

Local Pensions Board

Thursday, 27 June 2024 at 13:30

County Hall, West Bridgford, Nottingham, NG2 7QP

AGENDA

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- 2 Minutes of last meeting held on 30 November 2023 3 - 10
- 3 Apologies for Absence
- 4 Declarations of Interests by Members and Officers:- (see note below)
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Notes

- (1) Councillors are advised to contact their Research Officer for details of any Group Meetings which are planned for this meeting.
- (2) Members of the public wishing to inspect "Background Papers" referred to in the reports on the agenda or Schedule 12A of the Local Government Act should contact:-

Customer Services Centre 0300 500 80 80

- (3) Persons making a declaration of interest should have regard to the Code of Conduct and the Council's Procedure Rules. Those declaring must indicate the nature of their interest and the reasons for the declaration.

Councillors or Officers requiring clarification on whether to make a declaration of interest are invited to contact Noel McMenamin (Tel. 0115 993 2670) or a colleague in Democratic Services prior to the meeting.

- (4) Councillors are reminded that Committee and Sub-Committee papers, with the exception of those which contain Exempt or Confidential Information, may be recycled.
- (5) This agenda and its associated reports are available to view online via an online calendar - <http://www.nottinghamshire.gov.uk/dms/Meetings.aspx>

minutes

Meeting NOTTINGHAMSHIRE LOCAL PENSION BOARD

Date Thursday 30 November 2023 at 10:30 am

membership

Employers

Councillor Reg Adair	Nottinghamshire County Council
Councillor Dr. Imran Jalil*	Nottingham City Council

Members

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

Also in Attendance

Councillor Dr Nayab Patel	Nottingham City Council
John Raisin – Advisor to the Board	(via video link)

Officers in Attendance

Noel McMenamin	Democratic Services Officer
Ciaran Guilfoyle	Investments Officer
Jon Clewes	Team Manager, Pensions
Sarah Stevenson	Group Manager, Business Service Centre

*Note: Following the meeting, it was confirmed that Councillor Jalil was the Nottingham City Council Employer Member on the Board, replacing Councillor Patel.

1. MINUTES

The minutes of the last meeting held on 15 June 2023 were agreed and signed by the Chairman.

2. APOLOGIES FOR ABSENCE

None

3. DECLARATIONS OF INTEREST BY MEMBERS AND OFFICERS

None.

4. NOTTINGHAMSHIRE PENSIONS BOARD ANNUAL REVIEW 2022-23

John Raisin, Advisor to the Board, introduced the report which reviewed the Board's activity during the period 1 April 2022 to 31 March 2023

During his introduction, Mr Raisin made the following points:

- The Board had met three times in 2022-23, which was above the minimum of 2 meetings as set out in the Board's Terms of Reference. However, despite efforts by Fund officers to fill vacancies and provide a full complement of 4 Employee and 4 Employer representatives, the Board operated below its membership capacity throughout 2022-23.
- The Board considered and commented on the Fund's Risk Register at each of its 3 meetings, in line CIPFA guidance on managing risk.
- While training responsibilities had been fulfilled, recent LGPS consultation indicated that Board member training should be more structured, with records kept of whom had and had not attended training provided.
- While investment is not a responsibility falling to the Board, investment governance does fall under its remit. William Bourne, Advisor to the Pension Committee, has provided assurance that 'the Fund has a very long-term investment horizon and even a sustained period of poor returns will not affect its ability to pay pensions'. Mr Bourne also provided briefing and support to the Board at its June 2022 meeting in respect of a report on investment policy and governance.
- The Board had received positive support, advice and guidance from Pension Fund officers, as evidenced by robust reporting and engagement with Board members. However, the lack of resources/capacity to support the Scheme was the greatest ongoing risk facing the Scheme. This was exacerbated by the increasing complexity involved in successfully operating the Scheme in terms of governance, administration and investment functions.

In the brief discussion which followed, the Chair undertook to liaise with the chair of the Pension Committee about possible joint training opportunities.

RESOLVED 2023/011

That, there being no amendments arising during debate, the Local Pensions Board Annual Review be approved for onward consideration by the Pensions Committee.

5. NOTTINGHAMSHIRE PENSION BOARD ADVISOR – LOCAL GOVERNMENT PENSION SCHEME UPDATE

John Raisin, Advisor to the Board, introduced the report, which provided an update on two national issues relating to the Local Government Pension Scheme (LGPS). These were the LGPS Consultation ‘Next Steps on Investments’ and Regulations to Implement the McCloud Remedy in the LGPS

- In respect of the ‘Next Steps on Investments’ consultation, which ran from 11 July to 2 October 2023, a number of very significant reforms have been proposed. The Update before the Board had been completed on 8 November 2023 in accordance with the timetable for preparing reports for this meeting. However, unexpectedly the DLUHC had issued a **Consultation Outcome** on 22 November 2023. Therefore, Mr Raisin included reference to this in his briefing to the Board;
 - The **Consultation Outcome** confirmed that the Government intended to go ahead with almost all of the proposals published in the Consultation issued in July 2023;
 - Guidance will be issued requiring LGPS Funds to transition their listed assets to their Investment Pool by March 2025 or set out detailed reasons for retaining the asset. This is in effect a ‘comply or explain’ approach. In the longer run the Government wished to reduce the number of Investment Pools, but not immediately. The Government will issue Guidance to further develop asset pooling and to enhance reporting arrangements related to pooling;
- C
- The consultation also put forward proposals to use up to 5% of assets to support levelling up in the UK, to invest up to 10% of assets in private equity, as well as proposing changes to the provision of investment consultancy services and a revised definition of investments. In respect of the levelling up and private equity proposals the Consultation Outcome confirmed that there would be no mandatory investment levels but rather merely the requirement for a ‘plan’ and ‘ambition’;
 - On the McCloud remedy, the Government’s response to consultation on supplementary issues and draft regulations was issued on 8 September and the Regulations came into effect just 3 weeks later on 1 October 2023. Underpin protection for those meeting the required criteria as detailed in the report only applied to the between 1 April 2014 and 31 March 2022.

During debate, Mr Raisin explained that the Government’s position on pooling and particularly private equity was nuanced rather than overly prescriptive, with Funds expected to ‘comply or explain’ in respect of pooling listed assets and to merely have an ‘ambition’ to invest 10% of assets in private equity. There had been a lukewarm response from Funds in respect of private equity investment.

In response to a member's question, it was explained that the pros and cons of the Government's proposals on investments had been debated at Pensions Committee, and that it wouldn't be appropriate for officers unqualified on investments issues to comment on the investments proposals.

RESOLVED 2023/012

That the Board considered and commented on the information presented on the LGPS Scheme update.

6. GOVERNMENT PENSION SCHEME – PENSION ADMINISTRATION PERFORMANCE UPDATE

Jon Clewes, Pensions Team Manager, introduced the report which provided a detailed breakdown of the work of the Pensions Administration Team for the year ending 31 March 2023.

