

PRESENT: COUNCILLOR E W STRENGIEL (CHAIRMAN)

Councillors P E Coupland (Vice-Chairman), M G Allan, P Ashleigh-Morris, A W Briggs, S Bunney and T J N Smith

Co-Opted Members: Tom Hotchin (Academy Sector Representative) and Jo Balchin (Scheme Member Representative)

Councillor R D Butroid (People Management, Legal and Corporate Property) attended the meeting as an observer

Officers in attendance:-

Michelle Grady (Assistant Director – Finance), Jo Kempton (Head of pensions), Claire Machej (Accounting, Investments and Governance Manager), Josh Drotleff (Finance Technician) and Thomas Crofts (Democratic Services Officer)

Others in attendance:-

Roger Buttery (Independent Chair – LGPS Pension Board), Peter Allan (Employer Representative – LGPS Pension Board), Colin Mayger (Barnett Waddingham), Melanie Durrant (Barnett Waddingham) and Matt Mott (West Yorkshire Pension Fund)

10 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors P Dilks and P Key, and Steve Larter.

11 DECLARATIONS OF MEMBERS' INTERESTS

Councillor M G Allan declared an interest as a pensioner member of the Pension Fund.

Jo Balchin (Scheme Member Representative) declared an interest as an active member of the Pension Fund.

Tom Hotchin (Academy Sector Representative) declared an interest as an active member of the Pension Fund.

12 MINUTES OF THE PREVIOUS MEETING HELD ON 14 DECEMBER 2023

RESOLVED

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That the minutes of the meeting held on 14 December 2023 be approved as a correct record and signed by Chairman.

13 REPORT BY THE INDEPENDENT CHAIR OF THE LINCOLNSHIRE LOCAL PENSION BOARD

Consideration was given to a report by the Independent Chair of the Lincolnshire Local Pension Board which updated the Pensions Committee on the work of the Board during the past few months. The following matters were reported:

- The Board had recognised the pension administrator's progress concerning key performance indicators. However, further improvement was necessary, especially regarding the tracing of unclaimed benefits and the amount of temporary bank accounts.
- The Board was concerned by the low uptake and completion of the pension regulator's training toolkit by the Committee.
- The Board commended the Fund for receiving an unqualified sign off of the accounts by the external auditor.

RESOLVED

That the report and comments made be noted.

14 PENSION FUND UPDATE REPORT

Consideration was given to a report which updated the Committee on Fund matters for the quarter ending 30 September 2023 and any other current issues. The Committee was guided through the report and the following key points were highlighted:

- The Committee were asked if they wished to recruit an independent investment advisor or wait for the government's good governance review to ensure any appointments were compliant with new recommendations.
- The fund was currently 94% funded and no longer over 100% funded, as a result of amendments to the funding model of the Actuary.
- New risks had been added to the risk register regarding asset pooling following the government's consultation.
- The Council's accounts and the fund's accounts had been signed off by the external auditors for both 21/22 and 22/23.
- The key points from the Pension Regulator's annual survey were highlighted.

The Chairman reported that they had attended the LAPFF Annual Conference on 6-8 December 2023 which covered the following topics:

- Impact and stewardship in relation to crises.
- ESG backlash.

- Combating modern day slavery.
- Environmental impacts.
- Talk from Dave Fishwick, founder of Burnley Savings and Loans (Bank of Dave).

The Committee discussed the report and the following comments were raised:

- The fund's funding position was currently not of concern and presented no additional risk. Changes reflected the amendments to the funding model which were brought in to better reflect the volatility of the market.
- It was agreed that an independent investment advisor should be recruited as there were no firm timescales to wait for the good governance review and the resource had proven valuable to the work of the Committee.

RESOLVED

1. That the report and comments made be noted.
2. That the Fund go out to recruit a new Independent Investment Advisor.

15 PENSIONS ADMINISTRATION REPORT

Consideration was given to a report prepared by the Fund's pension administrator, West Yorkshire Pension Fund (WYPF). The Committee was guided through the report, and the following matters were highlighted:

- Further progress had been made regarding staffing and resourcing, and performance across key areas was improving.
- There was a backlog of cases as there had been an increase in the number of transfer requests on top of the fact that processing had to be paused due to the removal of GAD factors and a delay by GAD in providing revised factors. The backlog of cases was now being processed in date order.
- Recruitment was a rolling process as there was a nationwide shortage of qualified personnel.
- The shared service risk register had been reviewed and it was highlighted that Risk 2 needed further review once the Shared Service Refresh has been completed.
- The resource plan was also under review.
- Guidance for scheme members regarding McCloud had been distributed via the Winter newsletter.

The Committee discussed the report, and the following comments were raised:

- Recruitment was an ongoing issue. New initiatives were being rolled out to attract and train new staff including a graduate scheme and locally targeted recruitment drives.
- KPI reporting provided intel to the Committee and was not intended to be used as disciplinary tool or means to fine the service.

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- It was noted that very few complaints had been made against the administrator, which was an indication of a well-run service.

The Committee felt that it would be beneficial to invite Euan Miller, Managing Director – WYPF, to a subsequent meeting to hear more about the administrator’s position.

RESOLVED

1. That the report and comments made be noted.
2. That Euan Miller, Managing Director – WYPF, be invited to a subsequent meeting of the Pensions Committee.

