



Minutes of a meeting of the Local Pension Board held at County Hall, Glenfield on Monday, 24 May 2021.

PRESENT

Mrs. R. Page CC (in the Chair)

Ms. C. Fairchild  
Ms. R. Gilbert  
Mr. M. Saroya

Mr. R. J. Shepherd CC

Apologies

Apologies were received from Cllr. E. Pantling and Ms. D. Haller. Mr. M. Saroya attended as reserve Employee Representative.

86. Minutes of the meeting held on 8 February 2021.

The minutes of the meeting held on 8 February 2021 were taken as read, confirmed and signed.

87. Question Time.

The Chief Executive reported that no questions had been received under Standing Order 35.

88. To advise of any other items which the Chairman has decided to take as urgent elsewhere on the agenda.

There were no items for consideration.

89. Declarations of interest in respect of items on the agenda.

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

Mr Shepherd declared a personal interest in respect of Agenda Item 6 Pension Fund Administration Report January to March 2021 to East Midlands Shared Services referred to within the report as a Member of its Joint Committee.

90. Additional Voluntary Contributions.

The Board received a report from the Director of Corporate Resources regarding performance of the Fund's Additional Voluntary Contributions provider the Prudential. A copy of the report marked 'Agenda Item 5' is filed with these minutes.

The Pensions Manager informed the Board that Prudential were no longer able to attend and had provided their response in respect of some concerns that the Board may have, which is filed with these minutes.

The Board noted that the Pensions Manager had self-reported the disruption to the Pensions Regulator as delays with Prudential had affected timeliness in payments out to retiree's which breached pension regulations. Members understood that such a breach was out of the Fund's control however that ultimately the Fund was accountable for the delay. It was noted that the Fund had until 30 June 2021 to respond to the Pensions Regulator if timescales were improved, otherwise the regulator would need to consider further steps.

Mr. Saroya, spoke of his own experience having been affected by the Prudential's delay, having contacted them numerous times and receiving no response using their internal portal signposted to deal with complaints. Furthermore, phone lines had left him waiting with no response after numerous hours. It was recognised that organisations the size of Prudential could be susceptible to issues with migration of systems, however mitigations and communications plans would also be expected to be in place to honour previously promised timescales for resolution. Mr. Saroya thanked the Pensions Team for the work in escalation of his issue and placed no fault with the Fund.

Arising from the discussion Members raised the following points which they asked to be further raised within a letter to the Pru:-

- That a full and clear improvement plan be provided with timescales prior to the Fund's proposed response to the Pension Regulator before 30 June.
- How would the Prudential honour their commitments to the improvement plan?
- What actions will the Prudential take if they are unable to meet the improvement plan?
- How will the Prudential ensure that compensation is paid to Leicestershire Fund members impacted, without them needing to go through the Fund's formal Internal Dispute Resolution Procedure (IDRP) process, and does not disadvantage members who have been delayed, but have been less vocal in their demands, waiting to see the situation improve?
- Prudential must provide full and total assurance, that no scheme member will be negatively financially impacted by the delays investing members contributions. Officers had received assurance of this, but the wording in The Prudential's original letter, filed with these minutes, brings this into question.
- Prudential to provide evidence the service levels have improved to an average 14 days for processing a retirement claim. How does that relate to the Leicestershire Fund?
- Will the Prudential write to all the Leicestershire Fund's employers and AVC payers, to explain the situation and what action is being taken to resolve this?
- Why will the Prudential not meet with the Leicestershire Pension Board in an open forum?
- What protection is available to AVC scheme payers in the Leicestershire Fund, should the Prudential go bankrupt and is there sufficient cover in place via the Financial Services Compensation Scheme?

The Board recognised the long partnership the Leicestershire Pension Fund held with the Prudential and emphasised the strong desire to resolve the issue positively for the benefit of the Fund's scheme members. However Members ultimately remained extremely concerned with the current situation.

RESOLVED:

That the Pensions Manager respond to the Prudential expressing the concern and questions discussed at the meeting and organise a separate meeting between Prudential and Board Members.

91. Pension Fund Administration Report January to March 2021 - Quarter Four.

The Board received a report from the Director of Corporate Resources regarding administration of the Fund January to March 2021. A copy of the report marked 'Agenda Item 6' is filed with these minutes.