Mr Clewes drew the Board's attention to the following points:

- The year to end March 2023 had been a challenging period, with several ongoing statutory projects running alongside the day-to-day administration of the Scheme. There had been increased activity with the cost of living crisis in 2022-23 leading to an increase in those drawing down benefits early.
- The Administration Team had put a lot of work into improving data quality, with common data accuracy at 87%, up from 59% in 2019. There were currently 295 employer members, which was a slight reduction on the previous year, largely due to consolidating academy trusts into single employers. The Scheme had a total individual membership of 155,702, incorporating active members, deferred members and pensioners. This was up from 149,515 in 2021-22. Almost 90,000 annual benefit statements had been sent out in August 2023, with a further 2,000 in November 2023.
- A two-stage internal dispute resolution procedure was in place to address complaints and issues and to minimise escalation. 2 cases were currently with the Scheme Ombudsman. There had been a number of complaints specifically involving the Prudential/Scottish Widows, with complainants alleging benefits not being paid nor information provided as a result of inaccurate data.
- The year to end March 2023 had also seen an increase in the complexity of issues around retirements, transfers and deaths in service. Anecdotal evidence suggested that this was in part as a result of residual issues from the pandemic.

During debate, a Board member confirmed that members were having issues with Prudential/Scottish Widows in respect of the administration of Additional Voluntary Contributions. Those contacting the Prudential were being

signposted to the LGPS without elaboration, resulting in complainants being passed between organisations.

RESOLVED 2023/013

That the performance of the administration of the pension fund and the continued development of systems and processes that will improve the service to the members of the fund.

7. LOCAL GOVERNMENT PENSION SCHEME – GUARANTEED MINIMUM PENSION RECTIFICATION - UPDATE

Jon Clewes, Pensions Team Manager, introduced the report which updated the Board the progress of the Guaranteed Minimum Pension rectification exercise following the completion of the reconciliation exercise conducted by HM Revenue and Customs.

Mr Clewes explained that a long-running reconciliation exercise had been carried out from 2017, which sought to compare the Guaranteed Minimum Pension liabilities held by the Fund with data on contracted out earnings and entitlements held by HMRC.

Following several delays, definitive scan data was received from HMRC in 2020 and a rematching exercise with LGPS-held data was then carried out. This revealed 766 pensioner records requiring adjustment. Redress for underpayments is being processed, while legal advice is not to seek recovery for overpayments totalling £5.9 million, a position endorsed by Pension Committee

The Board noted the update without substantive comment.

RESOLVED

That the update on the Guaranteed Minimum Pension reconciliation project and the proposals for the rectification of the pension records as outlined in the report be noted.

8. LOCAL GOVERNMENT PENSION SCHEME – UPDATE ON PROGRESS OF THE IMPACT OF THE MCCLOUD JUDGEMENT

Jon Clewes, Pensions Team Manager, introduced the report which updated the Board the progress of the Pension Fund McCloud Project.

Mr Clewes provided the following information:

- New legislation removing McCloud age discrimination came into force on 1 October 2023, just 3 weeks following the publication of consultation outcomes on draft regulations and supplementary McCloud issues.

- The judgement/regulations had required a great deal of work to prepare for the judgement, including receiving and validating supplementary information from employers, installing specialist software, and drawing up communications and guidance. This had taken resource away from day-to-day management of the LGPS, with marginal benefit for those affected.

During debate, it was explained that further implementation of the McCloud remedy could not be completed until further national guidance was provided. Given the slippage that had taken place, and as the McCloud project team had been established on a fixed term basis, discussions about extending the contract were taking place.

RESOLVED 2023/015

That the update on the McCloud Judgement, and progress in addressing the implications for the Fund, be noted.

9. LOCAL GOVERNMENT PENSION SCHEME – REVIEW OF FUNDING STRATEGY DOCUMENTS

Ciaran Guilfoyle, Investment Officer, introduced the report which updated the Board on the suite of Fund Strategy documentation required to be kept up to date. The Pension Fund Committee had considered and endorsed the revisions.

The Board noted the revisions and updates without debate.

RESOLVED 2023/016

That the review of the Administration Strategy, Climate Strategy, Communications Strategy, Funding Strategy Statement, Governance Compliance Statement, Investment Strategy Statement and Risk Management Strategy and Risk Register documents by the Nottinghamshire Pension Fund Committee be noted. update on the McCloud Judgement, and progress in addressing the implications for the Fund, be noted.

10. PENSION BOARD – RISK REGISTER

Sarah Stevenson, Group Manager, Business Service Centre, introduced the report which presented the current Nottinghamshire Pension Fund Risk Register for the Board's consideration.

Mrs Stevenson made the following points and comments:

- A review of the Risk Register involving the council's insurance providers Zurich was currently ongoing and, once completed, a revised Risk Register model would be presented to Pension Committee and Pension

Board. The current Risk Register would be reformatted to reflect the review outcomes in due course.

- 4 apprentices had been successfully recruited to help address the current capacity issues within the Pension Fund administration team. Managers had been impressed by the calibre and enthusiasm of the recruits and it was hoped that once the apprenticeships were completed it would lead to permanent appointments.
- Work was also being carried out to automate some administrative tasks, which would in turn release resource to address more complex issues.
- Cyber security remained a significant risk. Hosting Civica and UPM away from the Nottingham County Council servers represented a significant opportunity to reduce vulnerability from cyber attack.

During debate, the Board was advised that there had been a low turnout for risk training provided for Pension Committee. The Chair undertook to contact the Chair of the Pension Committee, Councillor Kerry, to suggest that similar training in future be opened up to Board members.

RESOLVED 2023/017

That the Board considered whether there were any actions required in relation to the issues in the Risk Register report.

11. LOCAL PENSION BOARD – TRAINING PROPOSAL

John Raisin, Advisor to the Board, introduced the report, which proposed delivering training specifically on Pensions Accounting, Auditing and Reporting. This had last been provided prior to 2020 and so it was recommended that all Board members were invited to attend.

Mr Raisin explained that training based on the Local Pension Board's Technical Knowledge and Skills Framework and covering all 8 core areas of the Framework would be progressively delivered. Pensions Legislation and Pensions Governance training had been provided by the Advisor during June 2023.

RESOLVED 2023/018

That the training proposal for Board members as detailed in the report be endorsed.

12. WORK PROGRAMME

Members considered the work programme, copies of which had been circulated.

During debate, several possible areas for future inclusion were identified, but for a variety of reasons these were unlikely to be ready for the February 2024 meeting. These included the Pension Regulator Single Modular Code, a Guaranteed Minimum Pension Rectification update and a cyber security report.

Further training, as identified at minute 11 above, also needed scheduling

RESOLVED 2023/019

That, subject to the inclusion of items agreed elsewhere on the agenda, the work programme be approved.

The meeting concluded at 12.10pm.

CHAIRMAN

27 June 2024

Agenda Item: 5

**REPORT OF THE SERVICE DIRECTOR FOR CUSTOMERS, GOVERNANCE
AND EMPLOYEES**

**NOTTINGHAMSHIRE LOCAL PENSION BOARD ADVISOR LOCAL
GOVERNMENT PENSION SCHEME UPDATE.**

Purpose of the Report

1. To provide an update report to the Pension Board by the by the Board Advisor of two main developments since the Board last met on 30 November 2023.

Information

2. Attached is the report provided by John Raisin, Pension Board Advisor relating to a number of recent developments within the Local Government Pension Scheme.
3. The highlighted developments cover the 2023 Investment Consultation and Consultation Outcome, Climate Risk reporting, new guidance on the Annual Pension Fund report, LGPS Accounts and Audit and the Pension Regulator General Code.
4. The update helps keep the Board fully informed in respect of national and local Pensions Fund issues, enabling the Board to deliver its Terms of Reference.

Other Options Considered

5. It is appropriate that the independent Pension Board Advisor provides information and advice to the Board, and so no options other than receive and comment upon the Advisor's report have been considered.

Reason/s for Recommendation/s

6. This report has been compiled to for the Pensions Board to consider the report prior to the report being presented to the next available Pension Fund Committee.