16 DATA QUALITY REPORT

Consideration was given to a report prepared by the Fund’s pension administrator, West Yorkshire Pension Fund (WYPF). The Committee was guided through the report and the following matters were highlighted:

- Common data scores were at 96.18% and that the scheme specific data score was at 87.68%.
- There were 2,488 addresses missing for deferred members – an increase of 107.
- As a result of the data scores, WYPF had devised a Data Improvement Plan which identified the issues with the data and the resolutions required.
- Automated software had been explored under the Data Improvement Plan but was found not to give good value for money.
- The Pensions Regulator provided a report on WYPF which had an overall green (good) rating with further recommendations that were considered and captured under the Data Improvement Plan.

The Committee discussed the report, and the following comments were raised:

- There were no significant concerns regarding risk to the Fund as a consequence of missing addresses and deferred payment of benefits.
- Work was underway to decrease the number of missing addresses including the use of tracing agencies, door-knocking, and referencing with national fraud data regarding deaths. The Committee expressed concern that the number was nonetheless increasing.
- Many data quality issues had been inherited from Lincolnshire Pension Fund’s historic payroll administration by Mouchel.
- It was anticipated that the rollout of the Pension Dashboard would help improve data quality and member self-reporting.

RESOLVED

That the report and comments made be noted.

17 ANNUAL EMPLOYER ACTIVITY AND MONITORING REPORT

Consideration was given to a report from the Accounting, Investments and Governance Manager. The Committee was guided through the report, and the following matters were highlighted:

- Eleven new employers had joined the Fund and three employers had left over the past year.
- Late and/or inaccurate employer submissions were low in number and there were no significant concerns to report regarding the matter.
- A list of fines issued was outlined within the report.
- Targeted work was underway to improve the data quality submitted by employers.

The Committee discussed the report, and it was explained that school academies did not receive any additional funding towards their local government pension liabilities and funds had to be sourced from their own budgets. This was unlike teacher pension liabilities which benefited from specific grant monies from central government.

RESOLVED

That the report and comments made be noted.

18 ANNUAL REPORT AND ACCOUNTS 2022/23: THE EXTERNAL AUDITOR'S AUDIT COMPLETION REPORT

Consideration was given to a report presented by the Accounting, Investment and Governance Manager which provided the Committee with an update on the completion of the account sign off for 2022/23. It was reported that the external auditor's opinion had been received for the accounts and that their work had been concluded. It was noted that the updated valuations received over the summer in unquoted holdings totalled £8million, and the final accounts had been adjusted accordingly.

The Committee noted the report and welcomed the conclusion of the accounts' sign off.

RESOLVED

That the report and comments made be noted.

19 DLUHC POOLING CONSULTATION AND TRANSITION PLAN REPORT

Consideration was given to a report presented by the Head of Pensions which provided the Committee with an update on the pension pooling consultation by the Department for Levelling Up, Housing and Communities (DLUHC), and presented a transition plan for the Fund. Attention was drawn to the following matters:

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- The consultation period had concluded and there had been 152 responses. The Government had resolved to implement the proposals with no material changes following the consultation.
- The Government wished to accelerate and expand pooling, and to increase investment in levelling up and in private equity.
- If pension funds were not compliant in any of these expectations, they would have to provide detailed explanations. Central government also held powers to enforce compliance.
- It was anticipated that the reporting requirements set out in the consultation response would increase officer workload.

The Committee noted the report and the following comments were raised:

- Pensions Committees and professionals within the industry had raised a number of concerns about some of the areas within the consultation.
- It was clarified that no other fund was allowed to join the Border to Coast asset pool without the approval of the existing member funds.
- It was anticipated that Border to Coast could meet central government's expected pool size by 2040 via normal growth without having to accept other funds joining.
- The Fund currently held 2% of assets that met the requirements of the government's Levelling Up missions and needed to plan to achieve 5%, as per the DLUHC's requirements. Border to Coast was in the process of establishing a UK opportunities fund in order to provide an investment vehicle to target this area.
- It was anticipated that private equity holdings, which currently made up 8% of the Fund's holdings, would achieve DLUHC's requirements via natural growth.
- The Committee was disappointed that their autonomy to make decisions in relation the fund was undermined by legislation that compelled them to make certain investment decisions.

RESOLVED

That the report and comments made be noted.

20 CONSIDERATION OF EXEMPT INFORMATION

RESOLVED

That in accordance with Section 100A of the Local Government Act 1972, the press and public be excluded from the meeting for the following items of business on the grounds that if they were present they could be a disclosure of exempt information as defined in paragraph 3 of Part 1 of Section 12A of the Local Government Act 1972, as amended.

21 BORDER TO COAST FUNDING MODEL CHANGES

Consideration was given to an exempt report on funding model changes to the pensions pool.

Questions were raised by the Committee and discussed.

RESOLVED

That the exempt report be noted.

22 TRAINING: THE IMPACT OF CLIMATE RISK ON PENSION FUNDS

Consideration was given to an exempt report which introduced a training presentation from Barnett Waddingham.

Questions were raised by the Committee and discussed.

RESOLVED

That the exempt report be noted.

The meeting closed at 12.38 pm