

From: Chairman – Pensions Board
To: Superannuation Fund Committee – 12 March 2021
Subject: REPORT ON THE PENSIONS BOARD MEETING
ON 12 February 2021
Classification: Unrestricted

Summary:

To report on the matters discussed at the board meeting.

Recommendation:

The Committee is recommended to note this report.

FOR INFORMATION

1. Introduction

The Pensions Board met on Friday 12 February 2021 which was held to provide Members with an update on recent activity and providing them with the opportunity to ask questions of officers. The Chairman welcomed Ms A van Bochove Allen of Barnet Waddingham and Mr Simkins to the meeting. Mr Simkins provided an update to the Board on the work of the committee at the end of the meeting. The Board received reports on the following matters.

- Internal Audit Action Plan Update - verbal
- Pension Fund Business Plan
- Pensions Administration
- Fund Employer and Governance Matters
- ACCESS Pool Update
- Superannuation Fund Committee Update
- Training Update - verbal
- Pension Fund Risk Register

Members discussed the reports as follows and noted the updates.

2. Internal Audit Plan Update - verbal

The board received an update from Mrs Mings who advised that the governance and financial function reviews were progressing well. Ms van Bochove Allen from Barnett Waddingham had attended committee meetings as well as attending this

meeting to observe how they worked together. The Barnett Waddingham review is due to end late March/early April and a report will be presented to the board and Governance & Audit Committee when completed.

3. Pension Fund Business Plan

Mrs Mings introduced the report and highlighted the impact on the business plan of the McCloud judgment and the exit cap. The board was advised that the completion of accounts had been delayed and costs had been higher due to work on the EDP programme. However, the increase had been offset by savings elsewhere.

Mrs Mings responded to comments and questions from the board including the level of legal fees for next year, and explained that they related mostly to increased employer matters but that the estimate stated in the business plan was a reasonable forecast. In addition, the level of legal fees was not something the County Council could control as it had an obligation to bear certain costs when any new employer joined the scheme.

When asked about resources needed to support the committee's RI programme, Mrs Mings responded that, as the work had only just started, the workload and resource impact of it were not yet clear.

4. Pensions Administration

Mrs Cheatle introduced the report and highlighted key issues affecting the team. This included difficulty experienced in setting up the staff with IT equipment and licenses and other challenges for staff working from home. However, all ABIs had been issued successfully by the end of August as usual.

Mrs Cheatle responded to comments and questions from the board including having to deal with equipment that was quite old and did not always work. The Chairman undertook to advise Mr Oakford, Cabinet Member for Finance, Corporate and Traded Services, of the IT issues.

Mrs Cheatle responded to a question on the backlog of cases which were being addressed by ITM, the company engaged to tackle the problem, and was confident that they would be able to complete the task by the end of January 2022.

Considering the pressures surrounding the McCloud judgement, the exit cap and the impact of Covid-19, the performance figures were good when compared to the previous four years.

The Chairman thanked Mrs Cheatle and her team for their continued excellent standard and level of work through a very difficult and challenging time.

5. Fund Employer and Governance Matters

Mrs Mings introduced the report and highlighted the impact of the McCloud judgement, the exit cap, and Covid-19 on the ability of some employers,

especially some in the leisure industry to pay contributions. Mr Tagg advised that the numbers struggling were very low and delays were only of a few days.

Mrs Cheatle responded to comments and questions regarding the legal implications of the new exit cap of £95K on the amount an employer could pay an employee on retirement or redundancy. However, as some local authorities had sought judicial reviews, until these have been resolved no final ruling has yet been made and the Ombudsman would not consider any cases until after a judgment had been made on the current judicial reviews.

Responding to a communications question, Mrs Cheatle assured the Board that information was available on the pensions website but that employers were responsible to make their staff aware of the new cap and its implications. Mrs Cheatle also confirmed that so far there have been no cases in Kent in which the cap would need to be applied.

6. ACCESS update

Mrs Mings and Mr Simkins introduced the report, and the board was advised that two additional staff members were being recruited to assist with the ASU work.

Asked about the timeframe for the RI work, Mrs Mings advised that the timeframe was not yet clear, the work complex and could take a considerable length of time.

The meeting then moved in to closed session to discuss exempt items.

7. Superannuation Fund Committee update

Mrs Mings and Mr Simkins introduced the report and advised the Board on the work being carried out by working groups on EDP and RI in relation to the investment strategy.

8. Training update – verbal

Mrs A van Bochove-Allen gave an update on the training delivery to the committee and board members on 5 February and set out plans for future training.

9. Pension Fund Risk Register

Mrs Surana introduced the report and responded to questions about the process for preparing and updating of the risk register.

The Chairman thanked all present and their teams for the excellent work they have been doing in extremely difficult and challenging times.

Margaret Crabtree
Chairman, Pensions Board