Statutory and Policy Implications

7. This report has been compiled after consideration of implications in respect of crime and disorder, data protection and information governance finance, human

resources, human rights, the NHS Constitution (public health services), the public sector equality duty, safeguarding of children and adults at risk, service users, smarter working, sustainability and the environment and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

Data Protection and Information Governance

None.

Financial Implications

None.

Human Resources Implications

None.

Implications for Service Users

None.

RECOMMENDATION/S

It is recommended that:

- 1) The Pensions Board receives and considers the report of the advisor of the Pension Board. along with identifying any actions required.

Marjorie Toward

Service Director – Customers, Governance and Employees

For any enquiries about this report please contact:

Noel McMenamin, Democratic Services Officer on 01159932670
noel.mcmenamin@nottsc.gov.uk

Constitutional Comments (KK)

8. The proposals in this report are within the remit of the Nottinghamshire Local Pension Board.

Financial Comments (SES)

9. There are no financial implications identified within the report

HR Comments None.

Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

- None

Electoral Division(s) and Member(s) Affected

- All

JOHN RAISIN FINANCIAL SERVICES LIMITED

The Nottinghamshire Local Pension Board

LGPS Update

A paper by the Advisor to the Pension Board June 2024

Introduction

This paper informs and updates the Pension Board in respect of five important issues relating to the LGPS. These are:

1. Investment Consultation and Consultation Outcome 2023
2. Climate Risk Reporting
3. Annual Pension Fund Report – New Guidance
4. LGPS Accounts and Audit
5. The Pension Regulator (TPR) General Code

1. Investment Consultation and Consultation Outcome 2023

The LGPS Update to the November 2023 Board meeting included a commentary on the Consultation of July 2023 “**Local Government Pension Scheme (England and Wales): Next steps on Investments**” which included a number of important proposals particularly in respect of investment Pooling and Investment Pools.

At the time, the November LGPS Update was finalised (8 November 2023) the Department for Levelling Up Housing and Communities (DLUHC) had not issued a **Consultation Outcome**. However, on 22 November 2023 DLUHC (unexpectedly) issued its **Consultation outcome** response which may be accessed at [Local Government Pension Scheme \(England and Wales\): Next steps on investments - government response - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/local-government-pension-scheme-england-and-wales-next-steps-on-investments-government-response) This stated how the Government now intended to proceed. Therefore, at the Board meeting held on 30 November 2023 the Advisor to the Board gave an oral update which provided a commentary on the **Consultation outcome**. In essence the **Consultation outcome** confirmed that the Government intended, despite some considerable opposition to those proposals which may reasonably be described as controversial, to go ahead with almost all of its original proposals.

In order, however, for the changes to the LGPS covered in the **Consultation outcome** to come into effect it is necessary for appropriate changes to be made to the LGPS Regulations and/or new Statutory Guidance to be issued. As at the time the General Election was called, however, no such Regulations or Statutory Guidance had been issued in respect of the following issues covered in the **Consultation outcome** - Investment Pooling (very clearly the principal issue within the Consultation), a statutory requirement for Pensions Committee Members to undertake Training, Levelling Up, Private Equity, objectives for Investment Consultants, and to correct the definition of investment in the 2016 Investment Regulations. Therefore, most of the proposals, including the most important ones relating to the further development and implementation of Pooling have not (yet) come into effect.

In respect of the proposals relating to reporting on Investment Performance and on Pooling activity/outcomes these have, however, been implemented through the new Statutory Guidance on the Pension Fund Annual Report of March 2024 which is covered in more detail in Section 3 of this LGPS Update.

2. Climate Risk Reporting – still awaiting Regulations

On 1 September 2022, the Government issued a Consultation on the **“Governance and reporting of climate change risks.”** In the March 2023 LGPS Update it was reported that it was anticipated that Regulations to introduce Climate Risk reporting into the LGPS would be issued retrospectively, after 1 April 2023, but would apply from 1 April 2023. No such Regulations were, however, issued in April 2023.

In the June 2023 LGPS Update it was reported that on 23 May 2023 the Scheme Advisory Board had stated on its website that the implementation of Climate Risk reporting in the LGPS – *“is now expected to commence from 1 April 2024, with first reports due in late 2025.”*

As at the date when the General Election was called (22 May 2024) no proposed Regulations had been issued to implement Climate Risk reporting. Consequently, there must be a clear question as to whether the implementation of mandatory and consistent Climate Risk reporting by the LGPS will actually commence (retrospectively) from 1 April 2024 with the first reports due in late 2025.

3. Annual Pension Fund Report – Updated Statutory Guidance

On 28 March 2024 updated Statutory Guidance in respect of the preparation of LGPS Fund Annual Reports was issued to replace the previous guidance issued by CIPFA in March 2019. The new Guidance is called **“Preparing the Pension Fund Annual Report, Guidance for Local Government Pension Scheme Funds, April 2024.”** This guidance is the first publication to have been reviewed and jointly approved by the Compliance and Reporting Committee (CRC) of the

LGPS Scheme Advisory Board (SAB), the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Department for Levelling Up, Housing and Communities (DLUHC). Previously the (now disbanded) CIPFA Pensions Panel was, for many years, responsible for the preparation of Annual Report Guidance.

Paragraph 10 of the new Guidance of 2024 confirms that it has the status in England and Wales of “*statutory guidance.*” Therefore, in accordance with Regulation 57(3) of the LGPS Regulations 2013 “*In preparing and publishing the pension fund annual report*” each Administering Authority (in this case Nottinghamshire County Council) “*must have regard*” to this Guidance. Paragraph 2 of the new Guidance states “*This guidance applies to 2023/24 annual reports and later years.*”

However, Paragraph 2 of the new Statutory Guidance goes on to state “*For annual reports covering 2023/24, funds should use their best endeavours to comply fully with this guidance, but exercise judgement where, because of changes to the previous content, to do so would require disproportionate effort or cost. Where significant variation from this guidance is considered appropriate, funds should provide an explanation.*” A reason for this approach is provided in the report “**ANNUAL REPORT GUIDANCE**” to the 12 February 2024 meeting of the Scheme Advisory Board Compliance and Reporting Committee (CRC) which states at paragraph 7 that “*...it is acknowledged that it may be a challenge for funds to report on all the new requirements for the 2023/24 reporting year, as changes to the recording and reporting of data may take time to implement.*”

This new Statutory Guidance clearly and very significantly increases the reporting requirements for LGPS Funds relating to **Investments** as is clear from a comparison of the contents of the 2019 Statutory Guidance with the 2024 Statutory Guidance. Paragraph 30 of the new Statutory Guidance implements as a “**must**” the reporting of “*Investment performance net of fees*” for “*each fund manager or asset class*” together with “*an appropriate benchmark chosen by the authority...*” which implements the proposal regarding reporting returns in the **Consultation outcome** of 22 November 2023. Paragraphs 35 to 41 set out a broad range of reporting requirements relating to Pooling which implement the proposal in the **Consultation outcome** to “*require greater clarity on the progress of pooling...*”

Paragraph 42 of the 2024 Statutory Guidance introduces a new requirement whereby “*The annual report **must** also include data...to provide additional information on investment in the UK...*” This reflects the Government’s interest in Pension Fund investment in the UK.

The 2024 Statutory Guidance (paragraph 31) enhances the reporting of environmental, social and governance (ESG) activity as it states that LGPS Funds “**should**” provide details of ESG activities. In contrast the 2019 Statutory Guidance merely stated that LGPS Funds “**may** also wish to provide details” of any ESG activities.

