

BERKSHIRE PENSION BOARD

TUESDAY, 8 OCTOBER 2019

PRESENT: Councillors Cross (Chairman), Jeff Ford, Tony Pettitt and Nikki Craig

Officers: Shilpa Manek and Kevin Taylor

INTRODUCTION AND APOLOGIES

Nominations for Chairman and Vice Chairman were requested. Tony Pettitt proposed Alan Cross as Chairman. This was seconded by Jeff Ford. Alan Cross proposed that Neil Wilcox remained Vice Chairman, this was seconded by Tony Pettitt.

Apologies for absence were received from Neil Wilcox.

DECLARATION OF INTEREST

No Declarations of Interest were received.

MINUTES

The Chairman highlighted that the Agenda pack had missing pages.

ACTION: Clerk to add full set of agenda papers to the public website.

RESOLVED Unanimously: The minutes of the last meeting of 20 February 2019 were agreed as a true and accurate record.

ACTION TRACKER

Both Alan Cross and Jeff Ford had both attended the in-house training. Both had found the training sessions very useful. They thanked Kevin Taylor for organising.

RESOLVED UNANIMOUSLY: The Board noted the contents of the Action Tracker.

SCHEME AND REGULATORY UPDATE

Kevin Taylor informed the Board that The Pensions Regulator had issued a report called Governance and Administration Risks in Public Service Pension Schemes: An Engagement Report. Ten local authority funds had been put forward to engage with the TPR. The Berkshire Pension Fund was not one of the ten put forward.

A number of key risk areas had been reviewed including record-keeping, administration, internal controls and dispute procedures. A number of recommendations resulted from the review and the Board considered the findings.

Kevin Taylor reported to the Board that in general the Berkshire Pension Fund was in a good position but would consider ways in which to improve the service further in light of some of the recommendations made in the report.

One issue that had been recognised was that the Chairman of the Panel and the Chairman of the Board could increase their interaction. Kevin Taylor explained that this had been

discussed at a recent training day and that he would confirm with the Chairman that Members of the Pension Panel had previously agreed that the Chairman of the Board could attend Panel meetings.

ACTION: Kevin Taylor to send evidence of Panel approval to the Chairman.

Kevin Taylor informed the Board that a pension administration strategy was already in place and reviewed regularly by the Berkshire Pension Fund Panels.

The Chairman noted from the risk register that the loss of key staff had been identified as a key risk. Nikki Craig informed the Board that this risk had been recognised by the RBWM MD across other areas of the Borough staffing and that appropriate succession planning was being considered.

Kevin Taylor informed the Board that at the last meeting of the Pension Panel it had been agreed that an exceptions report would be provided at each meeting with the full risk policy and assessment register being taken once a year to Panel for review.

The Chairman raised a question concerning access to the Pension Fund's website and whether or not the number of hits was recorded. Kevin Taylor explained that this was reported in the administration report each quarter and that he would seek to find out if it was possible to identify whether individuals were accessing the website on multiple occasions.

ACTION: Kevin Taylor to find out if it is possible to identify if individuals access the website on multiple occasions (i.e. both "hits" and "unique hits").

The Board discussed carrying out a survey for the Fund's members. Nikki Craig suggested having five simple questions on Survey Monkey aimed at scheme Members across each scheme type. The sample would not have to be very large. Members could be targeted by having to answer the survey questions as they were trying to log in. Kevin Taylor explained that the Fund has been considering how best to survey its members and that this was ongoing.

The Pension Panel had identified that cyber security was not included in the risk register. Kevin Taylor did inform the Panel and the Board that there were many firewalls in place but that he will take action to evidence the pension systems are secure and include this risk in the register.

The Board were interested to know what proportion of members were not resident in the UK and what the effects of leaving the EU would be. Kevin Taylor informed the Board that the Fund undertook a monthly mortality screening exercise, took part in the National Fraud Initiative and had signed up to Tell Us Once.

