

## **DURHAM COUNTY COUNCIL**

At a Meeting of **Local Pension Board** held in **Committee Room 2, County Hall, Durham** on **Thursday 16 March 2023** at **2.00 pm**

**Present:**

**Miss W Pattison (Chair)**

**Members of the Committee:**

Councillors A Hopgood and D Stoker; and N Hancock

### **1 Apologies for Absence**

Apologies for absence were received from L Oliver.

### **2 Declarations of Interest**

There were no Declarations of Interest.

### **3 Minutes**

The minutes from the meeting held 8 December 2022 were agreed as a correct record and signed by the Chair.

### **4 Observations from Pension Fund Committee**

N Hancock noted his disappointment with the number of Pension Fund Committee Members with voting rights in attendance, only seven from 16. He added that he hoped it was not a trend, with Councillor A Hopgood noting it was an issue she had previously raised with the Chair of the Committee. The Head of Pensions (LGPS), Paul Cooper, noted there had been fewer Members in attendance than usual, however he noted that the meeting had been quorate. Councillor A Hopgood asked as regards substitute Members, and whether the attendance could be looked at and reported back to the council's Group Leaders. The Head of Pensions (LGPS) agreed to collate this information as requested, and suggested collating attendance information from the last two years and including information on substitutes.

The Chair asked if there was a rule in terms of minimum attendance, Councillor A Hopgood noted for Durham County Councillors it was attendance at a meeting of any Council Committee the Councillor was a member of in a six-month period.

The Head of Pensions (LGPS) noted that the significant items had related to the Guaranteed Minimum Pension (GMP) Rectification; Funding Strategy Statement (FSS), concluding the valuation process; and in Part B changes to the Investment Strategy following training Members had received on the proposed strategy.

**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 Head of Pensions (LGPS) noted issues referred to included: Managing Risk and Exit Policy, GMP; the Levelling Up White Paper and Edinburgh Reforms. He noted the Fund's support for the launch of the North East Regional Investment Fund which met the aims of the Levelling Up agenda ahead of any requirements; adding that Durham was very much ahead of the curve in terms of pooling.

Councillor A Hopgood asked how low other Funds were in terms of their percentage of pooled funds. The Head of Pensions (LGPS) explained that some funds had zero pooled funds and that while the Government policy was clear in terms of pooling, the legal absolute legal required states that Funds should simply have a plan for pooling in place. He noted that DLUHC have made clear that intention is that Funds get with the requirement to pool, and statutory guidance may be issued.

The Head of Pensions (LGPS) noted that the approach for Further Education Colleges was subject to expected Department for Education guarantees, therefore a temporary rate had been used in valuation, the same rate as set the last time. The rates will be revisited when there is greater certainty over that guarantee.

The Head of Pensions (LGPS) explained that the Scheme Advisory Board Chair had written to the Department for Levelling Up, Housing and Communities (DLUHC) as regards Pension Fund Accounts being separated out from the main Local Authority Accounts and noted that a Government Working Group was now looking at the matter, with many relevant bodies, such as the Chartered Institute of Public Finance and Accountancy (CIPFA), feeding into the process.

The Head of Pensions (LGPS) noted that following the Government Budget, Annual Allowance would increase from £40,000 to £60,000 and the Lifetime Allowance charge would be abolished from April 2023. He noted that the Opposition had indicated their intention to rollback the changes if elected. Councillor A Hopgood noted the arguments for the merits of the changes, however, noted she could see why it may be felt it would not fix the problems intended, in terms of encouraging NHS staff to continue working for longer or coming out of retirement. The Head of Pensions (LGPS) noted that many in that situation already managed their position carefully and that it would not affect many within the LGPS.

The Head of Pensions (LGPS) noted as regards the background to GMP Rectification and explained that finalised data, as set out in the table at paragraph 26 of the report, was comparatively very good, with no pensioner having an estimated reduction greater than £10. He noted that any overpayment would be corrected, however, there would be no recovery of any historic overpayments. In terms of underpayments, he explained that these would also be corrected, however, with arrears and interest calculated at the Bank of England base rate plus one percent. He noted the agreement of the Pension Fund Committee in terms of the work and approach and added that communications for pensioners was being developed.

Councillor A Hopgood noted the positive figures as set out in the table in terms of the lower numbers of pensioners impacted and the low level of impact and thanked the Team for their work.