The new Statutory Guidance also clearly and very significantly increases the reporting requirements for LGPS Funds relating to **Administration** as is clear from a comparison of the contents of the 2019 Statutory Guidance with the 2024 Statutory Guidance. In particular the new Guidance at Paragraph 55 states that *“Pension Funds **must** report on the outcomes of administration KPIs set out in Annex 1 and **should** provide an appropriate commentary such that readers can understand and put the data into context”*

The KPIs at Annex 1 (which is called Annex A elsewhere in the 2024 Guidance) are extensive and cover Casework, Communication and Engagement, Resources, and Data Quality. To seek to facilitate consistency of KPI reporting across LGPS Funds Definitions and Guidance Notes have also been provided.

Doubtlessly to reflect the delays that have been encountered in recent years by some LGPS Funds in obtaining an **External Audit Opinion** a commentary has been added to address this situation. Paragraph 67 states *“Where the audit opinion has not been issued on or before 1st December, the pension fund administering authority is still under a statutory obligation to publish the annual report by the due date. Funds in this position must publish the annual report without an audit opinion making it clear that this is the case and then re-publish the report when the audit opinion is finally issued.”*

Overall, there can be no doubt that the new Guidance **“Preparing the Pension Fund Annual Report, Guidance for Local Government Pension Scheme Funds, April 2024”** place further resourcing requirements on LGPS Funds across their Investment, Administration, and Accounting functions.

4. LGPS Accounts and Audit

Regulation 53(1) of the LGPS Regulations 2013 (as Amended) requires Administering Authorities (including Nottinghamshire County Council) to *“maintain a pension fund...”* The LGPS Update to the March 2023 Board meeting included a briefing on Pension Fund Accounts.

This stated that in August 2022 the Chair of the Scheme Advisory Board (SAB) had written to the Minister responsible for the LGPS to urge that the Government separate the Pension Fund Annual Accounts in England from those of their Administering Authority as had already happened in both Scotland and Wales. A principal reason for this was to avoid any delays to the publication of the Pension Fund Accounts arising from delays relating solely to the main Accounts of a Council.

Consequently, in February 2023 the Minister sent a response stating that DLUHC was actively considering the SAB recommendation to completely separate the Pension Fund Annual Accounts of English LGPS Funds. As at March 2024 there had however been no progress in respect of the separating of Pension Fund Accounts from those of their Administering Authority.

On 6 March 2024 SAB again raised this issue by issuing a formal response to the DLUHC Consultation **“Addressing the local audit backlog in England.”** This Consultation which was issued on 8th February 2024 and closed on 7 March 2024 was concerned with clearing the backlog in the publication of audited accounts of major local bodies in England which in the words of the Consultation *“has grown to an unacceptable level.”* In its response SAB included the following:

“...The consistent delays in the completion of the audit of the administering authority’s main accounts has had the effect of delaying the issuing of an audit opinion on the pension fund annual accounts.”

“...so long as pension fund accounts remain part of the main local authority accounts, problems unrelated to the issuing of audit opinions on the pension fund will continue to impact on the timely publication of finalised pension fund accounts, along with the pension fund audit opinion.”

“All LGPS pension funds are multi-employer schemes, with a typical single fund having over 200 different employers participating in the LGPS. Over 18,000 separate employers participate in the LGPS, and an increasing feature of the scheme is the extent to which almost two thirds of these employing bodies are commercial companies, not for-profit entities and academy schools/Multi-academy trusts, rather than local authorities. These employing bodies are subject to a wide range of different financial reporting frameworks which all require that LGPS pension liabilities should be recognized.”

Where the pension fund audit has not been signed off simply due to the delay in clearing the administering authority’s audit, then the auditor of the scheme employers’ accounts will need to do additional work to gain assurance that the pension liability figures that have been provided by the pension fund to the employer can be relied on. Any uncertainty over the value of the pension liabilities may be material to a scheme employer, depending on a range of factors particular to that employer. This is avoidable and unnecessary additional cost for the employer as well as being a significant additional administrative burden for the pension fund in responding to queries and requests for information from the scheme employer’s auditor.”

“Partly because of this ongoing problem, the Board wrote over a year ago to the then Minister to recommend the separation of the pension fund annual accounts in England from the administering authorities’ own accounts, as is already the case for the LGPS in Scotland and Wales.”

“We understand that the Minister has agreed in principle to the separation of pension fund accounts and has asked officials to find a suitable legislative vehicle to achieve this. It is a well understood problem and the solution for the LGPS is clear – we are just waiting for it to be delivered.”

As at the time that the General Election was called DLUHC had, however, made no announcement regarding the separation of Pension Fund Accounts from those of their Administering Authority.

5. The Pension Regulator General Code

On 10 January 2024, The Pension Regulator (TPR) issued its new “**General code of practice**” which replaces and extends the requirements previously placed on LGPS Funds by TPR Code of Practice No 14 “**Governance and administration of public service pension schemes.**” The new Code came into force during March 2024. An Officer report on the new TPR Code which includes reference to the implementation of the Code in the specific context of the Nottinghamshire Fund is included elsewhere on this Agenda.

John Raisin

10 June 2024

27 June 2024

Agenda Item: 6

**REPORT OF THE SERVICE DIRECTOR FOR CUSTOMERS, GOVERNANCE
AND EMPLOYEES**

**NOTTINGHAMSHIRE LOCAL PENSION BOARD ANNUAL REVIEW 1 APRIL
2023 TO 31 MARCH 2024.**

Purpose of the Report

1. To provide a report by the Advisor of the Board reviewing the activity of the Nottinghamshire Local Pension Board for the period 1 April 2023 to 31 March 2024.
2. That the Pension Board consider the report prior to the report to be presented at the next available Pension Committee meeting.

Information

3. The Local Government Pension Board was established on 26 March 2015 and is responsible for “assisting” to secure compliance with pension legislation, regulations and guidance to ensure the effective governance and administration of the Local Government Pension Scheme.
4. The Pension Board is not a decision making body and the decision making function remains with the Administering Authority and this in Nottinghamshire is delegated to the Pension Committee.
5. As part of the work activities of the Pension Board there is a requirement for the Chair of the Pension Board to provide a report to the Pension Committee updating the committee on the work of the Board and where appropriate to make recommendations to the Pension Committee.
6. The final report is attached in Appendix A. In drawing up the report the chair of the Pension Board commissioned the Independent Pension Board Advisor to write the report reviewing the activities of the Pension Board since for 1 April 2023 to 31 March 2024.

Other Options Considered

7. It is appropriate that the independent Pension Board Advisor provides information and advice to the Board, and so no options other than receive and comment upon the Advisor’s report have been considered.

Reason/s for Recommendation/s

8. This report has been compiled for the Pensions Board to consider prior to the report being presented to the next available Pension Fund Committee.

Statutory and Policy Implications

9. This report has been compiled after consideration of implications in respect of crime and disorder, data protection and information governance finance, human resources, human rights, the NHS Constitution (public health services), the public sector equality duty, safeguarding of children and adults at risk, service users, smarter working, sustainability and the environment and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

Data Protection and Information Governance

None.

Financial Implications

None.

Human Resources Implications

None.

Implications for Service Users

None.

RECOMMENDATION/S

It is recommended that:

- 1) The Nottinghamshire Local Pensions Board receives and considers the report of the advisor of the Pension Board. along with identifying any actions required.

