



## **Local Pension Board**

**Date** Monday 14 March 2022  
**Time** 2.00 pm  
**Venue** Committee Room 2, County Hall, Durham

---

### **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 27 January 2022  
(Pages 21 - 26)
4. Observations from Pension Fund Committee held on 14 March  
2022
5. Regulatory Update (Pages 27 - 54)
6. Pension Administration Report (Pages 55 - 60)
7. Internal Dispute Resolution Procedure (IDRP) Cases  
(Pages 61 - 68)
8. Communications Review (Pages 69 - 76)
9. Date of Next Meeting
10. Any Other Business

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

County Hall  
Durham  
4 March 2022

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

**Scheme Employer Representatives:**

Councillors A Hopgood and D Stoker

**Scheme Member Representatives:**

N Hancock, L Oliver and W Pattison

---

**Contact: Martin Tindle**

**Email: 03000 269 713**

---

Pension Fund Committee



Abbreviations

List of commonly used abbreviations

<b>AB</b>	Alliance Bernstein, the Fund's Bonds manager
<b>ACS</b>	Authorised Contractual Scheme, the collective investment scheme used by BCPP for asset pooling
<b>AUM</b>	Assets Under Management
<b>BCPP</b>	Border to Coast Pensions Partnership, the Fund's asset pool
<b>CBRE</b>	Coldwell Banker Richard Ellis, the Fund's Real Estate manager
<b>CEO</b>	Chief Executive Officer
<b>CIO</b>	Chief Investment Officer
<b>CIPFA</b>	The Chartered Institute of Public Finance and Accountancy
<b>CLG</b>	Communities and Local Government (former name of MHCLG)
<b>COO</b>	Chief Operating Officer
<b>COP</b>	Conference of Parties, a UN conference on climate change
<b>CPI</b>	Consumer Price Index
<b>CSR</b>	Corporate Social Responsibility, a term under which companies report their social, environmental and ethical performance
<b>DAA</b>	Dynamic Asset Allocation
<b>DGF</b>	Diversified Growth Fund

<b>EM</b>	Emerging Markets
<b>EMEA</b>	Europe, Middle East & Africa
<b>ESG</b>	Environmental, Social, and Governance – factors in assessing an investment’s sustainability
<b>FCA</b>	Financial Conduct Authority
<b>FRC</b>	Financial Reporting Council
<b>FSS</b>	Funding Strategy Statement
<b>FTA</b>	FTSE Actuaries UK Gilts Index Series
<b>FTSE</b>	Financial Times Stock Exchange
<b>GEM</b>	Global Emerging Markets
<b>GRESB</b>	Global ESG Benchmark for Real Assets
<b>HMT</b>	Her Majesty’s Treasury
<b>Infra</b>	Infrastructure
<b>IRR</b>	Internal Rate of Return
<b>ISS</b>	Investment Strategy Statement
<b>JC</b>	Joint Committee
<b>LGA</b>	Local Government Association
<b>LGPS</b>	Local Government Pension Scheme
<b>LAPFF</b>	Local Authority Pension Fund Forum
<b>LIBOR</b>	London Inter Bank Offered Rate, a benchmark interest rate at which global banks lend to one another
<b>LPB</b>	Local Pension Board
<b>MAC</b>	Multi Asset Credit
<b>MHCLG</b>	Ministry of Housing, Communities and Local Government
<b>MSCI</b>	formerly Morgan Stanley Capital International, publisher of global indexes

<b>NED</b>	Non-Executive Director
<b>NT</b>	Northern Trust, the Fund's Custodian
<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>PF</b>	Pension Fund
<b>PFC</b>	Pension Fund Committee
<b>PLSA</b>	Pensions and Lifetime Savings Association
<b>PRI</b>	The UN-supported Principles for RI
<b>RI</b>	Responsible Investment
<b>RPI</b>	Retail Price Index
<b>S&amp;P</b>	Standard & Poor's, ratings agency and provider of equity indices
<b>S151</b>	An officer with responsibilities under s151 of the Local Government Act 1972
<b>SAB</b>	Scheme Advisory Board
<b>SDG</b>	the UN's Sustainable Development Goals
<b>SILB</b>	Sterling Index Linked Bonds
<b>SONIA</b>	Sterling Over Night Index Average, the overnight interest rate paid by banks
<b>TCFD</b>	Taskforce on Climate Related Financial Disclosures
<b>TER</b>	Total Expense Ratio
<b>TPR</b>	The Pensions Regulator

**Author(s)**

Paul Cooper

Tel: 03000 269798

This page is intentionally left blank

## Glossary of commonly used terms

### A

#### **Active Management**

Appointing investment professionals to track the performance of the Fund's mandates, making buy, hold and sell decisions about the assets with a view to outperforming the market.

#### **Active Member**

A current employee who is contributing to the pension scheme.

#### **Actuary**

An independent professional who advises the Council in its capacity as Administering Authority on the financial position of the Fund.

#### **Actuarial Valuation**

The Fund's actuary carries out a valuation every three years and recommends an appropriate rate of contributions for each of the Fund's participating employers for the following three years. The valuation measures the Fund's assets and liabilities, with contribution rates set according to the Fund's deficit or surplus.

## **Additional Voluntary Contributions (AVCs)**

An option available to active members to build up a pot of money which is then used to provide additional pension benefits. The money is invested separately with one of the Fund's external AVC providers.

## **Administering Authority**

The LGPS is run by local Administering Authorities. An Administering Authority is responsible for maintaining and investing its own Fund for the LGPS.

## **Admission/Admitted Body**

An organisation whose employees can become members of the Fund by virtue of an admission agreement made between the council in its capacity as Administering Authority and the organisation. It enables contractors who take on council services to offer staff transferred to the organisation continued membership of the LGPS.

## **Asset Allocation**

The apportionment of the Fund's assets between different types of investment (or asset classes). The long-term strategic asset allocation of the Fund will reflect the Fund's investment objectives and is set out in the Investment Strategy Statement.

## **Authorised Contractual Scheme (ACS)**

A collective investment scheme used by BCPP. An ACS is a form of investment fund that enables a number of investors to 'pool' their assets and invest in a professionally managed portfolio of investments, typically gilts, bonds, and quoted equities. Regulated by the Financial Conduct Authority, it is "tax transparent"; making it particularly useful for pooling pension assets.

## **B**

### **Benchmark**

A measure against which the investment policy or performance of an investment manager can be compared.

### **Border to Coast Pension Partnership (BCPP)**

The Fund's chosen asset pool. BCPP has 11 Partner Funds who collectively have around £45bn of assets. The Partner Funds have appointed a Board of Directors, chaired by Chris Hitchen, which is responsible for ensuring that Border to Coast is run effectively and in line with the guiding principles set by the shareholders. The Chief Executive Officer, Rachel Elwell, is responsible for the day to day running of Border to Coast along with her team.

### **Border to Coast Joint Committee**

As part of their oversight, BCPP Partner Funds formed a Joint Committee which consists of the Chairs of each of the Partner Fund Pension Committees together with other non-voting representatives.

## **C**

### **CARE (Career Average Revalued Earnings)**

From 1 April, 2014, the LGPS changed from a final salary scheme to a Career Average (CARE) scheme. The LGPS remains a defined benefit scheme but benefits built up from 2014 are now worked out using a member's pay each scheme year rather than the final salary at leaving.

### **Cash Equivalent Value (CEV)**

This is the cash value of a member's pensions rights for the purposes of divorce or dissolution of a civil partnership.

## **Consumer Price Index (CPI)**

A method of measuring the changes in the cost of living, similar to the Retail Price Index. Since April 2011 LGPS pensions are increased annually in line with movement in the Consumer Price Index during the 12 months to the previous September.

## **Commutation**

A scheme member may give up part or all of the pension payable from retirement in exchange for an immediate lump sum.

## **Convertible Shares**

Shares that include an option for holders to convert into a predetermined number of ordinary shares, usually after a set date.

## **Custodian**

A financial institution that holds customers' securities for safekeeping to minimise the risk of theft or loss. Most custodians also offer account administration, transaction settlements, collection of dividends and interest payments, tax support and foreign exchange. Custody is currently provided to the Fund by Northern Trust.

## **D**

### **Death Grant**

A lump sum paid by the Fund to the dependents or nominated representatives of a member who dies.

### **Deferred Member/Pensioner**

A scheme member who has left employment or otherwise ceased to be an active member of the scheme who retains an entitlement to a pension from the Fund.

