

DURHAM COUNTY COUNCIL

At a Meeting of **Local Pension Board** held in **Committee Room 2, County Hall, Durham** on **Thursday 8 December 2022** at **2.00 pm**

Present:

Councillor A Hopgood (Chair)

Members of the Board:

Councillor D Stoker, N Hancock and L Oliver

1 Apologies for Absence

Apologies for absence were received from W Pattison and Head of Pensions (LGPS), P Cooper.

2 Declarations of Interest

There were no Declarations of Interest.

3 Minutes

The minutes from the meeting held 16 June 2022 were agreed as a correct record and signed by the Chair.

4 Observations from Pension Fund Committee

N Hancock gave a brief update on the issues and discussions at Pension Fund Committee, noting the same general picture in terms of markets, with some positive predictions for the future.

The Chair asked if the Pension Fund Committee Members were still challenging Officers and advisors in respect of their reports and presentations. N Hancock noted there had been many questions put to the representative from Border to Coast Pension Partnership (BCPP), Milo Kerr, adding there had not been any other Fund Managers in attendance.

The Chair noted that 11 Local Authorities were pooled with BCPP, with BCPP then appointing fund managers for externally managed funds and resourcing appropriately for internally managed funds.

The Principal Accountant, L Mitchell noted that there were other fund managers outside of the pool, namely Mondrian, CBRE and Alliance Bernstein. L Oliver asked if the intention was for all to be transferred and pooled in BCPP, L Mitchell confirmed that there is a plan to pool all of the Funds assets, subject to the agreement of the Committee.

Resolved:

That the information given be noted.

5 Annual Report and Accounts

The Board considered a verbal update from the Principal Accountant, L Mitchell which provided details on the Annual Report and Statement of Accounts.

The Board noted that the report and accounts had been approved by the Council's Audit Committee at its meeting on 28 November 2022, and Pension Fund Committee at its meeting held 12 December 2022, with delegated authority for the Corporate Director of Resources to sign off in early 2023. She noted that the External Auditors, Mazars had noted they anticipated giving an unqualified opinion, with substantial assurance.

Resolved:

That the update be noted.

6 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 Team Leader, Alastair Johnson noted specific issues relating to LGPS Fair Deal, an update to the new Government Department, the Department for Levelling Up, Housing and Communities (DLUHC), changes to the Local Valuation Cycle from three to four years.

Another issue was the GMP rectification, with a strategy to come forward to the Pension Fund Committee and Local Pension Board in due course. Other issues included: the Levelling Up White Paper; Academies and Tier 3 Employers; Good Governance in the LGPS; Responsible Investment; Mandatory Climate-Related Financial Disclosures (TFCDs); Cost Control Mechanism and Review; and the McCloud Judgement.

The Pensions Team Leader, A Johnson noted non-LGPS specific matters which included: Public Sector Exit Payment Caps; UK Stewardship Code 2020; Increasing the UK Minimum Pension Age; The Pensions Regulator (TPR) Code of Practice; Boycotts, Divestment and Sanctions; Pension Scams and new Restrictions on Transfers; and Stronger Nudge.

The Chair noted the information relating to Academies, with the Department for Education (DfE) guarantee for their participation in the LGPS increasing to £20million.

N Hancock asked as regards Tier 3 Employers, noting comments from the Head of Pensions (LGPS), Paul Cooper at the Pension Fund Committee that those employers would be receiving letter setting out their contribution rates, and expressed concern that increasing rates may lead to pressure for some employers to come out of the Scheme. The Pensions Team Leader, Ashleigh Phillips noted that Tier 3 Employers may see a slight decrease and a lower rate, however, there would inevitably be some fluctuations and occasions where higher contributions are required.

Resolved:

That the report be noted.

7 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 Team Leader, A Phillips advised the Board as regards performance, and noted improvement in terms of Prudential AVCs and their telephone response times, with a new account manager in place.

The Chair asked as regards the results from the customer satisfaction, the Pensions Team Leader, A Phillips noted that the results were set out separately at agenda item 11.

Resolved:

That the report be noted.

8 Pensions Dashboard

The Board considered the information as regarding the Pensions Dashboard from the Pensions Regulator (for copy see file of Minutes).

