

## **Pension Fund Committee**

**6 June 2019**

## **Local Pension Board Annual Report**



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### **Report of John Hewitt, Corporate Director of Resources**

#### **Purpose of the Report**

- 1 To provide an overview of the work completed by Local Pension Board during 2018/19, and the Work Plan which will help frame the work of the Board over the next two years.

#### **Executive summary**

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

#### **Recommendation(s)**

- 3 The Committee is asked note this report.

## **Background**

- 4 The Public Service Pensions Act 2013 introduced the requirement to have a Local Pension Board to assist in the good governance of the scheme.
- 5 Durham County Council Pension Fund's Local Pension Board was established in 2015, first meeting on 9 July 2015. The Board meets four times a year and consists of three scheme member representatives, two employer representatives, with one current employer representative vacancy. Attendance of Board members is summarised in Appendix 1.
- 6 The Board's role is to assist the Administering Authority in its role as a scheme manager of the Pension Fund. Such assistance is to:
  - Secure compliance with the Regulations, any other legislation relating to the governance and administration of the Scheme, and requirements imposed by the Pensions Regulator in relation to the scheme and;
  - To ensure the effective and efficient governance and administration of the scheme

## **June 2018**

- 7 The Board met for the first time during 2018/19 on 14 June 2018. The Board reviewed the Fund's communications, considering how different stakeholder groups received communication from the Pension Fund, and considered plans to develop the Fund's Communication Strategy, including the feasibility of electronic communication. The Board also sought assurance about the requirements of the GDPR.
- 8 The Board also considered a report of the Corporate Director of Resources, which provided Board Members with a summary of the outcomes of internal dispute cases or Pensions Ombudsman cases the Pension Fund had been involved in between April 2015 and March 2018.

## **September 2018**

- 9 At the Board meeting of 6 September 2018 the Board considered the choices available to the Administering Authority and to employers under the regulations governing the Local Government Pension Scheme and how these were being exercised within the Pension Fund.
- 10 The Board also considered that the areas within the current Work Plan were still relevant, and should form the basis of the Board's Work Plan for the next two years, from December 2018 to September 2020. It was agreed that a new plan for this period be drafted.

## **December 2018**

- 11 At the meeting of the Board held on 6 December 2018, Board Members considered the draft Work Plan that had been agreed previously. This plan will help frame the work of the Board over the next two years. Board Members agreed the report, and considered the publication of an Annual Report to the Pension Fund Committee.
- 12 The Board also considered the Fund's compliance with the Pensions Regulator's Code of Practice on the governance and administration of public service pension schemes. The Board had previously concentrated on areas where the Fund was non-compliant. As there are no areas now deemed non-compliant, the Board agreed to focus on those areas identified as partially-compliant over the next year.

## **March 2019**

- 13 At the final meeting of the Board during 2018/19, held on 14 March 2019, the Board were updated on the Fund's Communication Strategy. Board Members considered how the Pension Fund communicates with different stakeholder groups, and were provided an update on the Fund's progress with regard to electronic communications.
- 14 The Board also considered internal dispute cases. Board Members were provided with an update on the outcomes of any internal dispute cases up to the end of 2018/19.

## **Work Plan**

- 15 The work plan for the Local Pension Board covering the next two years is attached as Appendix 2. The plan is based on holding four Local Pension Board meetings a year, which reflects the frequency of meetings held since the Local Pension Board was established.
- 16 Officers will provide the necessary support to allow the Local Pension Board to carry out its core functions and to develop and implement its work plan. Appendix 3 provides further detail of how this proposed work plan should ensure the Local Pension Board is able to fulfil its core functions.

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**Appendix 1: Local Pension Board Attendance**

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<b>2018/2019</b>	Cllr A Hopgood	Cllr F Tinsley	Neville Hancock	Ian Densham	Geoff Sykes
14 June 2018	Y	Y	Y	Y	N
6 September 2018	Y	N	N	N	Y
6 December 2018	Y	N	Y	Y	N
14 March 2019	Y	N	Y	Y	Y

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## Appendix 2: The Local Pension Board Work Plan

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<b>Meeting</b>	<b>Topics to be considered</b>	<b>Comments</b>
December 2018	Pensions Regulator Code of Practice	Consider Gap analysis against Code of Practice
March 2019	Member and employer communications	Review standard communications and communication strategy
	Internal disputes cases, Pensions Ombudsman cases	Review and consider any lessons learned
June 2019	Review performance statistics – review Key Performance Indicators	Consider Board members, Committee members and officers involved in scheme administration
	Review training approach	
September 2019	Review Pension Fund Annual Report and Accounts	Consider compliance with UK Stewardship Code
	Assist in development and review of asset voting and engagement processes	
December 2019	Pensions Regulator Code of Practice	Review and update gap analysis
March 2020	Member and employer communications	Review standard communications and communication strategy
	Internal disputes cases, Pensions Ombudsman cases	Review and consider any lessons learned
June 2020	Review performance statistics – review Key Performance Indicators	
	Review final valuation report outcome	
September 2020	Employer and Administering Authority discretions	Review approach and application

## Appendix 3: Functions of the Local Pensions Board

Function	When	How
Review regular compliance monitoring reports which shall include reports to and decisions made under the Regulations by the Committee.	Ongoing	Review of Committee papers and minutes, attendance at Committee
Review management, administrative and governance processes and procedures in order to ensure they remain compliant with the Regulations, relevant legislation and in particular the Code of Practice.	December 2018	Code of Practice gap analysis
Review the compliance of scheme employers with their duties under the Regulations and relevant legislation.	December 2018	Code of Practice gap analysis
Assist with the development of and continually review such documentation as is required by the Regulations including Governance Compliance Statement, Funding Strategy Statement and Statement of Investment Principles.	Ongoing	Consider and review, as and when statements are updated by the Committee
Assist with the development of and continually review scheme member and employer communications as required by the Regulations and relevant legislation.	March 2019 March 2020	Review standard employer and scheme member communications
Monitor complaints and performance on the administration and governance of the scheme.	June 2019 June 2020	Review performance statistics over previous year
Assist with the application of the Internal Dispute Resolution Process.	March 2019 March 2020	Review application of dispute procedure
Review the complete and proper exercise of Pensions Ombudsman cases.	March 2019 March 2020	Review handling of any cases referred to Pensions Ombudsman
Review the implementation of revised policies and procedures following changes to the Scheme.	As required	Following legislative changes to Scheme
Review the arrangements for the training of Board members and those elected members and officers with delegated responsibilities for the management and administration of the Scheme.	June 2019	

Review the complete and proper exercise of employer and administering authority discretions.	September 2020	
Review the outcome of internal and external audit reports.	Ongoing	Audit reports and outcomes are supplied to Committee