## **Defined Benefit Scheme**

A pension scheme like the LGPS where the benefits that will ultimately be paid to the employee are fixed in advance and not impacted by investment returns. It is the responsibility of the sponsoring organisation to ensure that sufficient assets are set aside to meet the future pension promise.

## **Denomination**

The face value of a bank note, coin or postage stamp, as well as bonds and other fixed-income investments. Denomination can also be the base currency in a transaction or the currency a financial asset is quoted in.

## **Designating Body**

Organisations that can designate employees for access to the LGPS. Employees of town and parish councils, voluntary schools, foundation schools, foundation special schools, among others, can be designated for membership of the scheme.

## **Discretion**

The power given by the LGPS to enable a participating employer or Administering Authority to choose how they will apply the scheme in respect of several its provisions. For some of these discretions it is mandatory to pass resolutions to form a policy as to how the provision will apply. For the remaining discretionary provisions, a policy is advised.

## **Direct Property**

Direct investment in property is buying all or part of a physical property. Property owners can receive rent directly from tenants and realise gains or losses from the sale of the property.

## **Diversified Growth Funds (DGF)**

An alternative way of investing in shares, bonds, property and other asset classes; DGFs are funds that invest in a wide variety of asset classes in

order to deliver a real return over the medium to long-term. The Fund's DGF is managed by BlackRock.

## **E**

### **Employer Contribution Rates**

The percentage of an employee's salary participating employers pay as a contribution towards that employee's LGPS pension.

### **Employer Covenant**

The covenant is an employer's legal obligation and financial ability to support their defined benefit (DB) obligation now and in the future.

### **Equities**

Ordinary shares in UK and overseas companies traded on a stock exchange. Shareholders have an interest in the profits of the company and are entitled to vote at shareholders' meetings.

## **ESG**

ESG is the consideration of environmental, social and governance factors alongside financial ones in the investment decision-making process. E, S, and G are the three key factors in assessing an investment's sustainability

## **F**

### **Fiduciary Duty**

Fiduciary duties exist to ensure that those who manage other people's money act in beneficiaries' interests rather than their own.

## **Financial Instruments**

Tradable assets of any kind, which can be cash, evidence of an ownership interest in an entity or a contractual right to receive or deliver cash or another financial instrument.

## **Fixed Interest Securities**

Investments, mainly in Government stocks, which guarantee a fixed rate of interest. The securities represent loans which are repayable at a future date that can be traded on a recognised stock exchange in the meantime.

## **Fund of Funds (FoF)**

A fund that holds a portfolio of other investment funds.

## **G**

### **Guaranteed Minimum Pension (GMP)**

The LGPS guarantees to pay a pension that is at least as high as a member would have earned had they not been contracted out of the State Earning Related Pension Scheme (SERPS) at any time between 6 April 1978 and 5 April 1997. This is called the guaranteed minimum pension (GMP).

## **I**

### **Index**

A calculation of the average price of shares, bonds or other assets in a specified market to provide an indication of the average performance and general trends in the market.

## **Internal Rates of Return (IRR)**

The internal rate of return (IRR) is a metric used to estimate the profitability of potential investments. Generally, the higher an IRR, the more desirable an investment is to undertake.

## **L**

### **Local Government Pension Scheme (LGPS)**

The LGPS is collectively the largest public sector pension scheme in the UK, which provides DB benefits to employees of local government employers and other organisations that have chosen to participate.

### **Local Pension Board (LBP)**

Since April 2015, each Administering Authority is required to establish and operate a Local Pension Board. The Pension Board is responsible for assisting the Administering Authority in securing compliance with the LGPS regulations, overriding legislation and guidance from the Pensions Regulator. The Board is made up of equal representation from employer and scheme member representatives.

## **M**

### **Myners Principles**

A set of principles based on Paul Myners' 2001 report, Institutional Investment in the United Kingdom. The Myners' principles for defined benefit schemes cover:

Effective decision-making

Clear objectives

Risk liabilities

Performance assessment

Responsible ownership

Transparency and reporting.

## O

### **Ordinary Shares**

An ordinary share represents equity ownership in a company and entitles the owner to vote at the general meetings of that company and receive dividends on those shares if a dividend is payable.

## P

### **Partner Funds**

The Fund's chosen asset pool, BCPP, has 11 Partner Funds - Bedfordshire, Cumbria, Durham, East Riding, Lincolnshire, North Yorkshire, South Yorkshire, Surrey, Teesside, Tyne & Wear, Warwickshire.

### **Pension Liberation Fraud**

Members with deferred benefits may be approached by companies offering to release funds early from these benefits. The Pensions Regulator has advised pension funds to make members aware of the potential warning signs of pension liberation fraud.

### **Pensions Online**

The Fund's online portal where scheme members may view their pensions records, complete retirement calculations, and update personal details.

### **Pensions Regulator**

The Pensions Regulator (TPR) is the UK regulator of workplace pension schemes. TPR make sure that employers put their staff into a pension

scheme and pay money into it. TPR also make sure that workplace pension schemes are run properly so that people can save safely for their later years.

## **Pooled Funds**

Funds which manage the investments of more than one investor on a collective basis. Each investor is allocated units which are revalued at regular intervals. Income from these investments is normally returned to the pooled fund and increases the value of the units.

## **Pooling in the LGPS**

Central government requires local authorities to pool their pension assets, to achieve four principles:

1. Cost savings through economies of scale
2. Improved governance
3. Improved approach to responsible investment
4. Improved ability to invest in infrastructure

## **Proxy Voting**

Proxy voting allows shareholders to exercise their right to vote without needing to attend AGMs. This can involve shareholders with voting rights delegating their votes to others who vote on their behalf.

## **Q**

## **Quantitative Easing**

Quantitative easing (QE) is when a central bank creates new money electronically to buy financial assets like Government bonds with the aim of directly increasing private sector spending in the economy and returning inflation to target.

## **R**

### **Related Party Transactions**

This is an arrangement between two parties joined by a special relationship before a deal, like a business transaction between a major shareholder and a corporation.

### **Responsible Investment (RI)**

Responsible investment involves incorporating environmental, social and governance (ESG) considerations into investment decision-making while practising active ownership. RI can help deliver sustainable, long-term returns for investors.

### **Retail Price Index**

A method of measuring the changes in the cost of living. It reflects the movement of prices covering goods and services over time. Until April 2011, the amount by which LGPS pensions were increased annually was based on movement in the Retail Price Index during the 12 months to the previous September. From April 2011, the Government changed the amount by which pensions increase from Retail Price Index to Consumer Price Index (CPI).

### **Return**

The total gain from holding an investment over a given period, including income and increase or decrease in market value.

### **Rule of 85**

Under previous LGPS regulations, when a member elected to retire before age 65, the Rule of 85 test was used to find out whether the member retired on full or reduced pension benefits. If the sum of the member's age and the number of whole years of their scheme membership was 85 or more, benefits were paid in full. If the total was less than 85, the benefits were reduced. The Rule of 85 was abolished on 1 October, 2006 - however, members contributing to the LGPS prior to this date will have some or all of their pension benefits protected under this rule.

## **S**

### **Scheduled Body**

An organisation that has the right to become a member of the LGPS under the scheme regulations. Such an organisation does not need to be admitted as its right to membership is automatic.

### **Spot Rate**

The price quoted for immediate settlement on a commodity, security or currency. It is based on the value of an asset at the moment of the quote, which in turn is based on how much buyers are willing to pay and how much sellers are willing to accept depending on factors such as current market value and expected future market value.

### **State Pension Age (SPA)**

The earliest age at which State Pension can be paid, which different to the earliest age LGPS may be claimed. Under the current law, the State Pension age is due to increase to 68.

### **Stock Lending**

This is loaning a stock, derivative or other security to an investor or firm. It requires the borrower to put up collateral (cash, security or a letter of credit). When stock is loaned, the title and the ownership is transferred to the borrower and title is returned at the end of the loan period.

## **T**

### **TCFD**

The Taskforce on Climate Related Financial Disclosures was set up to develop voluntary, consistent, climate related financial risk disclosures to guide companies in providing information to investors, lenders, insurers and other stakeholders. It is expected that MHCLG will consult on mandatory TCFD disclosures in the LGPS by the end of 2021.

## **The Pension Advisory Service (TPAS)**

The Pensions Advisory Service (TPAS) gives information and guidance to members of the public on state, company and personal pensions. It helps any member of the public who has a problem with their occupational or private pension arrangement. TPAS is an executive non-departmental public body, sponsored by the Department for Work and Pensions.

