

DURHAM COUNTY COUNCIL

At a Meeting of **Local Pension Board** held in **Committee Room 2, County Hall, Durham** on **Monday 14 March 2022** at **2.00 pm**

Present:

Councillor A Hopgood (in the Chair)

Members of the Board:

Councillor D Stoker

Scheme Member Representatives:

Mr N Hancock, Mr L Oliver and Mrs W Pattison

1 Apologies for Absence

There were no apologies for absence.

2 Declarations of Interest

There were no Declarations of Interest.

3 The Minutes of the Meeting held on 27 January 2022

The Minutes of the meeting held on 27 January 2022 were agreed as a correct record and were signed by the Chair.

4 Observations from Pension Fund Committee held on 14 March 2022

The Pensions Manager, Paul Cooper informed the Board of the standard items considered by the meeting of the Pension Fund Committee in March, including the value and performance of the fund. He noted that the Committee had received reports relating to accounting policies, regulation and training. He added that the Committee had also received reports relating to investment decisions, with the private market programme with BCPP continuing and also a new Climate Opportunities Fund which represented a three year commitment.

The Board noted the Committee had discussed issues relating to the Russian invasion of Ukraine and the impact upon the pension fund, noting the fund's limited direct exposure. The Chair asked what percentage of the fund the exposure represented. The Pensions Manager noted it was around 0.5 percent, although realistic value had depreciated such that the value was close to zero. He added there was the larger impact of the invasion as a contagion on wider markets, being a larger impact on the Fund overall. The Chair noted members of the public had written to the Council wanting the Council to withdraw any Russian investments it may have within the pension fund. The Pensions Manager noted that while one Russian security had been traded, it was not possible to withdraw or trade out of the other securities due to sanctions and their value was close to zero. Councillor D Stoker noted the reduction in the US of around 10 percent, with the Pensions Manager noting a reduction in global equities and bonds.

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 that the Board had been given many of the details at its January meeting and noted that the most material change since then related to the Government White Paper on Levelling Up, which contained DLUHC's ambition for five percent of LGPS to be invested in support of 'local' projects. He explained that it was expected that consultation would be in the summer and that 'local' was thought to mean within the UK rather than within the region or area. He added that Local Pension Funds may be required to establish a plan to do so, though it was not expected to be mandatory to deploy capital. It was noted that pooling requirements had softened previously in respect of UK infrastructure funding. The Pensions Manager noted that it was expected BCPP would launch an impact investment opportunity, with a return being the first target, the second being a tangible impact, such as job creation for example. He added that the Committee, in December, had agreed to due diligence being undertaken in respect of establishing a North East Regional Investment Fund in respect of SMEs and jobs in the North East, with the completion of diligence approaching.

In relation to Boycotts, Divestment and Sanctions, the Pension Manager noted a Bill brought forward in terms of preventing public bodies, including LGPS, taking a different approach to UK Government in terms of sanctions and that Royal Assent was expected in March.

The Chair noted the points raised in respect of the Levelling Up White Paper and the potential to invest in the wider UK rather than in the local area.

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 2021/22 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. He explained that it was planned to expand the KPIs for 2022/23 to include areas such as deaths, transfers and estimates, and informed the Board as regards the services that had continued to be offered to members during lockdown and issues relating to AVCs and Prudential.

The Chair asked if members were surveyed on issues beyond the KPIs, and L Oliver noted the complaints procedure. The Pension Manager noted that the next agenda item referred to dispute resolution. The Chair noted that obtaining additional feedback would be helpful, the Pensions Manager noted that he would consider an approach to surveying members ahead of the June meeting with an option to utilise Annual Benefit Statements in August for a survey. L Oliver noted the possibility that scheme members may be upset as regards facts and figures, rather than responding to how enquires were dealt with. The Chair agreed that focus should be feedback on the services provided. N Hancock noted that those he had spoken to had been very complimentary as regards the service provided, with some feedback as regards not fully understanding the wording used. The Pensions Manager noted the points raised as regards tailoring a survey for members and would feedback to the Board.

RESOLVED:

That the report be noted.

7 Internal Dispute Resolution Procedure (IDRP) Cases

The Board considered a report from the Corporate Director of Resources which provided a summary of the outcomes of internal dispute cases and Pensions Ombudsman cases the Pension Fund had been involved in since April 2021 (for copy see file of Minutes).

The Chair asked as regards whether responsibility was with the member in terms of transferring out of the LGPS. The Pensions Manager noted the Regulator made it a responsibility of the Pension Fund to be diligent before progressing a transfer out, other than a transfer to another LGPS, School or Public Sector Scheme such as NHS where matters are more straight forward. He added that if any issues were discovered they would be flagged up with the member.

L Oliver asked how the IDRP cases were heard. The Pension Manager noted three stages, first speaking to the Pensions Section for an explanation, before an independent adjudicator looking at due process, not to overturn, but could 're-run' the process if felt required. He added the second stage would be for Legal at the Council to review the case, and the third stage would be for the member to escalate to the Pensions Ombudsman for a final decision. N Hancock noted some members felt that an adjudicator could overturn a decision or that the view of the Independent Registered Medical Practitioner is responsible for making the decision – neither of which is the case.

RESOLVED:

That the report be noted.

8 Communications Review

The Board considered a report from the Corporate Director of Resources which provided details of how different stakeholder groups receive communication from the Pension Fund, and explained plans to develop the communication strategy (for copy see file of Minutes).

The Chair noted the point raised at the last agenda item as regards fund member expectations in terms of an adjudicator being able to overturn decisions and added she felt it was important that was clear upfront they could not. The Pensions Manager noted he would speak to Legal and Trade Unions, adding the small number of such cases, mostly relating to ill health.

In response to a question from W Pattison relating to annual statements and estimates, the Pension Manager noted that a set of data given on the statement reflected the statutory information that was required but was somewhat limited, whereas through the Fund's own portal more tailored information was available.

He added there was a review at a national level, however certain set information had to be included in Annual Statements, for example estimates at the last 31 March and at state retirement age. He noted a half-way measure was to set out the information and signpost that bespoke information could be found by logging on to the portal.

RESOLVED:

That the report be noted.

9 Date of Next Meeting

The next meeting would be held on 16 June 2022 at 2.00 p.m.