



Local Pension Board

Date Thursday 12 March 2020
Time 2.00 pm
Venue Committee Room 2, County Hall, Durham

Business

1. Apologies for Absence
2. Declarations of Interest (if any)
3. The Minutes of the Meeting held on 5 December 2019 (Pages 3 - 6)
4. Observations from Pension Fund Committee held on 12 March 2020
5. Communications Review (Pages 7 - 14)
6. Internal Dispute Resolution Procedure (IDRP) (Pages 15 - 22)
7. Date of Next Meeting
8. Any Other Business

Helen Lynch
Head of Legal and Democratic Services

County Hall
Durham
4 March 2020

To: **The Members of the Local Pension Board**

Scheme Employer Representatives
Councillors A Hopgood and F Tinsley (1 vacancy)

Scheme Member Representatives
I Densham and N Hancock (1 vacancy)

Contact: Jill Errington

Tel: 03000 269703

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DURHAM COUNTY COUNCIL

At a Meeting of **Local Pension Board** held in Main Hall, Town Hall, Durham on **Thursday 5 December 2019 at 2.00 pm**

Present:

Ian Densham (Chair)

Scheme Employer Representative:

Councillor F Tinsley

Scheme Member Representative:

Neville Hancock

Officers:

Paul Cooper – Pensions Manager

Beverley White – Finance Manager

Ashleigh Phillips – Pensions Team Leader

1 Apologies for Absence

An apology for absence was received from Councillor Hopgood.

2 Declarations of Interest

There were no declarations of interest.

3 Minutes

The Minutes of the meeting held on 17 September 2019 were agreed as a correct record and were signed by the Chair.

Matter Arising from the Minutes

Review of Asset Voting and Engagement Processes

Paul Cooper advised that a revised Responsible Investment Policy and Corporate Governance and Voting Guidelines had been approved by the Pension Fund Committee. The documents were available to view on BCPP's website.

4 Observations from Pension Fund Committee held on 5 December 2019

Ian Densham was in attendance at the Committee, and provided his observations from the meeting. He was pleased that Members of the Committee had asked questions of the Advisers, Managers from CBRE and Rachel Elwell of BCPP.

Paul Cooper highlighted the following key points from the meeting:

BCPP

£1.2bn in equities had been transitioned and Rachel Elwell reported on progress and performance to date. The Fund had an unexpectedly strong performance, and had outperformed by 2%. Durham benefitted by 0.9%. A more detailed update would be presented to the March Committee.

Implementation shortfall was the measure used by the Transition Manager to effect transition. The transition was carried out gradually in a measured way to reduce risk.

CBRE

CBRE had been in attendance and promoted a new product, a Global Alpha Fund designed to improve liquidity and to assist with pooling. The proposal was in the very early stages and Members agreed to wait until more details were received before making a decision.

Multi-Asset Credit (MAC)

The Committee agreed to give its indicative support to BCPP's MAC product, prior to making an investment decision at the March meeting, subject to final details of the offer. Training had been delivered to Members on 2 December to assist with the investment decision, and a further session would be arranged for those Members who had been unable to attend.

AGREED that the observations be noted.

5 Pensions Regulator - Code of Practice for Public Service Pension Schemes - Gap Analysis

The Board considered a report of the Corporate Director of Resources which provided an update on the Council's level of compliance with the Pension Regulator's Code of Practice on the governance and administration of public service pension schemes (for copy see file of Minutes).

Paul Cooper reported that significant work had been carried out in the last year to improve compliance with the Code, including the development of monthly data collection, improvement in data quality and a significant reduction in outstanding work.

Expanding on these areas, Paul Cooper explained that the Council had scored 95% compliance following the work carried out, compared to 75% last year. All outstanding deferred processes had been cleared in advance of the submission of triennial valuation data. A Breach Policy would be developed in conjunction with enhanced reporting and would be submitted to the Board. As with Pension Fund Committee Members, the Local Pension Board had been asked to complete a training self-assessment questionnaire. Ian Densham welcomed the specific training provided for the Committee on asset classes to assist with investment decisions. Work on developing web-based systems for scheme members and employers continued.

Neville Hancock stated that a number of scheme members had said that they had not received a benefits statement for a number of years. Paul Cooper advised that he would explore this further, and report back to the next meeting.

Neville Hancock asked if a template form could be included in respect of Stage 1 IDRPs Appeals. The Board Member was advised that an explanatory leaflet was included in communications. The current arrangements were accepted by the Adjudicator, however this could be discussed with Neighbouring Funds at the next NEPO Forum, and reported to the next meeting of the Board.

