

## **BATH AND NORTH EAST SOMERSET**

### **PENSION BOARD**

Thursday, 25th February, 2021

**Present:-** Nick Weaver (Chair), Pete Sloman (Employer Representative), Helen Ball (Member Representative), Steve Harman (Employer Representative), David Yorath (Member Representative) and Tony Whitlock (Employer Representative)

**Also in attendance:** Tony Bartlett (Head of Business, Finance and Pensions), Jeff Wring (Service Director - One West), Geoff Cleak (Pensions Manager), Kathryn Shore (Technical and Compliance Advisor), Anna Capp (Member Services Manager) and Claire Newbery (Employer Services Manager)

#### **14 WELCOME & INTRODUCTIONS**

The Chair welcomed everyone to the meeting.

#### **15 APOLOGIES FOR ABSENCE**

Mark King (Member Representative) had sent his apologies to the Board.

#### **16 DECLARATIONS OF INTEREST**

There were none.

#### **17 TO ANNOUNCE ANY URGENT BUSINESS AGREED BY THE CHAIR**

There was none.

#### **18 ITEMS FROM THE PUBLIC**

There were none.

#### **19 ITEMS FROM MEMBERS**

There were none.

#### **20 MINUTES OF PREVIOUS MEETING - 13TH NOVEMBER 2020**

The Board approved the minutes of the meeting held on 13th November 2020 as a correct record.

## 21 LGPS REGULATORY UPDATE

The Technical & Compliance Advisor introduced this report to the Board. Referring to the HMT Public Sector Exit Payments Cap she explained that on February 12<sup>th</sup>, the Government issued directions which disapply parts of the regulation with immediate effect.

She said the exit cap therefore doesn't apply to anyone leaving on or after 12<sup>th</sup> February, and as such a member who is dismissed on grounds of redundancy or business efficiency, who is over the age of 55, can once again receive a fully unreduced pension regardless of the cost to their employer. The guidance on the directions further set out HM Treasury's expectation that employers should pay any additional sums that would have been paid had the cap not applied for employees who left between 4 November when the regulations came into force and 12<sup>th</sup> February.

She stated that following this decision the Fund has no cases to respond to and therefore no rectification exercise to complete. She added that it was possible that a revised cap might be proposed by the end of the year and if so a further consultation exercise on any changes required to the LGPS regulations, as a result, would be carried out.

She informed the Board that the Phase III report of the Good Governance in the LGPS had now been published on the Scheme Advisory Boards website along with the Board's action plan which has been submitted to the Local Government Minister for consideration.

The Head of Business Finance & Pensions asked if the Judicial Reviews relating to the Restriction of Public Sector Exit Payment Regulations 2020 would now be suspended.

The Technical & Compliance Advisor replied that as far as she was aware they were still going ahead.

Steve Harman asked if there was any indication of what changes, if any were being considered with regard to the Exit Payments Cap.

The Technical & Compliance Advisor replied that she was not aware at this stage of the likely proposals and said that it might depend on the outcome of the Judicial Reviews.

The Chair asked if resetting the system had been difficult following the decision in terms of calculation of the strain charge.

The Technical & Compliance Advisor replied that when the process was setup for dealing with the £95k cap additional processes were put in place, including additional information sheets for members in advance of any further possible changes to the LGPS.

She added that the Actuary has advised to carry on with strain costs with what has already been implemented and that they may carry out a review at some point in the future.

The Board **RESOLVED** to note the current position regarding the developments that could affect the administration of the fund.

## 22 FUND & EMPLOYER PERFORMANCE / ADMINISTRATION

The Pensions Manager introduced this report to the Board. He explained that the report seeks to inform them of the performance for Fund Administration for the period up to 31st December 2020 and actions undertaken following the Coronavirus outbreak and UK lockdown on 23rd March 2020.

He said that the prioritisation of critical administration processes as advised by the TPR, focussing on the continued payment of pensioner and dependent members and the processing of retirements and death cases remains the focus for the team.

He stated that KPI performance is monitored and reported to the Pensions Manager for review on a biweekly basis. He added that some processes were slightly slower where limited access to the office remains in place.

Helen Ball asked if members were frustrated by any of the delays.

The Member Services Manager replied that some niggles have been raised on timings, but there had not been an increase in complaints, and she felt that most members were understanding of the situation faced by the team.

The Pensions Manager informed the Board that with regard to Employer Performance they were only currently reporting on retirement cases and planned to expand the report in time for the next meeting.

The Employer Services Manager commented that Bristol City Council had changed their payroll provider which has caused a delay in submitting monthly data via IConnect. She added that some errors had been identified and worked through to get them corrected which has led to them to being 2-3 months behind. She said that they were up to date in terms of all other monthly data providers.

The Head of Business Finance & Pensions asked if within a future report a trend analysis of cases over the past five years can be included to provide performance evidence to the Board.

The Pensions Manager replied that this should be possible and that he would look to provide this in the next report to the Board.

He explained that there were a small number of late payments in the reporting period, none of which were of material significance and therefore recorded internally but not reported to TPR. He added that the Fund has taken mitigating action in each case to ensure employers are aware of their responsibilities going forward.

He added that on a monthly basis they engage with the top 34 employers, which accounts for around 80% of the Fund membership to ensure there are no issues.

He stated that the administration recruitment project is still ongoing and currently in Phase 2 of 3. He said that the induction and training of newly appointed members of staff via the new training officer program is in place and working well and that around 8-9 vacancies remain.

