



## **Local Pension Board**

**Date** Thursday 11 March 2021  
**Time** 2.00 pm  
**Venue** Remote Meeting - This meeting is being held remotely via Microsoft Teams

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### **Business**

#### **Part A**

#### **Items which are open to the Public and Press**

1. Apologies for Absence
2. Declarations of Interest (if any)
3. The Minutes of the Meeting held on 3 December 2020 (Pages 3 - 6)
4. Observations from Pension Fund Committee held on 11 March 2021
5. Communications Review (Pages 7 - 14)
6. Internal Dispute Resolution Procedure (IDRP) Cases (Pages 15 - 20)
7. LGPS Administering Authority Discretions (Pages 21 - 30)
8. Local Pension Board Annual Report (Pages 31 - 34)
9. Date of Next Meeting
10. Any Other Business

**Helen Lynch**  
Head of Legal and Democratic Services

County Hall  
Durham  
3 March 2021

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

**Scheme Employer Representatives**

Councillors A Hopgood and F Tinsley (1 vacancy)

**Scheme Member Representatives**

I Densham, N Hancock and L Oliver

**DURHAM COUNTY COUNCIL**

At a Meeting of **Local Pension Board** held remotely via Microsoft Teams on **Thursday 3 December 2020 at 2.00 pm**

**Present:**

**Scheme Employer Representatives:**

Councillors A Hopgood and F Tinsley

**Scheme Member Representatives:**

Councillors I Densham, N Hancock and L Oliver

**Officers:**

Paul Cooper – Pensions Manager

Beverley White – Finance Manager

Bryan Smith – Litigation Manager

**1 Election of Chair**

Nominations were sought for a Chair from the Scheme Employer Representatives on the Board.

**AGREED** that Cllr Amanda Hopgood be elected as Chair.

**2 Apologies for Absence**

There were no apologies for absence.

**3 Declarations of Interest**

There were no declarations of interest.

**4 Minutes**

The Minutes of the meeting held on 12 March 2020 were agreed as a correct record.

**5 Matters arising since the last meeting of the Board**

Paul Cooper provided an update on matters arising since the last meeting of the Board on 12 March 2020.

Members were informed that pension services had continued for scheme members and employers throughout the pandemic, and this included the telephone helpline.

The on-line pension information portal was launched on 31 August 2020 which allowed registered members to view and update personal details, run benefit quotations, view and download documents including Annual Benefit Statements and view pensionable service and salary history. Around 8.5k members had registered for the service to date. Following a question from Neville Hancock, Paul Cooper confirmed that benefit calculations did take into account early retirement reductions.

In terms of progress made towards implementing asset decisions the Pension Fund Committee met on 11 June 2020 and confirmed the allocation to BCPP's Sterling Index-Linked Bond sub-fund and the transition from the Fund's existing Index-Linked Gilt holdings with Royal London. The transition was completed during October 2020.

Ian Densham referred to the MAC product from BCPP, and noted that Mercer had supported the investment and was also involved in the due diligence of Managers in the selection process. He asked if this was a potential conflict of interest. He also asked if the Independent Investment Adviser had a view on the product. Paul Cooper confirmed that there was no conflict of interest; Mercer's role in the process was to assist in the selection of external Managers. To reassure the Board, he would ask the Independent Adviser, Anthony Fletcher to comment.

With regard to the Independent Adviser's views on the MAC product, extensive training had taken place since the Committee agreed the product in principle in December 2019. The Independent Adviser had attended all of the training sessions covering MAC, and had no additional comments to make regarding the advisory letter commissioned from Mercer as to the suitability of the investment.

The Finance Manager's Team had completed the Pension Fund Annual Report and Accounts for 2019/2020.

Ian Densham suggested that it would be useful for the Board to receive a summary of the decisions taken by Pension Fund Committee since the Board had last met on 12 March 2020.

**AGREED** that the update be noted, and a summary of Pension Fund Committee decisions between 12 March 2020 and 3 December 2020 be presented to the next meeting of the Board.

