

**NORTHUMBERLAND COUNTY COUNCIL**

**LGPS LOCAL PENSION BOARD**

At a meeting of the **LGPS Local Pension Board** held at County Hall, Morpeth on Thursday, 26 July 2018 at 9.30 a.m.

**PRESENT**

GF Moore  
Independent Chair  
(Non-voting member of the Board)

**VOTING MEMBERS**

**Employer Representatives**

Adams, Ms JH

**Scheme Member Representatives**

Dick, S

**OFFICERS IN ATTENDANCE**

H Chambers	Principal Pensions Manager (Tyne and Wear Pension Fund) attending in her capacity as provider of shared pensions administration service with NCC
C Gorman	Principal Accountant (Pensions) - Project Officer
C Johnson	Senior Accountant (Pensions)
A Lister	Board Secretary
N Turnbull	Democratic Services Officer

**1. APOLOGIES FOR ABSENCE**

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

Ch.'s Initials.....

## **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 Tuesday 17 April 2018, were circulated at the meeting and received for information.

## **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.

### **4A General Data Protection Regulation (GDPR)**

- Report A4 of 22 June 2018 Panel meeting papers and Appendices 3, 4 and 5

The Principal Pensions Manager (TWPF) detailed the processes, within the shared LGPS member services function, that had been planned, implemented and those still outstanding in relation to GDPR, which came into effect from May 2018.

It was accepted that pension funds were required to hold and process data for the performance of a legal duty. As TWPF and NCCPF only share information with third parties to facilitate pension processing and statutory requirements, it had not been necessary to request authorisation from LGPS members to continue to hold their personal data. A 'post-implementation' action plan had also been put in place by TWPF, to pick up residual issues e.g. provision of specifically tailored (children's) privacy notices, as well as ongoing potential issues that could evolve with time.

A regular GDPR update would be included as a standing agenda item at all future Board meetings, with a formal review to be undertaken annually, beginning in May 2019.

Following a query on NCCPF's paper record storage and future potential issues relating to GDPR, the Principal Accountant - Pensions (Project Officer) answered that Woodhorn, NCC's archiving and records management site, was secure, and that residual records would likely remain there in the long term. Dialogue with records management officers as to whether certain information

should be stored there was ongoing. The Principal Pensions Manager (TWPF) added that there was a desire to align retention policies between NCC and South Tyneside Council (STC) moving forward. LGPS record retention was an issue which was being considered at national level.

The Board **gained assurance** with the ongoing work to comply with the General Data Protection Regulation.

#### **4B Tabled CIPFA guide for Local Pension Board**

- Tabled as part of Report A5 of 22 June 2018 Panel meeting papers

The Chair recommended that the CIPFA Guide for Local Pension Boards be read by all Board members as it was a helpful reference document and training tool.

Reference was made to the issue of insurance cover for Board members, which was an ongoing issue for LGPS funds nationally. The Principal Accountant - Pensions (Project Officer) commented that this issue remained on the radar of pension fund officers, as well as NCC's insurance officers, with dialogue ongoing with the Council's insurance provider on policy wording. An update would be brought to the next meeting of the Board in November 2018.

#### **4C Formal assessment of the performance of the investment adviser: consideration of conflicts of interest for investment adviser**

- Report A8 of 22 June 2018 Panel meeting papers and Appendix 9

The Board noted the results of the 2017/2018 formal assessment of the performance of the investment adviser, Mercer, by the Panel, which showed that the Panel continued to have confidence in Mercer's advice.

Members also discussed potential for conflicts of interest for the investment adviser should advice that is given by the adviser to the Fund generate significant further income for the adviser. **The Board recommends** that representatives of the Panel and officers consider whether on occasions, from a governance perspective, there is a need for either separate independent advice and/ or some form of declaration of interests and transparency, subject to commercial confidentiality.

### **5. Update on breaches pre 31 December 2017**

The Board received an update on the breaches of the law up to and including the period ended 31 December 2017, which had mostly been resolved and indicated no real ongoing areas of concern.

The Board discussed the question of whether a breach that had been

recorded once, but then remained in breach for a number of consecutive quarters, became materially significant and therefore reportable to the Pensions Regulator (tPR).

The Chair stated the Board's view that, in principle, if the Fund had done what it could to resolve a breach and was waiting on further information or action from a Scheme member, then the breach should not be deemed reportable.

## **6. Update on NCCPF employer monitoring**

- as at May 2018 and
- as at July 2018

The Board received reports showing anonymised data as at May and July 2018 with regard to monitoring by shared administration service of outstanding queries with NCCPF employers.

The Principal Pensions Manager (TWPF) commented that quarterly reports would be submitted to Board meetings showing employers with queries relating to more than 10% of the active membership, or if outstanding for six months or longer. It was noted that there were no employers that breached these trigger levels in July.

The Principal Pensions Manager (TWPF) explained that issues tended to arise when there was a change in personnel with the departure of experienced members of staff at an employer. Each employer had a named client manager who would work with employers to answer queries, explain the employer responsibilities and ensure that outstanding matters were resolved.

The Board gained assurances from these monitoring arrangements.