## **Transfer Value**

A transfer value is a cash sum representing the value of a member's pension rights.

## **Transferred Service**

Any pension that members have transferred into the LGPS from a previous pension arrangement that now counts towards their LGPS membership.

## **U**

## **UK Stewardship Code**

A code first published by the FRC in 2010 to enhance the quality of engagement between asset managers and companies in the UK. Its principal aim is to make asset managers more active and engaged in corporate governance matters in the interests of their beneficiaries. The Code was revised in 2020.

## **Unrealised gains/losses**

The increase or decrease in the market value of investments held by the fund since the date of their purchase.

## **Author(s)**

Paul Cooper

Tel: 03000 269798

This page is intentionally left blank

**DURHAM COUNTY COUNCIL**

At a Meeting of **Local Pension Board** held in **Council Chamber, County Hall, Durham** on **Thursday 27 January 2022** at **2.00 pm**

**Present:**

**Mr N Hancock (in the Chair)**

**Members of the Board:**

Councillor D Stoker,

**Scheme Member Representatives:**

Mr L Oliver and Mrs W Pattinson

The Chair welcomed new members Councillor D Stoker and W Pattinson to the Board.

**1 Apologies for Absence**

Apologies for absence were received from Councillor A Hopgood.

**2 Declarations of Interest**

There were no Declarations of Interest.

**3 The Minutes of the Meeting held on 26 July 2021**

The Minutes of the meeting held on 26 July 2021 were agreed as a correct record and were signed by the Chair.

**4 Observations from Pension Fund Committee Meetings held on 11 October and 9 December 2021**

Pensions Manager, Paul Cooper informed the Board of the standard items considered by the meeting of the Pension Fund Committee in December, including the value and performance of the fund. He noted that the Committee had received reports relating to Internal Audit, with a 'substantial assurance' in respect of additional voluntary contributions (AVCs).

He added the Committee had also received reports from External Audit and the Pension Fund Accounts had been presented. The Board noted the Committee had been assured as regards the management of risk with a report detailing the Review of Pension Fund Risks.

The Pensions Manager noted the Committee received a report from Border to Coast Pensions Partnership (BCPP) setting out their responsible investment policy, developed with input from the Committee. He explained the Committee had agreed the policy and voting guidelines, with the voting guidelines also approved for the Fund's assets managers outside of the pool. He noted that the Committee had received reports relating to the regulatory and administration update and employer flexibility policy. The Pensions Manager noted that during the private section of the meeting the Committee had received reports and presentations from the Pension Fund Advisor and Independent Investment Manager. In respect of decisions, he noted that the Committee had agreed to invest in BCPP Listed Alternatives and supported the development of a North East Regional Investment Fund, subject to satisfactory due diligence, following Members receiving training and advice.

The Chair noted that he felt a key issue had been the Responsible Investment Policy and noted while BCPP did not have a specific divestment policy, it was felt the issues were covered within the Responsibility Investment Policy. He added that if it was felt issues were not covered then BCPP could begin to look to develop specific approaches to divestment.

**RESOLVED:**

That the information given be noted.

**5 Regulatory Update**

The Board considered a report from the Corporate Director of Resources which provided details on developments in matters that were both Local Government Pension Scheme (LGPS) specific, as well as providing an update on non-LGPS specific matters of interest (for copy see file of Minutes).

The Pensions Manager noted LGPS specific issues updated included: consultation, including LGPS 'Fair Deal' and guaranteed minimum pension (GMP); LGPS Scheme Advisory Board (SAB) issues relating to Academies, Tier 3 Employers, Good Governance in the LGPS and Responsible Investment Guidance; cost control; the McCloud judgement and LGPS Asset Pooling.

The Board noted non-LGPS matters included: Public Sector Exit Payment Caps; mandatory Taskforce on Climate-related Financial Disclosures; UK Stewardship Code; consultation on minimum pension age; consultation by The Pensions Regulator on a single Code of Practice; the Boycotts, Divestment and Sanctions Bill; and pension scams and new restrictions on transfers.

**RESOLVED:**

That the report be noted.

**6 Pension Administration Report**

The Board considered a report from the Corporate Director of Resources regarding the Fund's pension administration and service provision to members, as well as providing an update on Key Performance information (for copy see file of Minutes).

The Pensions Manager advised of the performance in the third quarter of 2021 with 204 retirement cases, 531 early leavers, 2,329 telephone calls to the Fund's Helpline and 14,762 members had registered for the Fund's Pensions Online portal.

The Chair noted he was pleased as regards the inclusion of the number relating to the online portal, adding he encouraged people to sign up.

**RESOLVED:**

That the report be noted.

**7 Membership of Local Pension Board - Verbal Update**

The Pensions Manager noted there had been vacancies on the Board and explained that Wendy Pattinson had been appointed as a Scheme Member Representative and Councillor D Stoker had been appointed as a Scheme Employer Representative. He explained that the three Scheme Member Representative positions were now filled, with Trade Union representation, a retired Scheme Member and an active Scheme Member.

The Pensions Manager noted that in relation to the remaining Scheme Employer vacancy, all participating employers within the fund had been contacted as regards a representative from an employer external to Durham County Council (DCC).

He noted a potential DCC candidate, however, it was hoped that an external representative could be appointed to better reflect the representation of the fund.

**RESOLVED:**

That the verbal update be noted.

**8 Border to Coast Pensions Partnership Joint Committee Membership - Verbal Update**

The Pensions Manager gave a verbal update relating to the BCPP Joint Committee Membership, explaining that the Joint Committee was constituted of all the Chairs from the 11 partner funds, representation from scheme members. He noted that, following an election, five candidates were nominated, with the roles were filled by Nicholas Wirz from the Tyne and Wear Local Pension Board and Deirdre Burnet from Cumbria Local Pension Board.

**RESOLVED:**

That the verbal update be noted

**9 Annual Report and Accounts - Verbal Update**

The Finance Manager, Beverley White gave a verbal update on the Annual Report and Accounts for the Pension Fund, noting the process followed when gaining authorisation and publishing the Annual Report and Accounts. She explained that every LGPS had a legal requirement to publish an Annual Report with the Chartered Institute of Public Finance and Accountancy (CIPFA) providing guidance on the types of information that should be included in the report. She noted that information included: the accounts themselves, as approved by the Council's Audit Committee; the External Auditor's report and opinion on the accounts; the statement of the Actuary; and the Fund's core policy documents as approved by the Pension Fund Committee.

The Finance Manager noted that as DCC was the administrating authority for the Pension Fund, those accounts formed part of the Council's Statement of Accounts and it was added that the Corporate Director of Resources had responsibility for approving the draft accounts and that had been completed in advance of statutory deadline of 31 July. She explained that the External Auditors, Mazars, completed their audit in the last week of September and found no major errors and only minor adjustments were required.

The Board noted that the deadline for approval of the final accounts was 30 September 2021, and the Audit Committee approved the accounts at their meeting on 30 September 2021.

The Finance Manager added that the Pension Fund accounts also needed to be included in the Pension Fund Annual Report and accounts, with the Corporate Director of Resources having responsibility for approving the Annual Report. It was explained that the deadline was 1 December, however, External Audit required the report to be approved the same day as the accounts to ensure the accounts reported in the DCC Statement of Accounts and Pension Fund Annual Report and accounts were exactly the same. The Finance Manager noted the authorisation of the accounts on 30 September by the Corporate Director of Resources and subsequently the publication on the Council website on 28 October 2021.

The Finance Manager explained that she had provided a verbal update to the Pension Fund Committee at its meeting in October in relation to the progress of the Pension Fund accounts and Annual Report, with the final set of Pension Fund accounts reported to their meeting in December. She noted that the External Auditor also presented their report to the Pension Fund Committee in December, including their opinion on the accounts. It was added that an unqualified opinion was provided by the External Auditor, providing assurance that the Pension Fund assets were being managed and accounted for properly. The Finance Manager noted that Audit Committee Members had the opportunity to review the accounts and ask questions of the Auditor prior to being asked to approve the final set of accounts. She noted that Pension Fund Committee Members had also had opportunity to ask questions of the Pension Fund Auditor.

The Finance Manager noted she had presented a summary of the Annual Report and accounts to employers and Members at the Annual Pension Fund Meeting in November, adding that feedback was welcome in terms of any suggested improvements, notwithstanding the minimum CIPFA requirements.

**RESOLVED:**

That the verbal update be noted

**10 Date of Next Meeting**

The next meeting would be held on 14 March 2022 at 2.00 p.m.