## **6 Observations from Pension Fund Committee held on 3 December 2020**

The Board provided observations from the Pension Fund Committee meeting and papers.

Ian Densham referred to Internal Audit Progress Report and noted that the opinions in respect of pensions, payroll and bank reconciliations were substantive, and asked what would need to be achieved to improve on this. Paul Cooper advised that a substantive opinion was the highest rating Internal Audit provided.

Councillor Tinsley asked what impact COVID-19 had on the performance of the property portfolio. Paul Cooper confirmed that the Fund continued to have global exposure in property through CBRE. The retail sector had been impacted directly by the pandemic but the Fund would expect its external Managers to consider long-term opportunities for investment, for example in warehousing and logistics as the markets shifted to on-line shopping. However he would also expect that Managers would already have been exploring investment in these areas as trends were changing before the pandemic. Going forward BCPP would be launching a UK and Global Property offering.

Councillor Hopgood was pleased to report that Pension Fund Committee members had challenged the performance of the Asset Managers and asked in-depth questions to a level the Local Pension Board would expect from the Committee.

**AGREED** that the information given be noted.

## **7 Pension Fund Valuation**

The Local Pension Board considered the report of the Corporate Director of Resources which provided Board Members with details of the outcome of the triennial valuation of the Pension Fund (for copy see file of Minutes).

Since the last meeting of the Board the triennial valuation process had been concluded and published, and all employers were notified of their contribution rates prior to 1 April 2020. The main findings of the valuation were that Fund assets and liabilities had increased, and funding levels had improved.

**AGREED** that the contents of the report be noted.

## **8 Key Performance Indicators (KPI's) Verbal Update**

Paul Cooper reported that the LGPS Scheme Advisory Board had looked at standardised KPI's which should make for better reporting and comparison across schemes. The Advisory Board had developed a recommended framework of indicators and performance against these would be reported from 1 April 2021.

**AGREED** that the information given be noted.

## **9 Fund Discretions Verbal Update**

Paul Cooper reported that the final topic of the Board's Work Plan was to review the complete and proper exercise of employer and administering authority discretions. Board Members were informed that a report would be presented at the next meeting.

**AGREED** that the information given be noted.

## **10 Date of Next Meeting**

**AGREED** that the next meeting be held remotely via Microsoft Teams on Thursday 11 March 2021 at 2.00pm.

## **11 Any Other Business - Work Plan**

Paul Cooper reported that a revised Work Plan would be presented for consideration by the Local Pension Board at its next meeting. The Work Plan would set out a programme of work for the Board over the next two years.

**AGREED** that the information given be noted.

**Local Pension Board**

**11 March 2021**

**Communications Review**



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**Report of Paul Darby, Corporate Director of Resources (Interim)**

**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 the report and provide any comments on the Fund's communications.

## **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.

## **Fund Communications**

- 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 provision of online services for members means that information can be shared with members more quickly and efficiently.
  - 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. Benefit Statements are now made available to all members online.
  - Scheme employers are briefed on key issues and developments in the LGPS by email.

- 8 Since the launch of online services for active and deferred members of the Scheme, over 9,600 members have registered and started to use the service. These members have completed almost 7,500 online calculations, completed over 2,300 nomination forms, and updated their personal detail details 750 details. Members have also been able to send queries securely through the portal, and over 720 response have been sent to members this way.
- 9 The Pensions Team continues to work closely with Civica, the Fund's pensions administration software provider, to develop its web-based communication platform for scheme employers. The majority of scheme employers currently 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.
- 10 The latest development for employers, is Monthly Data Collection (MDC), allowing automated data collection each month, significantly reducing the year end burden for both the Pensions Team and participating employers.
- 11 The Team continues to develop the online portal for members, and will work with Civica to further enhance the online calculator that has been popular with users of the service. The service will be extended to pensioner members this spring, who will be able to access their annual pension increase letters online for the first time.

