

BATH AND NORTH EAST SOMERSET

PENSION BOARD

Tuesday, 30th November, 2021

Present:- Nick Weaver (Chair), Helen Ball (Member Representative), Steve Harman (Employer Representative) and David Yorath (Member Representative)

Observers: Stuart Anstead and Alison Wyatt

Also in attendance: Tony Bartlett (Service Director - Financial Control and Pensions), Jeff Wring (Service Director - One West), Geoff Cleak (Pensions Manager), Anna Capp (Member Services Manager), Claire Newbery (Employer Services Manager), Carolyn Morgan (Governance and Risk Advisor) and Jason Morel (Communications & Marketing Manager)

29 WELCOME & INTRODUCTIONS

The Chair welcomed everyone to the meeting. He informed those present that Pete Sloman had now stood down as a Board member due to retiring from Weston College.

He explained that Stuart Anstead was to be his replacement and that he and Alison Wyatt were attending as observers ahead of becoming Board members on 1st December 2021 and 1st May 2022 respectively.

30 APOLOGIES FOR ABSENCE

Tony Whitlock and Mark King had both sent their apologies to the Board for this meeting.

31 DECLARATIONS OF INTEREST

There were none.

32 TO ANNOUNCE ANY URGENT BUSINESS AGREED BY THE CHAIR

There was none.

33 ITEMS FROM THE PUBLIC

There were none.

34 ITEMS FROM MEMBERS

There were none.

35 MINUTES OF PREVIOUS MEETING - 21ST SEPTEMBER 2021

The Board approved the minutes of the previous meeting.

36 UPDATE ON LEGISLATION

The Pensions Manager introduced this report to the Board and highlighted the following areas from within it.

Public Sector Exit Payments Cap

He gave a brief summary of the process so far.

On 10th April 2019, HMT launched a consultation called 'Restricting exit payments in the public sector: consultation on implementation of the regulations'. The key points in the consultation were as follows:-

On 4th November 2020 implementation of the £95k cap began.

On 12 February 2021, HMT published the Exit Payment Cap Directions 2021 disapplying parts of the Restriction of Public Sector Exit Payment Regulations 2020 with immediate effect, meaning the exit cap no longer applies to exits that take place on or after 12 February 2021.

A new consultation in relation to the Public Sector Exit Payments Cap is expected to be released in early 2022. However, unlike the previous exit cap, there won't be a single set of regulations from HMT that will apply and there will be different solutions across the Public Sector, including for the LGPS.

Statutory guidance in relation to "special severance" payments that apply to local authorities is expected soon following the consultation that ended in August.

McCloud Judgment

The Public Sector Pensions and Judicial Offices Bill got its second reading in the House of Lords in September and moved to the Committee Stage on 11 October 2021, followed by the Report Stage on 29 November.

Fund to continue work on collating/analysing data from employers in relation to implementing the remedy.

Outside of the LGPS, a framework set out by the FBU and LGA in relation to the McCloud Judgment in the Firefighter Schemes requires "Immediate Detriment" cases to be processed in the coming weeks.

Fund to consider resource implications of the need to process Immediate Detriment cases in the Firefighter Scheme.

General

At a recent Pension Manager's Conference it was highlighted that there are around 15 items coming through for the LGPS to deliver.

He informed the Board that the Ministry for Housing, Communities and Local Government (MHCLG) will become the Department for Levelling Up, Housing and Communities (DLUHC).

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

37 PENSION FUND ADMINISTRATION - OVERVIEW & SUMMARY PERFORMANCE REPORT

The Pensions Manager introduced this report to the Board and highlighted the following points to them.

Workload

There has been an increase in new monthly tasks over the previous 18 months from circa 1,800 to 2,200 tasks per month with the current outstanding cases totalling 4,980 (an increase of 87% since March 2020). The main volume of work is with member refunds, active member retirements and retirements from deferred status. Member estimate requests have increased by 40% over the same period. General enquiries also remain high in volume and a number of these identified as duplicate chasers.

