

# Staff and Pensions Committee

Monday 14 December 2020

## Minutes

Edited version for the Local Pension Board

### Attendance

#### Committee Members

Councillor Kam Kaur (Chair)  
Councillor Neil Dirveiks  
Councillor Bill Gifford  
Councillor John Horner  
Councillor Andy Jenns

#### Officers

Barnaby Briggs, Assistant Chief Fire Officer  
Neil Buxton, Technical Specialist - Pension Fund Policy and Governance  
Sarah Duxbury, Assistant Director - Governance & Policy  
Andrew Felton, Assistant Director - Finance  
Liz Firmstone, Service Manager (Transformation)  
Victoria Jenks, Pensions Admin Delivery Lead  
Allison Lehky, Service Manager HR & OD  
Isabelle Moorhouse, Trainee Democratic Services Officer  
Chris Norton, Strategy and Commissioning Manager (Treasury, Pension, Audit & Risk)  
Kate Sullivan, Lead Commissioner - Culture, Leadership and Performance  
Rich Thomas, Strategy and Commissioning Manager (HROD)

### 1. General

#### (1) Apologies

None.

#### (2) Members' Disclosures of Pecuniary and Non-Pecuniary Interests

None.

#### (3) Minutes of previous meeting

The minutes of the 14<sup>th</sup> September 2020 were approved as a correct record.

#### **4. Cyber Security Policy**

Neil Buxton (Technical Specialist Pensions Fund Policy and Governance) introduced the report and stated that the pension regulator required all pension schemes to have a cyber security policy in place to protect the integrity of member records and pension fund assets; this policy should stay under review. The pension regulator specifically advises local authority pension funds that they cannot rely on their host authority's policies and must have something bespoke. Therefore, the pension scheme will contact the Risk and Compliance Officer to assess if external experts will be needed.

In response to Councillor Dirveiks' concerns with external officers accessing meetings, Neil Buxton replied that the administration systems were created with external partners so there was a shared compliance.

Councillor Bill Gifford noted the dangers with hackers of security systems.

#### **Resolved:**

The Staff and Pensions Committee commented on and approved the draft Cyber Security Policy in Appendix 1 and the associated Action Plan in Appendix 2.

#### **5. The Local Government Pension Scheme (Amendment) (No 2) Regulations 2020**

Neil Buxton introduced the report and stated the amended regulations were implemented in September 2020 and were focused on greater flexibility for employers leaving the pension fund and for the fund to revisit employer contribution rates between valuations. The regulations enable the fund to spread out the exit payments for unfunded liabilities over a period, e.g. several years. The regulations also allowed an employer to become a 'deferred employer', which meant that they could continue contributing to the fund even if they no longer have any active members. The revisiting of employer contributions focused on changes, for example if an employer's having difficulties through the Covid-19 pandemic they could approach the fund and change the amount and employer pays into the fund. Statutory guidance from central government will be needed to implement this. Once this has been received and assessed along with the guidance from the Scheme Advisory Board, the funding strategy statements, admissions and termination policy will be amended and presented to March 2021's meeting.

#### **Resolved:**

The Staff and Pensions Committee noted and commented on the report.

#### **7. Assessing Employer Covenant in the Pension Fund**

Chris Norton (Strategy and Commissioning Manager (Treasury, Pension, Audit & Risk) introduced the report and stated that the report focused on the fund proactively looking at risks around employer financial viability, i.e. their contributions to the pension fund. Policies were already in place to resolve these risks, so the funding strategy statement was already obtained which set out how to deal with employer contributions regarding their risk level. An admin strategy which set out roles and responsibilities between the fund and employers was in place, but the report was to review it because of Covid-19 and the risk it presented. These actions will allow officers to take a risk based approach to individual employers where necessary, and review contribution rates between valuations. Steps that will need following up after this include reviewing the admission agreements to ensure they are fit for purpose, risk base set of actions with at risk employers and reviewing security

In response to Councillor Gifford, Chris Norton confirmed that the fund remains in frequent contact with at risk employers and despite the pandemic there was nothing systematic expressing itself in the activity.

