

Staff and Pensions Committee

Monday 14 June 2021

Minutes

Edited for the Local Pension Board

Attendance

Committee Members

Councillor Andy Jenns (Chair)
Councillor Bill Gifford (Vice-Chair)
Councillor John Horner
Councillor Christopher Kettle
Councillor Sarah Millar
Councillor Jill Simpson-Vince

Officers

Neil Buxton, Technical Specialist - Pension Fund Policy and Governance
Sarah Duxbury, Assistant Director - Governance & Policy
Andrew Felton, Assistant Director - Finance
Victoria Jenks, Pensions Admin Delivery Lead
Trish Kinsella, Lead Commissioner - Strategic People Improvement
Isabelle Moorhouse, Trainee Democratic Services Officer
Chris Norton, Strategy and Commissioning Manager (Treasury, Pension, Audit & Risk)
Rich Thomas, Strategy and Commissioning Manager (HROD)

1. General

The Chair welcomed new members to the committee and informed it that some officers would leave after presenting their item to reduce room capacity.

(1) Apologies

None.

(2) Disclosures of Pecuniary and Non-Pecuniary Interests

None.

(3) Minutes of previous meeting

(i) 8th March 2021

The minutes were approved as a true and correct record.

(ii) 25th May 2021

The minutes were approved as a true and correct record.

3. Scheme Advisory Board Final Good Governance Report

Chris Norton (Strategy and Commissioning Manager (Treasury, Pension, Audit & Risk) clarified that the pension fund needed to revise their governance report and the report itself received the officer's support. The report was to make sure that the pension fund had the resources in place for senior LGPS officers. One of the recommendations around representation stated that each administering authority must publish a policy on how scheme members and non-administering authority employers were represented on pension committees. Chris Norton added that there were time scales with governance KPIs (key performance indicators) to make sure everything was done correctly. The recommendations themselves were starting points for things that needed to be worked on.

Resolved:

The Staff and Pensions Committee note and comment on the report.

4. Revised Terms of Reference for the Warwickshire Fire and Rescue Local Pension Board

Chris Norton stated that the terms of reference needed to be considered and approved by Full Council but asked that the committee consider and comment in advance of consideration by Council. Chris Norton commented that the Local Government Pension Scheme (LGPS) local pension board was already in place.

There were no specific comments made by committee members who confirmed that they were content to endorse the terms of reference for consideration by Council.

Resolved:

The Staff and Pensions Committee to reviewed and commented on the updated Terms of Reference for the Warwickshire Fire and Rescue Local Pension Board before forwarding to the Council for approval.

5. Review of the Pension Fund's Breaches Policy

Neil Buxton (Technical Specialist Pensions Fund Policy and Governance) informed the committee that all pension schemes were required to have a breaches policy in place, for example, if an employer did not pay contributions deducted from members of the pension scheme. The policy itself gave clarity in relation to breaches and what action is required to be taken. It was noted that some consequential changes to the Administration Strategy were highlighted in the appendix. Neil Buxton concluded that the administration Strategy had also been updated to reflect the new *I-connect* data portal that deals with the automatic transfer of data from scheme employers to the pension fund.

In response to Councillor Simpson-Vince, Vicky Jenks (Pensions Administration Lead) confirmed that all breaches were recorded by the pensions team and most breaches that were received were late information arrivals. Employers can report themselves or the pension board can report in the case of such breaches. It was added that breaches had decreased since the implementation of the new I-Connect system.

Councillor Gifford praised the work of the pension board in relation to historical breaches and queried if small-scale employers found compliance more challenging i.e. new academies. Vicky Jenks clarified that academies tend to join multiple academy trusts with other academies so they jointly send all their information to the pension team together; this was beneficial as it helped speed things up. Chris Norton added that the experience had not changed with breaches as the Chair of the local pension board gets involved with all of them.

In response to Councillor Sarah Millar's query regarding the interface between the whistleblowing policy and wider governance related policies, Andrew Felton stated that there is inevitably some overlap at times, but that consideration would always be given as to the most appropriate policy to follow depending on the circumstances. .

Following a question from Councillor Kettle, Vicky Jenks clarified that the role of the Staff & Pensions Committee is to be assured that breaches are reported as necessary in line with our arrangements and acted on properly; all reported and unreported breaches are shared with the Committee and Local Pension Board and the expectation is that the Pensions Board would wish to share this information with the committee.