As outlined in the previous quarterly report a project has now been set up to manage the outstanding workload. The project will run for a period of 6 months from October to March with the aim being to clear down all 'backlog' cases. Some degree has been cleared already, around 40%.

Resource Recruitment & Training

Recruitment and retention remain a key factor impacting business operations. With a further 2 resignations in the past quarter the administration team is currently carrying 8.5 vacancies across both employer and member services teams in addition the Technical & Compliance post remains vacant and posts identified to support service transformation are still in development. The team is also carrying four maternity leave absences across the service at this time.

As such the agreed phased recruitment plan is behind schedule as staff movement continues to impact progress. Recruitment continues to backfill vacant posts, maternity cover and secondment to projects and overstaffing is being considered at Assistant Pensions Officer level to mitigate the impact of further staff movement.

Annual Summary of Fund Membership Data Quality

This report shows the movement in the Fund's data from when it was first reported on in 2017 against this year's interim valuation data as at 31 March 2021. There has been continuous growth in the Fund over the last 12 months and a significant increase of 62 new employers since the last valuation in 2019.

The Liability Impact table shows the financial impact of missing or incorrect data and the direct cost to scheme employers. Since 2017, the Fund has managed to achieve

a reduction in the overall pension liabilities for employers of over £30 million. The Employer Services team will be using the data from the 2021 report to target data areas that are causing a significant impact on liability and smaller employers with poor data.

Address Tracing

The members that have been previously written to but no response received have been sent a reminder letter in October 2021 and replies are starting to be received. The members that have not been found by the first 2 levels of tracing will shortly be sent to the tracing agency (via Mercer) for a third and final “premium batch” trace service.

After this 3rd level of tracing a process will be agreed in place to deal with untraced members and to review cases again at Normal Pension Age. Tracing pension members and keeping member addresses up to date is a key requirement of the TPR and data cleansing must continue to form part of our BAU processes.

McCloud

The initial project started in December 2020 and to date we have completed data collection for just under 50% of APF employers. The membership completed number is proportionately lower as we have seen returns in the main from smaller employers. Two larger Unitary Authority employers that require data remedy are yet to make a data return which covers just over 7,000 members. We are working with these UA's to ensure they make data returns by 31/12/2021.

Service Plan

Digital Transformation – Not quite where we want to be and this is likely to have an impact on delivery timetable. A number of other key projects are in progress.

Accommodation

Positive meetings held over the past month with regards to alternative long term office space. Redevelopment of Keynsham Civic Centre has commenced with access only to one single floor currently. Short term allocation of six work-stations, with potential to use between an additional 2-10 daily through agreement with other service areas.

Information Technology

Expecting to be part of the next phase laptop rollouts.

i-Connect

Since Year End progress has been made to push all small employers to use Online Returns within IC. We now have 100 employers using online returns. We have identified 19 groups of employers including payroll providers to onboard, 4 of which would cover the majority of our active membership. These 4 groups (payroll providers) are now the focus of the project for extract development and onboarding.

Alison Wyatt asked what main issues behind the delay were in receiving new IT equipment, was it funding, priority or supply.

The Service Director for Financial Control and Pensions replied that there had been supply issues initially, but these had now been resolved. He added that a phased rollout across the Council had been agreed and that they were expected to be within the third phase which would take place around February / March. He said that it had been possible to advance receipt in some cases for team members.

Helen Ball commented that she found the Mercer report informative and that she was pleased with the progress of the address tracing project. She also praised the work of the backlog project.

Stuart Anstead asked what consideration the team has given to automation technology such as digital post.

The Pensions Manager replied that a gap analysis was being undertaken to see what processes can be utilised. He said that during the pandemic some automation had taken place, but further work was needed to progress requirements.

The Chair asked how the team decides what to prioritise and how can the Board support the decisions that are made.