## **7. Update on NCCPF service standards monitoring quarter ended 30 June 2018**

The Board received a service standards monitoring report for the quarter ended 30 June 2018 against Disclosure Regulations targets. The Principal Pensions Manager (TWPF) discussed the differences between this version of the report, based on TWPF's high-level approach, and the previous NCCPF reports that the Board had become accustomed to. It was acknowledged that the NCCPF quarterly record of breaches (prepared up to 31 December 2017) had been very detailed and labour intensive to provide and monitor and it would not be practical to continue to provide it going forward. TWPF would now produce the same information for both funds.

TWPF was currently undertaking a process review around its systems, with a view to improving efficiency around certain processes, for example, its death processing. It was acknowledged that some of the longstanding targets were

overly ambitious and needed to be changed, particularly with the sensitivity around deaths and obtaining information from bereaved families.

The Board discussed the feasibility of a joint meeting with the TWPF LGPS Local Pension Board, if an issue arose that both Boards needed to consider. The Chair queried:

- Whether there was a regular forum to monitor the shared service arrangements.
- The level of expectation NCCPF should have regarding monitoring. Would sufficient knowledge be retained at NCCPF regarding administration processes to enable effective review or for analysis to make decisions?

It was **agreed** that it would be useful for the Board to receive a report which contained details of the reporting mechanisms at TWPF to better understand the processes in place.

**8. Teething troubles for NCC (as Scheme employer) in first year end return data submitted since implementation of the shared service**

The Principal Pensions Manager (TWPF) acknowledged that there had been some minor teething troubles for NCC, as Scheme employer, in the first year end return data submitted following the implementation of shared services. Such troubles were to be expected, and this was not intended to 'single out' NCC, as they were a regular occurrence whenever any new employer joined the LGPS. A meeting had been arranged for the following week to discuss processes for the submission of data by NCC Employee Services going forward. The Board noted these developments.

**9. Query raised by Helene Adams re problems encountered with the shared service in the first months**

NCC LGPS Local Pension Board Employer Representative, Helene Adams, provided details of problems she had encountered in her day to day role at Northumberland National Park Authority, one of NCCPF's employers, following the implementation of the shared pensions administration service with TWPF.

The Principal Pensions Manager (TWPF) had received assurance that the matters raised in Mrs. Adams' email had now been fully resolved.

**10. CIPFA and Barnett Waddingham annual Local Pension Boards event on 27 June 2018**

Items 10, 18C and 18D were considered together.

The Chair requested that Board members read and consider the information circulated with the papers for the meeting to identify areas required for future

training.

Event participants had received presentations from the Scheme Advisory Board, Local Government Association, the Pensions Regulator, the Ministry of Housing, Communities and Local Government, and a legal update from Squire Patton Boggs.

#### **18D BCPP pooling arrangement, developments re scheme member representation on pool**

- Report B3 of 22 June 2018 Panel meeting papers paragraphs 3.47 to 3.49

The Principal Accountant (Pensions) - Project Officer updated the Board on developments relating to scheme member representation on the Board of BCPP Ltd, and referred to guidance issued by the Scheme Advisory Board in March 2018. The issue had been discussed by the BCPP Joint Committee in July 2018, and formal proposals would be considered by the Joint Committee at its next meeting in November.

The current and former Chairs of the NCC Pension Fund Panel were fully supportive of having member representation on the BCPP Joint Committee.

Clarification was also provided regarding the change in Chair and Vice-Chair of the Joint Committee following the appointment of the former post holders as Non-Executive Directors of BCPP Ltd.

#### **11. Data improvement plan for “post-live” issues**

Item withdrawn from the agenda as the plan was still in the process of being compiled. This would be brought to the November Board meeting

#### **12. Data improvement plan for February 2018 NCCPF common data scores findings (enclosed)**

An updated copy of the NCCPF Data Improvement Plan, which had been produced to aid improvement in the data issues which came to light as a result of the February 2018 common data validation scores run by the shared administration service for NCCPF, was circulated at the meeting.

The Board was satisfied with the timescale identified in the Plan and endorsed the principle that priority be given to leavers from the LGPS 2014 Scheme when dealing with preserved refunds.

#### **13. The Pensions Regulator’s publications:**

##### **13A quick guide to measuring data**

### **13B quick guide to improving your data**

The Principal Accountant (Pensions) - Project Officer referred to two guides available on the Pensions Regulator website which explained the differences between, and provided examples of, common data and scheme specific (or conditional) data, and recommended both as valuable resource documents for Board members.

#### **14. LGA consultation on LGPS scheme specific data measures (enclosed)**

Board members received information on the LGA's consultation on LGPS scheme specific data measures, and correspondence with administering authorities on the standard list of scheme specific data that funds should adopt as part of tPR's 2017/18 administration and governance survey.

The Principal Accountant (Pensions) - Project Officer anticipated that a low percentage score would be achieved for scheme specific data, but the lack of guidance was likely to lead to a wide variety of approaches across the LGPS.

The Board **noted** the constraints regarding tPR scores in 2018.

