

Pensions Board

Minutes

Wednesday 9 June 2021

PRESENT

Committee members: Councillors Rory Vaughan and Bora Kwon

Co-opted members: William O'Connell

Officers: Dawn Aunger (Assistant Director Transformation, Talent and Inclusion), David Hughes (Director of Audit, Fraud, Risk and Insurance), Eleanor Dennis (Pensions Manager), Mathew Dawson (Treasury and Pensions), Phil Triggs (Director of Treasury and Pensions), Patrick Rowe (Pension Fund Manager)

Note: This informal meeting was held remotely. A recording of the meeting can be found at: <https://youtu.be/qIPnRdtwgxk>

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Rhian Davies.

2. DECLARATIONS OF INTEREST

There were no declarations of interest.

3. MINUTES OF THE PREVIOUS MEETING

The minutes of the meeting held on the 10th February 2021 were noted. As this was an informal meeting, minutes will be formally agreed at the next meeting.

4. DRAFT MINUTES OF THE PREVIOUS PENSION FUND COMMITTEES

The draft minutes of the Pension Fund Sub-Committee meetings held on the 3rd February and 3rd March 2021 were noted.

5. UPDATE ON THE LGPS PENSIONS ADMINISTRATION SERVICE

David Hughes (Director of Audit, Fraud, Risk and Insurance) presented the report and gave a summary of the following key points.

- Significant progress had been made since the last update provided to the Pensions Board in November 2020.

- Officers were working in collaboration with Surrey County Council (SCC) and Local Pensions Partnership Administration (LPPA) to mobilise the project. The Council was on track to go live with LPPA on the 1st February 2022.
- An update was provided on the key project risks and the progress made since November 2020 on the key project workstreams.
- The recruitment for the retained team was almost complete. With the new team members joining in the next few months to enhance the team's resilience and provide support to the Pensions Manager to deliver on the transfer and setting up of the new service.
- The transition of all the retained functions previously managed by the Royal Borough of Kensington and Chelsea (RBKC) was completed and the in-house team delivering a good retained service.
- The Pensions Manager had progressed discussions with Aquila Heywood, regarding a further one-year extension (as allowed by the original contract), which permitted the Altair software to continue to be used for the remainder of the SCC pension administration delegation agreement term.
- Following a procurement exercise an external company (ITM) had been appointed to carry out the work required on backlog cases.
- The fee discussions with SCC had been concluded and the revised fee for the service from 1 September 2020 has also been agreed in line with the Council's expectations.
- Having agreed a detailed plan for the transfer of functions from RBKC to the Council's new retained team, this plan was successfully executed, including training of staff, transfer of data and live caseload.
- The Pensions Taskforce continued to provide the day to day oversight for the project, reporting on a regular basis to the Chief Executive on progress.
- Update reports on progress against the plan would also be provided to Members.

Councillor Bora Kwon queried if officers anticipated any delays to the implementation of the new service due to Covid-19. In response David Hughes explained that any minor concerns had successfully been dealt with and there was good communication taking place between all parties at key milestones during the project.

The Chair noted that it was good to hear that the project was on track. He asked when the service levels would be agreed and formalised with LPPA. David Hughes explained that the Council was in the process of formally agreeing the delegation agreement which included the Key Performance indicators (KPI's) with LPPA.

The Chair asked for further clarification to be provided on the additional costs arising from the exit plan with SCC. In response David Hughes outlined the details of the costs relating to the exit process, noting that these were monitored on a monthly basis and would be met by the Pension Fund. Final approval for any additional costs would be agreed by the Director of Resources.

Members noted this report.

6. PENSION ADMINISTRATION PERFORMANCE UPDATE

Eleanor Dennis (Pensions Manager) presented the report and gave a summary of the performance of SCC in providing a pension administration service to the Fund. It was noted that the KPI's for last quarter (January to April 2021) were still below the desired level required from the Council's administrators. However, improvements had been made in key areas such as deaths and retirement.