AGREED that the report be noted and an update be provided on the matters referred to at the next meeting.

6 Date of Next Meeting

AGREED that the next meeting be held on Thursday 12 March 2020 at 2.00pm.

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Local Pension Board

12 March 2020

Communications Review



Report of John Hewitt, Corporate Director of Resources

Purpose of the Report

- 1 To provide Board Members with details of how different stakeholder groups receive communication from the Pension Fund, and to explain plans to develop the communication strategy.

Executive summary

- 2 This report outlines the requirements of the Pension Fund to publish and maintain a Communications Policy Statement, how this requirement is met, and future developments that will improve communications with members and employers

Recommendation(s)

- 3 The Board is asked to note this report, and provide any comments on the Communications Policy Statement (Appendix 1).

Background

- 4 Under the Local Government Pension Scheme (LGPS) Regulations 2013, a Pension Fund Administering Authority is required to publish a written statement setting out its policy concerning communications with members, representatives of members, prospective members and Scheme employers.
- 5 Specifically, the statement must set out the Administering Authority's policy on:
 - a) the provision of information and publicity about the Scheme to members, representatives of members and Scheme employers;
 - b) the format, frequency and method of distributing such information or publicity; and;
 - c) the promotion of the Scheme to prospective members and their employers.

Communications Policy Statement

- 6 The Council's Pension Fund Communications Policy Statement is attached as Appendix A. This Statement includes the Council's policy on the issues set out in paragraph 5 above. The Statement is published each year as part of the Pension Fund Annual Report and is available on the Council's website.
- 7 Key points to note include the following:
 - Newsletters for all categories of member are currently only produced as required. Typically, for active members this means newsletters are produced whenever there is a change to regulations or legislation that affects the benefits an active member is entitled to, or the choices they have. The last newsletter was sent out in August 2018 due to changes introduced by the Local Government Pension Scheme (Amendment) Regulations 2018. The newsletter brought to the attention the option to access their pension (with reductions) at an earlier date for some categories of deferred members. We will be writing to all members again shortly regarding the Fund's online services.
 - All active members and deferred members receive an annual benefit statement. For actives this is issued by the end of August each year and for deferred members it is issued in April or May, shortly after the annual pension increase has been applied.
 - Scheme employers are communicated with by email.

Future Developments

- 8 The Pensions Team is currently working closely with Civica, the Fund's pensions administration software provider, to continue to develop its web-based communication platform for scheme employers. A number of scheme employers already utilise the platform to run benefit estimates, allowing employers to see the cost of allowing an employee to access benefits early on redundancy or business efficiency grounds. The Team has also rolled out secure information exchange for employers, replacing many paper forms. For larger employers, the availability of Monthly Data Collection (MDC) allows automated data collection each month, significantly reducing the year end burden for both the Pensions Team and participating employers.
- 9 The Pensions Team are also working on the development of a Scheme Member Web platform which allows a range of on-line services to scheme members. This includes access to a 'Modeller' which enables multiple age benefit estimations to be viewed easily online, as well as a Retirement Benefits calculator for more accurate estimates. Members will be able to view their (Death Grant) Nomination details and make adjustments online. All member documents will be stored and made available to view, such as annual benefit statements, scheme correspondence etc. Communications of this service to all scheme members began in 2019. Member Web is currently in its final stages of testing and plans to roll out a pilot within the Resources department is expected shortly. Following this, complete roll out is expected to be completed in advance of this summer's Annual Benefit Statements.
- 10 The implementation of both the Employer portal and Member Web will increase the ease and frequency of communication between the Fund's stakeholders, as information will be accessed and transferred in a more secure and efficient way, this will ultimately improve the service offered by the Fund.

Background papers

- Communication Policy Statement

Author(s)

Paul Cooper

Tel: 03000 269798

Appendix 1: Communications Policy Statement (from the Pension Fund Annual Report)

COMMUNICATIONS POLICY STATEMENT

Durham County Council is the administering authority for the Durham County Council Pension Fund. This Communication Policy Statement has been drawn up to comply with regulation 61 of the Local Government Pension Scheme Regulations 2013 and to ensure the Council offers clear communication to stakeholders of the Local Government Pension Scheme.

