

Scheme Advisory Board

HYBRID MEETING HELD ON 7th MARCH 2022

ITEM 3 PAPER A - ACTIONS AND AGREEMENTS

VIRTUAL MEETING HELD ON 13th December 2021 – 1.00pm

PRESENT

Cllr Roger Phillips	Chair
Jon Richards	Vice Chair (UNISON)
Cllr Yvonne Johnson	Scheme Employer Representative (LGA)
Cllr Clive Lloyd	Scheme Employer Representative (LGA)
Cllr John Beesley	Scheme Employer Representative (LGA)
Cllr John Fuller	Scheme Employer Representative (LGA)
Cllr Andrew Thornton	Scheme Employer Representative (LGA)
Emelda Nicholroy	Scheme Employer Representative (UCEA)
George Georgiou	Scheme Member Representative (GMB)
Garry Warwick	Scheme Member Representative (GMB)
Rachel Brothwood	Practitioner Representative (WMPF)
Nick Kirby	TUC
Colin Wilson	Actuarial Advisor (GAD)
Joe Dabrowski	PLSA
Teresa Clay	DLUHC
David Murphy	NILGOSC
Kimberley Linge	SPPA
Alan Wilkinson	SPPA
Alistair Hogg	The Prudential (for agenda item 3 only)
Tracy Harris	The Prudential (for agenda item 3 only)
Peter Cottingham	The Prudential (for agenda item 3 only)
Jeff Houston	LGA - Board Secretary

Scheme Advisory Board

Joanne Donnelly	LGA – Deputy Board Secretary
Lorraine Bennett	LGA – Senior Pensions Adviser
Bob Holloway	LGA - Pensions Secretary
Gareth Brown	LGA – Pensions Analyst

Item 1. Welcome, apologies and introduction

1. Cllr Roger Phillips (RP), Chair, opened the meeting by informing members that Jeff Houston, Board Secretary, will be retiring at the end of March 2022. The Chair also informed members that the new Minister, Kemi Badenoch, had yet to agree to a meeting and that steps will continue to be taken to meet the new Minister at the earliest opportunity.
2. The Chair expressed disappointment that DLUHC's consultation on TCFD reporting is still subject to delay.
3. Apologies for absence were received from Chris Tansley, John Neal, Gary Delderfield, Bridie McCreesh, Jonathan Hunt and Duncan Whitfield.
4. The Chair welcomed Alistair Hogg, Tracy Harris and Peter Cottingham from The Prudential to the meeting for agenda item 3.

Item 2 No conflicts of interest were raised.

Item 3. Delegation from The Prudential

5. In response to concerns expressed by the Board on behalf of scheme stakeholders about the performance and level of communication, the delegation from the Prudential explained that migration to a new platform coupled with the disruption of normal working methods caused by the covid emergency had resulted in a performance level below acceptable standards.
6. A particular issue concerned members' contributions being received but unable to be applied to their records. The Board was assured that the contributions in question have been allocated to records and that the earlier problem has now been resolved.
7. In summary, the Board was assured that performance in key areas such as servicing updates and client customer support has improved and will continue to do so as new working methods and training of new staff unfolds.

Scheme Advisory Board

8. David Murphy (DM) asked how many LGPS AVC clients are involved? Subsequent to the meeting Alistair Hogg (AH) confirmed the number via email.
9. Jeff Houston (JH) asked whether the record keeping issue will be fully resolved next year? In response Tracy Harris (TH) confirmed that this would be the case given that the earlier challenges have now been resolved.
10. Rachel Brothwood (RB) asked how the lessons of the past have been learnt and whether the problem of contribution records has been satisfactorily resolved. In response TH explained that a full review had been undertaken by the client management team and that if administering authorities use the portal they can do the matching.
11. JH asked if the Prudential would be happy to work together on a communication covering improvement and time scales. AH confirmed that he would be happy to have that conversation.

Agreed – that the Secretariat engages with the Prudential in the New Year to formulate a communication for scheme stakeholders.

Item 4. Actions and Agreements from meeting of the 27th September 2021 (Paper A)

12. The minutes of the meeting on the 27th September 2021 were agreed.

Item 5. Cost Transparency Update

13. Joanne Donnelly (JD) advised members that when the Investment, Governance and Engagement committee met on the 22nd November it recommended that the Board approves the proposed three stage process for removing code signatories as set out in Paper G.
14. JD further advised members that together with Jonathan Hunt they had met a number of potential providers of a benchmarking service for administering authorities. None of the providers are able to provide a product “off the shelf” and all accepted that more details of requirements would be needed before any further work could be undertaken. JD also advised members that administering authorities will need to be asked about what they require from a benchmarking service.

Agreed – that the three stage process for removing code signatories is approved, and that the Secretariat undertakes further work to explore the scope for introducing a benchmarking

Scheme Advisory Board

service, including a survey of administering authorities to ascertain their requirements.

Item 6 New Compliance and Reporting Committee (Paper B)

15. JH introduced Paper B and advised members that meetings have been held with both Board committees and with members of the former CIPFA Pensions Panel to discuss handover arrangements and draft terms of reference for the new committee. Members were asked to approve one amendment to the terms of reference to ensure that recommendations to Ministers extend to Parliaments in Scotland and Northern Ireland.