Marjorie Toward

Service Director – Customers, Governance and Employees

For any enquiries about this report please contact:

Noel McMenamin, Democratic Services Officer on 0115993 2670 or noel.mcmenamin@nottsc.gov.uk

Constitutional Comments (KK)

10. The proposals in this report are within the remit of the Nottinghamshire Local Pension Board.

Financial Comments (SES)

11. There are no financial implications identified within the report. The report updates Members on several matters. Some of which are waiting further regulations to be issued by the Government. It should be noted that the Nottinghamshire Pension Fund Accounts have not been affected by significant delays that have been seen elsewhere.

HR Comments

None.

Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

- None

Electoral Division(s) and Member(s) Affected

- All

JOHN RAISIN FINANCIAL SERVICES LIMITED

The Nottinghamshire Local Pension Board

Pension Board Review 1 April 2023 to 31 March 2024

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 2023 to 31 March 2024.

This review has been prepared by the Advisor to the Board, in Consultation with the Chair, for consideration by the Board at its meeting on 27 June 2024. Following consideration by the Board an approved version of this review will be forwarded to the Pension Fund Committee for their consideration.

Purpose and Terms of Reference of the Nottinghamshire Pension Board

Under its Terms of Reference, the purpose of the Nottinghamshire Local Pension Board is to assist the Pension Fund Committee in its role (delegated by Nottinghamshire County Council) as a Scheme Manager under the Public Service Pensions Act 2013 and the Local Government Pension Scheme (LGPS) Regulations. The Board consists of eight members and comprises four Employer and four Employee representatives. The Chair is chosen by the Board members from amongst their number. The present Chair Thulani Molife an Employee representative became Chair on 30 September 2021 having served as a member of the Board since 2016. The Board provides a specific forum for both Employers and Employees to be actively involved in the Governance of the Fund on an ongoing basis.

The Board is supported by Officers of the Nottinghamshire Pension Fund. In addition, the County Council has appointed an independent external Advisor to the Board, John Raisin Financial Service Limited.

Board Meetings 1 April 2023 to 31 March 2024

Nottinghamshire County Council requires that as a minimum the Pension Board meet twice a year. The Board Members (supported by Officers and the Advisor) expressed the view, at an informal Board Workshop in February 2021, that the Board should meet more regularly than the two occasions per (financial) year that had been the practice since 2015. There was a clear consensus that four meetings a year would be appropriate. In both 2021-22 and 2022-23 the Board made progress towards this meeting on three occasions. During 2023-24 the Board met on two occasions – on 15 June 2023 and 30 November 2023.

The Agenda Items considered at each Board meeting held during the financial year 2023-2024 are shown in the Table below:

	15/6/23	30/11/23
Minutes of Previous Meeting	/	/
Declarations of Interest	/	/
Pension Fund Risk Register	/	/
Work Programme	/	/
LGPS Update by Advisor to the Board	/	/
LGPS Scheme Valuation – Fund Actuary	/	
Minutes of Pension Board Chairs Meeting	/	
Review of Fund Strategy Documents		/
Training		/
Pensions Administration Performance Report		/
Impact of “McCloud” on Nottinghamshire Fund		/
Guaranteed Minimum Pension Rectification - Update		/
Pension Board Annual Review 2022-23		/

Further comments on the above reports are included later in this review.

Members of the Pension Board

The full Membership of the Nottinghamshire Pension Board is four Employee and four Employer representatives. This number, eight, is well in excess of the minimum number of Board members required under the LGPS Regulations 2013 which is only four (two Employee and two Employer). The establishment by the County Council in 2015 of a Board membership of eight was positive and proactive in terms of seeking to facilitate both Employee and Employer representation and involvement in the ongoing Governance of the Nottinghamshire Pension Fund.

Unfortunately, there have been ongoing issues in terms of recruitment to the Board despite clear attempts by the Fund Officers to fill all eight places. During 2022-2023 the membership of the Board was only five members. During 2023-24 it was five Members until 22 November 2023 and then fell to only four Members. As at the year end there were two Employer representatives and two Employee representatives. As was stated in the previous Pension Board review this situation is most unfortunate given the role of the Board under both the LGPS Regulations and its Terms of Reference as set out by the Nottinghamshire County Council.

The Board was however fortunate to have throughout the year three longstanding and experienced Members who this year, as in past years, were not only conscientious in attendance but also contributed actively and positively to Board meetings. The individual commitment and participation of Thulani Molife, Councillor Reg Adair, and Mark Heppenstall meant that the reports prepared by Officers and the Advisor to the Board were carefully considered, constructively questioned, and actively discussed. Thulani Molife continued as Chair and was actively involved in discussions with Fund Officers and the Advisor to the Board between, and in preparation for Board meetings.

Councillor Dr Nayab Patel and Becky Smeathers who had both joined the Board as Employer representatives in September 2022 stepped down during the year. Councillor Dr Patel was immediately replaced by Councillor Dr Imram Jalil.

Despite the input of Fund Officers, Advisors and the three longstanding Members (of the Board) the ongoing vacancies – now four out of eight are having a clear impact on the ability of the Board to assist the Administering Authority to secure the effective and efficient Governance and Administration of the Pension Fund.

Support for the Board by the Fund Officers and Advisor to the Board

The LGPS Regulations 2013 require each Administering Authority (Pension Fund) to establish a Pension Board comprised of equal numbers of Employer and Employee representatives to assist the Pension (Fund) Committee. This requirement provides LGPS Funds with a genuine opportunity to significantly enhance the involvement of stakeholders in LGPS Fund Governance.

The ability of a Pension Board to provide effective input and genuinely contribute to the ongoing development, activity, and monitoring of a LGPS Fund, is however, not guaranteed by the fact that there is a regulatory requirement to establish a Board. A fundamental requirement for a Board to be effective is genuine and extensive input and support by the Fund Officers. Throughout 2023-2024 the Board received, as it has since its creation, positive support, advice, and guidance from the Officers of the Nottinghamshire Pension Fund with responsibility for the Governance, Administration, and Investment aspects of the Fund. This support was clearly evidenced not only by the reports prepared by the Officers but also their briefings provided at Pension Board meetings (and pre Agenda meetings) and their positive and informative responses to the constructive questions and observations of the Board members and the Advisor to the Board.

It is particularly appropriate in this review to express much appreciation for the support that Jon Clewes Pensions (Administration) Manager gave to the Board from its foundation in 2015 until his retirement in May 2024. Jon prepared a significant number of the reports presented to and considered by the Board since its inception. Jon played a significant role in supporting the Board not only in relation to Pension Administration issues but also Risk and the Board Work Plan. Jon was very active and positive in consulting with the Chair and Advisor in terms of Board Agenda planning and preparation.

When the Board was created in 2015 Nottinghamshire County Council took the unusual but incredibly positive approach of appointing an independent external Advisor to the Fund to provide additional support and advice to the Board. John Raisin Financial Services Limited (JRFS) was appointed to this role after competitive tender in 2015 and reappointed following another tendering process in 2021. In 2023-2024, as in previous years, JRFS continued to provide reports for the Board and input at Board meetings and discussions with the Chair and Officers between Board meetings, and to lead on both Training strategy and provision.

Training and Development, LGPS Updates and Nottinghamshire updates

Sufficient and effective Training and Development are clearly essential for Board Members to properly discharge their responsibilities. Furthermore, knowledge and understanding are specifically required of Pension Board Members by the Public Service Pensions Act 2013.

