



## Pension Fund Board minutes

Minutes of the meeting of the Pension Fund Board held on Wednesday 13 December 2023 in The Paralympic Room, Buckinghamshire Council, Gatehouse Road, Aylesbury HP19 8FF, commencing at 10:15am and concluding at 12:11pm.

### Members present

P Dearden, R Ellis (Chairman), T Pearce, Rulton, I Thompson (Vice-Chairman) and J Whiteley

### Others in attendance

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

### Agenda Item

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

The Board received apologies from Bev Black.

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**

The following matters arose from the actions of the previous meeting:

1. The new 'My Pension Online' platform went live week commencing 11<sup>th</sup> December 2023, with Phase 2 of that process having started at 3pm on 12<sup>th</sup> December. Emails with instructions were issued to registered pensioner members, and the team had begun taking calls to help those unsure about how to navigate the four-step procedure to transfer their registration across. Deferred members would be contacted to transfer on Thursday 14<sup>th</sup> December, with active members following on Tuesday 19<sup>th</sup> December.

An exercise was planned in mid-January 2024 to reach those who had not yet transferred from the aforementioned groups, with non-registered members being encouraged to join the new platform from February 2024.

The communication sent to members was provided by Heywood free of charge. It had been agreed that it would continue to be used in future communication to members moving forward. Owing to internal IT issues, the communications were sent via the pensions administration system, rather than MailerLite as had been originally planned.

It was noted that there were some errors in accessing some of the new functionality and pages, whilst other functions of the new system such as Benefit Projections remained dependent on the old platform. This was a temporary measure while Heywood worked to migrate everything across over the next two to three months. Any errors found by board members would be communicated to the Pensions Administration Manager and the Assistant Pensions Administration Manager, who could notify Heywood.

2. Following the conclusion of the DLUHC LGPS Pooling Consultation on 2<sup>nd</sup> October, the Board noted a 10% allocation ambition for investments in private equity, and the March 2025 deadline for the accelerated consolidation of LGPS assets into pools. It was still expected that by 2040, pools would merge to a size approximately £200 billion in value. It was unlikely that this would be discussed at the Pension Fund Committee (PFC) until it became enacted in law. It was agreeable to board members that they be included in correspondence to the PFC regarding this.

**ACTION**

3. It was confirmed that the figures highlighted as anomalous by the Board in the Annual Report Extract submitted at the previous meeting had been checked, amended where necessary and were now showing correctly on the version of the document submitted to the Scheme Advisory Board.
4. The Assistant Pensions Administration Manager confirmed that the figures for the number of new opt-out cases in the Administration Performance Statistics report submitted to the previous board meeting had not yet been checked against the number of opt-outs listed for Q1 and Q2 2023/24, as the team had been prioritising the My Pension Online rollout. However, this would be checked by the next meeting.

**ACTION**

**RESOLVED: That the Minutes of the meeting held on 26<sup>th</sup> October 2023 be agreed as a correct record.**

**3 Minutes of Pension Fund Committee**

**RESOLVED: That the Minutes of the Pension Fund Committee held on 15<sup>th</sup> November 2023 be noted.**

**4 Internal Dispute Resolution Procedure**

The Local Government Pension Scheme (LGPS) operated a two-stage dispute procedure under Regulation 72 to 79 of The Local Government Pension Scheme Regulations 2013.

The Assistant Pensions Administration Manager drew attention to the three cases highlighted in the report and gave an overview of each.

The team received 32 non-formal complaints (1 relating to payroll related complaints) in fiscal year 22/23. 97% of these complaints were responded to within the 5 working days target.

Complaints primarily stemmed from one of two issues:

- There had been a delay in payment of scheme benefits, often caused by missing notifications from the scheme employer.
- Scheme members mistakenly believing that they held an entitlement to a benefit, such as a refund of contributions or to trivially commute a main scheme benefit/AVC that they did not have.

The Assistant Pension Administration Manager held bi-annual meetings with Senior Officers in the team to review all appeals and complaints that had taken place over the previous six-months, with the intention to refine internal procedures, improve efficiency, and implement additional checks where necessary.