ACTION: Kevin Taylor to provide further details to Board members regarding pensioners living overseas and actions taken to ensure payments made are legitimate.

The Board discussed the matter of 'separation'. Kevin Taylor explained that at a national level the idea of separating Pension Funds from their administering authorities was being considered thereby providing Funds with a level of autonomy. One particular area of concern had been the potential conflict of interest placed upon s151 officers responsible for both the finances of the Authority and the Pension Fund.

ACTION: Kevin Taylor to send Members details relating to the separation concept.

The Chairman commented that the TPR report was good and that there were many points to reflect on. Kevin Taylor reassured the Board that all internal controls were in place which were all robust and all third party contracts were reviewed regularly. The two points that had been

highlighted from this report were that there needed to be better communication between the Panel and the Board and the importance of carrying out the survey to scheme Members.

Jeff Ford asked what was the link between the Pension Board and the Pension Fund Panel. The Board were informed that the Borough acts as the administering authority to the Pension Fund but that the Fund's assets were kept entirely separately from those of the Borough. Members were told that the Pension Fund had its own bank account. The staff working for the Pension Fund are employed by the Royal Borough and therefore use certain services provided by the Borough such as ICT and HR. However, the pension administration and pension payroll software was a separate bespoke system hosted off-site by a third party provider, Heywoods.

The Chairman pointed out that two of the four pages were missing from the website version of the fair deal letter.

ACTION: Democratic Services to ensure the correct versions are available on the website.

The Board then discussed Fair Deal. Kevin Taylor informed the Board that Fair Deal covered most other public sector pension schemes but not the LGPS. It was explained that under current rules when a scheme employer outsources a service the chosen third party service provider has to either provide for the transferring employees a broadly comparable pension scheme to the LGPS or ongoing access to the LGPS via an admission agreement. The Fair Deal consultation put forward the idea of the outsourcing employer being treated as a deemed employer meaning that the outsourcing employer would retain all pension liabilities with the party service provider simply ensuring contributions are deducted from the employees and paid over to the Fund. No admission agreement would be needed. The outcome of the consultation had yet to be published with any procedural changes requiring amendments to the scheme regulations.

ACTION: Place on next agenda

RESOLVED UNANIMOUSLY: The Board noted the update

ADMINISTRATION REPORT

Kevin Taylor informed the Board that:

- The number of contributing members was now lower than the number of deferred members.
- All Unitary Authorities and around 80% of the membership were now using i-Connect with a plan to have all employers using the system by March 2021.
- The Pension Panel had suggested looking key performance indicators used by CIPFA and the Fund had agreed to revise its targets in line with CIPFA guidance.
- Pension surgeries continue to be well received and popular with events being held twice a year at each Unitary Authority.
- All year end submissions had been completed well in advance of the 31 August deadline in part due to iConnect.
- Membership data continues to be of a high standard as evidenced by the data quality reports presented to the Board.
- The member data extract required by the Actuary for valuation purposes had been sent well in advance of the deadline with further online data checking taking place.
- A private meeting had been scheduled in November with the Actuary to discuss the initial results of the triennial valuation process. The Actuary will report publicly to Panel on 16 December 2019.

RESOLVED UNANIMOUSLY: The Board noted the report and all the key areas of governance and administration and all key performance indicators.

LOCAL PENSION BOARD WORKPLAN 2019-20

Kevin Taylor informed the Board that the workplan had been revamped to align with the Pension Panel meetings. The Board had no further dates in the diary for meetings but it was suggested that the Board met three to four weeks before the Panel in order to be able to advise them. The Chairman would like to see that in the future the Board comments be submitted to the Panel.

ACTION: Arrange Board meetings 3/4 weeks before the Panel meetings

Tony Pettitt suggested that the Board could see an initial draft of a report and be able to make comments prior to it going to the Panel Chairman for his review and sign off. It was agreed that the Board should be looking at everything that was going to the Panel.

Kevin Taylor informed the Board that there should be no changes to the breaches of the law report and the SLA between RBWM and the Pension Fund.