WHO WE COMMUNICATE WITH

- Scheme members (active members, pensioners and deferred members);
- Representatives of scheme members;
- Prospective scheme members;
- Employers participating in the scheme;
- Advisers (for example actuaries, investment advisers, Local Government Pensions Committee);
- Other bodies (for example prospective employing authorities and their representatives).

KEY OBJECTIVES

- To ensure communication is clear, factual and concise;
- To ensure communication is designed and delivered in a manner appropriate to its audience;
- To ensure that the correct information reaches the right people at the right time.

COMMUNICATING WITH SCHEME MEMBERS

Scheme members need access to detailed information about the scheme and their own benefits to allow them to make informed choices about their own pension benefits.

The Council provides:

- Scheme literature

The pension section produces a summary guide to benefits in the scheme along with specific guides for certain circumstances, such as how divorce can affect scheme benefits or on the internal dispute resolution procedure.

- Annual benefit statements

All active members are sent a benefit statement each year setting out the benefits they have earned in the scheme up to 31 March that year. All deferred members are sent a benefit statement each year setting out the current value of their deferred benefits payable at the earliest date on or after age 60 that unreduced benefits can be paid to them. The statement also sets out the effect of pension increases on their benefits since they left service. It is the Fund's intention to make Annual Benefits Statements available online from 2020.

- Newsletters

All active members and pensioners are sent a copy of each issue of the relevant newsletter.

- Telephone helpline

All newsletters contain contact telephone numbers for general enquiries. Active members, pensioners and deferred members can contact the Pension Administration Team by telephone between 8:30am and 4:30pm on weekdays. The newsletters also contain the email address where general enquires can be submitted.

COMMUNICATING WITH EMPLOYERS PARTICIPATING IN THE SCHEME

Employers need to be kept up to date with developments in the scheme and need to be informed of consultation exercises that could influence the future of the scheme.

Employers are sent written information on scheme developments as and when changes are proposed to the scheme. Employers are often sent copies of circulars provided by the Employers' Organisation or are directed to copies of these circulars via web-links.

Meetings with individual employers are arranged as necessary or as requested to deal with any significant pension issues that arise. Support is provided to employers who want to provide further pension information to their employees - this includes pre-retirement seminars and mid-life seminars.

All employers are invited to attend the Annual Meeting of the Pension

Fund Committee. Copies of the annual report and accounts for the Pension Fund are distributed at this meeting and are also sent to all employers in the scheme.

COMMUNICATING WITH PROSPECTIVE MEMBERS

The Pension Administration Team issues pension packs to prospective members. These contain a summary of the benefits of scheme membership, information comparing the scheme with other pension options, a nomination form, an opt-out form and an authorisation form for investigating potential pension transfers into the scheme.

COMMUNICATING WITH REPRESENTATIVES OF SCHEME MEMBERS

The Pension Administration Team produces a summary guide to benefits in the scheme along with specific guides for certain circumstances, such as how divorce can affect scheme benefits or on the internal dispute resolution procedure. This information is available to representatives of scheme members.

The Pension Administration Team telephone helpline is also available between 8:30am and 4:30pm on weekdays for any queries representatives of scheme members may have.

The main local government trade unions are represented on the Pension Fund Committee. This means they are sent agenda items and minutes from the meetings as well as being able to attend the meetings (albeit in a non-voting capacity).

FUND PUBLICATIONS

COMMUNICATION DOCUMENT	AVAILABLE TO	WHEN PUBLISHED
Starter Packs	Prospective members	When required
Summary scheme guide	Prospective members Active members	When required
Newsletter: Pensions News	Active members	When required
Annual benefit statement	Active members Deferred members	Once per year
Newsletter: Years Ahead	Pensioners	When required
Payslips	Pensioners	Once a year or upon a change to net pension of more than £5

P60s	Pensioners	Once per year
Pension Increase Information	Pensioners	Once per year
Update letter on changes to regulations and other issues	Employers	When required
Valuation report	Employers	Every three years
Report and accounts	All stakeholders	Once per year – distributed to all employers and available on the DCC website and on request to all

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Local Pension Board

12 March 2020

**Internal Dispute Resolution Procedure –
IDRP**



Report of John Hewitt, Corporate Director of Resources

Purpose of the Report

- 1 To provide Board Members with a summary of the outcomes of any internal dispute cases or Pensions Ombudsman cases the Pension Fund has been involved in since April 2019.