The Pensions Manager replied that they do look to prioritise their workload as much as possible and that there is regular contact between the managers and the service teams. He added that he felt there may be a consideration needed to outsource some work to consultants over the next 6 – 12 months.

The Chair asked if support was available for internal staff to progress their career.

The Pension Manager replied that there was and they have always tried to promote and retain staff as much as possible within the team.

The Service Director for Financial Control and Pensions said that it was probably going to be towards the middle of 2022 before a 'new normal' was in place. He said that certain pressures will probably remain on the team for some time as even pre-pandemic it took around two years to fully train a Pensions Officer.

He added that they do review the Service Plan on a regular basis and that capacity within the team was required to implement any new available technology.

Stuart Anstead asked if a long-term outsourcing relationship should be put in place to try to smooth out the current problems.

The Service Director for Financial Control and Pensions replied that they do have some framework arrangements in place but was aware that they also have their own delivery challenges.

Alison Wyatt commented that from viewing a recent advert she felt that team members were being asked to do quite a lot within their roles for the salary. She asked where were job adverts mainly advertised.

The Pensions Manager replied that they were advertised on the Council's website and they are also posted on the LGA website to advertise more widely.

Alison Wyatt asked if they had considered using an agency to advertise posts.

The Pensions Manager replied that they have done so in the past, although not on a regular basis.

The Chair commented that on behalf of the Board he would like to thank all the staff for the work they have done and continue to do.

The Board **RESOLVED** to note the Fund performance for the three months to 30th September 2021.

38 BRUNEL UPDATE (VERBAL ITEM)

The Service Director for Financial Control and Pensions addressed the Board.

He said that Brunel had recently launched their Paris aligned Fund that includes companies with active plans to decarbonise.

He stated that following COP 26 they were awaiting the intentions of the Government with interest and would be monitoring investments in renewables and green energy.

He said that they were implementing a new reporting system and that performance had been strong, achieving its objectives in benefits and cost savings.

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

39 BREACHES REPORT

The Governance & Risk Advisor introduced the report to the Board. She explained that between November 2020 and October 2021 no incidents were reported to the Information Commissioner's Office (ICO) or The Pensions Regulator (TPR).

Stuart Anstead commented that the figure relating to 5 year refunds seemed quite high.

The Governance & Risk Advisor replied that this not just an issue within our Fund and it was a case of finding / gaining a response from the members in question. We are also expecting a change to legislation so that such cases are not treated as a breach in future.

Alison Wyatt asked if the refund could be generated when their leaver's form is completed.

The Governance & Risk Advisor replied that the member needs to provide their bank details as the money belongs to the Fund not the employer.

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

40 STATUTORY REPORTING AND YEAR END

The Pensions Manager introduced this report to the Board and highlighted the following areas from it.

In preparation the Fund must undertake an annual exercise to reconcile member data supplied by employers at each 31st March year end. There are 459 active employers of which 273 provide member data digitally to the Fund on a monthly basis covering 76% of active scheme membership. The remaining employers continue to provide data annually.

For the purpose of data accuracy, the digital monthly employer returns undergo a reconciliation process on a continuous basis. Where the employer annually submits a data return it invariably will require further scrutiny and employer engagement to reconcile. The Fund is aiming to digitalise all employer returns as part of its published Administration Strategy.

Public service schemes have a legal obligation to supply the Pensions Regulator (TPR) annually with certain information via a scheme return. The information required includes scheme details, employer details and governance details. All information is completed and submitted to TPR via the online service exchange.

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

41 APF COMMUNICATIONS UPDATE (PRESENTATION)

The Communications & Marketing Manager addressed the Board and gave a presentation, a copy of which will be available as an online appendix to these minutes and a summary is set out below.