This page is intentionally left blank

**Local Pension Board**

**14 March 2022**

**Regulatory Update**



---

## **Report of Paul Darby, Corporate Director of Resources**

### **Purpose of the Report**

- 1 This report briefs the Board on developments in matters that are both Local Government Pension Scheme (LGPS) specific, as well as providing an update on non-LGPS specific matters which are of interest.

### **Executive summary**

- 2 There are a number of developments that will potentially impact the requirements placed upon the Fund, both specific to the LGPS and more generally. This report seeks to keep the Committee updated with those developments

### **Recommendation(s)**

- 3 The Local Pension Board is asked to note the report.

## **Background**

- 4 This report provides an update to Committee on important pensions administration and governance matters that are currently relevant. The report is split into 2 main sections:
  - (a) LGPS specific matters, and;
  - (b) Non-LGPS specific matters that are of interest to the Committee.

## **LGPS Specific Matters**

### **DLUHC Consultation – LGPS: Fair Deal – Strengthening Pension Protection**

- 5 In January 2019, The Department for Levelling Up Housing and Communities (DLUHC), formerly MHCLG, launched a consultation that would strengthen the pensions protections that apply when an employee of an LGPS employer is compulsorily transferred to the employment of a service provider. If the proposed amendments are introduced, the option for staff to be granted access to a Government Actuary's Department (GAD) certified broadly comparable scheme will be removed.
- 6 DLUHC are currently considering the responses received, with a consultation response expected in due course. Officers will continue to monitor the position.

### **DLUHC consultation – LGPS: Changes to the Local Valuation Cycle and the Management of Employer Risk**

- 7 In May 2019 DLUHC consulted on a number of changes to the LGPS, encompassing the following areas:
  - amendments to the local fund valuations from the current 3-year (triennial) to a 4-year (quadrennial) cycle
  - a number of measures aimed at mitigating the risks of moving from a triennial to a quadrennial cycle
  - proposals for flexibility on exit payments
  - proposals for further policy changes to exit credits
  - proposals for changes to the employers required to offer local government pension scheme membership

- 8 On 27 February DLUHC published a partial response to the consultation, covering proposals on exit credits only. DLUHC confirmed their intention to amend the Regulations providing greater discretion to Administering Authorities over the amount of any exit credit. The Local Government Pension Scheme (Amendment) Regulations 2020 were subsequently laid before parliament, coming into force on 20 March 2020 with backdated effect to 18 May 2018. The Fund has published its policy in relation to Exit Credits, which will be reviewed in light of a recent High Court judgement that provided further direction to LGPS Funds.
- 9 DLUHC has also published a partial response in respect of employer contributions and flexibility on exit payments. The Fund is currently finalising its policy approach to Employer Flexibilities.

### **Ongoing Consultation – Guaranteed Minimum Pensions (GMP)**

- 10 In February 2017 the Treasury consulted on options for how the Guaranteed Minimum Pension (GMP) element of pensions paid to those members who will reach state pension age on or after 6th December 2018 should be indexed.
- 11 In January 2018 the Treasury published its response to this consultation, acknowledging that it is a complex area with more time required to identify a long-term solution. As a result, the existing interim solution was extended, covering those members of public service schemes reaching state pension age between 6th April 2016 and 5th December 2018 to those that reach state pension age on or before 5th April 2021.
- 12 On 23 March 2021 Her Majesty's Treasury (HMT) discounted conversion (of GMP into main scheme benefits) as their long-term policy solution and instead will make full GMP indexation the permanent solution for public service pension schemes. Currently members covered by the interim solution have their GMP pensions fully uprated by their scheme in line with CPI. The new policy will extend this to members whose State Pension Age (SPA) is on or after 6 April 2021.
- 13 The full impact of from a funding perspective will become more clear during the 2022 Valuation process.

### **Levelling Up White Paper – LGPS Local Investment Plans**

- 14 In February 2022 the government published its Levelling Up whitepaper which includes references to LGPS funds having plans for

up to 5% of assets to be allocated to projects which support local areas. The whitepaper indicates government intention to “work with Local Government Pension Funds to publish plans for increasing local investment, including setting an ambition of up to 5% of assets invested in projects which support local areas”.

- 15 The Fund does not presently have a specific strategic allocation to local investment, but is currently considering an impact investment in the North East which would support SME finance in the region. Additionally, as part of their strategic plan BCPP propose to launch an impact investment fund during 2023.
- 16 The LGPS Scheme Advisory Board have indicated that in the context of ‘local’ the whitepaper refers to UK rather than local to a particular LGPS fund. The Board have also advised that their understanding is that there will be no mandatory requirement beyond the requirement to have a plan. Further details will emerge over the period up to an expected summer consultation which is expected to also include the outstanding climate risk and reporting regulations and the pooling guidance.

## **LGPS Scheme Advisory Board (SAB)**

### **SAB Review – Academies**

- 17 In 2017 SAB instigated a review of the participation of existing academies and commissioned Price Waterhouse Coopers to investigate issues of academy participation in the LGPS and prepare a report for the Board. The report made no recommendations but set out three broad types of approach or mechanisms to try and resolve these issues. These are:
  - non-regulatory measures within the LGPS
  - regulatory measures within the scheme, and
  - measures outside of the LGPS, including through primary legislation.
- 18 The SAB review had been split between a funding working group and an administration working group. Work on the administration working group was put on hold due to competing work pressures and the project is no longer part of SAB’s current projects.

### **SAB Review – Tier 3 Employers**

- 19 In addition to the review of Academy participation, above, SAB also commissioned work in respect of ‘Tier 3’ employers participating in the LGPS. Broadly, Tier 3 employers are those employers which:
- (i) have no tax raising powers,
  - (ii) are not backed by an employer with tax raising powers;
  - (iii) are not an academy.
- 20 SAB had established a small working group to review concerns expressed by Tier 3 employers and the ways in which they may be resolved. The working group had been tasked with reporting back to the SAB with a set of recommendations for further consideration.
- 21 The project is no longer part of SAB’s current projects. Officers will continue to monitor the position.

### **SAB Review – Good Governance in the LGPS**

- 22 SAB is currently examining the effectiveness of current LGPS governance models with a focus on standards, consistency, representation, conflict management, clarity of roles and cost. SAB’s work will likely result in new statutory guidance on Governance Compliance, with consideration in particular likely to be given to:
- (a) changes to the scheme’s regulatory provisions on Governance Compliance Statements,
  - (b) revised statutory guidance on Governance Compliance Statements,
  - (c) independent assessment of Governance Compliance Statements, and;
  - (d) establishing a set of Key Performance Indicators (KPIs)
- 23 SAB have recently completed their report on Good Governance and submitted an Action Plan to DLUHC to take the recommendations of the project forward. A more detailed update to Committee, and overview of the recommendations proposed to DLUHC will be provided in due course.

## **SAB Review – Responsible Investment Guidance**

- 24 In November 2019, SAB drafted guidance for Responsible Investment in the LGPS, to clarify the parameters within which investment decisions can be made with regard to the integration of ESG factors. Following feedback, SAB has decided to take stock until more is known about the government’s position on the proposed climate change provisions in the Pension Schemes Bill and the implications of the Supreme Court’s judgement involving the Palestine Solidarity Campaign. Committee will be updated as the matter progresses.
- 25 Notwithstanding this decision, SAB have progressed with further work in respect of Responsible Investment (RI), including the production of an RI A-Z Guide. It is intended that the A-Z Guide will provide LGPS stakeholders a “one stop shop for information, links and case studies in this fast growing and complex arena”. The guide will evolve over time, as new entries are added. The A-Z Guide can be found online at the following link <https://ri.lgpsboard.org/items>.
- 26 The Board has also established an RI Advisory Group (RIAG). The main role of the group will be to advise SAB on all matters relating to RI. It will also be responsible for assisting the Board in maintaining the online A-Z Guide. The Group will also assist SAB in developing recommendations to DLUHC on how the Taskforce on Climate-Related Financial Disclosures (TCFD) reporting should be applied to the LGPS.

## **Cost Control Mechanism & Review**

- 27 The Committee has been informed previously of the Cost Control Mechanism in the LGPS and other public sector schemes which sets both a cost ‘ceiling’ and ‘floor’ in respect of the ongoing affordability of public sector pensions. This creates a “cost corridor” designed to keep schemes within 2% of target costs.
- 28 Before the impact of McCloud, provisional cost management assessments indicated floor breaches in most public sector schemes, that may have resulted in an improvement to benefits or reduction in member contributions. At the request of HMT, GAD carried out a review of the Cost Control Mechanism across the public sector.
- 29 Members were informed previously that it had not previously been possible to assess the value of the public service pensions arrangements with any certainty due to the anticipated implications of the Court of Appeal judgements in McCloud and Sargeant.

