consistent levels for the past two quarters. The report did not include communications generated from i- Connect however, these statistics would be included going forward.
- It is anticipated when more members used the document upload facility on My Pension Online that email and post communications would reduce.
- It was highlighted the team were dealing with member queries quickly with the telephone call queue time at an average of 17 seconds. There were four members of staff who answered the phones and over 99% of calls received were answered.
- The priority areas turnaround target was 95% however the team had achieved almost 98% for both quarter one and two of 2021/22. There were no delays in responding to queries or backlogged queries.
- The benefit administration cases were highlighted with no areas of concern. Aggregation had 89% of cases completed which was an area which had shown improvement. The team reviewed and processed these cases quicker due to data being uploaded straight to i-Connect.
- The total number of overdue cases in each area were highlighted. The table also showed 80% of overdue cases were waiting for external action from scheme employers. A report showing external cases overdue by each employer would be provided at the December meeting. 16% of overdue cases were overdue by three months, the team was focusing on these.
- The deadline for providing a pension saving statement to all scheme members who had exceeded the Annual Allowance in the 2021/22 scheme year was 6 October 2022. Following a bulk calculation on all active scheme member records, 158 individual cases were manually reviewed & 129 statements were issued to scheme members who had exceeded the limit.
- The team were working to identify any errors in data held on the system. Common data was data specific to scheme members for example addresses. Scheme specific data related to data or a field missing. Identifying data errors was a monthly task and not just reviewed annually. The Insights reporting tool was useful to identify errors, the common data score was currently 96.2% and scheme specific data 98.94%.

- The common data score was lower than scheme specific data due to scheme members not at retirement age failing to notify of address changes. An external tracing company sent correspondence to these members to validate their details.

The Chairman asked if it was possible to have mid-year calculations to advise members they would exceed the annual allowance. It was advised as it was a retrospective process it would be difficult to predict in advance whether a scheme member would exceed or not as pay increases are not always known. Members who have exceeded the annual limit would work out tax owed. The scheme can pay this on their behalf with a pension debit being applied to the member benefits at retirement.

## **8 Funding Strategy Statement**

C Lewis Smith, Pensions Administration Manager, Buckinghamshire Council referred to the report included in the agenda.

The following points were highlighted:

- The funding statement strategy revision was approved by Pension Fund Committee at the September meeting.
- The report explained the revision of the admission bodies policy and outsourcing of service.
- Previously the admission agreement transferred risk to an admission body with the requirement to have a bond. The new arrangement requires a side agreement within the contract which allowed the risk to be retained by the letting authority.
- The cessation valuations for when a scheme employer exits the fund were highlighted on pages 57 and 58 of the appendix.
- Previously there was an arrangement for pre-payment of employer contributions. Employers could pay in advance and receive a discount assessed by the fund actuary. The fund has removed this facility in the revised strategy.

It was highlighted a self-insurance arrangement would be place to cover ill-health retirement and death-in-service benefits for all individual employers not involved in a pooling arrangement. A percentage of funding could be set aside and used if needed.

## **9 Forward Plan**

C Lewis Smith, Pensions Administration Manager, Buckinghamshire Council requested any topics Board members wished to include at the December meeting.

It was advised the cyber security report scorecard results were due to be shared in spring however, due to a limited data from other organisations the results were delayed. The scorecard results were received on 6th October and the results would be shared at the December Board meeting.

The Annual Accounts 2021-22 report would be on the agenda for the December meeting as there was currently no update.

The Chairman requested an update on administration particularly overdue cases, late contributions and projects.

**10 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:

- The report advised 98% of employers submitted the 2021/22 annual returns by 30 April 2022 deadline with the remaining returns received before the end of May 2022.
- The team successfully raised any queries to scheme employers and processed all returns by 30 June. There were 1639 queries raised with scheme employers and 99% of these were resolved within the ten working days' turnaround time.
- By 31 August 99.8% of annual benefit statements had been issued with the majority online and over 300 posted. The majority of statements were issued before the end of July.
- As of 1 September there were 45 scheme members who had not received their annual benefit statement however, 21 of these queries have now been resolved and statements issued. The delay in issuing these statements was due to issues with the scheme employers.

To date 99.89% of annual benefit statements had been issued with 24 statements outstanding. These queries related to nine scheme employers and would be resolved imminently.

**11 Exclusion of Press and Public**

**12 Annual Benefit Statements - Confidential Appendix**

Restricted.

**13 Confidential minutes of Pension Fund Board**

Restricted.

**14 Confidential minutes of Pension Fund Committee**

Restricted.

**15 Pension Fund Risk Register**

Restricted.

**16 Pension Fund Performance**

Restricted.

**17 Date of next meeting**

Date of next meeting: 13 December 10am via MS Teams

Members were encouraged to attend the Pensions General Meeting on 8th December at The Gateway, Aylesbury where the results of the triennial valuation would be presented by Barnett Waddingham.

It was advised the McCloud consultation documentation had not been released yet. There would be further consultation in the new year. The Pensions Regulator's new TPR single code of practice would hopefully be received this autumn. The new pensions dashboard programme had started along with liaison with software providers. The deadline for the dashboard was 2024.

The Chairman highlighted the slides from the June training sessions from Barnett Waddingham and CIPFA had been circulated to Board members. The training sessions covered different topics including cyber security from CIPFA. It was suggested in future members attend one session from each provider and presentations could be shared afterwards.