

DURHAM COUNTY COUNCIL

At a Meeting of **Local Pension Board** held in **Committee Room 1A/1B** , **County Hall, Durham** on **Thursday 12 September 2024** at **2.00 pm**

Present:

W Pattison in the Chair

Members of the Committee:

Councillor A Hopgood and I Pritchard

The Chair welcomed Ian Pritchard to the Board, noting he represented Unison, replacing the position arising following the retirement of Neville Hancock. The Chair also welcomed Councillor George Jabbour from North Yorkshire Council, Chair of the BCPP Joint Committee, who was in attendance to observe the meeting.

1 Apologies for Absence

There were no Apologies for Absence.

2 Declarations of Interest

There were no Declarations of Interest.

3 Minutes

The minutes of the meeting held on 24 June 2024 were agreed as a correct record and signed by the Chair.

4 Observations and Feedback from Pension Fund Committee

The Head of Pensions (LGPS), Paul Cooper noted that the Committee had received a number of reports in the public part of the meeting, including the regular updates in relation to Regulation, as well as updates from Internal Audit and Risk Register which had provided the Committee with assurance as regards the work being undertaken.

He reminded the Board that the Committee had decided to agree, within their review of the Committee's Terms of Reference, for risk to be reported six monthly to Committee, with additional reporting should a matter of material importance arise. He noted that the Committee had asked for more information on specific risks. He noted one area that Members had requested information on was data and business continuity, linked to cybersecurity, a topic the Committee had received an update on.

The Head of Pensions (LGPS) explained that with the majority of assets now pooled and Border to Coast now establishing performance track records; the Committee had now focussed on performance with more limited need for transition and new proposition development. He noted that the BCPP Annual Review had been presented, similar to other Pension Funds within the Pool, and explained that the topic this quarter had been Alternatives (Private Markets), with views from the Independent Advisor and a response from BCPP provided. He noted Global Equity had been the topic at the last meeting, with an update in terms of performance having been given at the September meeting. He added there had been strong challenge from the Committee, with BCPP providing further explanation. He added that further information would be reported at the December meeting.

I Pritchard noted he had been in attendance at the Pension Fund Committee meeting and concurred with the Head of Pensions (LGPS), adding that Members of the Committee had asked probing questions of the BCPP representative.

RESOLVED:

That the verbal update be noted.

5 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 (LGPS) noted that all Annual Benefit Statements had been issued by the 31 August deadline, with the Pensions Team Leader, Ashleigh Phillips noting that there had been a low number of queries, with both acknowledging the hard work that had been carried out by the Team.

The Head of Pensions (LGPS) noted that in respect of AVCs, there was no change from the last update, with historic issues having been improved, and he thanked the Pensions Team Leader for her work in this regard.

The Pensions Team Leader noted there had been a lot of work by the provider in terms of updating their ICT systems and new processes whereby employers could upload their own data, this meaning that errors could be flagged and sent back to employers for correction automatically.

She noted that additional benefits included an improved ability to pull data together for the Annual Benefit Statement and Statement of Accounts. She explained there had been a lot of employer engagement and training provided as regards AVCs and noted the AVC Forum was being reinstated and would meet every six months.

A Hopgood asked as regards the amount of people in the Fund that utilised AVCs, noting rumoured tax changes may lead to less incentive for people to invest in that way. The Head of Pensions (LGPS) concurred that changes to the pensions tax regime would likely have an impact on uptake, with one of the major draws of AVCs being that they could be taken as tax free cash (up to certain HMRC limits). He noted that the details would be important in order for people to determine whether AVCs remained attractive, however there was a legal obligation to provide AVCs in any case. He noted there were currently two providers, thus offering choice for scheme members.

The Head of Pensions provided an update in relation to McCloud, noting he was awaiting a software update from the provider. He reiterated previous comments in terms of the amount of work involved and that it was likely there would be limited Fund beneficiaries that would receive an uplift. He reminded the Board of the issues in terms of having to obtain data that had not been required to be collected in the past, due to GDPR regulations, in order to carry out the process.

The Head of Pensions (LGPS) referred the Board to Appendix 5 which set out KPIs relating to the administration of the Pension Fund. He noted that around £12million was paid out to pensioners every month, on time, and added that when reported to the Pension Fund Committee earlier in the day, the Fund's Advisor had remarked they had been the best set of KPIs he had seen at any meeting of an LGPS Fund. He noted KPIs in relation to communications and engagement, including the number of logins to the Pensions Portal. He reminded the Board that the SAB had introduced standardised KPIs for the LGPS, those standardised measures replacing the local measures over time. He noted only one of the standardised KPIs that was notable in terms of performance, albeit still performing well. He explained that KPI B1 "*Communication issued with acknowledgement of death of active, deferred, pensioner and dependent Member*" was at 90.76 percent. He explained that in some cases there was a deliberate delay at the request of family members to wait until after funeral arrangements before contacting them, however, he noted that the reported figures were accurate to the KPI of five days.

