

minutes

Meeting NOTTINGHAMSHIRE LOCAL PENSION BOARD

Date Thursday 30 September 2021 at 10:30 am

membership

Persons absent are marked with 'A'

Employers

Councillor Francis Purdue-Horan	Nottinghamshire County Council
Councillor Sally Longford A	Nottingham City Council
David Smith	Autism East Midlands

Members

Mark Heppenstall	Pension Scheme member
Thulani Molife (Chair)	Pension Scheme member

Also in Attendance

John Raisin	John Raisin Financial Services Ltd, Advisor to the Board (via Teams)
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Officers in Attendance

Jon Clewes	Team Manager, Pensions
Martin Gately	Democratic Services Officer
Ciaran Guilfoyle	Investments Officer (via Teams)
Sarah Stevenson	Group Manager, Business Services Centre

1. ELECTION OF CHAIRMAN

Following a vote, Mr Thulani Molife was unanimously elected to be Chairman of the Local Pension Board

2. MINUTES

The minutes of the last meeting held on 30 March 2021 were agreed following a drafting amendment and signed by the Chairman.

3. APOLOGIES FOR ABSENCE

Apologies had been received from Councillor Sally Longford, who was on other City Council business.

4. DECLARATIONS OF INTEREST BY MEMBERS AND OFFICERS

None.

5. LOCAL GOVERNMENT PENSION SCHEME PENSION ADMINISTRATION PERFORMANCE REPORT

Mr Clewes introduced the report, the purpose of which was to inform the Nottinghamshire Local Pension Board of the work of the Pension Administration Team for the four quarters up to 31 March 2021. Mr Clewes indicated that it had been a challenging year for pensions administration due to the ongoing emergency. There had also been the introduction of the exit cap (and its suspension) along with the planning for a response to the McCloud judgement.

The report picks up a number areas of interest for the Board, these being the cost of administration, as well as how the Fund is benchmarked against other funds.

Data quality continues to be high on the Pension Regulator's agenda and work is ongoing to improve our data.

The report outlines the member and employer statistics 145,000 scheme member and 298 active employers. The scheme continues to work with employers – mainly multi-academy trusts to consolidate data. Work is also being undertaken following an application by a scheme employer to transfer into the scheme members of multi-academy trusts from outside Nottinghamshire.

Transfers of schemes are fully funded and do not transfer liabilities; academies are also pooled within our fund.

The report provides a list of employers and types of new employer bodies. This year, one of the most general complaints has been the calculation of benefits, along with complaints in relation to one of our AVC providers. The issue of AVC's has not been unique to the Nottinghamshire Fund and has extended across other LGPS funds, this issue has required the AVC provider, the Prudential, to self-report to the regulator. The Prudential have been experiencing difficulty with collecting member contributions, along with calculating and paying benefits It has been reported by the Prudential that these issues have been due to the implementation of a new administration system and member Portal.

The fund also continues to receive subject access requests as a result of possible fraudulent activity. This is a national issue and we await further details on a response from the LGA.

This year there has been a reduction in the number of KPI processes due to the move to homeworking. Member death processes have also remained a challenge and the fund has followed the national trend in respect of mortality. The scheme actuary will attend the Pension Board at its December meeting to provide a presentation on the Valuation but will also include some information on mortality.

In response to queries raised by members, Mr Clewes explained the operation of the cipfa benchmarking club and how the average cost per member was calculated. In addition, Mr Clewes confirmed that the Prudential was not the funds only AVC

provider, there was also Scottish Widows. Issues around AVCs have also taken up a lot of Pensions Teams time this year.

In response to a question from the Chairman, Mr Clewes indicated that there had been issues over resources and the Pension Committee had been asked for further resources and these were granted on a temporary basis for two years. Sarah Stevenson added that we needed to be mindful of the national picture in relation to difficulties recruiting.

Mr Clewes undertook to bring a report to a future meeting on cipfa benchmarking.

RESOLVED 2021/011

That:-

- 1) The performance of the administration of the pension fund, and the continued development of systems and processes that will improve services to members of the fund be considered.

6. LOCAL GOVERNMENT PENSION SCHEME – PENSION SCAMS

Sarah Stevenson, Group Manager, Business Services Centre introduced the report, the purpose of which was to update the Board on Pension Scam activities and the requirements of the Pension Regulator and Pension Scheme Act 2021 on the Nottinghamshire Pension Administration Service.

Ms Stevenson stated that since 2017, pension scam losses totalling over £30 million had been reported nationally according to complaints filed with Action Fraud, though the true losses may be much higher. Tell tale signs of a scam include, unsolicited approaches, not being able to call a company back and being pressured to make a quick decision.

The scam prevention regulations are expected to be in place in early Autumn 2021 and will remove the statutory right of a member to transfer their pension out where there is no genuine employment link between the member and the occupational pension scheme the transfer would be destined for.

There will also be specific training regarding scams for Pensions Committee and Pensions Board Members.

In response to a question from the Chairman, Ms Stevenson explained that CETV stood for cash equivalent transfer value.

In response to a question from Mr Heppenstall asking if any money had ever been retrieved from a scammer, Ms Stevenson stated that money passed to a scammer tended to be lost. There was an instance involving Northumbria Police's fund where the Ombudsman indicated that funds had to be reinstated to a scheme member who had been defrauded because due diligence had not been followed. Work is being undertaken with the law firm, Freeths, to ensure that our due diligence is robust. Mr Clewes added that a leaflet had been sent to pension scheme members (both active and deferred) with their annual statement of benefit warning of the risks of being defrauded by scammers.

The Chairman thanked officers for the additional work that they do protecting the interests of pension scheme members seeking to transfer their funds who may not realise how vulnerable they are.

