

JOHN RAISIN FINANCIAL SERVICES LIMITED

The Nottinghamshire Local Pension Board
Pension Board Review 1 April 2018 to 31 March 2019
A report by the Advisor the Board

Executive Summary

This report reviews the activity of the Nottinghamshire Local Pension Board during the period 1 April 2018 to 31 March 2019.

Purpose of the Nottinghamshire Local Pension Board

Under its Terms of Reference, approved by the Nottinghamshire County Council on 26 March 2015, the purpose of the Nottinghamshire Local Pension Board is to assist the Nottinghamshire Pension Fund Committee (and its sub-committees). The Pension Fund Committee exercises the role of Scheme Manager for the Nottinghamshire Fund under the Public Service Pensions Act 2013 and the Local Government Pension Scheme (LGPS) Regulations.

Regulation 106(1) of the Local Government Pension Scheme Regulations 2013 (as amended) requires that each Administering Authority, which in the case of the Nottinghamshire Local Government Pension Fund is Nottinghamshire County Council, establish a Local Pension Board by 1 April 2015 responsible for “*assisting it*” to secure compliance with pension legislation, regulations and guidance; and “*to ensure the effective and efficient governance and administration*” of the Local Government Pension Scheme.

Under its Terms of Reference (and in accordance with the LGPS Regulations 2013 (As amended)), the Board does not replace the Pension Fund Committee or make any decisions or carry out other duties which are the responsibility of that Committee. Rather, its first core function is to assist the Pension Fund Committee in securing compliance with the relevant legislation relating to the governance and administration of the LGPS in Nottinghamshire. The second core function is to ensure the effective and efficient governance and administration of the Fund. In accordance with its Terms of Reference the Board may, however, determine which areas it wishes to consider and the Board has authority to make a request for information with regard to any aspect of the operation of the Pension Fund. It may also make recommendations to the County Council or any relevant committees which must be considered and a response made to the Board.

Board Meetings

The report to Council, in 2015, which resulted in the establishment of the Board proposed that the Board meet twice a year. Two meetings of the Board were held during the period covered by this review. The Agenda Items considered at each Board meeting are shown in the Table below:

	14/6/18	4/12/18
Minutes of Previous Meeting	/	/
Declarations of Interest	/	/
Pension Board Review 26 March 2015 to 31 March 2018	/	
Pension Administration Performance and Data Quality	/	/
Pension Fund Risk Register	/	
Pension Board Work Programme	/	/
Update on the Scheme Advisory Board		/
The Pension Regulator Questionnaire and Scheme Return		/

James Lacey, Director of Finance at Nottingham Trent University, who was elected Chair of the Board in April 2016, continued in this role throughout the period 1 April 2018 to 31 March 2019. As in previous years consideration of Pensions Administration issues was a particular focus of the Board. This is rightly an area of close interest to the Board as it is made up of representatives of the Employers and Employees within the Nottinghamshire Fund. Both the Pensions Regulator (Code of Practice No 14) and CIPFA (Managing Risk in the Local Government Pension Scheme) emphasise the importance of risk management. Therefore, it was very important that the Pension Board should review both the Nottinghamshire Fund's approach to risk management and the Risk Register itself. The LGPS is a complex and ever developing pension scheme and consequently it is vital that the members of the Board are provided with information to keep them abreast of the latest developments within the Scheme. Such an update was provided, at the December 2018 Board meeting, in the context of the role and work of the national Scheme Advisory Board. An Update on national LGPS developments will be presented to Board meetings, or during training, on a regular basis going forward.

At both the June 2018 and December 2018 meetings the Board received a detailed report covering a range of Pension Administration issues. These included membership, employer data, performance data, death processes, transfers, retirements, deferred benefits, GMP reconciliation. These reports together with an oral presentation by the Pension Manager provided the Board with relevant and significant material upon which to ask questions and provide constructive challenge. The performance and resourcing of the Pensions Administration service was an area of particular interest as reflected in the questions and comments of Board members.

At the June 2018 meeting a report providing both the background to the management of risk by the Nottinghamshire LGPS Fund together with the Risk Management Strategy and the actual Risk Register were presented to the Board. This provided members with an opportunity to understand the risk management process which resulted in both queries and discussion across both Investment and Pensions Administration.