**Author(s)**

Paul Cooper

Tel: 03000 269798

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## **Appendix A: Communications Policy Statement**

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### **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.  
Benefit Statements will be made available online for all members. A paper copy will be provided to members who opt-out of online receipt.
- **Newsletters**  
All active members and pensioners are sent a copy of each issue of the relevant newsletter.
- **Telephone helpline**  
All communications 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. Bulk communications 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 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. Where possible this is provided by email.

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 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 (in a non-voting capacity). Scheme members are represented on the Local Pensions Board.

## FUND PUBLICATIONS

<b>COMMUNICATION DOCUMENT</b>	<b>AVAILABLE TO</b>	<b>WHEN PUBLISHED</b>
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**

**11 March 2021**

**Internal Dispute Resolution Procedure  
(IDRP) Cases**



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**Report of Paul Darby, Corporate Director of Resources (Interim)**

**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 2020.

**Executive summary**

- 2 Since April 2020, 10 scheme members or their representatives have made an appeal under the Pension Fund's IDRP process. All of these applications related to ill health retirement applications.

Of the 10 applications, 8 were reviewed at Stage 1 by the adjudicator, who in 5 cases upheld the Council's decision. Two cases were also reviewed at Stage 2 of the IDRP Process. One of these Stage 2 appeals has now been completed and the original decision was upheld.

**Recommendation(s)**

- 3 The Board is asked to note the report.

## **Background**

- 4 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 IDRP Cases**

- 5 From 1 April 2020 to 11 March 2021 the Fund has received a total of 10 applications under the IDRP process. The first stage of the process is an application to the adjudicator. There has been a total of 8 applications to the adjudicator during 2020/21 and all of these related to complaints about an individual not being awarded an ill-health pension.
- 6 Of the 8 applications, in 5 cases the adjudicator upheld the employer's decision. Three cases were referred back to the employer to reconsider. Of the 3 ill-health cases referred back to the employer; two remain ongoing, and the other where the employer overturned their decision after taking into consideration further evidence/information.
- 7 The reason the adjudicator gave in these cases related to ensuring up to date information was available from all the health professionals involved in the case which covered all medical ailments of the member, and also to obtain more information on the likelihood of the success of any untried treatments.
- 8 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
- 9 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.

- 10 The Fund continues to monitor the reasons for disputes referred back for further consideration.

### **Stage Two Appeals and Ombudsman Rulings**

- 11 From April 2020, the Pension Fund has monitored and detailed the outcome of all Stage Two Appeals, 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 1 Ombudsman determination.
- 12 The two Stage 2 appeals both related to the award of ill-health benefits. Both of these cases were reviewed at Stage 1 by the Adjudicator during 19/20 who upheld the employer decision, causing both individuals to initiate Stage 2 of the IDR process. One of the cases remains ongoing, however the other has been concluded at Stage 2 which again upheld the original employer decision.
- 13 Since April 2020 The Pension Fund has received one determination in which the Pensions Ombudsman reviewed a case in respect of a disputed leave date. The Ombudsman determined that the Pension Fund had followed the relevant LGPS regulations and had awarded benefits correctly and in line with the regulations. However, the Ombudsman did award a compensation amount of £500 because of inconvenience caused.

### **Author(s)**

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## **Appendix 1: IDR Procedure**

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### **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](mailto: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](http://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](mailto: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](http://www.pensions-ombudsman.gov.uk)

**Local Pension Board**

**11 March 2021**

**LGPS Administering Authority  
Discretions**



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**Report of Paul Darby, Corporate Director of Resources (Interim)**

**Purpose of the Report**

- 1 To advise the Board of the choices available to the Administering Authority under the regulations governing the Local Government Pension Scheme (LGPS), and how these are being exercised within the Pension Fund.

**Recommendation(s)**

- 2 The Board is asked to note this report and provide any comments on the way the Council exercises its discretions under the LGPS.