- 30 The Fund's own position on McCloud has also been discussed previously, with the Actuary outlining in detail how the issue was to be reflected in the 2019 Valuation. The approach taken added an additional 0.9% to the employer contribution rate for all employers at the 2019 valuation.
- 31 In July 2021 however, it was confirmed that the impact of McCloud would be classed as "member costs" for the purpose of the 2016 cost control review, with the pause on the review lifted. This was confirmed by HMT Directions in October 2021. Subsequently, SAB found that the LGPS showed only a slight reduction in costs. Despite this slight reduction, SAB confirmed that they are no longer recommending any LGPS benefit structure changes. SAB has however reaffirmed its commitment to revisiting both Tier 3 ill health and contribution rates for the lowest paid members.
- 32 Whilst it appears that the 2016 Cost Review is coming to a conclusion, it should be noted that the Fire Brigade Union is considering a judicial review of the decision to include the McCloud remedy as a "member cost". If successful, the 2016 review may be reopened.
- 33 When the Cost Cap Mechanism was first introduced in 2016 across the public sector it was anticipated that the mechanism would be triggered only by "extraordinary" event. As noted above however, the initial assessment of public sector schemes showed cost floor breaches leading to HMT's request for a review of the mechanism.
- 34 Following a review by GAD, the government have taken forward three main principles to adjust the mechanism for the 2020 review, so that the new Cost Control Mechanism will:
- (a) Be based on the reformed scheme only, ie. in the LGPS the mechanism will assess post 2014 costs only
  - (b) Adjust the cost floor and ceiling from +/-2% to +/- 3%
  - (c) Introduce an economic check linked to GDP

## **McCloud**

- 35 The Committee has been kept up to date with the impact and issues surrounding the McCloud judgement itself. To recap briefly, when the Government reformed public service pension schemes in 2014 and 2015 they introduced protections for older members. In December 2018, the Court of Appeal ruled that younger members of the Judges' and Firefighters' Pension schemes have been discriminated against because the protections do not apply to them. The Government has

confirmed that there will be changes to all main public sector schemes, including the LGPS, to remove this age discrimination.

- 36 In July 2021, the Public Service Pensions and Judicial Offices Bill was laid before Parliament. This bill seeks to amend the Public Service Pensions Act 2013 by making provision to rectify the unlawful discrimination by the 2014 Scheme. If made law, it would enable the LGPS to make provision for final salary benefits to be paid in respect of the remedy period. It is expected that the Bill will gain royal assent in March.
- 37 The estimated cost across the whole of the LGPS is £1.8bn. As noted above, the Fund made an estimated provision for the impact at local level at the last Valuation. In terms of scheme member impact, HMRC have recently announced a range of measures intended to protect members from annual and lifetime allowance impacts.
- 38 Whilst it is anticipated that the necessary LGPS Regulations will not come into force until 2023, Officers of the Fund are actively working with Participating Employers to ensure all of the necessary data is collected to be able to properly implement the anticipated remedy.

## **Non- LGPS Specific Matters**

### **Public Sector Exit Payments Caps**

- 39 The Small Business, Enterprise and Employment Act 2015 introduced the concept of a 'public sector exit payments cap'. The legislation provides that exit payments to be paid to a person are not to exceed £95,000. The 2015 Act provided the overarching principles of how the exit cap was to operate, but the detail was to be prescribed in regulations that were expected to soon follow.
- 40 After a period of delay the Treasury launched a new consultation on this matter in April 2019. Included in the consultation were draft regulations called 'The Restriction of Public Sector Exit Payment Regulations 2019' which provided detail on how the exit cap should operate from an employer's perspective.
- 41 Under the Regulations, the cap was to remain at £95,000 and include:
- redundancy payment(s);

- any payment to offset an actuarial reduction to a pension arising by virtue of early retirement (known as 'strain on the fund' or 'early release' cost);
  - any payment made pursuant to an award of compensation under the ACAS arbitration scheme or a settlement or conciliation agreement;
  - any severance payment or ex gratia payment;
  - any payment in the form of shares or share options;
  - any payment on voluntary exit;
  - any payment in lieu of notice due under a contract of employment;
  - any payment made to extinguish any liability under a fixed term contract;
  - any other payment made, whether under a contract of employment or otherwise, in consequence of termination of employment or loss of office.
- 42 Most significantly for the LGPS, was the inclusion of the 'strain on the fund' costs being included towards the cap. These costs of allowing unreduced access to pension benefits for members over 55 can exceed £95,000 for scheme members with long periods of membership.
- 43 Separately to the Exit Payment Regulations, DLUHC consulted on further reforms to the LGPS Regulations that would accommodate the Exit Cap within the Scheme. As DLUHC's proposed changes were not implemented concurrently with the Exit Payment Regulations, there was legal uncertainty for both LGPS Administering Authorities and participating employers due to the conflicting legislation.
- 44 On 12 February however the Exit Cap was unexpectedly disapplied, after the Treasury issued the 'Exit Payment Cap Directions 2021'. The Treasury will bring forward at pace revised proposals in respect of public sector exits. The Local Pension Board will be updated as further details emerge.

### **Mandatory TCFD Reporting**

- 45 Using powers granted under the Pension Schemes Bill, the Department for Works and Pensions (DWP) has consulted on draft regulations requiring occupational pension schemes to meet climate

governance requirements, publish a Taskforce on Climate-related Financial Disclosures (TCFD) report and include a link to the report in their annual report and accounts.

- 46 Whilst the regulations will not apply to the LGPS it is expected that DLUHC will bring forward similar proposals requiring TCFD disclosures in the LGPS. At the time of writing, consultation on such requirements in the LGPS is expected soon.
- 47 The Fund's pooling partner, Border to Coast Pensions Partnership (BCPP) are supporters of the Task Force on Climate-related Financial Disclosures (TCFD) and have just published their second TCFD report aligned with the recommendations. This covers the approach to climate change across the four thematic areas of Governance, Strategy, Risk Management, and Metrics and Targets. The report demonstrates the improvements and developments made across the four key areas. The report can be found online at the following link <https://www.bordertocoast.org.uk/sustainability/>.
- 48 BCPP will support Partner Funds ahead of any mandatory reporting requirements through the Officers Operation Group RI workshops, delivering training, and by providing reporting. BCPP have held discussions to understand all Partner Funds' requirements on carbon reporting on assets, including those that are currently not held in the pool.
- 49 A BCPP procurement for carbon data, including forward-looking metrics (scenario analysis), taking place this year will take into account the reporting requirements of Partner Funds for equity and fixed income portfolios. Obtaining carbon data for Private Markets is more challenging and BCPP are looking into solutions for these portfolios held in the pool.
- 50 An overview of TCFD was included in training for members of the Committee last year. A more detailed report, and further training will be provided to the Committee on the details of DLUHC's anticipated consultation on TCFD (now expected in the summer), and the availability of data through BCPP. The Local Pension Board will be updated as further details emerge.

## **UK Stewardship Code 2020**

- 51 The UK Stewardship Code aims to enhance the quality of engagement between investors and companies to help improve long-term risk-adjusted returns to shareholders. The Fund has previously signed up the Code, and BCPP also publish a UK Stewardship Code compliance statement.

- 52 Due to the significant changes in the Investment Market since the introduction of the first Code, The UK Stewardship Code 2020 is now being introduced. This new Code expands on the previous requirements and comprises a set of 12 Principles which require reporting and disclosure on an 'apply and explain' basis.
- 53 The LGPS (Management and Investment of Funds) 2016 Regulations state that the responsibility for stewardship, which includes shareholder voting, remains with the Partner Funds. Stewardship, day-to-day administration and implementation have been delegated to Border to Coast by the Partner Funds, on assets managed by Border to Coast, with appropriate monitoring and challenge to ensure this continues to be in line with Partner Fund requirements. To leverage scale and for operational purposes, Border to Coast has, in conjunction with Partner Funds, developed a Responsible Investment Policy and accompanying Corporate Governance & Voting Guidelines to ensure clarity of approach on behalf of Partner Funds.
- 54 Together with peers at BCPP Partner Funds, Officers are working to consider the new Code and how to ensure compliance. A more detailed report will be provided to the Committee in due course.