A broad report on national developments relating to the LGPS which included a focus on the Scheme Advisory Board (SAB) was presented to the Board at its December 2018 meeting. The report included coverage of the purpose of the SAB, background to and progress relating to the 'Cost Cap' introduced as part of the 2014 reforms of the LGPS, the background and results of the 'Section 13 Valuation' of the LGPS across England and Wales, the SAB 'Separation Project' (now renamed 'Good Governance in the LGPS') looking at governance across the LGPS, and the SAB 'Tier 3 employer' review. After hearing from the Pensions Manager and Advisor to the Board members commented that they considered the report extremely useful as it enabled them to better understand the broader context and developments in the LGPS nationally.

At the December 2018 meeting the Board received a report on the response of the Nottinghamshire LGPS Fund to the Pension Regulator's (TPR) Annual Governance Survey 2018. This report highlighted to the Board the broad range of the active interest of TPR in relation to the LGPS. As the survey demonstrated this covers not only the crucial issue of Pensions Administration including record keeping, data review, Annual Benefit Statements and complaints. The survey also included Pension Board governance, managing Risks, cyber security and reporting breaches of the law.

The Work Programme was considered and further developed at both the June 2018 and December 2018 Board meetings. This continued the practice established at the first meeting of the Board held on 16 December 2015. Pensions Administration in particular was identified as an area of focus.

Pension Board Review 26 March 2015 to 31 March 2018

A review of the establishment of the Nottinghamshire Local Pension Board and its activity from 2015 to 31 March 2018 was considered by the Board at its meeting held on 14 June 2018. The review included coverage of the background to the creation of the Board, its role, training of Board members and Board activity. The review highlighted the focus of the Board on the administration of the Nottinghamshire LGPS Fund. In the discussion of the report specific reference was made by the Chair of the Board to its role in relation to assurance.

Training and Development

It is a statutory requirement under Schedule 4 of the Public Service Pensions Act 2013 and Section 248A of the Pensions Act 2004 (As amended) that members of Pension Boards have "knowledge and understanding" of pensions law and be "conversant" with the Scheme Regulations and Fund documents. During the period covered by the previous Board review (2015 to 31 March 2018) the Board received training, from the Advisor to the Board, which addressed the eight "core" areas of Knowledge and Skills for Pension Board Members as set out in the CIPFA *"Local Pension Boards A Technical Knowledge and Skills Framework"* and members of the Board also successfully completed the Pension Regulator's online *"Public Service Toolkit."* Therefore prior to the period covered by this Pension Board review (1 April 2018 to 31 March 2019) the members of the Board had received the fundamental training which would be reasonably expected to be provided to a newly created Pension Board.

Prior to both Board meetings held during the period 1 April 2018 to 31 March 2019 the Advisor to the Board presented a training session of approximately 90 minutes. Before the Board meeting held on 14 June 2018 further training was provided on Legislation, Governance, Roles and Responsibilities including in the specific context of the Nottinghamshire LGPS Fund. After this there was a session dedicated to Investment Pooling covering the background, national guidance, developments to April 2018, and an introduction to LGPS Central the Pool which Nottinghamshire is a member of.

Prior to the Board meeting held on 4 December 2018 the Advisor to the Board presented a training session entitled *"An introduction to the 2019 LGPS Actuarial Valuation."* This explained the role of the Fund Actuary, the purpose, process and outcomes of the Three Yearly Actuarial Valuation. This was followed by a session entitled *"Update on LGPS Developments."* This provided an update on the Government Actuary's Department Section 13 Report, the approach of the Pensions Regulator to the LGPS and on Investment Pooling.

The objective of the training provided prior to the 2018 Pension Board meetings was to provide knowledge and understanding that built upon the strong foundations of the earlier Board training. The 2018 training sought to achieve this by covering additional topics, looking at issues in more depth, specifically considering the Nottinghamshire context and by providing updates on issues previously covered.

Support for the Board by the Administering Authority 1 April 2018 - 31 March 2019

The effectiveness of the Board is dependent not only on the approach and contribution of its members but also that of the Administering Authority. Throughout the period covered by this review the Board received positive support, advice and guidance from the Officers of the Nottinghamshire Pension Fund.

Meetings of the Board were also supported and attended by the Advisor to the Board who provided independent support including advice on issues the Board might wish to consider, and an external viewpoint on the Officers reports in addition to presenting training to the Board.

John Raisin

Advisor to the Nottinghamshire LGPS Local Pension Board

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