The Pensions Team Leader, A Phillips explained as regards the Government initiative and explained that it would hold data on all pensions that an individual would have, from most UK pension schemes. She noted that work was ongoing, with data accuracy being an issue for some, with the Fund scoring highly in terms of The Pension Regulator's common and conditional data measures. The latest review of common data indicated a score of 98.50%. She explained as regards work with the Council's provider, CIVICA in linking to the Dashboard.

L Oliver asked if a move to the Dashboard would mean that the DCC Portal would close. The Pensions Team Leader, A Phillips noted that was not the case, reiterating that the Dashboard would include pension pots from all an individual's schemes, linked to their National Insurance Number. The Pensions Team Leader, A Johnson noted that the Dashboard would include basic information and contact details. The DCC Portal would offer significantly more functionality to the Fund's members in respect of their Durham pension than Dashboard.

The Chair noted she could see the benefits of such a Dashboard and having information in one place, in cases of a death or change of employment, however, that it would be a lot of work for Local Authorities. The Pensions Team Leader, A Phillips noted the Head of Pensions (LGPS) would be providing an update at the March meeting.

Resolved:

That the update be noted.

9 Procedure for Reporting Breaches

The Board considered a report from the Corporate Director of Resources which provided details on the procedure for reporting breaches of the law. (for copy see file of Minutes).

The Pensions Team Leader, A Phillips noted that the procedure had been agreed by the Pension Fund Committee at its meeting in September, and explained that a log was kept to monitor breaches and potential issues and, if material, report straight to the Local Pension Board to ask how to take forward. She added that the Head of Pensions (LGPS) would bring monitoring reports to the Board on a six month basis, unless a material breach.

The Chair asked if it covered all breaches and was something all Pension Funds had to do. The Pensions Team Leader, A Phillips reiterated as regards the procedure and how material breaches would be dealt with, adding as regards issues in terms of data cleansing, and matching of records.

Resolved:

- (a) That the report be noted.
- (b) That the Board receive periodic reporting on Pension Fund breaches.

10 Pension Fund Responsible Investment and Voting Policy

The Board noted a report for information from the Corporate Director of Resources which provided details on BCPPs Responsible Investment (RI) and Voting Policy (for copy see file of Minutes).

The Pensions Team Leader, A Phillips noted that the Pension Fund Committee had adopted the Policy for all investments, within the BCPP Pool and outside of the Pool, with any comments to be passed on to BCPP.

The Chair noted that most questions about investments from the public tended to be in relation to whether pensions investments were being made in ethical funds.

Resolved:

That the report be noted.

11 Satisfaction Survey

The Pensions Team Leader, A Johnson gave a verbal update as regards the satisfaction survey that had been included within the Annual Benefits Statement sent to Fund Members. He explained that from around 40,000 members, response was extremely limited with only four responses received. From those extremely limited returns, three-quarters noted they were satisfied. He added that he understood from attendance at meetings of an LGA Communications Group, on which Durham is a member, that such low returns were not uncommon and had actively discussed engagement with the group.

The Chair suggested that a retail voucher for all submissions may increase returns, with the Pensions Team Leader, A Johnson noting that in the past a wordsearch with a prize of £10 had been used in an attempt to increase the number of returns and reiterated that engagement was an issue being looked at by DCC and other Pension Funds.

The Chair noted she would have expected most returns to have been negative and that people, in general, only spent the time to response if they were unhappy. The Pensions Team Leader, A Johnson noted that was often the case and that the lack of response could be interpreted as some level of satisfaction. He added that some other funds had considered incentives to respond and the matter had been discussed at the LGA Communications meeting.

The Chair asked if the survey had been online. The Pensions Team Leader, A Johnson explained that there had been a link to the online survey, with a paper option upon request. L Oliver asked if the survey had been sent to those who were retired or still in service. The Pensions Team Leader, A Johnson advised that it had been sent to Active and Deferred scheme members through their Annual Statements. He added that if individuals had opted out within the Pensions Portal, they would have received a paper copy, else an online version. He noted the need to balance the cost and environmental impact of producing paper copies and the value of the survey results.

N Hancock asked as regards the usage figures from the Portal. The Pensions Team Leader, A Phillips noted that there were around 18,000 people registered, with 26,000 calculations, 13,000 changes and 2,500 messages received by the Pensions Team. The Chair asked if would be possible to add something to the end of each interaction via the Portal to ask for customer feedback on their use of the portal. Officers noted the suggestion and would look into the matter.

Resolved:

That the update be noted.

12 Date of Next Meeting

The next meeting would be held on 16 March 2023 at 2.00 p.m.