## **Background**

- 3 Under the regulations governing the LGPS administering authorities and participating employers have a number of separate choices in relation to benefits or options that can be made available to scheme members under those regulations. These are usually referred to as administering authority discretions and employer discretions. The two appendices to this report set out the main administering authority discretions (Appendix A) and the employer discretions that fall to the administering authority where the Employer has become defunct (Appendix B), along with some of the rationale behind those policy decisions.
- 4 Participating employers within the Pension Fund are able to choose how to exercise their employer discretions under the LGPS regulations. Most employers choose to exercise their discretions in a similar way to the Council, especially in those areas that can incur a cost the employer such as the early release of unreduced pension benefits and the awarding of additional pension.
- 5 Also set out (Appendix C) are the mandatory written statements the administering authority must publish.

## **Author(s)**

Paul Cooper

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## Appendix A: Administering Authority Discretions

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Discretion	Regulation	Council's policy	Rationale / comment
Whether to require a satisfactory medical before agreeing to an application to pay an Additional Pension Contribution / Shared Cost Additional Pension Contribution	R16(10)	A medical will not be required in respect of applications to pay Shared Cost Additional Pension Contributions following authorised unpaid leave of absence. For any other Shared Cost Additional Pension Contribution applications or for any application to pay (member only) Additional Pension Contributions, a letter from the individual's GP will be required stating they are in reasonably good health for their age. This letter will not be required if the additional contributions are being paid as a one-off lump sum.	Pension bought through paying Additional Pension Contributions is normally paid for over a number of years. If contributions are not continued for the full contract only a pro-rated amount of pension is credited <b>except</b> in cases of ill-health retirement or death in service. Requiring a medical protects the Pension Fund / pension fund employers from having to meet the extra cost in cases where an individual takes out a contract already aware of their poor state of health. Medicals are not required in respect of shared cost additional pension contributions as these are by their nature small amounts which relate to authorised unpaid leave of absence.

Discretion	Regulation	Council's policy	Rationale / comment
Whether to require any strain on Fund costs to be paid "up front" by employing authority following payment of benefits under R30(6) (flexible retirement), R30(7) (redundancy / business efficiency), or the waiver (in whole or in part) under R30(8) of any actuarial reduction that would otherwise have been applied to benefits which a member voluntarily draws before normal pension age or to benefits drawn on flexible retirement	R68(2)	Employers will be required to pay these strain costs either as a one-off lump sum due from the individual's retirement date or in five annual instalments with the first instalment due on the individual's retirement date. Where payment by instalments is selected an interest element will be added to each payment.	Few (if any) employers choose the five instalment approach to making early retirement strain costs. This is presumably owing to the interest rate applied, which was set some years ago and was intended to reflect the return on investment the Pension Fund could expect – it equates to 8% a year compound interest.
Whether to require any strain on Fund costs to be paid "up front" by employing authority following flexible retirement under R30(6) or waiver of actuarial reduction under TPSch 2, para 2(1) or release of benefits before age 60 under B30 of B30A	TPSch 2, para 2(3)	Employers will be required to pay these strain costs either as a one-off lump sum due from the individual's retirement date or in five annual instalments with the first instalment due on the individual's retirement date. Where payment by instalments is selected an interest element will be added to each payment.	

Discretion	Regulation	Council's policy	Rationale / comment
Decide to whom death grant is paid	TP17(5) to (8) & R40(2), R43(2) & R46(2)	Discretion to be exercised by the Pensions Manager on behalf of the Corporate Director of Resources under delegated powers to make payments in accordance with any nominations received or to anyone who would appear to be the beneficiary.	This is a practical approach, to delegate authority to officers to ensure the payment of death grants can be processed promptly.
Whether to pay death grant due to personal representatives or anyone appearing to be beneficially entitled to the estate without need for grant of probate / letters of administration where payment is less than amount specified in s6 of the Administration of Estates (Small Payments) Act 1965		The Pensions Manager on behalf of the Corporate Director of Resources will make payments under the small payments legislation under delegated powers.	
Allow transfer of pension rights into the Fund	R100(7)	To allow transfers of pension rights into the Fund (provided the time limits set out in the regulations have been adhered to )	Allows scheme members the option to transfer-in pension rights from other schemes. Relies on factors (currently provided by the Government Actuary's Department) ensuring the liabilities transferred in appropriately match the assets transferred in.
Extend normal time limit for acceptance of a transfer value beyond 12 months from joining the LGPS	R100(6)	To allow the 12 month time-limit for transfers-in to be extended, provided the relevant scheme employer has agreed to the extension	Makes accepting late transfers-in an issue for the scheme employer (as they will pick up any additional defined benefit pension risk if the transfer proceeds).

