

NORTHUMBERLAND COUNTY COUNCIL

LGPS LOCAL PENSION BOARD

At a meeting of the **LGPS Local Pension Board** held at County Hall, Morpeth on Monday, 17 July 2017 at 9.30 a.m.

PRESENT

G. F. Moore
Independent Chair
(Non-voting member of the Board)

VOTING MEMBERS

Employer Representatives

Adams, Ms. J.H.

Scheme Member Representatives

Clark, J.P.

Dick, Ms. S.

OFFICERS IN ATTENDANCE

M. Coleran	Pensions Team Leader (Items 1-4 only)
Mrs. C. Gorman	Principal Accountant (Pensions) - Project Officer
C. Johnson	Senior Accountant (Pensions)
A. Lister	Principal Accountant (Pensions)
Ms. N. Turnbull	Democratic Services Officer

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Pidcock and Councillor Watson (Chair of Pension Fund Panel, as observer).

2. CONSIDERATION (DECLARATION) OF CONFLICTS OF INTEREST

None were declared, although the Chair referred to a potential conflict which could arise should Board members' attendance at CIPFA events be discussed, due to his association with CIPFA.

3. MINUTES OF THE NCC LGPS LOCAL PENSION BOARD

A copy of the previously agreed minutes of the meeting of the LGPS Local Pension Board (“the Board”), held on Monday 24 April 2017, were circulated at the meeting and received for information.

The Board discussed the best method to bring their recommendations to the attention of Panel members. Board members agreed that the current mechanism of Board minutes being received by the Panel on a “for information” basis meant that there was currently no appropriate protocol for the Panel to discuss and consider any recommendations from the Board. The Principal Accountant (Pensions) - Project Officer suggested including ‘Board Recommendations’ as a separate item on the agenda for future Pension Fund Panel meetings. She confirmed that the previous Board recommendations had been actioned.

4. ITEMS FOR IN DEPTH ANALYSIS

The Chair reminded Board members to retain all Pension Fund Panel meeting papers to consider at each Board meeting.

Reporting breaches: progress and quarterly monitoring

- Report A7 and breaches log enclosures of the Pension Fund Panel 7 July 2017 meeting papers and updated breaches logs circulated prior to meeting

The Board compared the types of breach and considered the causes of each category. It was noted that the employer number was now included within the information following the request at a previous Board meeting.

Board members expressed concern regarding the number of breaches relating to deferred members which still remained unresolved months later, where members had still not received notification of the value of their benefits. The Board questioned whether the cumulative effect of these breaches meant that consideration should be given to reporting to the Pensions Regulator. Members also queried whether a second breach might occur if the calculations were not undertaken before the deadline for issuing annual benefit statements by 31 August 2017.

The Pensions Team Leader stated that, during busier periods, the Pensions Administration Team tended to prioritise work in relation to deaths and retirements, which meant that work in relation to deferred members was given a lower priority, although in recent weeks the Team had concentrated on addressing the outstanding queries in respect of deferred benefits. Since the breaches log had been issued, more calculations had been checked and statements issued. He added that the workbooks had also been amended and now included a traffic light system to highlight potential breaches to the Pensions Administration Team earlier in the process. **The Board noted and**

gained assurance from the changes to the workbook system and processes.

It was noted that 31 March and 31 August were common retirement dates and that the number of new employees starting on 1 September in schools impacted on the workload of the Pensions Administration Team in October.

In answer to a question, the Pensions Team Leader was confident that the deadline for issuing annual benefit statements for active members by 31 August 2017 would be met. He confirmed that annual benefit statements for deferred members had been issued on 22 June 2017. A software update was scheduled to be carried out on 20 July 2017 and it was anticipated that statements would be sent to the printers by 28 July 2017 with a 2 week turnaround period for their issue. He confirmed that the printers were aware of the 31 August 2017 deadline.

The Principal Accountant (Pensions) - Project Officer agreed to email members of the Board to inform them when the annual benefit statements had been issued.

The Chair thanked the Pensions Team Leader for the update and for the work undertaken to make progress.

Action Plan 2017 for NCC Pension Fund

- Report A4 and Appendix 2 of the Pension Fund Panel 7 July 2017 meeting papers

The Chair enquired whether the Action Plan should include a specific item related to the pensions dashboard. The Principal Accountant (Pensions) - Project Officer referred to the exploration of joint working with Tyne and Wear Pension Fund as an item on the Action Plan, and explained that the pensions dashboard should be covered within that item.

The Board discussed whether there were any Action Plan items that could potentially be examined by the Board in the first instance, prior to the item being considered by the Panel. The issue of the Fund's risk register was identified as a potential item for this, if the Panel was in agreement.

Key Performance Indicators (KPIs) for LGPS administration

- Report A8 of the Pension Fund Panel 7 July 2017 meeting papers

The Board considered the KPIs which were now being reported on a quarterly basis. They noted that performance had improved in a number of areas, including processing of new members which had been discussed at the previous meeting.

It was **recommended** that an additional column be included to specify the number of transactions in each category. This would enable members to

identify areas of concern and provide more context than the standard percentage figures alone.

5. ITEMS FOR AWARENESS AND ANY RELEVANT OBSERVATIONS

Investment costs: code of transparency

- Report B7 confidential of the Pension Fund Panel 7 July 2017 meeting papers

The Board noted the cost of transactions to rebalance investments in line with the Fund specific benchmark. Reference was made to the Scheme Advisory Board's Code of Transparency and the increasing number of managers who had signed up to the new code, including Legal and General.

