

Pension Fund Committee

24 June 2024

Local Pension Board Annual Report



**Report of Paul Darby, Corporate Director of Resources and
The Local Pension Board**

Purpose of the Report

- 1 To provide an overview of the work completed by Local Pension Board during 2023/24.

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 to note this report and provide any comments.

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
- 7 The Board's Minutes and Agendas are available at:
<https://democracy.durham.gov.uk/ieListMeetings.aspx?CIId=1065&Year=0>

The Board's Terms of Reference are set out at:

<https://www.durham.gov.uk/media/7086/Local-Pension-Board-terms-of-reference/pdf/LocalPensionBoardTermsOfReference.PDF?m=1516355752593>.

June 2023

- 8 In June the Board reviewed the agenda items considered by the Pension Fund Committee noting the Committee's decision in relation to Global Real Estate and considering the approach whereby the Fund's mandate would transition from CBRE's management to the BCPP pool, noting the support of Townsend Group. The Board noted the training on Real Estate undertaken by the Committee prior to making a decision, noting also that BCPP Real Estate specialists had attended Committee three times in advance of the decision; providing Committee the opportunity to provide input and challenge, and ask any questions of the BCPP Team.
- 9 The Board noted the Committee's review of its Terms of Reference, as well as regular update reports, including in respect of Regulatory matters. The Board noted that information regarding Councillor attendances over the last two years had been fed back to each of the

council's Group Leaders, as previously requested by Board members, in advance of the Council's Annual Meeting.

- 10 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 and the approach that the Fund was taking to emerging matters.
- 11 The Board also 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. The Board considered the development of KPI data provided.
- 12 In June the Board also reviewed in detail the Fund's AVC provision and considered service provision and performance of one of the Fund's providers, Prudential. The Board took assurance from Officers on steps taken to address any previous performance issues.
- 13 The Board reviewed the Fund's approach to communications and considered the provision of Online Services and Telephone Helpline for scheme members. The Fund's Communications Policy is included in Appendix 3. The Board also agreed to consider the development of a Training Policy for its members.

September 2023

- 14 In September the Board considered in detail progress on the publication of the Fund's Annual Report and Accounts, gaining assurance that the Council had met their statutory deadline in having the draft accounts prepared and signed off by the Corporate Director of Resources by 31 May 2023, one of only three Local Authorities in the North-East to do so. The Board considered the national issue regarding delays in sign off-of accounts by External Auditors.
- 15 The Board reviewed the agenda items considered by the Pension Fund Committee, noting that no investment decisions were made this quarter. The Board considered the progress made by the Funds regards asset pooling, noting the clear progress of external mandates transitioning into the Border to Coast Pool.
- 16 The Board considered a report from the Corporate Director of Resources regarding the Fund's pension administration and service provision to members, as well Key Performance information for the quarter. The Board also 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. The Board considered in detail the McCloud remedy, the Annual Report, Pension Scams and the Dashboard.

- 17 The Board considered a report from the Corporate Director of Resources which provided details on the LGPS Consultation - Next Steps on Investments and the implications for the Fund. The Board reviewed the Fund's triennial valuation process, and the SAB's report on the 2022 LGPS Valuations. The Board supported Officers' proposals to enhance the Fund's training offer.

December 2023

- 18 At its December meeting, the Board reviewed the agenda items considered by the Pension Fund Committee, noting that the most significant issues considered had been the Accounts and External Audit opinion; and BCPP Responsible Investment (RI) Policy updates, including on climate change and voting. The Board noted the Committee's meeting with Border to Coast CEO Rachel Elwell on the future of pooling.
- 19 The Board noted the Committee had received a report of the Corporate Director of Resources on the Pension Fund - Debt Management and Write-off Policy and received a briefing on the approach from the Head of Pensions. The Board agreed to undertake an annual review of the application of the policy.
- 20 The Board considered in detail a report from the Corporate Director of Resources regarding BCPP's Responsible Investment (RI) Policy, gaining assurance on the approach taken by BCPP on behalf of the Fund.
- 21 The Board considered a report from the Corporate Director of Resources regarding the Fund's pension administration and service provision to members, as well Key Performance information for the quarter. The Board also 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.
- 22 The Board reviewed progress on publication of the Annual Report and Accounts, noting that the Statement of Accounts was signed off in November, with Durham being one of only a small number of Local Authorities to have their accounts signed off at this point. The Board noted that there had been two recommendations from External Audit, both of which had been taken on board, with a working group having been set up with alongside Border to Coast colleagues to address the relevant matters.

- 23 Following the completion of the Fund's GMP Rectification exercise, the Board were updated by the Head of Pensions on the outcome and impact on scheme members, gaining assurance that the project had been implemented effectively and noting the effectiveness of the approach to communications.

March 2024

- 24 At its March meeting, the Board reviewed the agenda items considered by the Pension Fund Committee and noted the Internal Audit report in which a substantial assurance rating had been given, in relation to scheme member transfers. They also welcomed the addition of the cybersecurity Audit to the 2024/25 Audit plan.
- 25 The Board considered a report from the Corporate Director of Resources regarding the Pension Fund Training Policy and Governance Compliance Statement. The Board agreed that the new training policy, which intends to codify the Fund's approach and ensure its compliance with new Governance requirements, was a positive improvement for both Board and Committee members. The Board also discussed upcoming training opportunities and available conferences.
- 26 The Board discussed its current composition, and was supportive of a proposed increase of its membership to eight members, equally made up of both Scheme Members Representatives and Scheme Employer Representatives. The Board supported the proposal which requires Full Council agreement.
- 27 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. This included an update on LGPS pooling, local investments, McCloud, Pensions Dashboard, standardised KPI reporting and the Pensions Code of Practise (COP 14)
- 28 The Board considered a report from the Corporate Director of Resources regarding the Fund's pension administration and service provision to members, as well Key Performance information for the quarter. The expansion and standardisation of LGPS KPIs was discussed, a local approach considered.
- 29 The Board were also provided with an update on the Fund's AVC provision and noted an uptake in AVC membership. The Fund were also briefed on improvements currently being made by Prudential in order that AVC members receive an enhanced standard of service. Finally, the Board considered a report regarding details of how different stakeholder groups receive communication from the Pension Fund.

Work Plan

- 30 The future work plan for the Local Pension Board will be informed following gap analysis against the Pension Regulator's new Code of Practice with an initial assessment against the Code to be considered by the Board in June.

Pensions Administration Performance 2023/24

- 31 As set out above, the Board consider performance in respect of services to provided to Scheme Members on a quarterly basis. The Board scrutinises performance against a number of agreed indicators that cover retirements, deferments, transfers and estimates.
- 32 The Board also review the volume of calls received through the Fund's telephone Helpline and the percentage of calls answered first time. The Board also reviews take up of the Fund's Online Services (<https://pensionsonline.durham.gov.uk/>), considering registrations, logins, and usage of the Portal's functionality.
- 33 A summary of the Fund's performance against Pension Administration KPIs during 2023/24 is set out in Appendix 2.

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Appendix 1: Local Pension Board Attendance

2023/24	Cllr A Hopgood	Cllr D Stoker	Neville Hancock	Wendy Pattison	Les Oliver
June 2023	N	Y	N	N	Y
September 2023	Y	N	Y	N	N
December 2023	Y	N	N	Y	Y
March 2024	Y	N	n/a	Y	N