

BERKSHIRE PENSION BOARD

WEDNESDAY, 9 SEPTEMBER 2020

PRESENT: Nikki Craig, Alan Cross (Chairman), Jeff Ford, Arthur Parker and Tony Pettitt

Also in attendance: Councillor Simon Bond

Officers: Andy Carswell and Kevin Taylor

INTRODUCTION AND APOLOGIES

Apologies were received from Barry Stratfull. Alan Cross informed the Board that Barry Stratfull would be leaving Slough Borough Council at the end of the month, and would need to step down from his position on the Board as he would no longer be employed within Berkshire. Neil Wilcox, the substitute employer member, had been approached but he had declined the invitation to become a full member. A recruitment process for an employer member to replace Barry Stratfull would need to be put in place, and it was hoped that additional substitute employer and employee members could also be found. It was noted that a new Vice Chairman would also need to be appointed.

DECLARATION OF INTEREST

There were no declarations of interest.

MINUTES

RESOLVED UNANIMOUSLY: That the minutes of the meeting held on June 2nd 2020 be approved as an accurate record.

Arising from the minutes, it was confirmed that all annual benefit statements were completed before August 31st. The new terms of reference and code of conduct would be signed by Alan Cross and Cllr Julian Sharpe. Regarding the cyber security policy, Nikki Craig told the Board that this had been presented to the Royal Borough's Corporate Leadership Team and it would be updated and launched during September, once feedback from the CLT had been inputted. It would then be brought before Panel when required. The Board was told that an exercise on external data had demonstrated that the pension admin software was secure.

ACTION TRACKER

There were no additional updates and the contents of the tracker were noted.

SCHEME AND REGULATORY UPDATE

The Board was reminded that proposals to change pension payments to a career average from a final salary had been challenged in the courts, and it had been ruled as age discriminatory. The LPGA therefore had to find a remedy to this judgement, and a full review was carried out to ensure that anyone who had been part of the scheme up until April 1st 2014 had the underpin protection. Kevin Taylor told the Board that scheme employers would be affected by this, and a large amount of data still needed to be obtained in order to ensure nobody had been adversely affected. This was proving time consuming for employers and pension fund admin staff. However the actuary had indicated that the difference in cost between a career average and final salary pension was unlikely to be significant for those where the latter would now apply. Kevin Taylor advised that guidance from the Scheme

Advisory Board on how to proceed was being awaited. He also said that no scheme member needed to contact the Pension Fund if they were concerned they would not receive their full benefit payments, if the underpin applied to them at the time. It was felt that communication around this issue would be important, and employers would need to develop an action plan to undertake the necessary work. The Board was reminded that this was a national issue, and it was not just the LGPS that was affected.

Kevin Taylor advised the remedy to the judgement had been developed and made based on the outcome of the court case that had made the ruling the changes were age discriminatory.

As part of the data collection, historic paper records would need to be collected and analysed as not all of it would be stored on iConnect. In many cases the ten most recent years' of payroll had been retained. However there was likely to be guidance issued on what pension funds should do if an employer was unable to provide the required information, and what assumptions needed to be taken into consideration. Kevin Taylor stated his belief that employees who had had sizeable salary increases throughout their careers were likely to be the most adversely affected by the calculations.

Kevin Taylor told the Board that the actuary's response to the consultation regarding the remedy was being reviewed; this, along with the national guidance that was expected, would be used to formulate the Fund's plan going forward. No exact timescale was given, although it was expected the plan would be compiled within the next few months. Resource implications also needed to be taken into account while putting together the response plan.

Regarding the exit cap, Kevin Taylor explained that when an individual left local government their exit payment should not exceed £95,000. Kevin Taylor explained that if a scheme member was made redundant at 55, their benefits would be released without any actuarial deductions; however if they voluntarily took their benefits at the age of 55 then a reduction would normally be made to reflect the early payment. Significant strain costs were therefore possible. A consultation on a review of the exit cap was taking place through to November 9th. Kevin Taylor stated his belief that the exit cap could be seen as being age discriminatory, and could have a significant effect on employee benefits. He stated that the exit cap appeared to contradict the advice given in the Pension Scheme Regulations. Alan Cross concurred and stated it would unfairly affect people who had been loyal to their employer. Nikki Craig advised the Board that RBWM had submitted feedback to the consultation and was awaiting further guidance.

ADMINISTRATION REPORT

The Board was told that the report related to the quarter affected by the most stringent Covid19 lockdown restrictions. Kevin Taylor stated that a couple of key performance indicators had dropped slightly below the expected levels due to adjustments that needed to be made to working arrangements, but things were now picking up and it was expected the KPIs would be met. The Board was informed that the third year of the data quality exercise was due to get underway soon, and it was anticipated that this would lead to improvements in the quality of data. The initial results were due to be presented to Panel at the December meeting.

It was noted that one of the KPIs that had dropped below its expected level related to retirements. Kevin Taylor said the number of retirees was continuing to increase but there had not been any particular increase in the death rate. He said that a comparison between this quarter and the same quarter the previous year was being undertaken. It had been noted that the number of deferred records was now outstripping the number of active records.

The Board noted that it was still an ambition for all employers with ten or more employees to be connected to iConnect. It was noted there had been a lower takeup amongst schools in particular.

The Board was told that it had not been possible to hold pension surgeries throughout the pandemic. However a new website containing important information had just been launched.

RISK ASSESSMENT

It was noted that the Managing Risks report contained in the agenda was a little out of date, and it was suggested that members of the Panel could make suggestions for any updates at the next meeting. Members' attention was drawn to the four areas of medium risk that had been identified, and the Board was informed that these were the only remaining areas of concern. It had been suggested at the last Panel meeting that the register should have made more reference to matters arising out of the Covid19 pandemic, although it was highlighted to the Panel that there was a Business Continuity Plan. In addition thanks was given to the IT team for their update of the hardware system before the lockdown restrictions were brought in, as it was felt the situation could have been much more negative if it had not been updated. It was noted that the date of the next review listed in the report needed to be updated. It was also noted that issues regarding cyber security had been covered elsewhere and there was no need for them to be duplicated onto the risk register.

It was noted that four points on the risk register relating to investment performance had been written prior to LPPI's involvement and appeared to need review. Concerns were raised at the impact LPPI would have on some of the controls listed within the risk register, as the risks appeared to pre-date LPPI's involvement.

LOCAL PENSION BOARD WORKPLAN

There was nothing to discuss in relation to the Workplan.

ANY OTHER BUSINESS

There were no other items of business for discussion. The LPPI Investment Performance Report had not been made available and was not open to be discussed.

The meeting, which began at 2.00 pm, finished at 2.53 pm

CHAIRMAN.....

DATE.....