The Chair noted that the measure was not being manipulated, to strip out this sensitivity towards bereaved families. In terms of reporting and Councillor A Hopgood asked as regards the ability to put a pause in the system, should it be known the family had made such a request for a delay. The Pensions Team Leader noted she would look at the system and see if that was possible. Councillor A Hopgood noted that it may be better for Team morale, with a measure 'net' of any pause giving a more accurate representation of the Team's actual performance. The Chair noted that one method could be to retain the target of five days, then with an aim to then capture all within 10 days as a useful secondary measure for reporting. Officers would consider the KPI approach in this area.

The Head of Pensions (LGPS) noted performance in terms of retirements, transfers and refunds – commenting that there was a priority in terms of dealing with deaths and retirements, with refunds being a lower priority. Councillor A Hopgood asked if those were national targets, with the Head of Pensions (LGPS) confirming that they were, and reported on accordingly. He added that work was ongoing in terms of new KPIs, reminding the Board that guidance was for Pension Funds to adopt new measures on a '*best endeavours*' basis in this first year of the new reporting regime. He noted the report concluded with reference to information that would be contained within the Annual Report, demonstrating pooling progress and cumulative savings up to 2022.

RESOLVED:

That the report 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 Head of Pensions (LGPS) noted the Review of the LGPS 2022 Fund Valuations from the Government Actuary Department (GAD) with Durham having no issues flagged as red or amber. He explained that in relation to deficit recovery there had been engagement with the Pensions Team and following discussions, the GAD had adopted a white flag for the Fund against this measure. He added that the Pension Fund's Actuary would be in attendance at the Annual Meeting of the Pension Fund in November, ahead of valuation in 2025.

The Head of Pensions (LGPS) noted the Pension Review and explained that further to previous update in this regard, the new Government was moving quickly on pensions reform adding that the new Chancellor had noted that within the review, the LGPS would be within 'Phase One' and therefore the issues of further consolidation and investment within the UK would be looked at in short order. He reminded the Board of the fiduciary duty of the Pension Fund Committee; with the primary duty of ensuring that pensioners were paid and that contributions were kept stable for scheme employers.

The Head of Pensions (LGPS) noted that in terms of private markets and investing '*locally*' there was the opportunity via the BCPP UK Opportunities Fund and explained that, since the publication of the meeting papers, the Government had made a call for evidence in relation to the Pensions Review. He noted there would be a joined-up response from the Pension Funds within the BCPP Pool and noted as the issue was time-sensitive Officers would work at pace, consult with the Chair and Vice-Chair of the Pension Fund Committee, and share the response following publication.

RESOLVED:

That the report be noted.

7 Pensions Dashboard Preparation

The Board considered an update on the preparation for the Pensions Dashboard (for copy see file of Minutes).

The Pensions Team Leader reminded the Board that the national Pensions Dashboard was due to go live in 2026, with all Pension Funds' information feeding through so that people would be able to view all their various pensions information in one place. She noted that it was a lot of work for Pension Funds, with the first important step being to ensure that all data was of good quality. She explained that the LGA had provided a helpful checklist of items and issues to consider.

The Head of Pensions (LGPS) noted that there would be regular updates on this issue and reiterated that the project was heavily data driven. He noted that the regulator had stated that it was for Pension Funds to keep track of former scheme members and noted the challenge as regards that issue; with a data improvement project to be undertaken in the New Year. He added that Pension Funds were also responsible for AVC data, however, that information was on external provider's systems and therefore work would be undertaken with the providers on that matter. The Pensions Team Leader noted that as we used two providers, a consistent approach taken with both would be desirable.

She added that the Council's Pensions Portal provided more information than that which would be available via the Pensions Dashboard, with an example being in terms of the Pensions Portal providing retirement projections net of any reductions on demand for Durham Fund members.

Councillor A Hopgood asked if we would be promoting the Pensions Dashboard. The Head of Pensions (LGPS) noted there would be a national advertising push and the Pensions Team Leader added that we would promote alongside our Pensions Portal, including information setting out the benefits and features available via our Pensions Portal. The Pensions Team Leader noted that the second table within the report set out a number of challenges, and she explained there were a number of LGPS Practitioners Groups that were discussing these issues and providing helpful information.

The Chair asked who would be providing support in relation to data protection issues. The Head of Pensions (LGPS) noted support would be provided by the Council's DCC ICT and Information Governance Teams in terms of data and privacy and that it would be likely that an overview of the data process would be included in future Annual Benefit Statements.

RESOLVED:

That the update be noted.

8 Border to Coast Pension Partnership Strategy

The Board received a verbal update as regards the BCPP Strategy 2030, with the Head of Pensions (LGPS) recapping as regards the progress made so far in terms of pooling and investments, and explaining as regards next steps in terms of maximising opportunities and additional services that may be possible. He reminded the Board as regards the 11 Local Authorities within BCPP and the process in terms of signing off the strategy.

RESOLVED:

That the verbal update be noted.

9 Pension Fund Statement of Accounts

The Board received a verbal update as regards the Pension Fund Statement of Accounts, with the Head of Pensions (LGPS) noting the Statement of Account on track to be signed off by 30 November.

He noted there were weekly meetings with the External Auditor, Mazars, and reiterated that the Council and Pension Fund were up to date in respect of their reporting and deadlines.

RESOLVED:

That the verbal update be noted.

10 Date of Next Meeting

The next meeting would be held on 17 December 2024 at 2.00pm.