### **Consultation on Minimum Pension Age**

- 55 A consultation entitled 'Increasing the normal minimum pension age: consultation on implementation' was launched on 11th February and ran until 22nd April 2021. The consultation proposes that, due to increases in longevity and changing expectations of how long individuals will remain in work and in retirement, the minimum pension age would increase from 55 to 57 in 2028. When the policy was first announced, it was intended that the NMPA would be 10 years earlier than the State Pension Age. The minimum age a scheme member can currently retire voluntarily in the LGPS is 55.

### **TPR Code of Practice**

- 56 The Pensions Regulator (TPR) has consulted on a single Code of Practice to cover all regulated schemes. Presently, the Regulator has a specific Code for Public Service Pensions. Whilst the new Code does not extend TPR's powers in the LGPS beyond its existing remit on governance and administration, there are some concerns over how the provisions of the Code fit with the LGPS. SAB have responded on behalf of the LGPS.
- 57 The Regulator plans to carry out a full review of the comments received through the consultation which it will consider carefully. TPR does not now expect to lay the new code before Parliament before Spring 2022 so it is unlikely that the Code will become effective

before Summer 2022. It is therefore proposed that the Board's existing Workplan addressing the existing 'Public Service Pension Code of Practice' is rolled forward.

- 58 A copy of the rolled forward workplan and a summary of the Regulator's proposed Consolidated Code are included in Appendix 1 and 2.

### **Boycotts, Divestment and Sanctions**

- 59 The government's legislative programme was laid out in May 2021. The programme included a Boycotts, Divestment and Sanctions (BDS) Bill the purpose of which was to be to stop public bodies from taking a different approach to UK Government sanctions and foreign relations covering purchasing, procurement, and investment decisions.
- 60 In advance of the BDS Bill an amendment to the Public Services Pensions Bill passed, which proposed conferring powers to the Secretary of State to make guidance in respect of BDS. The clause would enable the Secretary of State to issue guidance to LGPS administering authorities that they may not make investment decisions that conflict with the UK's foreign and defence policy.
- 61 The Public Services Pensions Bill is expected to gain royal assent in March, at which time the amendment may be subject to further debate. Members of the Board will be kept up to date, as the matter progresses.

### **Pension Scams and new Restrictions on Transfers**

- 62 From 30 November 2021 new regulations ('the Occupational and Personal Pension Schemes Conditions for Transfers Regulations 2021') place greater restrictions on transferring out of the Pension Fund. The new Regulations require the Fund to carry out greater due diligence to protect scheme members from falling foul of Pension Scams.
- 63 The Fund will be required to notify members seeking to transfer out, that the transfer can only proceed if there are no due diligence red flags, or, if the transfer is to a public service scheme, master trust or collective money purchase scheme. The Fund already provides warnings to its scheme members of the risks of pension scams through the Pensions Regulator's 'Scams warning' – a copy of which is included in Appendix 3. The Fund has also worked with the Regulator to provide a bespoke warning through the Online Portal. In light of the new Regulations however, Officers have amended the Fund's transfer process to reflect the new requirements.

**Author(s)**

Paul Cooper

Tel: 03000 269798

This page is intentionally left blank

## Appendix 1: Local Pension Board Work Plan

Work Plan Rolled Forward:

Meeting	Topics to be considered	Comments
December 2021	<ul style="list-style-type: none"> <li>Review Pension Fund Annual Report and Accounts</li> </ul>	
March 2022	<ul style="list-style-type: none"> <li>Member and Employer Communications</li> </ul>	<ul style="list-style-type: none"> <li>Review Standard communications and Communications Strategy</li> </ul>
	<ul style="list-style-type: none"> <li>Internal disputes cases &amp; Pension Ombudsman cases</li> </ul>	<ul style="list-style-type: none"> <li>Review and consider any lessons learned</li> </ul>
June 2022	<ul style="list-style-type: none"> <li>Review Performance Statistics - Review KPIs</li> </ul>	
	<ul style="list-style-type: none"> <li>The Pensions Regulator Code of Practice</li> </ul>	<ul style="list-style-type: none"> <li>Consider gap analysis against Code of Practice</li> </ul>
	<ul style="list-style-type: none"> <li>Review training approach</li> </ul>	<ul style="list-style-type: none"> <li>Consider Board members, Committee members and Officers involved in scheme administration</li> </ul>
September 2022	<ul style="list-style-type: none"> <li>Assist in development and review of asset voting and engagement processes</li> </ul>	<ul style="list-style-type: none"> <li>Consider compliance with UK Stewardship Code</li> </ul>
	<ul style="list-style-type: none"> <li>Review Breach Log</li> </ul>	
December 2022	<ul style="list-style-type: none"> <li>The Pensions Regulator Code of Practice</li> </ul>	<ul style="list-style-type: none"> <li>Consider gap analysis against Code of Practice</li> </ul>
	<ul style="list-style-type: none"> <li>Review Pension Fund Annual Report and Accounts</li> </ul>	
March 2023	<ul style="list-style-type: none"> <li>Member and Employer Communications</li> </ul>	<ul style="list-style-type: none"> <li>Review Standard communications and Communications Strategy</li> </ul>

	<ul style="list-style-type: none"> <li>• Internal disputes cases &amp; Pension Ombudsman cases</li> </ul>	<ul style="list-style-type: none"> <li>• Review and consider any lessons learned</li> </ul>
	<ul style="list-style-type: none"> <li>• Review Breach Log</li> </ul>	
June 2023	<ul style="list-style-type: none"> <li>• Review Performance Statistics - Review KPIs</li> </ul>	
	<ul style="list-style-type: none"> <li>• Review final valuation report outcome</li> </ul>	
September 2023	<ul style="list-style-type: none"> <li>• Employer and Administering Authority Discretions</li> </ul>	<ul style="list-style-type: none"> <li>• Review approach and application</li> </ul>
	<ul style="list-style-type: none"> <li>• Review Breach Log</li> </ul>	
December 2023	<ul style="list-style-type: none"> <li>• The Pensions Regulator Code of Practice</li> </ul>	<ul style="list-style-type: none"> <li>• Consider gap analysis against Code of Practice</li> </ul>
	<ul style="list-style-type: none"> <li>• Review Pension Fund Annual Report and Accounts</li> </ul>	

---

## Appendix 2: TPR Consolidated Code Proposals

---

Number	Module Title		Comments / Overview
<b><u>The Governing Body</u></b>			
TGB006	<b>Meetings and Decision-making</b>	<b>NEW</b>	In most cases meet at least quarterly. Written meeting records to be held with a list of required info to be noted. Establish a process for meetings e.g. set frequency, develop policy on how/when extraordinary meetings should be held, create process for rescheduling meetings, agree responsibilities for agenda setting etc. Retention of documentation surrounding decision making. Consider ways to publish additional information such as information requested by the governing body to encourage member engagement and promote transparency.
TGB016	<b>Remuneration policy</b>	<b>Best Practice</b>	Not needed by Public service schemes but could be adopted as best practice. Remuneration policy sets out levels and means for remunerating those undertaking activities in relation to the scheme paid for by the governing body

			and/or sponsoring employer. Need to establish policy and keep written record. Consider any outsourced service provider including actuarial, legal advisory and investment services.
TGB010	<b>Managing advisers and service providers</b>	<b>NEW</b>	Establish agreed and documented policies for making appointments to the scheme - review at least biannually. Consider tender processes. Consider degree of delegation. Review relevant frameworks for specialist functions if required. Carry out due diligence prior to appointments. Agree accountability and performance indicators, escalation points, process of recording decisions etc. Consider data protection legislation when sharing information. Be aware of obligations, professional conduct rules and whistleblowing requirements that may be placed on some advisers. Regularly assess performance against agreed KPIs and set objectives. Periodically review the market of service providers. Develop a process to ensure that improvements are made where poor service is identified. Plan effectively for replacing or transitioning to new service providers.