It was confirmed for board members that a review of starter procedures for those joining or eligible to join the pension scheme hoped to address a current knowledge gap in the benefits available to them, and the implications of opting out in the longer term. This, in conjunction with the auto-enrolment procedure, and rollout of the Pensions Dashboard Programme, would mitigate the risk of further instances such as example case three in the report, where a misunderstanding of the information given to a scheme member resulted in them opting out of the scheme and later finding their retirement benefits insufficient to retire as originally planned.

**RESOLVED:**

That the report be noted.

**5 Internal Administration Benchmarking/CIPFA Benchmarking**

Buckinghamshire Pension Fund participated in CIPFA Benchmarking this year, following a few years of conducting internal benchmarking. The final report from CIPFA had not been received in time for the board meeting. The report would be circulated to board members following the meeting when it became available, and a discussion could be considered on its contents at a future board meeting.

**ACTION**

**Staff Related Measures**

The structure had remained largely unchanged across the period, with the only alterations being the addition of a McCloud post in the 2021/22 year, and the removal of a fixed-term post covering maternity leave over 2022/23. This left 48.1 full time equivalent (FTE) posts in the structure.

Of the 1.4 vacant posts, one had been filled, leaving one remaining post for a Pensions Assistant. Recruitment to this role was on hold whilst the resource levels required for these posts is reviewed as a result of the digital post room being implemented by the Council. Staff retention remained a priority, with training in place to increase knowledge and motivation within the team.

Staff sickness levels improved over the past three years, especially for long-term sickness. While the number of days sick per FTE each year within the team had increased from 2 to 4 across the period, this was still well below the Council average of 8 to 9.

### **Scheme Membership**

The number of scheme members had increased year on year over the period.

The number of undecided leavers had reduced greatly down from 1388 in 2020/2021 due to an improvement in the information given to scheme members through i-Connect. This figure was expected to remain in the 500s moving forward. This was due to a six-week delay in processing leaving requests to account for any pay adjustments received via i-Connect.

Many of the frozen refunds were historic cases where scheme members had left in the 80s and 90s and often proves difficult to contact these members. Every attempt is made to pay refunds to members opting out/leaving with a refund entitlement under the current scheme regulations where there is a requirement to pay the refund within five years, though this was dependent on the ability to trace people with no up-to-date contact information on record. They would remain a frozen refund until claimed.

It was agreeable to board members that the quantum of the frozen refunds be included in a future report.

### **ACTION**

### **Cost Measures**

The cost per scheme member had increased over the past three years as expected, in correlation with the increase in Heywood pensions software system costs (including fees for maintenance, development & consultancy along with charges for i-Connect).

### **Workload Measures**

The number of cases outstanding at the beginning of each year had decreased over the period. From 5,481 in 2020/2021 to 2,395 in 2022/2023.

The number of new cases created during the year increased significantly in 2022/23, because of employer data being submitted via i-Connect and monthly data reconciliation. It was explained that the i-Connect data was previously assessed on a yearly basis, therefore the current year's figure appeared abnormally large. This increase in workloads was expected and prepared for and can be accommodated by current team resource.

**RESOLVED:**

That the report be noted.

**6 Annual Accounts Audit 2022/23**

The audited Statement of Accounts for the Buckinghamshire Pension Fund for the year ended 31<sup>st</sup> March 2023, showed a decrease in the value of the fund by £171m to £3.741bn. The decrease was the net result of income received (£189m), payments out (£172m), and net losses on investments (£188m).

Grant Thornton's External Audit Findings Report anticipated issuing an unmodified audit opinion, and did not identify any adjustments to the financial statements that impacted the fund's reported financial position. Grant Thornton's work was substantially complete and was conducted remotely between August and October. The Statement of Accounts was presented to the Buckinghamshire Pension Fund Committee on 15th November 2023 and approved by the Audit and Governance Committee on 27th November 2023. The formal sign off for the accounts would take place in 2024.

The external audit work identified some discrepancies in the valuation of Level 2 and Level 3 investments, but they were not material and did not affect the reported financial position of the fund. The Level 3 investments were overstated by £6.323m compared to the capital statements, while the Level 2 investments were overstated by £16.5m compared to the price valuations in statements provided by third parties. The differences were due to the timing and methods of valuation.