Discretion	Regulation	Council's policy	Rationale / comment
Decide to treat child as being in continuous education or vocational training despite a break	RSch 1 & TP17(9)	Exercise discretion to ignore breaks in education or vocational education if the break does not exceed one year	This allows for those receiving a child's pension because they are under age 23 and in full-time education or vocational training to continue to receive a child's pension after a break in education / vocational training of up to a year (although payment does not continue during that break). Note a scheduled school / college / university holiday does not constitute a break for these purposes.
Decide policy on abatement of pensions in payment following re-employment	TP3(13) & A70(1) & A71(4)(c)	Abatement of pensions will not apply with the exception of the abatement of old 'added years' pensions as required under the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2000 and 2006	In line with many other administering authorities, the Council does not apply 'abatement'. It was always difficult to administer and enforce, as well as being a concept which is difficult to reconcile with the relaxation of HMRC's restrictions (from April 2006) around drawing a pension and continuing to work, and with general modern employment practices.

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## Appendix B: Discretions Where Employer Has Become Defunct

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Discretion and regulation	Council's policy	Rationale / comment
<p>Whether all or some pension benefits can be paid if an member aged 55 or over reduces their hours/grade and continues to work ("flexible retirement"), and whether to waive some or all of any actuarial reduction that applies on flexible retirement. [R30(6) &amp; R30(8)], and;</p> <p>Whether to waive any actuarial reduction for a member voluntarily drawing benefits before normal pension age other than on the grounds of flexible retirement. [TP3(1), TPSch 2, para 2(1), B30(5) &amp; B30A(5) &amp; 31(5) &amp; TP3(5A)(vi), TL4, L106(1) &amp; D11(2)(c)]</p>	<p>The Council will consider applications for "flexible retirement" on an individual basis. Decisions will be made on the merits of each case, considered in line with Council's own policy and in consideration of any cost. Where a cost occurs cases would normally be refused except in exceptional circumstances.</p> <p>The Council will only consider waiving actuarial reductions where it is in the Pension Fund / Council's financial interests to do so.</p>	<p>Very unlikely to be of financial interest to award additional pension, 'switch on' the rule of 85, waive actuarial reductions or pay for some or part of a scheme member's additional pension purchase when not required to do so.</p>

<p>Whether to allow the rule of 85 to be “switched on” for members who would normally meet the rule but who will not if they draw the benefits age 55-59 [TPSch2, para 1(2), &amp; 1(1)(c) &amp; 1(1)(f), &amp; R60 ]</p>	<p>The Council will only consider exercising this discretion where it is in the Pension Fund / Council’s financial interests to do so.</p>	<p>Very unlikely to be of financial interest to award additional pension, ‘switch on’ the rule of 85, waive actuarial reductions or pay for some or part of a scheme member’s additional pension purchase when not required to do so.</p>
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## Appendix C: Mandatory Written Policies of Admin Authority

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Policy	Description
Governance Compliance Statement [R55]	Governance Compliance Statement must state whether the admin authority delegates their function or part of their function in relation to maintaining a pension fund to a committee, a sub-committee or an officer of the admin authority and, if they do so delegate, state: - the frequency of any committee or sub-committee meetings, - the terms, structure and operational procedures appertaining to the delegation, and - whether representatives of employing authorities or members are included and, if so, whether they have voting rights. The policy must also state: - the extent to which a delegation, or the absence of a delegation, complies with Sec of State guidance and, to the extent it does not so comply, state the reasons for not complying, and - the terms, structure and operational procedures appertaining to the local Pensions Board.
Funding Strategy Statement [R58]	Mandatory written policy Decide on Funding Strategy for inclusion in funding strategy statement.
Communication Policy [R61]	Communication policy must set out the policy on provision of information and publicity to, and communicating with, members, representatives of members, prospective members and Scheme employers; the format, frequency and method of communications; and the promotion of the Scheme to prospective members and their employers.



