



Minutes of a meeting of the Local Pension Board held via Microsoft on Monday, 10 August 2020 at 10am.

PRESENT

Mrs. R. Page CC (in the Chair)

Online

Mrs. C. Fairchild (Employee Representative)

Ms. R. Gillbert (Employee Representative)

Ms. D. Haller (Employee Representative).

Cllr. E. Pantling (Leicester City Council)

Mr. R. Shepherd CC (Leicestershire County Council)

52. Chairman's Announcements.

The Chairman addressed recent comments from the Scheme Advisory Board regarding cancellation of pension board meetings. Members were assured that Leicestershire Pension Fund scheduled four meetings per year, rather than biannually, to allow for exceptional circumstances that resulted in the need to cancel a meeting, such as COVID-19, Members were kept updated by the Pensions Manager in the meantime.

53. Minutes.

The notes of the meeting held on 3 February 2020 were taken as read, confirmed and signed.

54. Question Time.

The Chief Executive reported that no questions had been received under Standing Order 34.

55. Urgent Items.

There were no urgent items for consideration.

56. Declarations of interest.

The Chairman invited members who wished to do so to declare any interest in respect of items on the agenda for the meeting.

No declarations were made.

57. Pension Fund Administration Report - April to June 2020

The Board received a report from the Director of Corporate Resources concerning administration of Fund benefits, including the performance of the Pension Section against its performance indicators. A copy of the report marked 'Agenda Item 5' is filed with these minutes.

Arsing from the discussion the following points were made:-

- i. There was concern that despite officers persistence, Aspens (Crown Hills), Caterlink, Cleantec and Mellors Catering had outstanding bond or admission agreements It was believed the delay was due to lack of prioritisation from the bond company. The Pensions Manager would write to each party to remind them of their duty to form a bond or admission agreement.
- ii. The Pensions Manager had added 'Transfers Out' and 'Refunds' to the workload report. This was due to an expected rise in members requesting transfers out and members with under two years membership of the scheme opting out to claim refunds as a result of COVID-19 and Government's furlough scheme due to members looking to gain additional income to support them through potential financial difficulties.
- iii. While most key performance indicators were within normal levels, aggregations had exceeded the Fund's maximum case number. Members were assured that work was ongoing and that aggregations were moving towards pre-COVID levels. However, as a result of the McCloud ruling, and the potential need to re-aggregate cases it was likely to become a higher demand area. It was suggested a training session take place following a future meeting of the Board to further explain the potential impact the McCloud and Sargeant ruling might have on the Fund.
- iv. Three new staff members were due to start in September to aid resource within the section. Training would continue to take place with all staff members and involved a mixture of online and in-person training dependent on the subject matter. A buddy system had also been set up to assist new and existing staff members.
- v. In the Board's role as regulatory body for the Leicestershire Pension Fund Members attention was brought to Government's response to the 95k Exit Cap consultation. While the cap was primarily an employer issue it also impacted on the administration of the Fund in relation to the pension strain (costs that occurred when there is a clear shortfall in the assumed level of funding needed to provide an unreduced pension benefit, for example if a member drew their benefit a lot earlier than expected). From the Fund's perspective the concern was that each LGPS pension fund set its own actuarial factors for the calculation for valuation exercises, if the exit cap was to come into force it was likely national work would need to be undertaken across the four main actuaries to standardise pension strain calculations, to reduce inequity between funds.
- vi. Ms. Haller raised a concern that the 95k exit cap could affect a lot of public sector workers, especially those who may have long service such as nurses and social workers if the cap was not linked to inflation. The Pension Manager assured the Board that he was aware employers were looking at the implications and that Unison were also lobbying against the cap in its current form. Nothing had yet changed in statute and any members of the fund who were concerned were encouraged to contact their employer. Leicestershire County Council, for example,

in its role as employer has responded to Government's consultation, once set in statute a report would be taken to the County Council's Employment Committee to set out any implications.

RESOLVED:

That the contents of the update be noted and that the Board undertake a briefing at the conclusion of the next Board Meeting regarding the impact of the McCloud and Sargeant rulings.

58. Exit Credit Consultation.

The Board considered a report of the Director of Corporate Resources that set out the proposed changes to the Fund's Exit Credit policy and the consultation Fund employers. A copy of the report marked 'Agenda Item 6' is filed with these minutes.

The Board welcomed the proposed changes to the Funding Strategy Statement and agreed that it was important to prevent current employers being unfairly impacted into paying for the retired former employees of an employer that had left the fund.

The Board noted that the Fund was consulting with employers on the proposed changes and that the consultation period was from 20 July until 31 August 2020. The final version of the policy would then be considered by the Local Pension Committee on 11 September 2020.

RESOLVED:

That the consultation with Fund employers be noted and that the proposed changes be supported.

59. Good Governance Phase 2 - Progress Report.

The Board considered a report from the Director of Corporate Resources updating Members on progress towards the Good Governance Phase 2 Report. A copy of the report marked 'Agenda Item 7' is filed with the minutes.

The Board noted that as a result of COVID-19 parts of the Good Governance Review had stalled. Pension funds were awaiting further guidance from Hymans Robertson and the Scheme Advisory Board on how some recommendations, such as an independent governance review of funds would take place.

RESOLVED:

That the report is noted.

60. Risk Management and Internal Controls.

The Board received a report from the Director of Corporate Resources, the purpose of which was to detail any concerns relating to the risk management and internal controls of the Fund. A copy of the report is filed with these minutes, marked 'Agenda Item 8'.

The Pensions Manager updated the Board on progress towards ceasing administration of the Firefighter Pension Scheme. Since the last update the three fire authorities (Leicestershire, Derbyshire and Nottinghamshire) had successfully undergone

procurement for a new administering authority of which West Yorkshire Pension Fund had been chosen. A detailed project plan had been put in place and it was hoped the final transfer of data would take place by 31st December 2020. This would free up needed resource for the Pensions Section to support the risks related to McCloud, the exit cap, the cost cap and governance of the Fund.

RESOLVED:

That the Board note the revised risk register of the Fund.

61. Dates of Future Meetings.

The Board noted that dates of future meetings would be held on the following dates at 10am.

26 October 2020
8 February 2021
24 May 2021
30 August 2021
8 November 2021
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CHAIRMAN

10 August 2020