The Chair queried what measures were in place to ensure that SCC continued to meet their performance targets. In response Eleanor Dennis explained that the Council continued to work with SCC to understand the activity trends and challenge poor performance. Despite the understanding that the Fund was choosing to exit from SCC in February 2022, in addition to other Funds exiting their services, SCC remained committed to continue to process as many cases as possible efficiently. SCC were also recruiting to help maintain delivery. In addition, regular meetings were held with SCC to work collaboratively with the Council in the best interests of the Pension Fund, it's members and beneficiaries.

Members noted this report.

7. INDEPENDENT REVIEW OF THE GOVERNANCE ARRANGEMENTS FOR THE PENSION FUND

Phil Triggs (Director of Treasury and Pensions) presented the report and gave a summary of the key points. It was noted that a Tri-Borough Treasury and Pensions review was commissioned in 2019 and a report published early in 2020. The review concluded that the Tri-Borough arrangement for Treasury and Pensions should continue and a further recommendation determined that officers should carry out an independent governance review of the Council's Pension Fund. An experienced LGPS practitioner was appointed, John Raisin, ex S151 officer of LB Waltham Forest. John completed his governance report in November 2021. The report summarised the suggested way forward on each of the 32 recommendations as an outcome of the governance review.

The Tri-Borough Treasury and Pensions Team and Council officers had spent much time digesting the report and its 32 recommendations, many of which were very easily implemented, some of which would need to be carried out after the implementation of the new pensions administration service, and some which would require further consideration as necessary.

William O'Connell, Co-opted Member referring to recommendation 26 asked when the Pension Fund Committee and the Pensions Board would receive a report from officers on the requirements of The Pension Regulators and whether it would be useful to receive this prior to the implementation of the new pension administration service. In response Phil Triggs explained that managing the exit from SCC and the onboarding with LPPA and associated activities remained a priority for officers at this stage. Officers would report back to the Pension Fund Committee and the Pensions Board on this recommendation by early 2022.

In response to a question asked by Members Phil Triggs confirmed that the timelines for each of the recommendations had been assessed by Council officers.

William OConnell, Co-opted Member asked for further clarification to be provided on recommendation 28. In response Phil Triggs explained that the Fund Actuary was fully conversant for the need of excellent data quality and the transition from SCC to LPPA. In addition, a stock take of data quality would be carried out as the data left SCC and arrived at LPPA to measure the accuracy of the data quality.

The Chair referring to recommendation 8, queried when a training needs assessment would be carried out in respect of all Pension Board Members. In response Mathew Dawson noted that a knowledge and skills assessment document, including administration training would be circulated to all members to establish their training needs. Phil Triggs noted that a report updating Members on training would be presented at the next Pension Fund Committee.

The Chair noted that it would be useful to receive a log, notifying Members of the status of each of the 32 recommendations at the next Pension Board meeting.

Action: Phil Triggs

Members noted this report.

8. PENSION FUND QUARTERLY UPDATE PACK

Phil Triggs (Director of Treasury and Pensions) presented the report and gave a summary of the overall performance for the quarter ended 31st March 2021, cashflow update and forecast and assessment of risks and actions taken to mitigate these.

Members requested that the Environmental, Social and Governance (ESG) dashboard to be simplified and distributed to Pension Scheme Members as part of the communications update to promote the important work that was being undertaken by the Council. In response Phil Triggs noted that this could be circulated alongside the newsletter sent by the Council.

Action: Phil Triggs

In response to a question asked by Members relating to the risk register, Phil Triggs explained that the risks were due to be reassessed by officers and an updated version would be presented at the next pension Fund Committee.

Members noted this report.

9. PENSION FUND BUSINESS PLAN

Patrick Rowe (Pension Fund Manager) presented the report and gave a summary of the key points. The purpose of this report was to present the 2021/22 business plan, which outlined the strategic medium-term objectives and a budget forecast for

2021/22. An outturn report would be presented to the Pension Fund Committee to update members on progress and present outcomes with an outturn cost summary.

Members thanked officers for providing an informative report, noting that the objectives and actions were broken down well.

Members noted this report.

Meeting started: 6:30pm
Meeting ended: 8:00pm

Chair

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