



Pension Fund Committee minutes

Minutes of the meeting of the Pension Fund Committee held on Thursday 19 November 2020 in Virtual meeting via MS Teams.

Members present

A Bacon, R Bagge, T Butcher, J Chilver and J Gladwin

Others in attendance

O Awais (Grant Thornton), C Dobson (Independent Adviser), J Edwards, R Ellis, T English (Mercer), A Kenward, C Lewis-Smith, R Martinig, S Mason (Pension Fund Board), S Phillips (Grant Thornton) and M Preston

Apologies

D Anthony and M Passey

Agenda Item

1 Apologies for Absence / Changes in Membership

Apologies were received from D Anthony and M Passey.

2 Declarations of Interest

There were none.

3 Minutes of the last meeting

It was confirmed that outstanding actions to circulate updated information had been actioned.

RESOLVED

Members of the committee AGREED the minutes of the Pension Fund Committee, 24 September 2020.

4 Buckinghamshire Pension Board minutes

ACTION

The minutes of the Pension Fund Board held 14 October 2020 would be circulated outside of the meeting.

5 Breaches of the Law

Mrs C Lewis-Smith, Pensions Administration Manager, Buckinghamshire Council,

gave an overview of the report circulated with the agenda.

The following points were discussed:

- The team were working closely with the employer who had outstanding statements. A further 3,376 statements had been issued taking the scheme total from 78.9% to 89.4% of statements issued.
- A total of just over £1.3m in payments had been received late.
- A total of just over £112,000 of payments were still outstanding made up of:
 - 2018-19 £42,0520
 - 2019-20 £29,971
 - 2020-21 £40,465
- The process for chasing late payments had been improved. This was now being applied to the handful of employers with late payments outstanding.
- The Pensions Administration Strategy did allow for interest to be added to late payments, but the team would be working with employers to resolve issues in the first instance.

RESOLVED

Members of the committee NOTED the report.

6 Annual Accounts Audit 2019/20

Ms R Martinig, Pensions & Investment Accountant, Buckinghamshire Council, and Ms S Phillips and Mr O Awais, Grant Thornton, gave an overview of the report circulated with the agenda.

The following was highlighted:

- Officers were confident the audit would be ready for sign off by the 30 November 2020 deadline. However, the formal sign off was unlikely to happen at that time due to delays in the wider Buckinghamshire Council (BC) accounts. The accounts must be signed at the same time.
- Minimal changes had been made since this document had last been brought to committee, none of the figures had changed.
- Grant Thornton made the following six recommendations:
 - To replace custodial valuations as of 31 December with the most up to date investment valuations available.
 - To improve the accuracy and completeness when reconciling scheme contributions.
 - To include evidence of management challenge of fund managers.
 - To include evidence of management challenge of the actuary.
 - To improve the use of the IS19 digital filing system to make it easier to the actuary to access information.
 - Improving communication with MKC to ensure their data is received in a timely manner.
- Page 71 of the agenda pack showed the correction between the custodial and fund managers account.

The following points were addressed as questions:

- Management responses were marked as to follow as it had not been possible to get that information before the agenda was published. This would be updated in the final version.
- Ms Dobson stated that she had not seen other cases of management being made accountable for fund manager and actuary oversight at this level. She raised the concern that the relevant parties were not subject matter experts with responsibility for catching errors. Ms Philipps confirmed Grant Thornton did not expect this to go beyond challenging obvious errors but wanted something in place that showed the relevant parties had fully read reports.
- Officers confirmed they were in regular contact with Milton Keynes Council (MKC) about their outstanding data. This included discussing why they had fallen behind.

Members of the committee thanks Grant Thornton and BC officers for their hard work in preparing the accounts under difficult circumstances.

RESOLVED

Members of the committee NOTED the report.

7 Forward Plan

Julie Edwards, Head of Pensions, Buckinghamshire Council, referred to the document circulated with the agenda.

RESOLVED

Members of the committee NOTED the forward plan.