The June 2023 Board meeting received a detailed presentation from the Fund Actuary Barry McKay of Barnett Waddingham on the subject of Actuarial Valuations with a particular focus on the 2022 Actuarial Valuation – which is a Funding Valuation. The presentation began with the Actuary giving an overview of the distinct types of Valuation – Funding, Accounting, Cessation, Bulk Transfer. The Actuary then gave a detailed presentation on the 2022 Actuarial Valuation commencing with an explanation of the key inputs and outcomes of a Funding Valuation. Issues covered by the Actuary included how Assets and Liabilities are funded, setting Employer Contribution Rates, key financial assumptions (pension increases, salary increases, Discount Rate), key demographic assumptions (mortality, commutation). The Actuary explained the whole Fund results and the various changes that had led to the overall increase in Funding Level from 93% in 2019 to 100% in 2022 – Investment returns and lower life expectancy were the main factor increasing the Funding level. The Actuary then gave a briefing on a range of “hot topics” including McCloud, the Cost Cap, the Good Governance Review and Climate Change. There were a range of constructive questions raised by Board Members with the Actuary including the inflation assumption, climate risk and the future timing of LGPS Actuarial (Funding) Valuations

As agreed by the Board at its March 2023 meeting a detailed training session covering Legislation and Governance was provided (online) to Board Members by the Advisor to the Board on 7 June 2023. This covered Legislation and Governance in the context of both the LGPS at a national level and in the specific context of the Nottinghamshire Pension Fund.

The Pension Fund is required under the LGPS Regulations to prepare certain strategies/policies (for example the Governance Compliance Statement, Funding Strategy Statement, the Investment Strategy Statement) while other policies (for example a Climate Strategy) have been developed by Pension Funds, including Nottinghamshire, as good practice. At the November meeting the Board received a report **Revision of Fund Strategy Documents** which provided an overview of the Nottinghamshire Pension Fund Strategies with a brief description of each and a link where each of these documents can be examined. This provided an update to the Board of the strategies/policies of the Nottinghamshire Fund, a summary of the most recent changes to these, and a link providing easy access to them.

At the November 2023 Board meeting a paper from the Advisor to the Board entitled **Pension Board Training Proposal Pensions Accounting, Auditing & Reporting** was received. This proposed that the Advisor to the Board provide a (two hour) training session covering Pensions Accounting, Auditing, and the Annual Report and that this be delivered prior to the next scheduled meeting of the Board. Consequently, this has been scheduled to take place prior to the Board meeting of 27 June 2024.

In addition, during 2023-2024 the Board received two broad **LGPS Updates** from the Advisor. These provided Board members with knowledge and understanding of Governance, Administration, and Investment issues with a particular emphasis on national (England and Wales) developments within the LGPS. Issues covered were Investment Pooling including the LGPS Consultation “*Next steps on Investments*,” McCloud Consultation and Regulations, Climate Change (Risk) reporting, changes to the LGPS Cost Management process, Changes to Pensions Taxation, The Pension Regulators proposed new General Code, the Good Governance in the LGPS project. In response to the LGPS Updates Members raised questions regarding the approach to Investment Pooling and the implementation of the Good Governance in the LGPS project recommendations by Nottinghamshire.

Review of the Pension Fund Risk Register

Risk Management is fundamental to effective Pension Fund activity across all of the Governance, Administration, and Investment functions. The Chartered Institute of Public Finance and Accountancy) and The Pension Regulator have made absolutely clear the critical role and importance of effective Risk Management in the context of the LGPS.

Therefore, it was appropriate and indeed necessary that the **Pension Fund Risk Register** together with a covering report was presented to, and actively considered by the Board at each of its meetings during 2023-2024. As in both 2021-2022 and 2022-2023, the resourcing of the Pension Fund remained the highest Current Risk on the Risk Register with a score of “12” and a rating of “HIGH.”

The Board has in previous years expressed very clear concerns regarding resourcing/recruitment and again in 2023-2024 constructively questioned Officers. At both the June and November 2023 meetings the Group Manager (Business Service Centre) provided a detailed response to Board Members concerns. This included acknowledging that resourcing is indeed an area of risk and has been exasperated by recent developments including McCloud, and GMP reconciliations. Work was however ongoing to mitigate resourcing challenges including for example working with Civica to maximise efficiencies from the pension system.

At both the June 2023 and November 2023 meetings the Group Manager, (Business Service Centre) gave a very helpful oral update on progress in reviewing the Risk Management/Risk Register process. The Council has commissioned its insurer Zurich to assist with this review. Once completed a revised Risk Register model would be presented to the Pension Fund Committee and the Pension Board.

Pension Administration Issues

Effective Pensions Administration is absolutely fundamental to the Nottinghamshire Pension Fund. Ultimately the Pension Fund only exists to provide pension benefits to those entitled to them as determined by the LGPS Regulations. There was a particular focus on Pensions Administration at the meeting held on 30 November 2023.

The **Pension Administration Performance Report** covered the work and performance of the Pensions Administration Team for the period 1 April 2022 to 31 March 2023. The report included coverage of - the extensive range of the Team's functions and responsibilities; its structure including an extensive narrative and analysis of resourcing; recruitment and retention issues; Data Quality; Pension Fund Member Statistics; Complaints and Internal Dispute Resolution Procedure Appeals; Performance Data including statistics, commentary, and explanations/analysis. The presentation of an annual performance report to the Board is most helpful in highlighting the challenges, the responses to these, the achievements and performance of the Pensions Administration function.

In his presentation of the above report to the Board the Pensions (Administration) Manager highlighted that it had been a challenging year with several projects (including McCloud and Guaranteed Minimum Pension rectification) alongside ongoing activity. Much effort had been made to both improve data quality and improve performance. For example, performance against KPIs had improved to 75% compared to 67% the previous year. However, the Pensions Administration function continues to face increasing complexity and ongoing challenges. During the year there had also been an increase in deferred members of the scheme drawing their benefits early.

The November 2023 meeting also received a report and briefing on the **Guaranteed Minimum Pension** which updated the Board on the progress of this project including the rectification process, and the approach and decision of the Pension Fund Committee with regard to this issue. A report **Update on the Impact of the McCloud Judgement on the Administration of the Pension Fund** was also prepared and presented to the November 2023 meeting by the Pension (Administration) Manager. This provided detailed coverage of "McCloud" in both a national and Nottinghamshire context. Issues covered included Background, Impact on Members Benefits, What the Fund has done to prepare for McCloud, The new Regulations, Implementation of the Regulations. The Nottinghamshire Fund had already had to undertake much work in relation to this project including obtaining and validating supplementary data from Employers. While the report and discussion of the report confirm that the Pension Fund has a plan and approach which seeks to deliver the McCloud remedy this could not be implemented until further national guidance is provided. Overall, this is a complex and challenging project for the Pension Fund.

Work Programme

At each of the meetings held during 2023-2024 an updated Work Programme was presented to the Board for its consideration. The Work Programme presented to each Board meeting had previously been reviewed by the Board Chair, Advisor to the Board, and Fund Officers at the pre-agenda meeting held to agree the Agenda and reports for the next Board meeting. At each Board meeting members were actively encouraged to identify any additional issues for inclusion in the Work Programme. The presentation of the Work Programme resulted in constructive observations and suggestions from Board Members.

Conclusion and Going Forward

The Nottinghamshire Pension Fund operates within the overall regulatory/guidance framework as defined by the LGPS Regulations, associated Statutory Guidance and other overriding legislation and recommended principles of best practice. Reports and presentations made to the Pension Board in 2023-2024 gave assurance to the Board that the Nottinghamshire LGPS Fund is clearly seeking, through its approach to Risk Management and the operation of the Pensions Administration function, to properly comply with its obligations in relation to these matters.