RESOLVED 2021/012

That:

- 1) no further actions were required by the Board, at this point, in relation to supporting the Fund to combat pension scams.
- 2) the Nottinghamshire Pension Fund commitment to the Pensions Regulators pledge to combat scams be supported.
- 3) the Nottinghamshire Pension Fund pension scam action plan shown in Appendix 1 be supported.

7. THE LOCAL GOVERNMENT PENSION BOARD REVIEW 1 APRIL 2020 TO 31 MARCH 2021

John Raisin, Advisor to the Board, introduced the report, the purpose of which was to review the activity of the Nottinghamshire Local Pension Board for the period 1 April 2020 to 31 March 2021.

Mr Raisin referenced that the Pension Board had undertaken the required number of meetings and that a Pension Board workshop had also taken place. Examining the Risk Register had been an important part of the Board's work, and there had been active questioning in relation to it. The Board's examination of the Risk Register had also allowed the Board to raise questions with both administration and investment officers. Mr Raisin also emphasised that the main focus of the Board's work had been on pensions administration, and this was appropriate.

Mr Raisin also referred to the report received by the Board on "Transforming pension administration through digital developments and new ways of working" which had been considered by the Board at its 10 December 2020 meeting. The Board also received reports on the McCloud case, the exit payment to public sector employee restrictions, and other wider LGPS updates.

Mr Raisin indicated that the informal Pension Board Workshop which took place on 4 February 2021 had been an extremely valuable meeting featuring broad ranging and diverse discussion. Issues discussed included the greater frequency of meetings for the Board and building relations with the Pension Committee.

RESOLVED 2021/013

That:

- 1) the report be received and considered
- 2) no further action was required in relation to the information contained in the report.

8. TRAINING PLAN UPDATE REPORT

Mr Raisin introduced the report, the purpose of which was to provide the Nottinghamshire Local Pension Board with a training plan for 2021-2022 and going forward.

Mr Raisin stated that there was a statutory duty under legislation on Pension Board Members to undergo ongoing training and updating. The Pension Regulator Code of Practice No 14 Governance and Administration of Public Service Pension Schemes requires that Scheme Managers should establish and maintain policies and arrangements for acquiring and retaining knowledge and understanding to support Pension Board Members to enable the Board to meet its statutory obligations.

Mr Raisin also highlighted the benefits of the fund actuary attending the Board to provide training, as well as the Board attending external training and seminars; and undertaking an annual training needs analysis.

RESOLVED 2021/014

That:

- 1) the Training Plan as outlined in Appendix 1 be considered, and consideration be given to training needs on an ongoing basis.

9. UPDATE ON TOPICS AND DEVELOPMENTS RELATING TO THE LOCAL GOVERNMENT SCHEME INCLUDING THE SCHEME ADVISORY BOARD

Mr Raisin introduced the report, the purpose of which was provide the Board with a high-level summary of the main topics and developments relating to the Local Government Pension Scheme.

Mr Raisin highlighted two awaited consultations from MHCLG, (now renamed to be the Department for Levelling Up, Housing and Communities) the first on investment pooling guidance and the second relating to the Task Force on Climate Related Financial Disclosures.

Mr Raisin further highlighted that crucially, all asset pools are creations of their constituent LGPS Funds and are ultimately accountable to them. Furthermore, all assets continue to belong to the individual LGPS Funds not the Pools. Mr Raisin pointed out the limited remit of the Pools.

Mr Raisin thought that the consultation on investment pooling would be likely to come out in 2022 rather than 2021 now. He also emphasised that it was essential that there should be absolutely no further drift of responsibility from Funds to Pools.

Mr Raisin indicated that the Task Force on Climate Related Financial Disclosures was thought likely to be issued in October, and that age discrimination in the

LGPS (“McCloud”) was also a high priority for the Department for Levelling Up, Housing and Communities.

Mr Raisin also briefed the Board on the Pension Regulator’s consultation from March 2021 which sought to combine 10 of the existing Codes of Practice (including Code No 14) into one consolidated Code. An interim response from the Regulator indicates that they do not expect to lay a new code before Parliament until spring 2022. Since the regulator is engaging with interested parties, the proposals may be further amended.

Finally, Mr Raisin referenced the increase in Normal Minimum Pension Age which will come into effect from April 2028 and raise the age at which scheme members will likely be able to normally access their pensions from 55 to 57 in accordance with the Government’s view that pensions should not normally be accessed more than ten years before state retirement age.

In response to a question from the Chairman regarding the consolidated code, Mr Raisin indicated that the finalised code would be available on the Regulator’s website to anyone who wished to examine it.

Regarding the increase in Normal Minimum Pension Age, Mr Raisin indicated that length of service was not a factor in relation to this change. There may be protection and transitional arrangements.

RESOLVED 2021/015

That:

- 1) the activities of the Scheme Advisory Board be considered, and the work programme be updated to reflect the recommendations of the Scheme Advisory Board if appropriate.

10. PENSION FUND RISK REGISTER

Mr Clewes introduced the report, the purpose of which was to present the Nottinghamshire Pension Fund Risk Register to the Board and explained that the Risk Register was provided on a meeting by meeting basis.

In response to a question from Mr Smith regarding better investment returns, Ciaran Guilfoyle indicated that he would find out the answer and circulate the information to Board members.

RESOLVED 2021/016

That:

- 1) no further actions were required in relation to the issues contained within the Risk Strategy report.

11. WORK PROGRAMME

Mr Clewes indicated that the scheme actuary would be attending the next meeting of the Board.

Mr Smith reminded officers that the Board had previously agreed to include the Pension Fund annual accounts on the work programme.

RESOLVED 2021/017

That:

- 1) amendments to the work programme be considered.

The meeting concluded at 12.09 pm.

CHAIR