6. The Pensions Regulator – Public Service Governance and Administration Survey

The Board considered the results of the 2016 Public Service Governance and Administration Survey with reference to the following documents:

- Email from LGA's Clair Alcock 'Public Service Governance and Administration Survey'
- Summary of results and commentary
- Table of main outcomes from the Survey
- NCC responses to the Survey

Areas discussed included:

- The meaning of the term 'Scheme Manager';
- Concern regarding the number of Board meetings which were not attended by the Scheme Managers;
- Annual data reviews. It was confirmed that these were carried out at NCC and included use of tracing agents. **The Board gained assurance** from the NCC Pension Fund Actuary who had confirmed that the Fund data was of a good standard.
- Comparison of the rating given by NCC's LGPS Board Secretary with the national average.

The Principal Accountant (Pensions) - Project Officer explained her lower than average rating on one response relating to the Pension Board's ability to "advise the scheme manager on scheme regulations ..." as she queried how lay members could advise Pensions Administration Team members on interpretation or application of Scheme Regulations that officers interpreted on a daily basis. She was, however, confident that the NCC LGPS Local Pension Board was effective and conscientious and made reference to the recommendations made by the Board.

The Board also discussed the Regulator's pensions toolkit training which they

thought may be useful alongside other training, but should not be seen as sufficient on its own.

7. Scheme Advisory Board (SAB) Survey of LGPS Local Pension Boards

A copy of the 2017 SAB Survey of LGPS LPBs was circulated. Board members discussed the questions and approach to be taken.

It was **agreed** that a single response would be submitted by the Chair on behalf of the Board as members shared similar views and were in agreement about scoring.

The Principal Accountant (Pensions) - Project Officer agreed to seek clarification on a number of areas (questions: 10, 11, 12, 17.1, 34 and 35) and liaise with the Chair of the Board once this clarification had been obtained.

The Board also discussed the length and content of recent meetings and it was **agreed** that it would be of benefit to have more frequent meetings which took place 2 to 3 weeks after the quarterly Panel meetings. They also agreed that the composition of the Board be reviewed in 12 months, given the rules for quorum.

8. The Pensions Regulator's intervention into the Teachers' Pension Scheme

The Board discussed the involvement of the Pensions Regulator in enforcing the submission of information from an employer to the Teachers' Pension Scheme to ensure that contributions were correctly credited and members were paid the right benefits. (A copy of the press release dated 22 February 2017 was circulated with the agenda and is enclosed with the minutes).

It was agreed that further information about the Pensions Regulator's involvement would be useful, in particular the implications for employers participating in the LGPS.

9. LGA Annual LGPS Trustees' Conference Bournemouth: Feedback discussion

The Chair referred to a summary of conference highlights which had been written by Hymans Robertson and circulated at the meeting of the Pension Fund Panel on 7 July 2017. The conference had been beneficial and had included updates on a number of current issues.

10. Pensions Regulator Meeting: Discussion

The Chair explained that the Pensions Regulator had expressed a willingness to engage with administering authorities for the LGPS, having previously concentrated on other areas.

The Board discussed the benefits of a meeting which would provide guidance and training for new Panel members on recording/reporting of breaches; whether it should take place as part of a Board meeting or as a separate session; and whether Board members and officers from neighbouring authorities should be invited to attend.

It was **agreed** in principle that a meeting could be held with the Pensions Regulator. The Chair and the Principal Accountant (Pensions) - Project Officer agreed to liaise with Mike Ellsmore and Karen MacWilliam of Aon Hewitt to ascertain their views. It was also agreed that enquiries be made with neighbouring administering authorities to find out whether they would be interested in participating in a joint event.

11. 50/50 section of the LGPS take up rate: Discussion

Copies of the following documents were tabled at the meeting as they made reference to the 50/50 section of the LGPS: 'A Brief Guide' and 'Northumberland Pension Fund Opt Out Form'.

The Principal Accountant (Pensions) provided a breakdown of employees (by employer) in the 50/50 Section of the NCC LGPS, which set out that 29 members had taken up the option as at 30 June 2017.

He also provided information about the number of employees of NCC that had opted out of the LGPS so far during 2016/2017.

The leaflet 'A Brief Guide', had been printed in 2014 and therefore included some out of date information. Officers in the Pensions Administration Team were aware of the need to include an update amendment with each leaflet issued, which will be considered as soon as other work priorities allow.

The Board discussed the impact of automatic enrolment, which placed the onus on employees who wished to remain in the 50/50 section of the Scheme to opt into it again every three years when employers auto-enrolled them back into the main Scheme.

12. AVC documentation to Employees

Information on the two different methods available to employees to increase LGPS pension rights, including purchase of additional voluntary contributions, was received by the Board.

13. GDPR awareness

Information was circulated to raise awareness of the implications of the General Data Protection Regulations which would come into force in May 2018. The information identified suggested actions for administering authorities.

14. NCCPF charges over employer's property assets

The Principal Accountant (Pensions) - Project Officer described the circumstances in which NCCPF would consider requesting a charge over an employer's property i.e. to act as security against an exit debt. She confirmed that there were currently no charges in place over such assets, although there had been two occasions charges had been in place in the past.

15. Review of meeting: open discussion

The Chair thanked everyone for their participation.

16. Future meeting dates

Members received a list of dates for meetings of the Local Pension Board in 2017/18.

Following the discussion earlier in the meeting, it was **agreed** that Board meetings would be held 2 to 3 weeks after Panel meetings. It was, therefore, proposed that the meeting scheduled for Thursday 2 November 2017 be cancelled and meetings be rearranged in October 2017 and December 2017.

It was noted that the Pension Fund Panel was due to meet with infrastructure managers on the morning of 6 October 2017 and therefore the Board meeting could potentially be held the same afternoon. It was agreed that the Board Secretary would liaise with the Chair to agree revised future dates for Board meetings.

17. Any other business

There were no additional items.

(The meeting ended at 1.06 p.m.)

CHAIR	GF Moore
DATE	18 August 2017