

DEVON PENSION BOARD

13 October 2023

Present:-

Councillors S Randall Johnson and C Slade (Chair)
Ian Arrow, A Bowman (Vice-Chair), C Hearn, R Jeanes, P Phillips and D Walshe

Apologies:-

None

125 **Minutes**

RESOLVED that the Minutes of the Meeting held on 6th July 2023 be signed as a correct record.

126 **Items Requiring Urgent Attention**

No item was raised as a matter of urgency.

127 **Review of attendance**

The Board noted the Report of the Director of Finance and Public Value (DF/23/95) on a review of the Board Member attendance at meetings and training events. A log of attendance of both board meetings and training events were attached in Appendix 1 of the Report.

It was highlighted that there had been an online training event Brunel Pension Partnership at the end of September and Board members were asked to confirm attendance.

It was agreed to change the heading on item 11 of the Board's Terms of Reference to Training and Knowledge.

The Report was noted.

*** 128** **Contribution and breaches monitoring**

The Board noted the Report of the Director of Finance and Public Value (DF/23/96) regarding the action taken to monitor timely payment of contributions from employers and employer performance for end of year process and future developments.

The table on page 15 of the agenda pack showed a summary of the monthly contributions received in Q1 of 2023/24.

A total of 7 contributions were received late during this quarter. Five of these were from admitted bodies in the fund and two were Parish councils. All were one off incidents.

It was highlighted that there would be a new format for this Report for the next meeting.

At the July Pension Board meeting, the board requested that Peninsula Pensions provided further information regarding the timeliness of year end data begin submitted by the scheme employers. The table on page 17 of the agenda pack showed that 67% of fund employers responded by the date requested.

Peninsula Pensions were working on ways to improve the number of employers providing data within our deadlines and officers are currently reviewing the pension administration strategy (PAS). A consultation with employers was currently planned for early November on the revised administration strategy which will be brought to the board in January meeting and for final approval at the Investment and Pension Fund committee in March 2024.

Members were also advised that Peninsula Pensions are also working with Devon Audit Partnership on a tool to provide a Report on key employer performance areas. A draft version of this was presented in the meeting. The first report would be brought to the board in the new financial year after April 2024.

129 Pension Board budget monitoring

The Board noted the Report of the Director of Finance and Public Value (DF/23/97) on the Devon Pension Board Budget Monitoring 2023/24 at month 6. The statement showed various expenditure including training, travel and member expenses and committee support.

*** 130 Devon Pension Fund Risk Register**

The Board considered the Report of the Director of Finance and Public Value (DF/23/98) on the Pension Fund Register and additional actions proposed to mitigate risk.

The Board previously considered the Risk Register at its meeting on 6th July 2023, and comments made at board meetings had been taken on board in updating the register.

The Risk Register was attached at Appendix 1 to the Report. It highlighted the key risks in relation to the Pension Fund, the current processes in place to

mitigate the risk, and the planned improvements in place to provide further assurance. It incorporated the risk register of both the Investments Team and Peninsula Pensions.

The Investment and Pension Fund Committee was the ultimate risk owner for the Pension Fund and last reviewed the Risk Register in September 2023. In addition to the current mitigation in place, further actions are planned to provide a greater level of assurance, and these are detailed together with the planned timescale for the action to take place. The level of risk will be reviewed once these additional actions have been implemented.

There were several amendments made for the Pension Fund which were detailed at 4.1 of the Report. There were now 43 risks recorded in the Risk Register, 23 of which related to Devon Pension Fund management and 20 to Peninsula Pensions. The Report summarised the number of risks assigned to low, medium and high-risk scores, before and after mitigation.

Across Devon Pension Fund management and Peninsula Pensions, action taken to mitigate risks had reduced the number of high risks from 12 to 2. The remaining high risks are in respect of:

- F5- Global Financial Crisis leading to a failure to reduce the deficit.
- F2 -Investment strategy not providing sufficient returns longer term.

Members' questions and discussion points with Officers included:

- A risk had been raised by the auditor in the Report under item 9 Audit and Action logs which didn't seem to be included in the register concerning Brunel Partnership reporting not detailing the start of the fund.
- Including the Government's desire to accelerate the consolidation of pensions assets by March 2025 as an item on the risk register.
- Updating the target dates for the annual benefit statement and the scheme membership data.

The Report was noted.

131 **Investment and Pension Fund Committee**

The Board noted the Minutes of the Investment and Pension Fund Committee meeting held on 15 September 2023.

132 **Audit and action logs**

The Board considered the Report of the Director of Finance and Public Value (DF/23/102) on progress made on completing actions arising from internal audits and pension board recommendations.

The Actions and Recommendations tracker (Appendix 1) included a list of actions, recommendations and requests raised by the Devon Pension Board. Previously completed actions had been removed.

