

## minutes

|         |                                      |
|---------|--------------------------------------|
| Meeting | NOTTINGHAMSHIRE LOCAL PENSION BOARD  |
| Date    | Thursday 10 December 2020 at 2.00 pm |

### membership

Persons absent are marked with `A`

### Employers

|                             |                                |
|-----------------------------|--------------------------------|
| Councillor Tony Harper      | Nottinghamshire County Council |
| Councillor Sally Longford A | Nottingham City Council        |
| David Smith                 | Autism East Midlands           |

### Members

|                  |                       |
|------------------|-----------------------|
| Mark Heppenstall | Pension Scheme member |
| Thulani Molife   | Pension Scheme member |

### Also in Attendance

|             |  |
|-------------|--|
| John Raisin | John Raisin Financial Services Ltd, Advisor to the Board |
|-------------|--|

### Officers in Attendance

|                  |   |
|------------------|---|
| Jon Clewes       | Team Manager, Pensions                  |
| Martin Gately    | Democratic Services Officer             |
| Ciaran Guilfoyle | Investments Officer                     |
| Sarah Stevenson  | Group Manager, Business Services Centre |

### MINUTES

The minutes of the last meeting held on 12 December 2019 were agreed and signed by the Chairman.

### APOLOGIES FOR ABSENCE

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

### DECLARATIONS OF INTEREST BY MEMBERS AND OFFICERS

None.

#### **4. LOCAL GOVERNMENT PENSION SCHEME – PENSION ADMINISTRATION PERFORMANCE REPORT**

Jon Clewes, Pension Manager, introduced the report, the purpose of which was to inform the Pension Board of the Pension Administration Team's performance for the four quarters to the year-end up to 31 March 2020.

Mr. Clewes explained that the information had been presented to Pensions Committee in September 2019, with valuation concluded in March 2020. Each year, the main issue is the performance of scheme employers – and they always have to be chased for data. The admin strategy continues to be followed and there have been a number of changes in membership, with new employers coming in. The total number of employers is now 320.

In terms of data accuracy, in 2019 there was 59% accuracy on common data, and this is now up to 76%. A great deal of work on this has been done with the software provider.

In relation to complaints, some complaints are actually only requests for information. Stage 2 complaints go to an independent adjudicator and then to the ombudsman.

There is a national governance project looking at Key Performance Indicators (KPIs). This Authority intends to introduce these new national KPIs once the project has concluded.

In response to questions from Members of the Board, Mr Clewes indicated that the Administration Team intended to move to monthly reporting and hoped for support from the Pensions Committee and Board in order to be able to do this. In terms of staffing resources, in January 2020 positions were advertised for two full time members of staff and there were no applicants. In May/July two further posts were advertised and this resulted in 27 applications. Ultimately, two people were recruited from the payroll service as well as two additional young people with no experience; and while there is always an ebb and flow in resources, the team continues to need more people.

#### **RESOLVED 2020/001**

That:-

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

#### **5. LOCAL GOVERNMENT PENSION SCHEME – TRANSFORMING PENSION ADMINISTRATION UPDATE REPORT**

Jon Clewes introduced the report, the purpose of which was to update the Nottinghamshire Pension Board on the transforming pension administration through digital development and new ways of working programme, as well as the next phases of the data audit and improvement workstream.

Mr Clewes indicated that due to national changes with the LGPS there would be alterations to digital services with transformation happening in four key phases – Data Audit and Improvement, Scheme Employer Portal, Hosting Options and Member Portal. These went live in July and hosting options are currently being considered, with one the drivers being the migration of NCC to cloud-based solutions.

As well as responding to external factors, the aim is to completely improve the customer experience. The movement to monthly returns essentially means a year end return every month – in real time. Resourcing capacity for project management was currently being examined, and this would be the subject of a future report.

In response to questions from Members, Mr Clewes indicated the intention was to make the portal as user-friendly as Amazon. The key thing would be the accuracy of the data.

### **RESOLVED 2020/002**

That the pension transformation update report be considered.

