

Minutes of the Pension Board

Lakeview Room, County Hall, Worcester

Friday, 15 September 2023, 10.30 am

Present:

Cllr Roger Phillips (Chairman), Cllr Paul Harrison, Cllr Tony Miller, Bridget Clark and Adam Pruszynski

Also attended:

Cllr Elizabeth Eyre, Chairman of the Pensions Committee was also in attendance.

Available papers

The Members had before them:

- A. The Agenda papers (previously circulated);
- B. The Agenda papers and Minutes of the Pensions Committee meeting held on 28 June 2023 (previously circulated); and
- C. The Minutes of the meeting held on 6 June 2023 (previously circulated).

304 Apologies (Agenda item 1)

An apology was received from Andrew Lovegrove.

305 Declaration of Interests (Agenda item 2)

Cllr Roger Phillips declared interests as the Chairman of the Scheme Advisory Board (SAB) for the Local Government Pension Scheme.

Bridget Clark declared interests as a retired member of Worcestershire Pension Fund, employed in another regional local authority (Dudley MBC) with responsibility for the pensions team, working as a consultant for LGPS appeals and her husband being a member of Worcestershire Pension Fund.

306 Confirmation of Minutes (Agenda item 3)

RESOLVED that the Minutes of the meeting held on 3 March 2023 be confirmed as a correct record and signed by the Chairman.

The Minutes of the inquorate meeting of the Board held on 6 June were also approved and signed by the Chairman.

307 Pensions Committee - 28 June 2023 (Agenda item 4)

Noted.

308 Update on Scheme Advisory Board (SAB) (Agenda item 5)

The Chairman provided the Board with a verbal update on Scheme Advisory Board (SAB).and the following points were made:

- The Government had published its long-awaited consultation on pooling. The key message was an expectation that all funds should engage in pooling. The SAB was drafting its own response to the consultation. SAB welcomed the benefits of scale and the creation of centres of expertise that pooling brought. The Government were also expecting pension funds to further investment in infrastructure as part of the Government Levelling Up policy. SAB's view was that funds were already investing in infrastructure, having undertaken due diligence, taking into account the fiduciary duty to its members and assessing all the risks. If the Government intended to dictate to funds, it should provide appropriate Levelling Up funding
- Boycotts Bill – The implications for pension funds of this Bill was that they needed to be careful where investments were made to ensure they were not acting contrary to Government Policy
- Gender Pay Gap – Pension funds should be cognisant of the fact that 70% of members in receipt of a pension were female, many of whom had worked in part time roles.

In the ensuing debate, the following points were made:

- In response to a query, Sherief Loutfy explained that an important aspect of the way in which this Fund operated was its ability to manage its own risk appetite. It was far from ideal for the Government to dictate to this Fund how it managed its investments as it would impact on the Fund's risk appetite and on what was in the best interests of Fund members. This issue would be the main focus of this Fund's response which was currently in draft form. Other partner funds as well as LGPSC would also be submitting a response
- Concern was expressed that the Government's approach to investment was based on political rather than financial reasons
- Concern was expressed that this Fund had not benefited financially from pooling. At present it felt like funds were being dictated to rather than working in partnership with LGPSC. The Chairman indicated that there were good examples of partnership working within pools in the country

- The Chairman commented that the Government had indicated that eventually they would want the number of pools to be reduced however he considered that this should be a decision for individual funds to take
- In response to a query, Sherief Loutfy explained that due to time pressures, it had not been possible to liaise with partner funds to provide a consistent response to the Government's consultation. LGPSC would also be provided a response but this had yet to be submitted.

The Board noted the Scheme Advisory Board update.

309 Pension Fund Budget Forecast Outturn 2023/24 and updated Indicative Budgets 2024/25 to 2026/27 (Agenda item 6)

The Board reviewed the Pension Fund Budget Forecast Outturn 2023/24 and updated Indicative Budgets 2024/25 to 2026/27.