He added that a project lead has now been appointed for the McCloud Data Collection project, this was an internal appointment and backfilling is currently underway.

The Chair asked how the morale of the team is in general.

The Pensions Manager replied that an in-house survey had recently been completed and that he felt that most staff were now used to be working at home. He added that in the future a balance would need to be found to support staff working arrangements. He said that he believed the stress levels for team managers had increased.

The Head of Business Finance & Pensions agreed that future planning was required and said that the work of the managers over the past year can't be underestimated.

The Chair asked if the appropriate equipment and technical support has been provided to staff.

The Pensions Manager replied that hardware and support has been made available to staff and continues to do so.

The Chair asked what could be done to improve staff resourcing.

The Pensions Manager replied that to recruit and retain has been a problem in the past and that they can look at how posts are advertised, whether the post on offer is attractive enough and revise the job description.

The Employer Services Manager said that the salary offered can sometimes be an issue and that adverts are normally only placed on the B&NES website, but they have recently applied to advertise some posts externally.

The Member Services Manager added that applications for the posts are received, but there is a set criteria on experience and financial background required.

Steve Harman asked if there was any opportunity for apprenticeships to take on these roles as a career path.

The Head of Business Finance & Pensions replied that they have taken on apprenticeships before with mixed success and proposed whether a high-level trainee position might be a better option, along the lines of a graduate apprenticeship.

Helen Ball commented that she had previously managed a graduate trainee system across different areas of a local Council where many went on to have successful careers.

The Head of Business Finance & Pensions said that the local universities have been approached on these roles. He added that London is still seen as a popular destination, although questioned whether that would now change in the future.

The Board **RESOLVED** to note the report, including Fund and Employer performance for the three months to 31st December 2020.

## **23 CIPFA BENCHMARKING**

The Chair announced that this report would need to be deferred to a future meeting of the Board.

## **24 BRUNEL UPDATE**

The Head of Business Finance & Pensions addressed the Board. He informed them that as of 31<sup>st</sup> December £3.3bn, representing 70%, had been transitioned to Brunel from within the Fund and that this exercise was due to be completed in May 2021.

He stated that there are a number of legacy assets to run down, including the unwinding of the Property and Hedge Fund Portfolios that we do not want to sell off cheaply.

He explained that the Client Group were working on performance reports and that these would continue to be developed over the next 12 months.

He said that officers were liaising with Mercer and Brunel over the future presentation of the strategic monitoring reports.

He stated that there was a new structure to the Brunel Board that had been agreed by the Brunel Oversight Board and Shareholders to increase the number of Non-Executive Directors to five, giving it a total composition of nine and therefore the balance of power sits with the Non-Executives in line with best practice.

He said that a new Shareholder Non-Executive Member had been appointed, a new Investment Officer (David Vickers) recruited and a new Chair of the Oversight Board (Robert Gould) was now in place.

He commented that the Oversight Board has been working on the Governance Review and that this remains ongoing and would continue to do so for the next few months.

He stated that a budget of £10.5m had been agreed with the Brunel Board which includes some room for growth in resources in terms of private markets and risk management.

He said that post transition a focus will remain on Climate Change and how portfolios can achieve the 2 degree threshold, potentially 1.5 degree threshold in temperature rises and reduced carbon footprint.

The Chair asked if any investment fee cost savings could be identified as part of this work.

The Head of Business Finance & Pensions replied that overall there was, but on an individual Fund basis it might not appear that there are fee savings. He said that following transition he would be preparing a report to submit to the Investment Panel which summarises the overall position. He added that fund growth has occurred alongside portfolio changes.

The Board **RESOLVED** to note the update that had been provided.

## **25 RISK REGISTER UPDATE**

The Pensions Manager introduced the report to the Board. He explained that the Risk Register had only been reviewed within the last week so the document published in the agenda pack was the same as in November 2020. He said that following the recent announcement the entry relating to the exit payment cap would likely be moved to a lower risk category.

The Chair commented that employers were pivotal to the Fund receiving the correct information and asked if they were taking enough responsibility for this.

The Employer Services Manager replied that in the main they are engaged and provide data on time. She added that the last year end in particular was really good.

Pete Sloman asked which of the eight red risks were of most concern.

The Pensions Manager replied that there remains a need to manage business as usual. He added that the Exit Cap work was a huge drain on resources and that the forthcoming McCloud remedy will be one of the biggest challenges faced by the administration.

The Head of Business Finance & Pensions added that in his opinion politics / policy have the potential to have a big impact on the Fund.

The Board **RESOLVED** to note the report.

## **26 PENSION BOARD WORKPLAN & TRAINING PLAN**

The Service Director, One West introduced this report to the Board. He explained that it was a standard agenda item to give them an outline plan for the year ahead. He said that Board members could request either formal or informal training and then following any such event their attendance should be updated on their individual training logs.

He added that he was aware that members had recently attended some seminars.

Helen Ball commented that she had recently attended a CIPFA Update Session. She asked if the members of the Avon Pension Fund Committee and the Pension Board should attend a training session together at least once a year.

The Pensions Manager replied that previous events such as Valuation Training have been held jointly and they could look to hold similar events or joint workshops in the future.

The Board **RESOLVED** to note the report and recommends high level training needs through 2021.

The meeting ended at 3.15 pm

Chair(person) .....

Date Confirmed and Signed .....

**Prepared by Democratic Services**