The Chair asked as regards the modelling set out at paragraph 25. The Head of Pensions (LGPS) explained half the population had been modelled, and then it was applied to the remaining half, with any non-standard records requiring manually assessing. The Chair asked if there was associated cost in terms of the communications required to go out to pensioners. The Head of Pensions (LGPS) noted there was a cost and explained the Council's software provider, Civica, were helping in terms of the data, though the Fund would have final say on communications issued.

**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 Head of Pensions advised of the performance in the third quarter of 2022/23 with 225 retirement cases, 343 early leavers, 3,712 telephone calls to the Fund's Helpline and 18,679 members had registered for the Fund's Pensions Online portal. He noted that in relation to the satisfaction survey, while a good idea, there had not been much of a response. He added that was likely in part that most people would not have concerns, however, the Pensions Team were looking at other ways to capture information via the web portal. He noted an example would be when people look to retire and to then ask at that point, adding the greater value for money in terms of utilising online methods.

The Pensions Team Leader, Ashleigh Phillips explained as regards the improved performance in respect of Prudential, one of two providers in respect of Additional Voluntary Contributions (AVCs) and explained that while the Fund received delayed accounting information for 2020/21, the accounting information for 2021/22 had been received on time. She noted the issues relating to three scheme members from two employers had been impacted in terms of accessing their statements online due to a system issue. It was added those receiving paper statements had not been affected. She noted that whilst it was not a breach of the law for which the Fund was responsible, it had nevertheless been recorded on the Fund's breach register and Prudential confirmed that they have self-reported to the Regulator.

### **RESOLVED:**

That the report be noted.

## **7 Communications Review**

The Board considered a report from the Corporate Director of Resources which outlined 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. The Head of Pensions (LGPS) noted no changes had been proposed.

### **RESOLVED:**

That the report be noted.

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

The Board considered a report from the Corporate Director of Resources regarding Internal Dispute Resolution Procedure (IDRP) Cases (for copy see file of Minutes).

The Head of Pensions (LGPS) explained as regards the right every scheme member has to appeal any decision from the Pension Fund or Employer and noted the Board could take assurance that the right to appeal was open. He noted that the low number of appeals was an assurance that a high service level was being maintained and explained they most commonly were related to ill-health retirements. The Chair asked who heard the appeals, the Head of Pensions (LGPS) explained that initial contact was via a Pension Fund Officer who would ask for information, then an external adjudicator would be appointed. He noted the adjudicator had no powers to direct an outcome, rather could ask the Fund to look again at a particular case. He added that should the matter remained unresolved following adjudication, then DCC's Legal Team would look at the issue, operating a Chinese Wall, and should the issue not be resolved to the satisfaction of the member, they had the choice to take the issue to the Pensions Ombudsman for final resolution.

N Hancock noted his experience in terms of the ill-health retirements and low numbers of appeals, with the Head of Pensions (LGPS) noting the high bar set in Regulation to qualify for an ill health pension entitlement.

### **RESOLVED:**

That the report be noted.

## **9 Pension Fund Breaches**

The Head of Pensions (LGPS) noted that there had been no material breaches in the last six months, other than issues with Prudential in terms of AVCs, which were not a Local Authority breach though listed for our information. He reiterated that Prudential had reported themselves to the Regulator.

### **RESOLVED:**

That the verbal update be noted.

## **10 Shared Cost Salary Sacrifice AVCs**

The Head of Pensions (LGPS) gave a verbal update on the Shared Cost Salary Sacrifice AVCs, explaining that the Council was the biggest employer within the Pension Fund and was setting up the Shared Cost Salary Sacrifice AVCs, noting the savings in terms of National Insurance for both employer and employees.

The Chair noted that it sounded a good scheme and asked when it would come into effect. The Pensions Team Leader noted it was expected to go live from summer 2023 through a partnership with 'AVC Wise', with communications being developed and with first payments through the new scheme expected to come off pay slips in July. Pensions Team Leader A Phillips noted that three employers within the Fund had already set up the scheme and had provided positive feedback, being mutually beneficial for both employers and employees.

### **RESOLVED:**

That the verbal update be noted.

## **11 Date of Next Meeting**

The next meeting would be held on 15 June 2023 at 2.00 p.m.