8 Exclusion of the Press and Public

9 Confidential minutes of the last meeting

10 Confidential minutes of Pension Fund Board

11 Pension Fund Performance

12 Any Other Business

13 Date of the next meeting

25 February 2020, 2pm

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Pension Fund Board private minutes

Private minutes of the meeting of the Pension Fund Board held on **Wednesday 16 December 2020** in Virtual meeting via MS Teams.

Agenda Item

10 Exclusion of Press and Public

11 Annual Benefits Statements - Confidential Appendix

Ms S Price, Assistant Pensions Administration Manager, gave an overview of the report circulated with the agenda.

Ms Price highlighted the following points:

- Some of the 23 employers only had 1-2 queries outstanding.
- Milton Keynes Council (MKC) had the largest number of queries outstanding. Their returns would now be rectified weekly but historic queries remained difficult to resolve. Ms Price would be meeting with MKC and their payroll provider on 18 December 2020.

RESOLVED Members of the Board NOTED the update.

12 Confidential minutes of Pension Fund Board

Ms Edwards confirmed Blackrock/Blackstone had not been formally advised of the intention to terminate their mandates. This would not be done until the appropriate Brunel portfolios are available.

RESOLVED Members of the committee AGREED the minutes of the Pension Fund Board held on 21 October 2020

13 Confidential minutes of Pension Fund Committee

ACTION Minutes of the Pension Fund Committee held on 19 November 2020 would be circulated to members of the Board once published.

14 Pension Fund Performance

Mrs Lewis-Smith gave the following updates:

95k exit cap

- The new legislation had come into force as of 4 November 2020.
- There was a conflict between the LGPS regulations which say we must pay an unreduced benefit on redundancy and Her Majesty's Treasury (HMT) legislation which says the option to buy out any reduction must be offered. Advice from the Ministry of Housing, Communities and Local Government (MHCLG), was the new legislation should take precedence. However, the Local Government Association (LGA) had sought counsel's opinion which was different.
- The MHCLG consultation on regulations had been extended until 18 December 2020 and officers had prepared a response for sign off by the Pension Fund Committee (PFC).
- Go ahead had been given for a judicial review which could be held in January 2021. This could delay amending regulations until February/March 2021.
- Initial indications were Thames Valley Police, Milton Keynes Council and Buckinghamshire Council expected to have a small number of affected cases. There was on-going communication with other employers about possible cases.

McCloud

- The software provider was looking to provide a report which identified employees affected by the ruling. Lists would then be provided to employers.
- It was hoped that data collection could start from January 2021 and the project could take 2 years to complete. Levels of staffing were expected to be similar to those needed in 2014 and a report would be taken to the PFC requesting additional resourcing.
- The Scheme Advisory Board and Local Government Pension Scheme would be providing national guidance on what to do if employers were unable to provide historical data to ensure a uniform approach.
- A judicial review was expected to be made on behalf of some scheme members who fell just outside of the included dates.

Guaranteed Minimum Pension (GMP) indexation

- Pensions taken after 5 April 2015 but before 2018 were to have their GMP increased fully by LGPS Funds.
- This had now been extended to 2021 with a consultation out to extend further to 2024.
- Conversion was being considered as a long term policy solution.

GMP equalisation

- This referred to the Lloyds case. The team were waiting to hear if this will apply to public sector pension schemes.

Employer Flexibilities Guidance

- Guidance issued by MHCLG & LGPC as part of a consultation. They cover arrangements when an employer leaves the scheme and when deferred debt agreements can be entered into.
- Consultation is open until 9 January 2021.

Goodwin case

- Referred to the equalisation of widow's pensions for same sex spouses and civil partners.
- Despite acknowledging consultation feedback the initial legislation had only covered female survivors. Changes to provide for male survivors were expected in Spring/Summer 2021 and would be backdated until 2005.

Procurement exercise

- Mercer had been awarded the investment consultants contract.
- Barnett Waddingham had been awarded the actuary contract.
- Both contracts were for 6 years.

15 Date of next meeting / AOB

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