Agreed – that the arrangements for the new committee set out in Paper B including the amended terms of reference are approved, and that the Secretariat should undertake the work necessary to launch the new committee as early as possible in the New Year.

Item 7 Letter from Michael Lynk (Paper C).

16. The Chair informed members that the letter attached as Annex A to Paper C had been sent by Michael Lynk, UN Special Rapporteur on the Palestine Occupied Territories, to Chairs of some LGPS pension committees. The Vice-Chair declared that UNISON has engaged with the Palestine Solidarity Campaign (PSC) in this latest campaign.
17. Councillors Clive Lloyd (CL) and John Fuller (JF) informed members that they have received similar letters from a number of individuals. Bob Holloway (BH) informed members that some pension committee Chairs have now been sent an FOI request to publish details of assets held in companies on the UN list.
18. Members agreed that consideration should be given to the Board publishing advice or guidance to assist administering authorities in responding to the campaign letter and FOI request.
19. The Chair advised members that he would be meeting Councillor Doug McMurdo, Chair of the Local Authority Pension Fund Forum (LAPFF), to discuss a possible meeting with Michael Lynk.

Agreed – That the Chair should open discussions with the LAPFF Chair to discuss next steps.

Scheme Advisory Board

Item 8 – SAB/Committee Membership (Paper D)

- 20. BH introduced Paper D and invited members to decide whether the Board's terms of reference should be amended to provide a non-voting seat for the Chair of the new Compliance and Reporting Committee.
- 21. BH further asked members to decide whether academy representation should be included within the Board structure. The current representative of the education sector, Emelda Nicholroy (EN) (UCEA/AOC), is not due to vacate her seat until 2025 so members were asked to consider a proposal for academy representatives to be offered seats on the Cost Management and Investment committees until 2025. After 2025, the academy representatives would be offered the seat on the Board as the education sector's representative with the UCEA/AOC representative reverting to the committees.
- 22. EN gave her full support to the proposals.
- 23. JD took the opportunity to advise members that the Board's practitioner representative, Rachel Brothwood (RB), has decided to stand down from the Board. The Chair said that Rachel has been a hugely valued member of the Board and thanked her for all the help and support she has given in recent years.
- 24. JD advised members that the practitioner representative's substitute, George Graham (SYPA), has agreed to replace Rachel until the vacancy has been filled in accordance with the Board's terms of reference.

Agreed – That the Board approved the proposed amendments to the Board's terms of reference and for the Secretariat to make the necessary arrangements for academy representatives to have seats on both committees.

Item 9 SAB Annual Report (Paper E)

- 25. Gareth Brown (GB) introduced Paper E and explained that delays in local authority accounts being signed off has resulted in the deadline for publishing pension fund annual reports by the 1st December being missed in many cases. In most cases, audit issues have not been raised against items in the pension fund section of local authority accounts.
- 26. JD informed members that the issue had been discussed in a recent meeting with members of the former CIPFA Pensions Panel which concluded that the problem should be considered by the new Compliance and Reporting Committee at its first meeting. JD also

Scheme Advisory Board

mentioned that the Public Accounts Committee (PAC) is taking an interest in the issues around external audit of local authority accounts.

27. Councillor John Beesley (JB) suggested that any representations on audit issues to DLUHC needs to be strong and warned that publicity around audit issues in the LGPS could give the wrong impression to scheme members and harm the scheme's reputation.
28. Teresa Clay (TC) asked if there is likely to be a delay in publication of the Board's scheme annual report. In response GB advised members that it was too early to say as it depends on when the outstanding fund annual reports are published. JD mentioned that the date of next year's PLSA local authority conference when the scheme annual report is normally launched has been changed to a later date in 2022, which could affect the timetable for publication.

Agreed – that the Board notes the position as set out above

Item 10 – Cost Management Committee Report (Paper F)

29. George Georgiou (GG) took members through the main agenda items when the committee last met on the 15th November. Particular reference was made to the continuing issues surrounding McCloud including the forthcoming judicial review cases which are due to be heard in the early Spring of 2022. GG informed members that the FBU has launched a number of Employment Tribunal cases regarding ill-health retirement cases where it is argued that immediate detriment should apply.

Agreed – that the Board notes the position as set out above

Item 11 – Investment Committee Report (Paper G)

30. Councillor Yvonne Johnson (YJ) took members through the main agenda items when the committee last met on the 22nd November including recommendations on the removal of code signatories, a summary of the main outcomes from COP26 and the prospect of a new Paris Alignment metric in the TCFD reporting framework for the LGPS.
31. TC informed members that DLUHC is taking on new recruits to the pensions team in the New Year which will help to make progress across a range of key workstreams including pooling guidance.

In the context of pooling Jon Richards (JR) asked whether the Board wished to make a statement on the continuing refusal of ACCESS to extend their joint committee to include a scheme member

Scheme Advisory Board

representative in accordance with the Board's policy. Members agreed that the Board should express its disappointment and urge the joint committee to reconsider their position.

Agreed – that the Secretariat should prepare a draft statement for the Chair's approval

Item 12 – AOB and date of next meeting

32. There were no AOB items. Dates of all Board and committee meetings will be circulated to all members before Christmas.