**Local Pension Board**

**11 March 2021**

**Local Pension Board Annual Report**



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**Report of Paul Darby, Corporate Director of Resources (Interim)**

**Purpose of the Report**

- 1 To provide an overview of the work completed by Local Pension Board during 2020/21.

**Executive summary**

- 2 During the last year the Board have considered a broad range of areas in assisting the Administering Authority to secure compliance with regulations, and ensuring the effective and efficient governance and administration of the Local Government Pension Scheme.

**Recommendation(s)**

- 3 The Board is asked note this report and provide any comments.

## **Background**

- 4 The Public Service Pensions Act 2013 introduced the requirement to have a Local Pension Board to assist in the good governance of the scheme.
- 5 Durham County Council Pension Fund's Local Pension Board was established in 2015, first meeting on 9 July 2015. The Board meets four times a year and consists of three scheme member representatives, two employer representatives, with one current employer representative vacancy. Attendance of Board members is summarised in Appendix A.
- 6 The Board's role is to assist the Administering Authority in its role as a scheme manager of the Pension Fund. Such assistance is to:
  - Secure compliance with the Regulations, any other legislation relating to the governance and administration of the Scheme, and requirements imposed by the Pensions Regulator in relation to the scheme and;
  - To ensure the effective and efficient governance and administration of the scheme

## **June and September 2020**

- 7 Due to covid-19 Board meetings were not held in June or September. Although these meetings were not held as planned, the Board still met twice in the year which is the minimum number of occasions prescribed within the Board's Terms of Reference.

## **December 2020**

- 8 Board Meetings were reconvened in December 2020 and held remotely. At the meeting of the Board held on 3 December 2020, nominations were sought for a Chair from the Scheme Employer Representatives. Councillor Amanda Hopgood was elected as Chair.
- 9 The Board were updated on matters arising since the last meeting of the Board in March 2020. The Board considered the launch of the Fund's online portal for scheme members, and the services this made available online. The Board considered the investment decisions made by Committee and progress made towards implementing asset allocation decisions.
- 10 The Board considered the report of the Corporate Director of Resources which provided Board Members with details of the outcome of the triennial valuation of the Pension Fund (for copy see file of Minutes). Since the Board last met, the triennial valuation process had been concluded and published, and all employers were notified of their

contribution rates prior to 1 April 2020. The Board considered the main findings of the valuation.

### **March 2021**

- 11 At the final meeting of the Board during 2020/21, held on 11 March 2021, the Board were updated on the Fund's Communication Strategy. Board Members considered how the Pension Fund communicates with different stakeholder groups, and were provided an update on the Fund's progress with regard to electronic communications.
- 12 The Board reviewed the discretions available to the Administering Authority under the regulations governing the Local Government Pension Scheme (LGPS), and how these are being exercised within the Pension Fund.
- 13 The Board also considered internal dispute cases. Board Members were provided with an update on the outcomes of any internal dispute cases up to the end of 2020/21.

### **Work Plan**

- 14 The work plan for the Local Pension Board covering the next two years will be agreed by the Board in June. Full details of the plan will be shared with the Committee.
- 15 Officers will provide the necessary support to allow the Local Pension Board to carry out its core functions and to develop and implement its work plan.

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**Contact:** Paul Cooper

Tel: 03000 269798

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## Appendix 1: Local Pension Board Attendance

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<b>2019/20</b>	Cllr A Hopgood	Cllr F Tinsley	Neville Hancock	Ian Densham	Les Oliver
June 2020	n/a	n/a	n/a	n/a	n/a
September 2020	n/a	n/a	n/a	n/a	n/a
December 2020	Y	Y	Y	Y	N
March 2021	Tbc	Tbc	Tbc	Tbc	Tbc