Resolved:

That the Staff and Pensions Committee note and comment on the report.

6. Regulatory Update

Neil Buxton stated that the report provided an insight to developments in the LGPS and the wider pension arena that impact on the LGPS. The introduction of a national pension dashboard by central government could conceivably ensure that all information about an individual's pension rights would be available to that person online. The new 2021 Pension Act will allow schemes to block transfers out of the LGPS where specified conditions are not met. This should help limit the number of members. The Act will also introduce a climate change governance taskforce to force schemes to ensure that there will be effective governance in respect of climate change. Information from the LGA (Local Government Association) is expected at the end of 2021 regarding these changes. Neil Buxton added that the pension age where a member can receive their pension under their own volition will increase from 55 to 57 in April 2028. It was clarified that employees who were part of a pension fund before 12th February 2021 (the date of the consultation document) would be able to continue to retire at age 55 pension, even if they transfer to a new job where the employer is a LGPS member. The Pension Regulator is issuing a new code of practice which consolidates many of the existing codes and removes code 14 that applies to public service pension schemes. Further guidance on the impact on the LGPS is expected to be issued by the Regulator and MHCLG later in the year.

In response to Councillor Millar, Neil Buxton said that the County Council could respond to central government's changes independently, but more weight would be gained commenting through the LGA.

Resolved:

That the Staff and Pensions Committee note and comment on the report.

7. Pensions administration activity and performance update

Vicky Jenks clarified that the report provided updates of key developments within the pension team. The report focused on the success on the I-connect project which is due to complete by 30th June 2021. I-Connect is used to transfer data from scheme employers to the member pension scheme records via an electronic portal. The use of I-Connect has reduced the number of breaches being recorded by the Pensions team. There were other ongoing projects for example, the application of pensions increase of 0.5% in April to all pensions in payment. The report also documents key performance indicators; where a payment is to be made, these are treated as the highest priority.

A review of the breaches policy had recently been undertaken and the process for recording breaches updated. In April 2021 there were 21 green breaches compared to April 2020 when 81 breaches were recorded. The new reporting procedure and I-Connect will improve the breaches procedure.

Vicky Jenks stated there was a recent red breach with a total of 6 dependants being overpaid. Even though the number of members that were affected was small compared to the number in the scheme, the value of the overpayments was deemed to be significant, and it was rated as red breach and reported to the Pensions Regulator. The Pension Regulator stated that they were content with Warwickshire County Council's processes that have been implemented to address this issue and reduce the risk of this occurring again. This breach was resolved appropriately. The fund and employers work together to prevent further breaches.

Other ongoing projects included the pension dashboard and implementing arrangements to address the consequences of the age discrimination case of McCloud.

Councillors Millar and Gifford praised the I-Connect rollout and improved administration within the pension team. Chris Norton stated that a few years ago a governance review was undertaken to help improve the administration service and steps have been taken to implement best practice recommended and these now form part of business as usual.

Resolved:

Staff and Pensions Committee note this report.

8. Employers leaving and Joining the Pension Fund

Vicky Jenks informed the Committee that they needed to be notified whenever an employer leaves or joins the fund. Academies have automatic rights of entry to the scheme. The importance of keeping on top of leavers was acknowledged to make sure that any employers who leave the fund have their liabilities assessed to ensure any deficit or credit is identified. Neil Buxton added that employers exiting the scheme could negotiate with the fund regarding the payment of a deficit or credit. Andrew Felton noted that if an employer leaves the scheme without its liabilities resolved then it falls to Warwickshire County Council to pick up, so it is important that all issues are resolved beforehand.

In response to Councillor Simpson-Vince, Vicky Jenks clarified that employers leave the scheme when no active members are left. This may occur when an employer who has a 'closed' arrangement, which only allows those transferring employees to have access to the scheme and is not open to new joiners. This normally happens as a result of a TUPE transfer arrangement. When the employee leaves the employer then they cease to be in the pension scheme and the employer ceases to have any active member in the scheme. If

employers have an 'open' scheme with the fund, then any employees for the employer can join and leave the fund.

Resolved:

That the committee note employers who have left the fund as they have no active members left in the scheme.

- Vinshires Plumbing and Heating (ceased 1st December 2020)
- Westfield Community Development Association (ceased 30th April 2020)
- Nuneaton Mencap Joint Hostel (People in Action) (31st October 2020)

The meeting rose at 14:51

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Chair