TGB033	<b>Assurance of governance and Internal controls</b>	<b>Existing</b>	New material on assurance - statutory external audit undertaken only provides assurance on financial elements but cannot provide assurance on member benefits for example. Adequate internal controls i.e Internal Audit will help with this.
TGB022	<b>Continuity Planning</b>	<b>Best Practice</b>	Best practice to have a BCP in place should there be a disruption to the activities of the scheme. Scheme should seek to ensure continuity and regularity in the performance of the scheme.
<b><u>Funding on investment</u></b>			
FAI001	<b>Investment governance</b>	<b>BP</b>	Not required in legislation but LGPS scheme managers should approach investment governance in the same way. Ensure scheme manager and those involved in investment decisions have required skills & knowledge. Appoint suitably qualified advisers. Produce statement of investment principles (FSS? ISS?) Document objectives, role and responsibilities of

			those involved in decision making. Assess investment performance at least quarterly. Ensure there is sufficient expertise to challenge any advice given. Formally consider performance of investment managers/advice providers triennially and act on any issues identified.
FAI005	<b>Investment monitoring</b>	<b>BP</b>	Not required in legislation but LGPS scheme managers should approach investment governance in the same way. Governing bodies should be confident that investment governance is carried out in accordance with legal obligations, with scheme members best interests in mind, and by people with the right expertise. Governing bodies should have procedures in place to monitor scheme investment and performance, and set expectations for investment managers.
<b><u>Administration</u></b>			
ADM001	<b>Adminstration</b>	<b>NEW</b>	Scheme managers are required under legislation to establish and operate internal controls which adequate to ensure the scheme is administered and

			<p>managed in accordance with the scheme regulations. Maintain sufficient scheme knowledge, understand administrator responsibilities. Include administration as a regular agenda item on meetings. Develop long term admin strategy. Maintain proper administration, monitor and reviewing reports and challenging where appropriate, have a BCP.</p>
ADM002	<b>Financial Controls</b>	<b>NEW</b>	<p>Scheme managers are required under legislation to establish and operate internal controls which adequate to ensure the scheme is administered and managed in accordance with the scheme regulations. Understand the procedures and controls the administrator operates to ensure that financial transactions are processed promptly and accurately. Annually review all processes and systems related to financial transactions and improve where necessary. Have expected SLAs in place and monitor performance against these. Ensure comms with employers is maintained so that necessary information is shared timely and accurately. Ensure that finance data is processed accurately so</p>

			that core transactions can be processed accurately.
ADM014	<b>Transfers</b>	<b>NEW</b>	Governing bodies should ensure that they have the necessary administrative procedures in place to deal with transfer requests without undue delay.
ADM003	<b>Scheme Records</b>	<b>NEW</b>	Maintain complete and accurate records. Establish and operate internal controls which are adequate for the purpose of securing that the scheme is administered and managed in accordance with scheme rules.
ADM006	<b>Data Monitoring</b>	<b>NEW</b>	Records must be maintained. Scheme managers should establish and operate internal controls securing this. Monitor data regularly, ensuring its complete and accurate. Ensure info is received regarding material errors. Plan for improving data where necessary and monitor this. Reconcile member records with info held by the employer. Reconcile scheme membership regularly. Assess the need for data review at least annually including

			common and scheme data. Ensure processes meet the requirements of data protection legislation. Understand obligations of data protection law.
ADM0015	<b>Maintenance of IT systems</b>	<b>NEW</b>	Maintain appropriate IT systems, which are reviewed and maintained regularly with processes for transmission of information. ICT systems should be able to meet scheme's need and legal requirements. Service providers should be able to demonstrate that they meet expectations of TPR. Ensure cyber security measures are in place. Record planned and executed changes to systems. Written policy on maintaining, upgrading and replacing hardware which should be able to meet the current and anticipated system requirements. Manage planned and future admin software updates.
ADM0016	<b>Cyber controls</b>	<b>NEW</b>	Governing bodies should take steps to reduce the risk of cyber incidents occurring and appropriately manage any incidents that arise. Properly functioning cyber controls will assist in complying with data protection legislation. Scheme managers should establish and operate adequate internal

			<p>controls to reduce cyber risk. Ensure governing body has knowledge and understanding of cyber risk.</p> <p>Understand the need for confidentiality, integrity and availability of the systems and services processing personal data. Ensure cyber risk is listed in the risk register and reviewed regularly. Assess at intervals the vulnerability of the scheme's key functions, systems and assets and service providers to this risk. Consider specialist skills and expertise to understand and manage this risk. Ensure controls are in place .i.e anti-malware, anti-virus applications etc. Ensure systems and data are backed up regularly. Have policies in place for the use of devices for remote and home working. Maintain a cyber incident response plan.</p>
<b><u>Communications and disclosure</u></b>			
CAD001	<b>General Principles for member communications</b>	<b>NEW</b>	Guidelines as to how, when, what information is passed to members and

			in what format to meet legal obligations when communicating with members.
CAD005	<b>Scams</b>	<b>NEW</b>	As part of internal controls appropriate steps should be taken to mitigate the risk of scams. Due diligence should be carried out where appropriate for transfers and requests for early retirement. Governing bodies should ensure that members are made aware of such risks by providing clear information on how to stop a scam in all relevant comms to members and on scheme website etc. The PSIG code of good practice is a helpful tool to help protect members from scams.

This page is intentionally left blank

# Don't let a scammer enjoy your retirement



Find out how pension scams work, how to avoid them and what to do if you suspect a scam.



Scammers can be articulate and financially knowledgeable, with credible websites, testimonials and materials that are hard to distinguish from the real thing. Scammers design attractive offers to persuade you to transfer your pension pot to them or to release funds from it. It is then invested in unusual and high-risk investments like overseas property, renewable energy bonds, forestry, storage units, or simply stolen outright.

## Scam tactics include:



- contact out of the blue



- promises of high / guaranteed returns



- free pension reviews



- access to your pension before age 55



- pressure to act quickly

## If you suspect a scam, report it

- Report to the Financial Conduct Authority (FCA) by contacting their Consumer Helpline on **0800 111 6768** or using the reporting form at [www.fca.org.uk](http://www.fca.org.uk)
- Report to Action Fraud on **0300 123 2040** or at [www.actionfraud.police.uk](http://www.actionfraud.police.uk)
- If you're in the middle of a transfer, **contact your provider immediately** and then get in touch with MoneyHelper at: [www.moneyhelper.org.uk](http://www.moneyhelper.org.uk)

# Four simple steps to protect yourself from pension scams

1

## Reject unexpected offers

If you're contacted out of the blue about your pension, chances are it's high risk or a scam. Be wary of free pension review offers. A free offer out of the blue from a company you have not dealt with before is probably a scam. Fortunately, research shows that 95% of unexpected pension offers are rejected.\*

2

## Check who you're dealing with

Check the [Financial Services Register \(https://register.fca.org.uk\)](https://register.fca.org.uk) to make sure that anyone offering you advice or other financial services is FCA-authorized.

If you don't use an FCA-authorized firm, you also won't have access to the Financial Ombudsman Service or the Financial Services Compensation Scheme. So you're unlikely to get your money back if things go wrong. If the firm is on the FCA Register, you should call the Consumer Helpline on 0800 111 6768 to check the firm is permitted to give pension advice. Beware of fraudsters pretending to be from a firm authorised by the FCA, as it could be what we call a 'clone firm'. Use the contact details provided on the FCA Register, not the details they give you.

3

## Don't be rushed or pressured

Take your time to make all the checks you need – even if this means turning down an 'amazing deal'. Be wary of promised returns that sound too good to be true and don't be rushed or pressured into making a decision.

4

## Get impartial information and advice

[MoneyHelper \(www.moneyhelper.org.uk\)](http://www.moneyhelper.org.uk) – Provides free independent and impartial information and guidance.

[Pension Wise](http://www.moneyhelper.org.uk/en/pensions-and-retirement/taking-your-pension/pension-wise) – If you're over 50 and have a defined contribution (DC) pension, Pension Wise offers pre-booked appointments to talk through your retirement options at: [www.moneyhelper.org.uk/en/pensions-and-retirement/taking-your-pension/pension-wise](http://www.moneyhelper.org.uk/en/pensions-and-retirement/taking-your-pension/pension-wise)

[Financial advisers](#) – It's important you make the best decision for your own personal circumstances, so you should seriously consider using the services of a financial adviser. If you do opt for an adviser, be sure to use one that is regulated by the FCA and never take investment advice from the company that contacted you or an adviser they suggest, as this may be part of the scam.

Be ScamSmart with your pension. Check who you are dealing with.

**Local Pension Board**

**14 March 2022**

**Pension Administration Report**



---

**Report of Paul Darby, Corporate Director of Resources**

**Purpose of the Report**

- 1 This report briefs the Board on the Fund's pension administration and service provision to members, as well as providing an update on key performance information.

**Executive summary**

- 2 Pension administration services have been provided to members uninterrupted since lockdown and working from home guidance. Communication with members has continued through the provision of the Fund's Telephone and Online Services. During period following lockdown, the Fund paid benefits to 1,774 retirees. Whilst in the third quarter of 2021/22, 204 retirement cases were processed with 100% of those retirees receiving a statement within 10 days of the team receiving the necessary information. This report seeks to provide the Board an overview of pension administration performance.