It was highlighted that outstanding work on the employer performance and the administration strategy would be brought to the January meeting.

There was an update on the Devon Pension Fund Cyber Security audit actions which were 2 high, 3 medium and 2 low. The Cyber Security follow up audit was scheduled for 16 November and an update on this would be provided at the next meeting.

It was noted that there were now final reports for Brunel Performance Management Reporting – 2022/23 and for the Actuarial Valuation 2022-23. There were minor issues around capturing challenge to Brunel by members of the Investment and Pension Fund Committee during pre-meetings, however these were now being minuted. Further delays in legislation regarding the Pensions Regulator has meant the audits have had to be pushed back to 2024-25.

Members' questions and discussion points with Officers included:

- Capturing question and answers raised in the briefing for the Pensions Board and it was agreed this would be good practice.
- Possible future risk of producing a levelling up report for the pension fund.

The Report was noted.

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Peninsula Pensions Administration - Performance Statistics

The Committee noted the Report of the Director of Finance and Public Value (DF/23/99) on Peninsula Pensions' performance and planned review of the Pension Administration Strategy and targets for 2023.

This included the internal target for Peninsula Pensions and expected performance requirements from individual Fund employers. Performance targets were monitored on a monthly basis via a task management system and reporting tool within the pension database.

The Board noted:

- Total performance against the Occupational and Personal Pension Schemes (Disclosure of information) Regulations 2013 for the quarter ending 30 June 2023 was 91% (94% for High Priority procedures).
- As referred to in the performance reports for previous quarters, the lower-than expected performance was in part due to delays in responses to member information requested from employers.

The team had continued to work with employers to implement improvements in this area.

- The team had also continued to concentrate on processing outstanding deferred benefit and amalgamation cases in preparation for the McCloud remedy and future Pension Dashboard, which has impacted performance. Once these cases have been completed, we expect to see an improvement in performance.
- The team received a total of 15 compliments between 1 April 2023 and 30 June 2023.
- Further information about the detailed breakdown of administration performance for the Devon Pension Fund only, longer-term performance of Peninsula Pensions and the amount of work received over a 12-month rolling period compared to the previous year was shown in the appendices to the Report.
- Peninsula Pensions had staff resource allocated to work on the McCloud remedy when required and were in a good position with regards to the data preparation that was essential in advance of the remedy.
- Following a successful recruitment exercise, Peninsula Pensions were now fully resourced with all new recruits in training currently.

Members' questions and discussion points with Officers included:

- Clarification on work remaining status and acknowledgement that some including waiting for responses to action.
- Increase in work activity from last year due to several leavers in that period – some of these could be staff moving into different positions also.
- Update on the Pension dashboard and a meeting had been arranged in January with the software providers to ensure the system is in place to link to the main national dashboard when this was required. There would be procurement exercise for this, but it was likely to be quite expensive to ensure it is secure.
- Data cleansing with employers had been carried out and there was confidence in the quality of the data being held in preparation for McCloud.

* 134 **LGPS Update Report**

The Board noted the Report of the Director of Finance and Public Value (DF/23/100) on developments affecting the LGPS in relation to:

- The proposed consultation on investment within the LGPS
- Government desire to “accelerate the consolidation of pension assets by March 2025”, with proposals to increase transparency, cost savings and the scale of LGPS investment pools.

- The consultation response which was discussed at the Investment and Pension Fund committee on 15th September. The final response was submitted at the end of September and can be found attached to the report.
- The Government had responded to the consultation regarding the McCloud regulations and work was progressing on providing guidance to local authorities.

Members' questions and discussion points with Officers included:

- Abolition of the Lifetime Allowance and tax provisions
- Amendments to pension calculations for leavers, those leaving after 1 October should have the correct information, some who have retired prior to 1st October will need the calculations revisited but this is unlikely to affect many people.

135 Future Work Programme

The Board received the Report of the Director of Finance and Public Value (DF/23/101) on the work programme over the next three meetings. It was suggested that the Board should include consideration of the external audit report on its schedule, and this would be included at the appropriate time. The external audit report was agreed to be reviewed at the January meeting.

136 Dates of Future Meetings

Dates had been confirmed as Tuesday 30th January 2024, Monday 29th April 2024, Monday 15th July 2024, Monday 21st October 2024, Wednesday 29th January 2025, and Thursday 3rd April 2025.

NOTES:

1. *Minutes should always be read in association with any Reports for a complete record.*
2. *If the meeting has been webcast, it will be available to view on the [webcasting site](#) for up to 12 months from the date of the meeting*

*** DENOTES DELEGATED MATTER WITH POWER TO ACT**

The Meeting started at 10.32 am and finished at 11.33 am