The audit of Buckinghamshire Council's 2020/2021 accounts were expected to be completed by mid-December, and would be submitted to the Audit and Governance Committee in mid-January 2024, with the expectation that they would then be formally signed off. The board was informed that the lessons learned as part of the process with those accounts, would create momentum to progress with the 2021/2022 and 2022/2023 accounts moving forward.

It was hoped that subject to council's balance sheet for 31<sup>st</sup> March 2023 being agreed, the 2023/2024 accounts could be taken to Audit and Governance Committee in November 2024 for formal sign off.

**RESOLVED:**

That the Buckinghamshire Pension Fund 2022/23 audited Statement of Accounts,

and the External Audit Findings report be noted.

## **7 McCloud Update**

The Department for Levelling Up, Housing and Communities (DLUHC) issued The Local Government Pension Scheme (Amendment) (No.3) Regulations 2023, which came into effect on 1<sup>st</sup> October 2023, to implement the McCloud remedy for the LGPS. The regulations required employers to provide hours and service break data for the underpin period, which was from 1<sup>st</sup> April 2014 to 31<sup>st</sup> March 2022.

As of 13<sup>th</sup> December, 300 out of the 380 employers/payroll providers returned their data template (78.95%), and the data had been uploaded to the administration system for 292 of them. This would now be verified. Data verification had two phases: data validation and data comparison. Data validation had been completed for 162 employers/payroll providers. Out of these, 8 had been returned for more clarification. The Employer Liaison Team has corrected 44 and they needed to be checked again for errors. Data comparison was conducted by the McCloud team, and had been completed for 8 employers out of 34 in progress. These were largely Parish and Town councils.

Part one of the LGA McCloud Administrative Guide had been received to clarify how the underpin worked and who did and did not qualify. This was being reviewed by the team. The guide did not cover teachers excess service. A further consultation would take place in early 2024 to determine how teachers might be re-enrolled in the LGPS.

The DLUHC would consult in early 2024 on statutory guidance, which would be issued in due course.

All scheme membership had been notified of the change in regulations under disclosure legislation, as this amounted to a material change. Previous public sector pension scheme membership information was requested alongside this.

A naming convention error had occurred when the letters for active members were published. This had been rectified and communications had been sent to those affected to notify them that the team was aware of the issue. It was hoped that this would be resolved by approximately 15<sup>th</sup> December.

The project management software Service Now PPM was reviewed but not adopted due to the time involved in setting it up. This decision would be reviewed periodically as the project progressed.

The Board would be updated on the progress of the data verification at the July 2024 Board meeting.

A Draft Prioritisation Document had been produced by DLUHC, though this was yet

to form part of the statutory guidance. It was unclear as to whether or not there would be a mechanism at local government level by which membership of a different scheme could be taken into account when attempting a transfer into the pension fund. The estimated timeline as of the meeting was around five years, owing to the need to revisit bulk calculations for the entire membership, including the dependents of those scheme members who had since died.

**RESOLVED:**

That the current position regarding the McCloud remedy be noted.

**8 Training Opportunities**

The Pension Board members must have the required knowledge and understanding of LGPS rules, administration policies and pensions law, and complete The Pensions Regulator's Public Sector Toolkit.

Members discussed the training events that they had attended or been offered over the past year, such as LGA Annual Governance Conference, CIPFA Annual Full Day Event, SAB Code of Transparency Workshop, LGA Fundamentals Training Programme, and CIPFA/ISIO Autumn Training Event.

The Barnett Waddingham Enlighten training undertaken by one board member was reported to be very thorough and would be considered for the future. It was noted that it had been provided as a trial free of charge, but if taken forward, might be of interest to board members.

Board members felt that it would be useful for newer members to have a better understanding of how the fundamentals training related to their work in greater depth, particularly in relation to investments. This could take the form of a short session with somebody to answer any questions they might have. The Pensions Administration Manager would explore the possibility of organising a session to this end.

**ACTION**

**RESOLVED:**

That the training review be noted.

**9 Forward Plan**

It was confirmed for board members that the date for the July 2024 meeting of the board would be confirmed in due course, and was partly dependent on the finalisation of the calendar of meetings for the next municipal year.

**RESOLVED:**

That the Forward Plan be noted.