**Recommendation(s)**

- 3 The Board is asked to note the report.

## Background

- 4 This report provides an update to the Board on pensions administration performance, its key communications with members, and any issues impacting the service provided to scheme members.

## Key Performance Indicators (KPIs)

- 5 Included in Appendix 1 are a number of Performance Indicators, with the aim of making the Board aware of administration performance in key areas. Reporting is included for the third quarter of 2021/22, ie. up to 31 December 2021. The data covers services to members in respect of retirement, deferment (leaving scheme before pension payable), Helpline support, and Online services.
- 6 In the third quarter, the administration team processed 204 retirement cases. Measured in line with the Disclosure requirement of providing scheme members a statement containing retirement information within one months of retirement, the Fund met this target in 91.18% of the 204 cases. The majority of failures were as a result of late information from employers. In respect of performance within the administration team's control, the Fund provided a statement containing retirement benefit information within 10 days of receiving all required information in 100% of cases in the quarter.
- 7 In respect of deferment cases, in line with Disclosure requirements the Fund provided 531 early leavers information as to their rights and options available. Of the 531 deferment cases, 79.66% of these cases were within one month of the Fund being notified of an early leaver.
- 8 During the third quarter, the pension administration team received 2,329 telephone calls to the Fund's Helpline. Of these calls, the team answered 98.67% of scheme members' calls first time. In respect of Online services for members, 14,762 members have registered for the Fund's Pensions Online portal, where 14,960 online calculations have been completed, 9,596 changes have been transacted and 1,622 secure messages have been sent.
- 9 It is proposed that the KPI reporting provided to the Local Pension Board is expanded during 2022-23 to reflect KPI data on pension transfers, estimates, and deaths. Reporting will commence from 1<sup>st</sup> April, though the first full quarter of data (to 30<sup>th</sup> June) will not be available until the Board's September meeting.
- 10 Recognising the key role played by the Fund's participating employers in delivering services to members, the Fund recently commissioned training tailored for those employers. The three

training sessions provided an overview of Fundamental Employer Responsibilities, Ill Health Retirements, and Pensionable Pay respectively. 90 places were booked by employers across the three sessions. At the time of writing, the programme is ongoing but feedback from the first sessions has been positive.

### **Services to members during Lockdown**

- 11 From the beginning of the covid-19 crisis and UK lockdown, the pension administration team worked from home. During that time, the Fund's Telephone Helpline, Pensions Online portal and email inbox were available to members uninterrupted. Since commencing working from home, the team processed 1,774 retirements (lump sums paid, new pensioner payroll records created), benefits were paid to 1,282 bereaved families, and 392 transfers were paid in or out.
- 12 From mid-September the Team returned to the office on a hybrid basis but in line with work from home guidance, the Team returned to home-based working in mid-December. At the time of writing, the Fund's teams had again returned to the office on a hybrid basis.

### **Prudential**

- 13 Members of the LGPS are able to increase their benefits through an Additional Voluntary Contribution (AVC) facility. As such, each Administering Authority is required to have arrangements with an AVC provider (often an insurance company or building society). Durham County Council Pension Fund offers its members two providers: Prudential and Standard Life.
- 14 It was reported to the Board previously, that one of those providers, Prudential, has recently introduced a new ICT system across its business. The implementation has resulted in delays for members who have invested through Prudential. In particular, claims for cash at retirement, and the processing of contributions had been delayed. Board Members were previously provided with a copy of communications received from Prudential.
- 15 The Fund is cautiously optimistic of improvement in the service received. Whilst issues remain, performance has improved with scheme members' contributions being allocated more quickly and remain up to date. Disinvestment timescales have also improved and are currently within the 30-day SLA. The Fund has received delayed accounting information – an issue affecting LGPS clients of Prudential across the country. Both the Pensions Regulator (nationally) and External Auditor (locally) have been made aware of the issues.

- 16 Officers continue to monitor the situation and will continue to feedback to the Board.

### **Annual Benefit Statements**

- 17 A copy of the 2021 Annual Benefit Statement was shared with the Board at its July Meeting. Since that meeting, all Annual Benefit Statements for both Active and Deferred members of the Scheme were made available ahead of the statutory deadline of 31 August 2021. Unless a member has opted out of the service, the Statements were be made available through the Fund's Pensions Online portal. A paper copy was provided to the small number of members who have opt-ed out.

### **Author(s)**

Paul Cooper

Tel: 03000 269798

---

## Appendix 1: Performance Indicators

---

Performance to 31 December 2021

Category	Performance Indicator	Cases in Quarter	Performance in Quarter	Cases in Year to Date	Performance in Year to Date
Retirements – Disclosure	Within two months of retirement provide a statement containing retirement benefit information.	204	91.18%	689	86.65%
Retirements – in Fund’s control	Within 10 days of receiving all required information provide a statement containing retirement benefit information.	204	100%	689	98.84%
Deferments - Disclosure	Within one month of being notified of a leaver, provide that member information as to the rights and options available.	531	79.66%	1091	86.05%
Telephone Helpline	Calls from Scheme Members answered first time	2,329	98.67%	8,765	98.44%

<b>Category</b>	<b>Performance Indicator</b>	<b>Total Registrations to date</b>	<b>Total Online Calculations Completed by Scheme Members</b>	<b>Total Changes Transacted Online by Scheme Members</b>	<b>Secure messages sent by Scheme Members Online</b>
Online Portal	Total Registrations, and Activity through Pensions Online portal ( <a href="https://pensionsonline.durham.gov.uk/">https://pensionsonline.durham.gov.uk/</a> )	14,762	14,960	9,596	1,622

**Local Pension Board**

**14 March 2022**

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



---

**Report of Paul Darby, 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 2021.

**Executive summary**

- 2 Since April 2021, 6 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 6 applications, 5 were reviewed at Stage 1 by the adjudicator, who in all cases upheld the original decision. Two cases were also reviewed at Stage 2 of the IDRP Process and remain ongoing.

**Recommendation(s)**

- 3 The Board is asked to note the report.

## **Background**

- 4 Scheme members with an unresolved complaint concerning 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 1.

## **Review of IDRP Cases**

- 5 From 1 April 2021 to 1 March 2022 the Fund has received a total of 6 applications under the IDRP process. The first stage of the process is an application to the Fund's adjudicator. There has been a total of 5 applications to the adjudicator during 2021-22 and all related to ill-health retirements. In all 5 applications the adjudicator upheld the Council's original decision.
- 6 The Council's Occupational Health Team is responsible for submitting ill health retirement applications 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.
- 7 The Council's Occupational Health Team provide up to date instructions to the independent doctors that provide opinions in respect of ill health retirement applicants, partly as a consequence of previous 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 which are referred back for further consideration.

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

- 8 The Pension Fund monitors all Stage Two Appeals, and any rulings of the Pensions Ombudsman in respect of the Fund and its employers. The Fund has received 2 Stage Two Appeals during 2021-22. Both related to the award of ill-health benefits.
- 9 One of the cases was reviewed at Stage 1 during 21-22, and the other during 20-21. In both cases the adjudicator upheld the employer decision, causing both individuals to initiate Stage 2 of the IDRP process. Both cases remain ongoing.

- 10 The Pension Fund has received no Pensions Ombudsman rulings during 2021-22
- 11 Officers will continue to monitor the IDRPs cases, making suggestions regarding employer processes where deemed necessary. These cases will continue to be reported to Pension Board annually.

**Author(s)**

Paul Cooper

Tel: 03000 269798

This page is intentionally left blank



## 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)

This page is intentionally left blank

**Pension Fund Committee**

**14 March 2022**

**Communications Review**



---

## **Report of Paul Darby, 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 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 1. 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, almost 15,000 members have registered and started to use the service. These members have completed around 15,000 online calculations and have transacted around 10,000 changes online. Members have also been able to send queries securely through the portal, and over 1,600 responses have been sent to members this way. KPI reported in respect of the online service is reported to the Local Pension Board quarterly.
- 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.

**Author(s)**

Paul Cooper

Tel: 03000 269798

---

## Appendix A: Communications Policy Statement

---

### 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 Fund 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 are made available online annually for all active and deferred 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.

- **Online Portal**

All scheme members can inform the Fund of personal changes, and update their nomination online. Members can see the information that the Fund holds, whilst active members can produce an estimate of their prospective retirement benefits on demand.

## 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

This page is intentionally left blank