### **6. LOCAL GOVERNMENT PENSION SCHEME – UPDATE ON THE PROGRESS ON THE IMPACT OF THE MCCLOUD JUDGEMENT ON THE ADMINISTRATION OF THE PENSION FUND**

Jon Clewes, Pension Manager, introduced the report, the purpose of which was to update the Pension Board on the impact of the McCloud and Sargeant Court of Appeal ruling that the Government's 2015 public sector pension reforms unlawfully treated existing public sector employees differently based on members' ages on 1 April 2012.

Mr Clewes explained that it was possible that some members might receive increased pensions as a result of the judgement, while some might have been overpaid – though this was not anticipated to be a large number. There is a need to go back scheme employers with a request for data going back to 2012. This could mean up to 24,000 records, though the software provider will be able to generate some reports.

The Chairman requested that Mr Clewes write to the Board with further information when the position became clearer.

### **RESOLVED 2020/003**

That:

- 1) the implications of the McCloud case be considered, and further update reports be received as the project becomes clearer following the consultation on the national proposals.
- 2) the consultation response in appendix A be considered.

## **7. LOCAL GOVERNMENT PENSION SCHEME – REFORM OF LOCAL GOVERNMENT EXIT PAYMENTS**

Jon Clewes, Pension Manager, introduced the report, the purpose of which was to inform the Board of the implementation of the reform of local government exit payments on scheme members and the implications for scheme employers.

Mr Clewes explained that in July 2020 the Treasury published the Government's response to the consultation on draft regulations, directions and guidance to implement the exit cap. The implementing regulations came into effect on 4 November 2020 and results in a cap on exit payments of more than £95k in the public sector.

The LGPS will therefore have to pay fully reduced or offer deferred benefits. There were likely to be class action cases in relation to this.

In response to questions from Board Members, Mr Clewes indicated that the £95k limit included pension strain (the cost of releasing the pension), redundancy and additional discretionary redundancy enhancement, any other payments – but not AVCs (Additional Voluntary Contributions).

### **RESOLVED 2020/004**

That:-

- 1) the proposals on implementing the interim arrangements for the Pension Fund be acknowledged.

## **8. LOCAL PENSION BOARD REVIEW 1 APRIL 2019 TO 31 MARCH 2020**

John Raisin, the Advisor to the Board introduced the report, the purpose of which was to review the activity of the Pension Board for the period 1 April 2019 to 31 March 2020.

Mr Raisin summarised the issues considered at Board meetings, which included the Scheme Advisory Board, good governance in the LGPS, the LGPS cost control process, McCloud and its implications, changes to the local valuation cycle, and the management of employer risk.

Mr Raisin indicated that he had previously made a presentation to the Pensions Committee on the work of the Board. He reported that the committee had been interested in and appreciative of the work of the Board.

### **RESOLVED 2020/005**

That:

- 1) No further actions were identified in relation to this report.

## **9. NOTTINGHAMSHIRE PENSION BOARD LGPS UPDATE**

John Raisin, Advisor to the Board, presented a paper which included an overview of the 2019 actuarial valuation, coronavirus and the LGPS, scheme governance – good governance in the LGPS project, the Supreme Court case regarding 2016 statutory guidance, MHCLG consultation – “changes to the Local Valuation Cycle and the Management of Employer Risk, investment pooling – the situation regarding national guidance and his presentation to the Pension Fund Committee on 12 March 2020.

## **10. PENSION FUND - RISK REGISTER**

Jon Clewes, Pension Manager, introduced the report, the purpose of which was to draw the Board’s attention to the risks identified by the Fund as part of its response to the Covid 19 emergency and the impact on the Fund.

Mr Clewes stated that the rollout of new technology (e.g. laptops) had allowed the team to move swiftly to working from home. The issue of scams was identified, and there were concerns that people would take decisions detrimental to their pensions.

All data was eventually provided by scheme employers; although a number of scheme employers had to be reminded about their legal responsibilities. Only one employer requested not to pay employer contributions.

Mr Ciaran Guilfoyle, Investments Officer, stated that the same systems that worked for the admin team (i.e. working from home) served the investment side. Flexible working was taking place before COVID, and though lack of access to printers was a problem, it was not insurmountable.

### **RESOLVED: 2020/006**

That no actions were required in relation to the issues contained within the report.

The meeting concluded at 3.55 pm.

**CHAIR**