#### **15. Update on Guaranteed Minimum Pension (GMP) reconciliation work**

An update on the NCCPF GMP reconciliation, which was now being carried out by TWPF as part of the shared pensions administration service, was circulated at the meeting.

The Principal Pensions Manager (TWPF) explained that although work had commenced on the NCCPF reconciliation exercise prior to the shared service, it had not been easily transferable due to different software systems. This had led to TWPF requesting a new data file from HMRC.

The Principal Pensions Manager (TWPF) added that assurances had been given by the software provider (Civica) that the October 2018 deadline set by HMRC for submission of NCCPF's queries to HMRC, would be met, which would bring NCCPF back on track for completing this exercise in line with TWPF.

The Board **gained assurance** that the GMP reconciliation work would be carried out before the HMRC deadline.

#### **16. Headline "Hertfordshire bungles scheme actuarial reports": NCCPF's procedures**

The Board received a copy of a recent article in 'Pensions Expert' relating to Hertfordshire County Council Pension Fund (HCCPF) whereby an error in the submission of quarterly returns to the fund actuary had led to the need for

IAS19 disclosure information for certain employers being redone by the actuary.

The Chair requested clarification of the internal controls in place at NCCPF to mitigate risk of a similar occurrence at NCCPF. The Board Secretary clarified the processes in place at NCCPF which mainly involved a segregation of duties at senior officer level.

The Board **gained assurance** from the internal controls in place to ensure the accuracy of data submitted to the actuary.

#### **17. Deferred annual benefit statement mailing July 2018**

The Board received a sample of the 2017/2018 Annual Benefits Statements (ABS) recently issued by TWPF to deferred members. The Principal Pension Manager (TWPF) added that the ABSs relating to active members were tracking to be sent out before the 31 August 2018 statutory deadline. Statements were being issued in paper form in 2018 and would be available online from 2019 onwards, unless the member opted out and requested a paper statement.

Members of the Board discussed the content and layout of the deferred ABS, with points raised that certain sections of the statement the Board viewed as unclear. Officers agreed to follow up on the points raised.

In answer to a question, the Principal Pension Manager (TWPF) agreed to check the implications of the recent 'Brewster Case' high court ruling on cohabiting partners and the wording included within the statement.

#### **18. ITEMS FOR AWARENESS AND ANY RELEVANT OBSERVATIONS**

The Chair requested that Board members familiarise themselves with the following documents:

##### **18A NCCPF draft Annual Report and Accounts for 2017/18**

- Report A1 of 22 June 2018 Panel meeting papers and enclosed draft Report and Accounts

It was noted that the Annual Report and Accounts document contained NCCPF policies which Board members needed to have a working knowledge of, including:

Investment Strategy Statement, Funding Strategy Statement, Communication Strategy Statement, Governance Policy and Compliance Statement.

The Board Secretary confirmed that the draft NCCPF Annual Report and



Accounts for 2017/18 had been approved by the NCC Audit Committee the previous day, meaning the draft Report would now become the final version.

The Chair commented that he had cross-checked the Report for compliance against Section 57 LGPS Regulations and was satisfied that the requirement had been met. The Board Secretary noted the Chair's comments around additional information about administration of the Scheme and would look at incorporating this in the following year's Annual Report.

### **18B NCCPF's Communication Strategy Statement**

- Report A3 of 22 June 2018 Panel meeting papers and Appendix 2

The revised NCCPF Communication Strategy Statement was noted.

### **18C TPR's governance and administration survey results, and tPR's focus on Funds**

- Report A10 of 22 June 2018 Panel meeting papers and Appendices 13 and 14)

### **18D BCPP pooling arrangement, developments re scheme member representation on pool**

- Report B3 of 22 June 2018 Panel meeting papers paragraphs 3.47 to 3.49

Items 18C and 18D had been considered earlier in the meeting with item 10.

## **STANDING AGENDA ITEMS**

The following items were included on agendas as standing items in order that issues could be discussed, if required.

### **19. New risks and changes to existing risks**

Members of the Board were reminded to discuss with the Chair or officers if they believed any new risks were developing around the Fund.

The Chair referred to discussions earlier in the meeting regarding both pool governance and the 2019 valuation but was satisfied there were no new risks to be identified at this time.

### **20. Review of meeting: open discussion**

The Chair thanked everyone for their participation in completing this very extensive and wide ranging agenda, and commented that, as the Board evolved, the agenda was less reliant on the papers from the Pension Fund

Panel.

The Principal Pension Manager (TWPF) agreed that it was helpful to her role to attend the meetings of the NCC Local Pension Board and was an opportunity to share good practice.

**21. Future meeting dates**

Members received an updated list of dates for meetings of the NCC LGPS Local Pension Board in 2018/2019. It was noted that the date of the March 2019 meeting was being reviewed and may be changed, with the agreement of Board members, to ensure quorum could be achieved.

The Chair referred to the commitment shown by Board members which had been demonstrated with 90% attendance at meetings in 2017/2018. He also highlighted the preparation required for meetings and willingness (on the part of Board members) to attend external training events.

**22. Any other business**

None.

(The meeting ended at 12.40 p.m.)

<b>CHAIR</b>	GF Moore
<b>DATE</b>	5 September 2018