Kevin Taylor informed the Board that there would be an annual meeting at which the Actuary would be attending on 14 November at 12.30 at the Town Hall. The Chairman of the Board would attend.

The Board arranged its next meeting on Wednesday 20 November at 11.30am till 2.30pm. All of next year's Board meetings would need to be three weeks ahead of the Panel meetings. This could be revised if the workload was unmanageable for Kevin Taylor.

TRAINING ITEM - OVERVIEW OF SCHEME GOVERNANCE AND LGPS BENEFITS

Kevin Taylor informed the Board that the slides were a refresher and a high level overview. Kevin Taylor went through the slides in the agenda pack.

Jeff Ford asked why additional staff were required if iConnect was assisting so well. Kevin Taylor advised the Board that when compared to other funds and local authorities the Berkshire Fund had always had a high ratio of records to administer per member of staff. It had been identified that administration had become more complex and that there was always a shortage of experienced administrators so recruitment was normally restricted to trainee level.

It was pointed out that it was the contractual right of an employee to be part of the scheme if under 75 years and if they had a contract of at least three months duration. An employee could opt out but would be re-enrolled under the auto-enrolment procedures at the relevant point.

PENSION FUND ANNUAL REPORT AND ACCOUNTS

Kevin Taylor informed the Board that the Pension Fund annual report and accounts had been substantively agreed by the Pension Panel. The Panel had been advised that some of the figures may change. The accounts could not be signed off until the report and accounts were complete.

The Board were advised that the auditors had queried the mortality factors with respect to life expectancy.

The accounts would be signed off by 1 December 2019. The Chairman requested the

corrections of the Vice Chairman to be amended at page 10 of the report to reflect the position during the 2018/19 year.

The Chairman suggested a change on page 106 of the report which Kevin Taylor was already aware of.

RESOLVED UNANIMOUSLY: The Board noted the annual report and accounts and that some changes would be made before sign-off before 1 December 2019.

INTERNAL AUDIT REPORT

Kevin Taylor informed the Board that five concerns had been identified in the audit report, all of which were of moderate concern. All concerns had been resolved before the report was issued.

RESOLVED UNANIMOUSLY: The Board noted the report findings and that all concerns had been resolved.

RISK MANAGEMENT POLICY

Kevin Taylor informed the Board that the Panel had recognised that there was no risk in the policy to do with cyber security. The Panel had asked this to be considered and added.

RESOLVED UNANIMOUSLY: The Board noted the policy and the Panels comments and were in agreement.

RISK ASSESSMENT REGISTER

Kevin Taylor informed the Board that the register had identified four medium risks to be of concern. They (and their mitigations) were as follows:

- PEN 004 – Inaccuracy of employer data - all employers to be using iConnect by March 2021.
- PEN 011 – Loss of key staff – succession planning under consideration
- PEN 017 – Funding level below 100% - Nikki Craig pointed out this was a fact as opposed to a risk and that the risk should really be what would happen if the Fund does not return to being 100% funded – Actuarial review has a plan to get to 100%
- PEN 025 – Inability of scheme employer to meet their obligation – currently an employer covenant review is underway.

It was suggested that the Board had regular updates on loss of staff and the associated risks and the impact of funding levels below 100%.

ACTION: Kevin Taylor to look at the wording of the risk and the date of the next review.

IDENTIFIED OR REGISTERED BREACHES

Kevin Taylor informed the Board that there was no identified or registered breaches.

FEEDBACK FROM RECENT BARNETT WADDINGHAM/CIPFA SEMINAR

Jeff Ford and the Chairman had attended the seminar and had found it a very useful day. The next annual one was on 24 June 2020 (with other CIPFA sessions in the interim).

ACTION: Kevin Taylor to circulate brief to Board Members.

ANY OTHER BUSINESS

It was raised that the timing of the meeting be considered and scheduled for three hours as it always overran.

The meeting, which began at 12.30 pm, finished at 3.20 pm

CHAIRMAN.....

DATE.....