While the Pension Board has no role in Investment decision making the Pension Board does have, in accordance with both the LGPS Regulations and its Terms of Reference (as determined by Nottinghamshire County Council), a role in reviewing Governance and operational arrangements relating to any activity including the Investment activity of the Fund. Therefore during 2023-24 the Board received some update/ briefing on Investment related issues in the context of the Nottinghamshire Fund (primarily through the Risk Register and the report on the Revision of Fund Strategy documents). However, unlike in 2022-23 there was no specific briefing to the Pension Board in respect of Pension Investment issues. Therefore during 2024-2025 the Board should ideally receive a further report and briefing on both **Investment Policy and Governance**, and also a further update on the progress of the **LGPS Central Pool** preferably including input from representatives of the Pool.

As in 2022-2023, the reports and oral presentations received by the Board during 2023-24 also clearly demonstrated that resourcing, particularly staff resourcing, is an area that the Nottinghamshire LGPS Fund needs to keep under careful consideration and review.

John Raisin

Advisor to the Nottinghamshire LGPS Local Pension Board

In consultation with

Thulani Molife

Chair of the Nottinghamshire LGPS Local Pension Board

17 June 2024

Agenda Item:7

**REPORT OF SERVICE DIRECTOR – CUSTOMERS, GOVERNANCE AND
EMPLOYEES**

LGPS GOVERNANCE CONFERENCE 18 – 19 JANUARY 2024

Purpose of the Report

1. To report on the LGPS Governance Conference 2024.

Information and Advice

2. The Annual LGPS Governance Conference took place on the 18 and 19 January 2024. The Conference was opened by Joanne Donnelly, Head of Pensions at the Local Government Association (LGA). Joanne welcomed all delegates to the conference and trailed the range of interesting speakers on a variety of important topics relevant to LGPS practitioners.
3. This year the conference was attended by Pension Board Chair, Thulani Molife, and Jonathan Clewes Pension Administration Manager.
4. The following are the main highlights of the presentations given at the conference and represent the views of the presenters.

Day 1 – Keynote address – Pensions Ombudsman Dominic Harris.

5. Dominic, formerly a pension lawyer, became the Pensions Ombudsman (TPO) a year ago and set out his priorities for the next four years, against a backdrop of increasing cases and resource challenges. Working efficiently, early resolution and creating a Pensions Dishonesty Unit will feature in the TPO's plans.
6. A Cyber-attack in June affected their ability to process complaint cases, and they are still getting back to full capability. Pensions transfers, overpayments and misinformation continue to be the key complaint topics with ill-health complaints particularly relevant in the LGPS.
7. Dominic covered recent determinations, highlighting that a pragmatic approach would be taken by him in decisions e.g., in relation to topics such as divergences between legislation and Department of Work and Pensions (DWP) guidance in relation to pensions transfers.
8. The Court of appeal recently found that TPO is not a competent court for the purposes of schemes recovering from overpayments from members. Schemes will need to go to County

Courts to recoup overpayments if a scheme member disputes recovery. There were some examples which demonstrated how cases would be dealt with.

9. He also covered other cases with lessons for funds spotting fraudsters.

Scheme Advisory Board (SAB) update – Cllr Roger Phillips, SAB (England and Wales) Cllr Nathan Yeowell, Local Government Pension Committee (LGPC) Chair.

10. Prior to this session, a video address was shown from Simon Hoare MP. The Minister apologised for not attending and confirmed that Pensions is a key focus in local government. He is committed to:

- Knowledge and Training in the LGPS
- Stronger policies on how decisions are made, and conflicts of interest managed; and
- Focus on investment governance and giving serious thought to the prudence of retaining as many funds as possible.

11. The Minister expressed optimism about what the LGPS and Government can achieve going forward.

- The minister set out his key priorities; chief amongst these was the need for the LGPS to manage risk and seize opportunities given significant geopolitical shocks on the horizon. Being vigilant on this will help ensure the LGPS remains sustainable and healthy going forward.
- The minister finished his address by highlighting the work done by the SAB to improve the governance and administration of the LGPS and commented on the excellent value he places on the support of SAB in conducting his role.

12. Cllr Yeowell provided more information on the LGPC, explaining how it represents the sector by responding to consultations, and working with bodies such as the TPO, the Pensions Regulator (TPR) and the Department for Levelling up, Housing and Communities (DLUHC). He emphasised the communications and technical expertise available to funds and employers together with ongoing engagement with the pensions management institute to create national LGPS qualifications. Other priorities include implementing McCloud, getting ready for dashboards, and implementing changes to the tax regime.

13. Councillor Phillips described how SAB works with government. He discussed his meeting with the Minister; given fund considerations over the last 10 years, a natural reduction of numbers to increase efficiency did not seem unlikely. Responsible investment will remain a key issue and he impressed the need for Task Force on Climate related Financial Disclosures (TCFD) legislation for the LGPS on the Minister. On pooling, he urged funds to take on leadership, and reiterated that funds should act in the meantime to benefit from improved governance.

The employer landscape – panel session

Lisa Clarkson, LGA; Andrew Dobbie, Unison; Debbie Sharp, South Yorkshire Pensions Authority; Jennie Mulrooney, Education & Skills Funding Agency.

14. Lisa discussed the huge growth in employee volumes, driven by academisation and outsourcings.
15. Debbie discussed the challenges of obtaining timely information when academisation is happening and that, at all stages, getting the right data is key.
16. Jennie provided an overview of the Education and Skills Funding Agency (ESFA) work, with reference to the LGPS academies guarantee and the powers to investigate and act where employers may not be meeting their regulatory requirements. It was mentioned about challenges around employers understanding their role and that LGPS funds were not created for multi-Fund employers.
17. Andrew provided the union perspective. All scheme members should receive the same quality and accessibility of their rights and entitlements, and outsourcing should not be an impediment to that.
18. All the panel recognised challenges with outsourcing, the Regulations and impact on administration teams.

Legal Update – how to keep on the right side of the law.

Kirsty Mclean, Squire Patton Boggs.

19. Kirsty acknowledged the TPR's General Code of Practice and flagged the reference to the knowledge and understanding requirements being directly applicable to Local Pension Board members. DLUHC are expected to replicate these for Pension Committee members. Funds should complete a 'gap analysis' on the code and create plans to comply.
20. To prepare for Pensions Dashboards, funds should consider the national LGPS Technical Group draft guidance published in Nov 2023.
21. On Transfer Regulations, she recommended that funds follow the Regulations as written but welcomed the pragmatic approach that TPO has taken.
22. On data protection and cyber risk, she referenced the updated TPR guidance issued in December 2003 and the ICO's recent £1.7m fine for poor privacy notices.

Responsible investment – Panel Session

23. The panel discussed measuring and reporting on climate and nature risk. Although legislation was still awaited, it is possible to conduct climate risk reporting. TCFD is a great tool to do this.
24. Pools are a centre of expertise in this and can share their experience with their partner funds and between pools. Border to Coast produced its first climate risk report in 2019/20.
25. The Environment Agency has been conducting climate reporting for several years. Members want to know if the Fund's net zero target is being met.
26. Measuring nature loss and biodiversity is still new on most agendas, but its significance is increasing. Consideration of nature and biodiversity is a continuation of the climate journey.