**Resolved:**

The Staff and Pensions Committee commented on and approved the pension fund's policy and approach to assessing the covenant of employers in the Pension Fund.

**8. Schedule of Pension Fund Policies**

Chris Norton stated that the report attempted to raise the profile of all fund policies which were due to be reviewed. The schedule covered investment, administration and governance related policies and was designed to keep all policies up to date. The capacity was increased in teams to support the pension fund, this had allowed more work to be done but if things need to change this will be reviewed; especially if difficulties arise with out-of-date policies.

**Resolved:**

That the Staff and Pensions Committee reviewed and commented on the attached schedule of Pension Fund policies.

**9. Pensions Administration - Preparations for McCloud**

Liz Firmstone (Service Manager (Transformation)) informed the committee of the government consultation which took place in 2020 which focused on McCloud and Sargeant and the proposals to remedy the discrimination issues following various legal challenges. Final details from government are yet to be received but it should be available early 2021. Preparations need to be started for this for both the local government pension scheme (LGPS) and the fire pension scheme. The schemes require things to be done differently; the consultation circulated for the fire schemes asked for views on whether members should make an immediate choice following implementation of the remedy, or a deferred choice at the point of retirement, about which scheme they want their benefits to be calculated on to give them least detriment. It was unknown which option central government would vote for. The LGPS was a slightly different proposal as members will be protected by an underpin. The project states that all scheme membership benefits need to be reviewed, this will affect 25-30% of members and require a lot of resources from the pension and payroll teams. It will also affect all 190 employers in the LGPS., The Pension Fund will need to pay for costs relating to the LGPS. The extra resources needed to deal with the fire pension schemes had been obtained and governance arrangements will be implemented for data to start being collected in January 2021.

In response to Councillor Dirveiks, the Chair clarified that Corporate Board have approved the business case and were going through procurement process. Liz Firmstone added that final resource requirements can only be confirmed once all the data is collected.

Following a question from Councillor Gifford, Liz Firmstone replied that seven extra staff members in pension team and four in the payroll are estimated be needed over a 12-month period to review the LGPS cases.

**Resolved:**

That the Staff and Pensions Committee noted and commented on the report.

**10. Administration Activity and Performance update**

Vicky Jenks stated that the pension administration team had made good progress which included nearly completing the Governance Action Plan and the I-Connect project's first phase went live to the correct employee numbers and timescales. Warwickshire County Council's payroll was promoted from phase four to phase two because of the good progress it was making, all payrolls will be live on the system in January 2021. Phase three employers have been contacted to ensure their extracts are ready to go live in February-March 2021. The GMP (guaranteed minimum pension) reconciliation work will be complete by 31<sup>st</sup> January 2021 and KPI's (key performance indicators) had been affected by staff absence. The team completed 32,000 tasks since the 1<sup>st</sup> March 2020, averaging 2774 task per month but they were still working through backlogs; however, training provided in March 2020 helped with this. The breaches process was updated on the website, so a RAG was available for employers. The team started a tracing service with a tracing company to find members of the fund who cannot be contacted. The internal dispute resolution procedures were being updated by legal and a new Chair of the Fire pension board was appointed in December 2020.

**Resolved:**

That the Staff and Pensions Committee noted this report

**11. Briefing note for £95K exit cap regulation change**

Sarah Duxbury (Assistant Director – Governance & Policy) stated that the note was an update of the situation and little had changed; the cap came into force on 4 November 2020 and the report focused on how the two sets of regulations work together and what the technical formula will be for working out people's entitlement in the event of an exit situation where the cap was exceeded by the virtue of the redundancy payment along with the pension actuary.

Andrew Felton (Assistant Director – Finance) added that the council will adopt early advice from government that will come out about how the pension regulations will change for employers. It will also create a risk awareness with the two conflicting legislations.

**Resolved**

That the Staff and Pensions Committee noted the briefing note.

The meeting rose at 15:09

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Chair