Executive summary

- 2 Since April 2019 13 scheme members or their representatives have made an application to the adjudicator under the Pension Fund's IDRP process. The majority (8) of these applications related to ill health retirement applications.
- 3 Of the 13 applications, 11 were reviewed at Stage 1 by the adjudicator, who in 6 cases upheld the Council's decision. Two cases were reviewed at Stage 2 of the IDRP Process.

Recommendation(s)

- 4 The Board is asked to note the report.

Background

- 5 Scheme members with an unresolved complaint about their pension benefits are able to make use of the Pension Fund's two stage Internal Dispute Resolution Procedure (IDRP) Whenever a scheme member initially receives a benefit from the scheme, they are made aware of this procedure – a copy of the information sent to the scheme members about the procedure is enclosed as Appendix A.

Review of IDRPs Cases

- 6 From 1 April 2019 to 12 March 2020 the Fund has received a total of 13 applications under the IDRPs process. The first stage of the process is an application to the adjudicator. There has been a total of 11 applications to the adjudicator during 2019/20 and of these, all except three related to complaints about an individual not being awarded an ill-health pension. The other three cases related to the following:
- Dispute over retirement benefit amounts
 - Dispute regarding an additional contributions contract being stopped by an employer accidentally in 2009
 - Dispute regarding a late transfer-in request
- 7 Of the 11 applications, in 6 cases the adjudicator upheld the Council's decision. In one case (the additional contributions contract being stopped) the adjudicator recommended the Pension Fund calculate missed contributions and offer the member the opportunity to purchase their additional pension contract in full, which the member subsequently declined. The remaining 4 cases (all relating to ill-health retirement applications) were referred by the adjudicator to the scheme employer to obtain additional information and make a further decision.
- 8 Of the 4 ill-health cases referred back to the employer; two remain ongoing, while in one case the employer overturned their decision. In the final case the employer reached the same decision after taking into consideration further evidence/information.
- 9 The Council's Occupational Health Team is responsible for submitting ill health retirement application cases to an independent doctor for review where the individual worked (or formerly worked) for the Council. As the Council represents around two thirds of the non-active members, most of the ill health retirement applications are initially processed by the Council's Occupational Health Team.
- 10 The Council's Occupational Health Team has revised the instructions it gives to the independent doctors that provide opinions in respect of ill health retirement applicants, partly as a consequence of the comments

made by the adjudicator. For example, the instructions now make it clear that the independent doctors need to be clear about the probability of success of any untried treatments if they are going to make reference to any such treatments in their report. The Fund continues to monitor the reasons for disputes referred back for further consideration.

Stage Two Appeals and Ombudsman Rulings

- 11 The Pension Fund has monitored and detailed the outcome of all Stage Two Appeals since April 2019, and any rulings of the Pensions Ombudsman in respect of the Fund and its employers. The Pension Fund has received 2 Stage Two Appeals and no Ombudsman rulings.
- 12 The two Stage 2 appeals related to the following:
 - Award of Tier 3 Ill-Health benefits
 - Dispute over a transferred-out pension
- 13 Both of these cases were reviewed at Stage 1 by the Adjudicator during 2018/19. In the Tier 3 ill-health case, the Council obtained further medical information as suggested by the Adjudicator and reviewed the case again at Ill-Health Panel, ultimately upholding the original decision to award Tier 3 benefits. In the case of the transfer out, the Adjudicator ruled that the Pension Fund had followed and sought all information required by the LGPS scheme regulations, when processing the transfer, and had also provided the member with information regarding Pension Liberation Fraud.
- 14 We have recently received an enquiry from the Pension Ombudsman Early Resolution Team regarding one of our members. This member has not been through the IDR process and the Early Resolution Team are only information gathering at the moment.

Conclusion

- 15 Officers will continue to monitor the IDR and Pension Ombudsman cases, making suggestions to employer processes where deemed necessary. These cases will continue to be reported to Pension Board annually.

Background papers

- IDR Procedure

Author(s)

Paul Cooper

Tel: 03000 269798

Appendix 1: IDRП



THE LOCAL GOVERNMENT PENSION SCHEME (LGPS)

Internal Disputes Resolution Procedure

Introduction

1. Decisions regarding your membership of the LGPS will initially be made by your employing authority in respect of such matters as the amount of your pensionable earnings, date of scheme entry etc.

2. Other matters regarding your membership will then be determined by Durham County Council in its role as administrator of the LGPS, e.g. the amount of service transferred into the scheme from a previous employment.