Climate Emergency ESG communications

- Member newsletters distributed in Spring / Summer 2020 and Spring / Summer 2021
- Climate change targets / equity review press release

Climate Emergency animation

- Climate Emergency animation - accessible explanation of our actions and future strategy for responsible investment
- Over 500 views so far - distributed via LinkedIn, email, website and staff newsletters

ESG eZine - Climate Emergency

- Includes: Our Climate Action, About COP26 and a Case Study

- Distributed via LinkedIn, email and website

Members' ESG survey

- 41,365 emails delivered - 3,668 completed surveys (8.8%)

APF LinkedIn account

- APF LinkedIn account launched November - Communication channel to reach scheme employers

APF 2021 Annual Benefit Statements

- June 2021 - Deferred members ABS available online for the first time
- 810 members accessed their ABS digitally
- As part of the digital transformation process this facility will be extended to Active MSS members in August 2022

The Chair thanked the Communications & Marketing Manager for his presentation on behalf of the Board.

42 RISK MANAGEMENT UPDATE - RISK REGISTER

The Governance & Risk Advisor introduced this report to the Board. She informed them that following the quarterly review of the risk register the following changes were made:

(i) R66 - Pensions Dashboard

A new risk was added to the register to represent the risk to the Fund of not being ready for the implementation of the Pensions Dashboard. The Fund will be in breach of the regulations if it is not able to go live by the compulsion date, likely to be between Sept 2023 & March 2024. The risk of not being ready is currently a relatively low risk as preparations have started. A Project lead officer has been appointed & a project plan is in place. The focus of the project will be data quality, reducing backlogs and ensuring resources & processes are in place to deal with the expected increase in member queries following the implementation date. A data protection impact assessment will also be carried out.

(ii) R63 – McCloud/Sargeant Judgements

The impact of the McCloud risk has been increased to (5) almost critical, to represent the significant additional workload to the administration team caused by the fire immediate detriment decision.

(iii) R28 – Recruitment of Staff

Although phase 3 of the recruitment project is complete, the risk has been retained at its current high level due to the continuing difficulties of recruiting staff. The Technical & Compliance Advisor role has not been filled, two other resignations have been received and there are still a few posts to backfill due to internal promotions.

(iv) R08 – Internal Controls

There was no change to the risk score but following the completion of the last year's internal audit work, reports on IConnect, Scheme of delegation, Altair IT System, Risk Management & COP14, all received an assurance level of 4 'Good'. A full report was reported to the Pension Board in September 2021 and will be reported to the Pensions Committee in December 2021.

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

43 PENSION BOARD - TRAINING AND WORK PLAN UPDATE

The Governance & Risk Advisor introduced this report to the Board and highlighted the following points to them.

Modern Gov & Library

- The proposal is to ask all Pension Board members to access meeting papers via Modern Gov from January 2022 onwards.
- It is intended that some of the more routine monitoring reports will be available on the Modern Gov library and will not form part of the meeting reports pack.

Hyman's LGPS Online Learning Academy (LOLA)

- The SAB's Good Governance Review is expected to include additional knowledge and skills requirements for Committee, Pension Board and Officers. Hymans Robertson have been working with the SAB to develop these requirements and have produced an LGPS Online Learning Academy (LOLA).
- The training has been designed so that it can be done in bite sized chunks, including supplementary information, such as definitions of common jargon, links to additional learning material and a short quiz at the end of each module.
- The Fund has arranged for Hymans to do a short demonstration of LOLA on 17th December 2021 at 2pm.

The Chair asked if Board papers would remain accessible to the public.

The Governance & Risk Advisor replied that they would, however the reports on the library would be private. If something from the library needed to be discussed at the meeting it would be included in the meeting report.

The Service Director for Financial Control and Pensions commented that these proposals would be monitored on an ongoing basis.

The Board **RESOLVED** to:

- (i) Note the workplan & training plan for 2021/22
- (ii) Note the changes to accessing future meeting reports
- (iii) Agree the proposal to complete modules from the Online Training Academy

The meeting ended at 11.58 am

Chair(person)

Date Confirmed and Signed

Prepared by Democratic Services