

BERKSHIRE PENSION BOARD

WEDNESDAY, 20 FEBRUARY 2019

PRESENT: Alan Cross, Nikki Craig, Tony Pettitt (Chairman) and Neil Wilcox (Vice-Chairman)

Officers: Nabihah Hassan-Farooq and Kevin Taylor

INTRODUCTION AND APOLOGIES

The Chair welcomed all attendees to the meeting.

DECLARATION OF INTEREST

None.

MINUTES

RESOLVED UNANIMOUSLY: That the Part I and Part II minutes of the meeting held on September 11th 2018 be agreed as an accurate record.

SCHEME AND REGULATORY UPDATE

Kevin Taylor (RBWM) gave an update on the above titled item. Firstly, it was outlined that the Local Government Pension Scheme (Miscellaneous Amendment) Regulations 2018 had now delegated powers to the Secretary of State to issue guidance. MHCLG now had powers to issue guidance without statutory provision in place. Members were informed that there had been a removal of requirement for employers to consent to early release of benefits for those employees with deferred benefits aged 55 years and over. It was noted that employer discretion could be applied to waive any actuarial reduction but the employee no longer needed employer consent to withdraw benefits at a reduced rate. Members were informed that regulation 4 came into effect as of the 17th April 2018. Members discussed whether this date had taken into the consultation phase and whether the publication date had any adverse impact on the regulation.

Members discussed the Local Government Pension Scheme- Actuarial Guidance and early retirement reduction factors had changed from the 8th January 2019. The percentage reduction had been reduced for both female and males and have been aligned to remove any perceived sex discrimination. Neil Wilcox highlighted that the 'Local Government Pension Scheme- Actuarial guidance' had been dated as the 29th April 2016, it was confirmed that this was an administration error and that the document had been received earlier this year.

Members were informed that the Government had published a written statement which announced a pause in the cost cap process for public service pension schemes pending the outcome of the application to appeal the McCloud case to the Supreme Court. The Board were told that the LGPS Advisory Board would now consider whether, given this announcement, it should withdraw the benefit change recommendations that had been made to the MHCLG as a result of its own cost cap process. It was outlined that if the McCloud principle was upheld that it would be required to make changes to the underpin and that such changes would need to be taken into account by SAB when reviewing its own cost cap calculations. It was noted that all changes that had been scheduled were now on hold and would resume once the judgement had been made upon the McCloud case.

It was also highlighted that the initial SAB proposals to bring the scheme cost back to 19.5% had included the removal of third tier ill health retirements, the introduction of a minimum death grant of £75,000 and an adjustment to the two lowest employee contribution bands. A further adjustment to bands 5 & 6 were proposed to remove some tax relief anomalies.. Members were told that the outcome of the McCloud case may mean that the scheme improvements though currently paused may still take affect and would possibly need to be backdated (with Government approval) to 1st April 2019. It was the duty of the employer to adjust employer rates and that this would require a higher level of administration work. The Panel agreed that these prospective changes/amendments seemed reasonable and that they should have been carried out earlier if possible to ensure that losses were mitigated. Board members queried whether information had been sent out to all employers and it was confirmed that all employers had been sent communications informing them to remain within their current bandings.

Members were told that the 'Fair Deal consultation' paper would run until the 4th April 2019. If introduced the option of a broadly comparable pension scheme would be removed. One option proposed was to use the deemed employer route meaning that the outsourcing employer would retain responsibility for the pension liabilities. There had been evidence independent service providers increase costs of their service to account for pension costs and it is hoped that Fair Deal will help to provide best value for money for the outsourcing employer. This step may remove closed employers and allow further contributions to be made. It was outlined that the consultation extends the definition of a protected transferee. It was noted that there had been some forecasted issues with poor advice and whether the LGPS was suited to private sector businesses.

ACTION- That Kevin Taylor circulate the draft response to the Fair Deal consultation to all Board members.

Members were reminded of the upcoming elections and the change in Panel Members. It was highlighted that training would be needed for these new members, and that there would also be a change to the Advisory Panel Members.

PENSION FUND PANEL MINUTES

Members noted the contents of the Pension Panel minutes from the 17th September and 12th November 2018 meetings.

ADMINISTRATION UPDATE

Members were reminded that at previous meetings, concerns had been highlighted with Wokingham schools and the challenge that was had in issuing annual benefit statements. It was noted that all annual benefit statements had been issued for 2018 within statutory timescales. Members were informed that there had been a change in payroll provider for Wokingham and that the new provider would aim to be working on the iConnect platform early in the 2019/20 financial year. There had been unresolved issues with older data and there were a significant number of records that required further work and this work would be extended to clean up records of past leavers. There had been a meeting with the new payroll provider and there was confidence that the newer formatting and migration to the iConnect platform would be ready for the 2019/2020 period.