Note: In the case of Durham County Council employees, both items (1) and (2) will be determined by the same authority. It will however be the responsibility of the employing service to determine issues under (1) and the Pensions Group to determine issues under (2).

What should you do if you are unhappy with any aspect of your pension scheme membership?

Initially you should contact the Durham County Council Pensions Team by telephoning 03000 264322, or by email at pensions@durham.gov.uk. They will be able to explain any questions you have about scheme membership and service, and, if necessary, direct you to the contact person within your employing authority.

If you are still unhappy with the explanation you have been given, or if you have not been provided with an explanation, you may refer the matter to the adjudicator.

You must apply to the adjudicator within six months of being notified of the decision which is the cause of your complaint.

Who is the adjudicator?

The adjudicator for Durham County Council Pension Fund is **Mr Yunus Gajra, Development Manager (Strategic), West Yorkshire Pension Fund, P.O. Box 67, Bradford, BD1 1UP**

When referring your complaint to the adjudicator, you must send a signed letter and include the following information:

- Your full name, address, date of birth, National Insurance number, the name of your employer and your job title (If your complaint is on behalf of another person, you must submit all of the above details in respect of that person and explain your relationship to them).
- A statement setting out the details of the disagreement, enclosing any relevant letters or documentation.

What happens next?

Within two months of receiving your complaint the adjudicator must reach a decision and confirm his decision in writing to you, your employer and Durham County Council Pension Fund.

If he is not able to reach a decision within two months he must write to you to tell you why this is the case and to give you an estimate of when he is likely to be able to reach a decision (the expected decision date).

What should I do if I am not satisfied with the findings of the adjudicator?

If you are not satisfied with the findings of the adjudicator you may refer the matter to the Administering Authority at the following address:

Pensions Group
Resources
County Hall
Durham
DH1 5UE

When referring your complaint to the Administering Authority you must send a signed letter which includes the information in section C2 and a statement that you wish the decision to be reconsidered by the Administering Authority.

Your application must be made by the relevant date as follows:

- Within six months of the date the adjudicator's decision was received.
- If the adjudicator was unable to reach a decision within two months and he wrote to you giving you an expected decision date, you must submit your application within seven months from the expected decision date.
- If the adjudicator did not make a decision and did not provide an expected decision date, you must submit your application within nine months from the date on which your application was made to the adjudicator.

Note: You may also refer your complaint to the Administering Authority should the adjudicator fail to reply to you within the timescales set out overleaf.

What happens next?

Within two months of receiving your complaint, the Administering Authority must confirm its decision in writing to you and to your employer. If it is not possible to reach a decision within two months it must write to you to tell you why this is the case and to give you an estimate of when a decision is likely to be made.

Is there anything else I can do after referring my complaint to the Administering Authority?

When the Administering Authority gives you its decision, it will also give you details about the services provided by TPAS and the Pensions Ombudsman.

What is TPAS?

The Pensions Advisory Service (**TPAS**) is an independent non-profit organisation that provides free information, advice and guidance on all types of pension schemes. You can contact TPAS through your local Citizens Advice Bureau or in writing to:

11 Belgrave Road,
London
SW1 1RB

Or by telephone on 08456012923 Or online at www.pensionsadvisoryservice.org.uk

Note: If you want the Pensions Ombudsman to consider your complaint, you should normally contact TPAS first. If TPAS is unable to resolve your complaint and believes that maladministration has occurred, or that the decision made by the Administering Authority is incorrect, they will recommend that you refer your complaint to the Ombudsman.

You can ask TPAS for help at any time if you are having difficulties in resolving your complaint under the dispute procedure.

What is the role of the Pensions Ombudsman?

The Pensions Ombudsman can investigate complaints of maladministration or disputes of fact or law relating to decisions made about your pension. Unless your complaint relates only to maladministration, you must follow the procedure set out in this leaflet before referring your complaint to the Ombudsman. This means that you must refer your complaint to the adjudicator and then to the Administering Authority before the Pensions Ombudsman will commence an investigation.

If, however, your complaint is about maladministration, i.e. the way your case has been handled by either the adjudicator or the Administering Authority, you do not need to wait until the Internal Disputes Resolution Procedure has been completed.

You can contact the Pensions Ombudsman in writing at:

11 Belgrave Road,
London
SW1 1RB

By telephone on 020 7630 2200 or email enquiries@pensions-ombudsman.org.uk

You can find out more about the Pensions Ombudsman by visiting their web site at: www.pensions-ombudsman.gov.uk

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