Arising from the discussion the following points arise:-

- i. The workload of the Pensions Section remained high but cases were being progressed positively, with deaths returning to pre-covid levels having worked through the previous peaks.
- ii. The County Council had moved to a new Fusion Oracle system but there had only been minor issues which had been expected given the large system. Members were pleased to note the move had not impacted on the Fund's monthly posting process.
- iii. The Fund's Actuary Hymans Robertson had been successful with a recent tender and would remain Fund actuary for at least five years.

Members thanked the Pensions Section for all of the work undertaken in the quarter and had no matters of concern that it wished to refer to the Local Pension Committee.

RESOLVED:

That the Board notes the report.

92. Employer Risks and Exits

The Board considered a report by the Director of Corporate Resources regarding the outcome of the consultation on changes to the Funding Strategy Statement following regulation changes to employer risks and exits as well as the Fund's Policy on Employer Risk. A copy of the report, marked 'Agenda Item 7', is filed with these minutes.

Members noted that the Fund was not minded to allow reviews of employer contributions outside of the usual Fund valuation process. In exceptional cases where a Fund employer experienced genuine financial difficulty, the Fund would look to review the contribution rate if it were to increase the chance of repayment. The risk would first be considered alongside risk to other Fund employers and would be assessed to consider putting additional security in place. The Fund would seek actuarial advice on all cases.

RESOLVED:

That the Board support the proposed changes to the Fund's Funding Strategy Statement.

93. Good Governance Phase 3 - Progress Report.

The Board considered a report from the Director of Corporate Resources updating Members on progress towards the Good Governance Phase 3 Report. A copy of the report marked 'Agenda Item 8' is filed with the minutes.

The Board noted that the Fund expected and awaited statutory guidance to be published by the Ministry of Housing, Communities and Local Government on the recommendations set out by the Scheme Advisory Board. It was expected that standards would increase from current standard practice and that there would be areas, currently fully compliant where further strengthening would be required. The Board would be kept updated on the matters as they progressed.

RESOLVED:

That the report is noted.

94. Pensions and Cyber Risk.

The Board considered a report of the Director of Corporate Resources regarding Cyber Risk and Security. A copy of the report marked 'Agenda Item 9' is filed with these minutes.

Members noted that 92% of all employee information was received through IConnect. Officers from the Pensions Section had met with Leicestershire County Council's Technical Security and the systems supplier Aquila Haywood (Aquila) and conducted an information security risk assessment review. Aquila also conducted accredited annual penetration testing, with Leicestershire County Councils IT team having provided assistance on reports and the technical side of results to the Fund.

RESOLVED:

That the report be noted.

95. Continued Improvements and Systems.

The Board considered a reported of the Director of Corporate Recourses providing an update on progress in respect of areas identified improvement within the Pensions Section. A copy of the report, marked 'Agenda Item 10', is filed with these minutes.

RESOLVED:

That the report be noted.

96. Internal Audit Arrangements (Including Internal Audit Work Conducted During 2020-21 and the Internal Audit Plan 2021-2022) and the Pension Fund Risk Register.

The Director of Corporate Resources presented a report, the purpose of which was to detail any concerns relating to the risk management and internal controls of the Fund, including internal audit work completed and the Internal Audit Plan 2021-2022 and the Pension Fund Risk Register. A copy of the report is filed with these minutes, marked 'Agenda Item 11'.

The Board welcomed the outcome of the 2020-21 audit report which had resulted in a positive assurance grading with no high importance recommendations.

Internal Audit assured the Board that they held detailed conversations with the County Councils IT Team who provided evidence of the penetration testing on a corporate level in relation to cyber security.

RESOLVED:

That the report be noted.

97. Pension Fund Conflict of Interest Policy.

The Board considered a report of the Director of Corporate Resources regarding the Pension Fund's draft Conflict of Interest Policy. A copy of the report marked '12' is filed with these minutes.

Members supported the Policy which would enhance the governance and controls that were already in place as part of Fund policies.

RESOVLED:

That the draft Conflict of Interest Policy be supported.

98. Date of Next Meeting.

RESOLVED:

That the date of the next meeting is scheduled for 23 August 2021 at 10am.

10.00 am - 12.00 pm  
24 May 2021

CHAIRMAN