

minutes

Meeting NOTTINGHAMSHIRE LOCAL PENSION BOARD

Date Thursday 16 December 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)

Officers in Attendance

Jon Clewes Team Manager, Pensions
Keith Palframan Financial Services, Team Manager
Martin Gately Democratic Services Officer
Ciaran Guilfoyle Investments Officer (via Teams)

1. MINUTES

The minutes of the last meeting held on 30 September 2021 were agreed and signed by the Chairman.

2. APOLOGIES FOR ABSENCE

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

3. DECLARATIONS OF INTEREST BY MEMBERS AND OFFICERS

None.

4. LOCAL GOVERNMENT PENSION SCHEME – ACTUARY REPORT AND PRESENTATION

Mr Clewes introduced the report, the purpose of which was to introduce training by the Fund Actuary on the next tri-ennial valuation commencing on 31 March 2022.

Mr Barry McKay FFA, Partner at Barnett Waddingham, provided the Board with a detailed presentation explaining actuarial valuation issues, including liabilities, assets, contributions and cash flow projections. The presentation also covered assumptions regarding mortality, and a bespoke socio-economic longevity analysis based on the fund's own recent experience, as well as the impact of COVID on mortality. While there have been more pensioner deaths due to COVID than expected, the impact on the Pension fund has been minor. Deaths have tended to be in the '80 plus' range.

Mr McKay also addressed several of the key issues affecting the LGPS- McCloud, the age discrimination remedy which will result in an increase to employer costs as well as a huge admin project, and the cost cap and floor, which was paused in January 2018. The Board also heard about the exit cap reform, which was a public sector reform dating from Treasury led regulations of November 2020. There were then contradictory regulations in force in relation to this. The new Exit Cap Regulations of November 2020 were subsequently revoked by HM Treasury.

In response to a question from a Board Member, Mr McKay indicated that he retained some optimism about the future, while recognising that some experts were gloomier. However, returns are more difficult to find now.

In response to a question from Mr Raisin regarding the status of the fund following the last valuation, Mr McKay said that while a funding update had not been done recently, there was over £6 billion in the fund as at 31st March 2021 and assets were performing well.

RESOLVED 2021/018

That:-

- 1) The presentation from the scheme actuary be accepted.

5. LOCAL GOVERNMENT PENSION SCHEME – TRANSFORMING PENSION ADMINISTRATION REPORT

Jon Clewes, Pensions Manager introduced the report, the purpose of which was to update the Board on the data audit and improvement workstream within the "transforming pension administration through digital development and new ways of working programme."

Mr Clewes detailed the new ways of working, including: increased automation, addressing member data inaccuracies, members being able to access pension records 24/7. In addition, there were also the expectations of the Pension Regulator.

The most critical workstream for the programme has been the data audit, as changes will only be successful if our data is accurate. A further requirement is being driven by the National Pensions Dashboard implementation, and it is understood that the LGPS will be in the first tranche planned for 2023.

Mr Clewes also described the project to improve common data, as well as how the Data Quality Dashboard allows the Fund to review the data position for each employer. £264,000 was approved by Pension Committee at its 4th November meeting. The Pension Committee has also authorised some permanent and temporary funding to establish resources to support the McCloud project, along with crossover activities with the data improvement and GMP projects. A number of posts have also been advertised.

In response to a question from Mr Heppenstall regarding the nature of the self-service portal, Mr Clewes indicated that the portal would allow members to view data and update it in real time online (e.g. changing address when moving house).

Mr Heppenstall emphasised that ‘one size does not fit all’ – and that in his role as a union representative, members did occasionally call on him to explain their pension statements to them.

Mr Clewes added that the employer portal had been rolled out to Districts and the County Council and engagement had been good. The Fund is currently trying to recruit an additional member of staff to support the rollout. There was a discussion about data security through the Portal and Mr Clewes confirmed to the Chairman that he would bring a report on cyber-security to a future meeting of the Board.

RESOLVED 2021/019

That:

- 1) the progress and ongoing work taking place within the Data Audit and Improvement workstream be noted.
- 2) Ongoing update reports on the progress of the programme be received.

6. REVISION OF FUND STRATEGY DOCUMENTS

Keith Palframan, Financial Services Team Manager, introduced the report, the purpose of which was to advise the Board of the recent review of the Administration Strategy, Climate Strategy, Communications Strategy, Funding Strategy Statement, Governance Compliance Statement, Investment Strategy Statement and the Risk Management Strategy and Risk Register documents by the Pension Fund Committee.

Mr Raisin commended the summary of the documents.

In response to a question from Councillor Purdue-Horan regarding officer training, Mr Clewes confirmed that governance training should include officers of the fund. Regulations on this were awaited, and a draft report is being prepared which will pick up these points.

RESOLVED 2021/020

That:

- 1) the recent review of the Administration Strategy, Climate Strategy, Communications Strategy, Funding Strategy Statement, Governance Compliance Statement, Investment Strategy Statement and the Risk Management Strategy and Risk Register documents by the Pension Fund Committee be noted.

7. LOCAL GOVERNMENT PENSION SCHEME – BREACHES LOG REPORT

Mr Clewes introduced the report, the purpose of which was to inform the Pension Board of the policy and processes being used by Nottinghamshire Pension Fund to identify, record and report statutory breaches of the LGPS and related regulations.

Mr Clewes explained that the fund is required to comply with the Pension Regulator's Code of Practice (which is currently under review), and the policy document outlines the decision process of reporting breaches of law as they apply to the management and administration of the Fund.

An example of a breach is where scheme employers have not provided their statutory data to allow the Fund to produce benefit statements. On occasion, the Pension Fund has reported scheme employers to the regulator. The policy is formalising what the Fund already does, and ensuring we have the Breaches Log.

In response to a question from David Smith, Mr Clewes indicated that information from the Breaches Log would be included in his performance report each year. Mr Clewes also gave the example of a scheme employer who had experienced difficulties providing data in a timely way, but was now bringing its payroll function back in-house when previously it had been outsourced.

RESOLVED 2021/021

That:

- 1) the procedure outlined in the policy document to record and report statutory breaches of the LGPS regulations be adopted.

8. PENSION FUND RISK REGISTER

Mr Clewes introduced the report, the purpose of which was to present the current Nottinghamshire Pension Fund Risk Register to the Board.

Mr Clewes made reference to Risk Governance 4, which relates to the resources to manage the Pension Fund and is a high risk. Recruitment to vacant posts should mitigate the risk going forward. There is also work going on nationally to look at training and recruitment.

Another risk relates to data, and the report prior to this is mitigating some of that risk.

In relation to Risk Admin 5 (Communication), we are looking to update our website. The Pension Fund will also be rebranded with its own logo.

RESOLVED 2021/022

That:

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

11. WORK PROGRAMME

Mr Clewes indicated that provisionally the cyber security report would be on the agenda of the March meeting of the Pension Board. In addition, Mr Clewes hoped to bring a report in March on February's governance conference.

A report on officer training will also feature on the agenda of a future meeting.

Pension scams training for Board Members will also be scheduled.

Regarding welcome packs, Mr Clewes had asked other funds for examples of theirs. Scheme employers will be contacted regarding recruitment to the Board in the new year.

RESOLVED 2021/023

That:

- 1) amendments to the work programme be considered.

The meeting concluded at 12.12 pm.

CHAIR