Nikki Craig queried whether there was a set timeframe for turnaround regarding the data file work and it was confirmed that there had been no escalated queries and that this work would continue. It was noted that the next largest employer onboarding of data would be intensive but that there was a disconnect between both systems. It was confirmed that RBWM staff would be prompted to update their user details on iTrent and this would help with the data clean-up of existing active records. It was anticipated that with better verification of employer data this would save hours of working time for staff. The software provider had run various

reports to see the effects and outcomes on each individual record and it was estimated that there were currently 1.5 million data items on the system. It was reported that approximately 98.5% of these common data items were accurate and that 98.78% of the scheme specific data was accurate. The most common issue with records was highlighted as incomplete or incorrect addresses and the way in which information was held on previous local authority systems which did not translate as it was held in different formats on different systems. Members were told that data testing reports would be run again in 12 months time and that accuracy was currently being reported at 99%.

Members queried whether there was any benchmarking or KPIs set in relation to the data cleansing and it was confirmed that when comparing against other neighbouring local authorities that the data held was significantly better. Members were informed that a report had gone to the Berkshire Pension Panel.

ACTION- That Kevin Taylor provide an update on the data cleansing entries in 6 months.

Nikki Craig highlighted that it was the duty of the employee to update and amend their addresses and it was agreed by all members that the process of constant improvement of data (by updated and amending records) would help keep data refreshed and cleaner on the iConnect system.

ACTION TRACKER

Members noted the contents of the Action Tracker document. Members queried whether information had been sent to the correct recipients and it was confirmed that there was confidence in who had been sent relevant information.

REVIEW OF BOARD WORKPLAN

Kevin Taylor outlined the Board's workplan for the upcoming Municipal year. Members were asked to review the contents of the workplan and were informed that the workplan had been amended to include all statutory and standing items that were expected to be considered by the Board. Members were concerned with the scheduling of meetings coinciding appropriately with the Berkshire Pension Fund. Panel meetings to ensure proper consideration is given to relevant business items. It was agreed that there would be four polices considered at each quarter and that this would be mirrored onto the Board's workplan. It was also noted that there would be better use of the Board's time to merge specific items and to update the work plan accordingly.

ACTION- Kevin Taylor to update the work programme to reflect the changes discussed and circulate to Board Members.

REVIEW OF FUND IDRPP PROCEDURES AND CASES

Kevin Taylor gave an overview of the item as above titled. Members were informed that there was a formal Internal Dispute Resolution Procedure (IDRP) available and this was available in the agenda papers. The document was posed to members for review and comment. The IDRP had been written based on LGA guidance. It was highlighted that there were currently 3 cases that were actively going through the Pensions Ombudsman's Office and that the predominant theme related to ill health retirement. Members were informed that the uphold rate when assessing each case was low. Tony Pettitt queried whether these figures reflected the last twelve months and it was confirmed that there had been 6/7 cases raised through the IDRP but not all of these had been escalated through to the Pensions Ombudsmen. Members felt that the 'Guide to the Internal Dispute Resolution Procedure' document should be free from gender bias and accordingly re-written to remove gender bias from the text. It

was also discussed that the IDRPs cases were an important statistic to track and should be included in future administration reports. It was agreed that this item would review to the Board in twelve months time.

ACTION- That the report return to the Board in 12 months for review.

TRAINING REQUIREMENTS

The Chair outlined that this agenda item had been added to provide an open and transparent discussion relating to Board members and their training needs. It was felt that as there were new members and that there would be a new cohort of members on the Panel that training should be looked at more widely. It was discussed that short sessions at the beginning of each meeting would suit most members and that a programme of training should be confirmed. Members proposed the following items for training;

- Overview of legislative and statutory changes
- LPP overview of their role and what is working well and challenges they face
- Actuarial overview and valuation;
- General overview of pension scheme benefits

It was agreed that these would be confirmed and circulated to Board members and presented at the next meeting as a programme of training for the Municipal Year.

IDENTIFIED OR REGISTERED BREACHES

There were no new identified or registered breaches.

ANY OTHER BUSINESS

No other business was raised for consideration.

LOCAL GOVERNMENT ACT 1972 - EXCLUSION OF THE PUBLIC

The meeting, which began at Time Not Specified, finished at Time Not Specified

CHAIRMAN.....

DATE.....