## **10 Administration Performance Statistics**

### **Incoming communications**

The team continued to receive a high volume of communications. Whilst there had been a slight decrease in the average number of daily communications, with the recent communications relating to McCloud and the migration to My Pension Online, this was expected to significantly increase again in the next report. An increased number of staff were in place to respond to the increased volume of queries. The team met the target of answering 95% of calls with an average queue time of less than 25 seconds. In October & November of 2023/24, 98% of all calls received were answered with an average queue time of 17 seconds.

### **Benefit Administration - Priority Areas**

The team continued to achieve the target of completing 95% of priority tasks within relevant turnaround times for each quarter of 2023/24 so far, with 98.76% achieved in October and November 2023.

Attention was drawn to the 100% completion rate of AVCs at Retirement, up from 77% in the previous report.

### **Benefit Administration**

Current statistics were very positive, with all targets being met. It was noted that work had now begun on the McCloud project, so the business-as-usual work would be closely assessed to determine any impact this might cause. So far this had not proven to be a problem.

### **Open and Overdue Cases**

Most areas had overdue cases, though the percentage of these that were external remained very high. The team took care to monitor and review the length of time each case had been overdue. As of 4<sup>th</sup> December 2023, 68 cases were due for completion before 30<sup>th</sup> September 2023. Of these, 55 were on hold pending information from a scheme employer/scheme member/next of kin. 7 cases had seen information received within the last 3 working days and 6 were waiting to be checked and completed.

11 cases should have been completed in the last financial year. These were as follows:

- 1 AVC payment at retirement
- 1 Death case
- 2 ill health retirement cases
- 6 leavers
- 1 new starter



Each of these cases had been escalated for assessment by a senior officer, due to the length of time they had remained unresolved.

### **Employer submissions and data reconciliation**

Employers were required to submit data via i-Connect by 19th of each month. The team tracked the submission rates and aimed for 100%, but the target was 95% currently, whilst i-Connect is still relatively new for some employers.

93% of submissions in Q3 were submitted on time. 58 employer submissions were made after the deadline. Of these, 50% were just a few days late, with 72% under ten days late.

Some employers were repeatedly late, and whilst the team was happy to work constructively in these cases, such as being given advance notice of a delayed submission, there were instances where fines had been imposed.

The team also reviewed the data for any suppressions or inconsistencies and queried them with the employers. This was a newly introduced monthly reconciliation procedure that had been live since May 2022. Over October and November of 2023/24, 1,350 reconciliation reviews took place.

#### **RESOLVED:**

That the report be noted.

### **11 Exclusion of Press and Public**

#### **RESOLVED:**

That the press and public be excluded for the following items as they were exempt by virtue of Paragraph 3 of Part 1 of Schedule 12a of the Local Government Act 1972 because they contained information relating to the financial or business affairs of any particular person (including the authority holding that information).

### **12 Administration Performance Statistics - Contributions**

The board discussed the payments made to the Pension Fund.

#### **RESOLVED:**

That the Administration Performance Statistics Contributions be noted.

### **13 Confidential minutes of Pension Fund Board**

#### **RESOLVED:**

That the confidential minutes of the pension fund board meeting held on 26<sup>th</sup>

October 2023 be agreed as a correct record.

**14 Confidential minutes of Pension Fund Committee**

**RESOLVED:**

That the confidential minutes of the Pension Fund Committee meeting held on 15<sup>th</sup> November 2023 be noted.

**15 Pension Fund Performance**

Board Members discussed and commented on the contents of the investment performance report.

**RESOLVED: That the report be noted.**

**16 Date of next meeting / AOB**

The Pensions Administration Team had been nominated for a Proud of You Award. Congratulations were passed on from the board.

It was agreed that at the conclusion of each PFB meeting moving forward, a decision would be made as to whether it was necessary to hold the following meeting in a hybrid capacity to allow remote attendance by some. This would allow adequate time for any necessary preparations to be made ahead of the meeting date.

**RESOLVED:**

**It was agreed that the March meeting of the PFB would be held as a hybrid meeting.**

There had been a delay in the deadline for the Fund to provide data to the Pensions Dashboard until September 2025. A six-month notice is required before the system goes live.

It was noted that the date of the next meeting was 27<sup>th</sup> March 2024.