In the ensuing debate, the following points were made:

- In response to a query, Sherief Loutfy indicated that the staffing costs set out in the budget reflected the outcome of the recent recruitment. A vacancy factor had not been included
- Sherief Loutfy confirmed that external fees were always negotiated, and discounts sought wherever possible. An example of ongoing negotiations with LGPS Central's Infrastructure Fund was given.

The Board noted the Pension Fund Budget Forecast Outturn 2023/24 and updated Indicative Budgets 2024/25 to 2026/27.

310 Business Plan (Agenda item 7)

Richard Sultana introduced the report and commented that the Fund had been experiencing delays with receiving AVC payments made to some members because of IT issues experienced at Scottish Widows.

In the ensuing debate, the following points were made:

- The Chairman welcomed the staged roll out of the member self-service portal module called TME (transformative member experience).
- The level of impact on members and action taken by the Fund to escalate the issue with Scottish Widows was queried. Richard Sultana commented that 5 AVC payments which equated to 64 members had been impacted by the issue. The Fund was liaising with partner funds and had escalated the matter directly with Scottish Widows. If necessary, the matter would be raised with the Pension Regulator.

The Board noted the Business Plan.

311 Risk Register (Agenda item 8)

The Board noted the Risk Register.

312 Risk Register (Agenda item 9)

The Board noted the Governance Update.

313 Training Update (Agenda item 10)

The Board reviewed the Training update.

In the ensuing debate, the following points were made:

- It was requested that more training be provided on line to enable those members with other commitments to be able to attend
- It was important to provide a flexible approach to training because not everyone liked to learn in the same way
- In response to a query, Richard Sultana explained that when the Fund created an apprenticeship, if possible a vacancy was held to give that person an opportunity to get a job at the end of their apprenticeship
- It was queried whether staff were provided with the opportunity to study for a professional degree as part of their career development. Richard Sultana responded that some members of the team had been studying for a relevant degree. However that qualification had subsequently changed and it was now considered more beneficial to provide opportunities to study for specific qualifications relevant to individuals roles. Every effort was made not to pigeon hole studying to a particular aspect of the work to provide more options for staff to pursue a career in Pension Administration
- It was difficult to attract and retain staff in the current job market and therefore it was important to make every effort to keep and develop the Fund's own staff. Therefore, the creation of a career pathway for staff was to be commended.

The Board noted the Training Update.

314 UK Stewardship Code 2020: The Fund's 2023 Submission (Agenda item 11)

Sherief Loutfy introduced the report and commented that the FRC no longer provided detailed feedback on the Stewardship Code submission. The intention in the future was to work with the Pension Committee Chair to streamline the submission to make it more user friendly. LGPSC would also be looking to simplify their own submission going forward.

The Board noted UK Stewardship Code 2020: The Fund's 2023 Submission, in particular acknowledging the Fund's success in retaining its signatory status.

315 Forward Plan (Agenda item 12)

Sherief Loutfy introduced the report and commented that the audit of the Pension Fund Accounts was on track to be completed in time to report to the meeting of the Pensions Committee in November. However, there were issues outside the Fund's control in relation to external audit staff recruitment that could delay the formal sign off.

It was requested that an update on the TME be reported to the November Board meeting. It was also requested that date of the next Board meeting in November be moved.

The Board noted the Forward Plan.

316 Exclusion of Public and Press (Agenda item 13)

RESOLVED that pursuant to Section 100A of the Local Government Act 1972, the press and public shall be excluded from the meeting during item 14 on the grounds that there would be disclosure to them of information relating to the financial or business affairs of any particular person (including the authority holding the information) and the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

Summary of the proceedings of the meeting during which the press and public were excluded. (This is a fair summary of the proceedings.)

317 LGPS Central Update (Agenda item 14)

The Board noted the LGPS Central update.

The meeting ended at 12.30pm.

Chairman