Day 2 – Welcome from the Chair.

DLUHC Update

Con Hargrave, Department for Levelling Up, Housing & Communities

27. DLUHC's role is to set the rules and regulations for the LGPS in England and Wales. Con mentioned that Simon Hoare, the new Minister, is a former councillor with finance experience.
28. Its role is one of stewardship and policy reform, and a mix of the apolitical and political. Their LGPS team is small – he acknowledged that this, combined with the scheme's complexity and multitude of stakeholders within government, can cause delays.
29. DLUHC's priorities include proposals in relation to investment issues in the LGPS, with many consultation responses received and considered. The responses highlighted the controversy around government interference in asset allocation matters. Con reiterated that the government is clear that this is an ambition for funds rather than a requirement upon funds.
30. Work is ongoing towards a TCFD consultation and on an anticipated consultation on LGPS governance, following SAB's Good Governance Project. Statutory guidance and technical regulations are expected in relation to the McCloud regulations, with a key message around ensuring that administration functions are adequately resourced.
31. Finally, the 2020 cost control process will conclude shortly, with reforms including an 'expanded corridor' and an 'economic check'. The 2022 'section 13 valuation' report is due to be published in summer/autumn this year with engagement starting now to ensure there are no surprises.

The Risk of de-risking – Panel Session.

Steve Lee, Ninety-One; Tony English, Mercer; Melanie Durrant, Barnett Waddingham; George Graham, South Yorkshire Pensions Authority

32. Mel discussed what de-risking is, the ways in which it can be achieved and how all stakeholders, including employers, could be engaged.
33. Tony discussed the more complex ways in which de-risking can be achieved and the benefits of looking at the valuation and investment strategy review in tandem.
34. George explained that the role of the Committee is to set the fund's risk appetite. It reflects the culture of the fund; the role of officers and advisers is to translate this into a strategy.
35. The panel all discussed the need for training on these topics to allow Committee members to make good decisions especially if meetings only take place four times a year.

Cyber security

Representative from the National Cyber Security Centre

36. Closed session.

Improving and measuring your knowledge & skills – Interactive session

Becky Clough, LGA

37. Becky began by running through the work that the SAB's Compliance and Reporting Committee (CRC) do to support committee and board members.

38. CRC's surveys show that 22% of newly appointed committee members have little or no knowledge of the LGPS at appointment, suggesting they face a steep learning curve.

39. Delegates were then split into groups and asked to consider a range of questions about the issues they face and the support they would like from CRC.

Investment outlook

Atul Shinh, Ninety-One

40. Atul began by reflecting on some of the more common economic predictions being made this time last year. None of them happened.

41. Atul took delegates through some of the forces that will shape global economics this year including geopolitics, the biggest year for democracy in history, climate change and AI.

42. In conclusion "Winter is coming but spring will follow."

Closing remarks from the chair

43. The chair summarised the morning's messages, thanked the organisers for their work and looked forward to next year's event.

Statutory and Policy Implications

44. This report has been compiled after consideration of implications in respect of finance, the public sector equality duty, human resources, crime and disorder, human rights, the safeguarding of children, sustainability, and the environment and those using the service and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

RECOMMENDATION/S

1. That the Nottinghamshire Pension Fund Board notes the contents of the report.

Marjorie Toward
Service Director – Customers, Governance and Employees

For any enquiries about this report please contact:

Sarah Stevenson, Group Manager Business Services Centre on 01159775740 or sarah.stevenson@nottscc.gov.uk

Constitutional Comments (KK)

45. The proposal in this report is within the remit of the Nottinghamshire Local Pension Board.

Financial Comments (TMR)

46. There are no financial implications arising from this report.

Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

**REPORT OF SERVICE DIRECTOR – CUSTOMERS, GOVERNANCE AND
EMPLOYEES**

PENSIONS REGULATOR GENERAL CODE OF PRACTICE

Purpose of the Report

1. To inform the Pension Board of the Pension Regulators New Code of practice and to outline what actions the Pension Fund will need to consider in ensuring compliance against the code.
2. A copy of the New Code of Practice can be viewed on the Pension Regulator website using the following link [TPR general \(single\) code of practice | The Pensions Regulator](#).

Background

3. The Public Service Pensions Act 2013 extended the role of The Pensions Regulator (TPR) to include public service pension schemes including the Local Government Pension Scheme (LGPS) from 1 April 2015.
4. The Pensions Regulator (TPR) now has responsibilities in relation to Governance and particularly Administration. However, the Pensions Regulator's role has not been extended to funding and investment issues within the LGPS.
5. Schedule 4 of the Public Service Pensions Act 2013 requires TPR to issue a Code of Practice or Codes of Practice in respect of certain specified matters. In response to this requirement TPR issued Code of Practice No 14 "**Governance and administration of public service pension schemes.**" which came into effect from 1 April 2015. This Code of Practice is applicable both to the Nottinghamshire Pension Fund and the individual Employers within the Fund.
6. In March 2021, the TPR published a consultation on a new Code of Practice which proposed the conversion and updates of ten of the existing Codes including Code of Practice No 14. This Consultation closed in May 2021. The TPR issued an Interim Consultation response on in August 2021 and a Final Consultation response on the 10 January 2024.
7. On 10 January 2024 TPR published the General Code of Practice which came into force on 27 March 2024. The new code includes content which is both updated and new. Two issues of note for public service schemes, including the LGPS, are the (new) modules on "Cyber Controls" and "Scams."

Information and Advice

8. The Pension Regulator (TPR) General code of practice seeks to introduce, as far as practical, comparable standards across all types of Pension Schemes and to make it easier to maintain and update these. The General code comprises five areas which are in turn broken down into fifty-one modules. The five areas are:
 - The governing body
 - Funding and investment
 - Administration
 - Communication and disclosure
 - Reporting to the Pension Regulator
9. It must be stated that not every part of the General Code applies to all pension schemes. As TPR states “*This code applies to governing bodies of occupational, personal, and public service pension schemes. Some legal obligations do not apply to all types of governing bodies or schemes.*”
10. One of the main requirements is that the scheme manager of a public service pension scheme must establish and operate internal controls which are adequate for the purpose of securing that the scheme is administered and managed.
11. There is a different applicability of the code between non-public and public service schemes, however the TPR expects high standards from all schemes. It is expected that there will be more advice and guidance across the LGPS as the New Code becomes understood on how it applies to pension funds.

Applying the General Code to the LGPS

12. Not all the General Code applies to the LGPS, and therefore the LGPS Scheme Advisory Board is studying the code to identify new requirements for funds that were not in the previous section 14 code. It is evident that clarity is required on which parts of the Code specifically apply to the LGPS and what these mean for funds and how they should be applied.
13. The LGPS Scheme Advisory Board is producing new and updated guidance to assist funds with their understanding of their responsibilities.
14. While clarity is required on the exact applicability of the General Code to the LGPS it can be said those modules which subject content are also covered in the existing Code No 14 are, overall, those within the General Code where there will clearly (continue to) be significant requirements on LGPS Funds. These include:
 - Knowledge and understanding,
 - Conflicts of interest,
 - Publishing scheme information,
 - Internal Controls,
 - Record keeping,
 - Data monitoring and improvement,

- Contributions (Receiving, Monitoring, Overdue),
 - Benefit information statements,
 - Dispute resolution procedures, and those modules (Who must report, Decision to report, how to report, Reporting payment failures) in the “Reporting to TPR:
 - Whistleblowing – reporting breaches of the law” section of the General Code.
15. Therefore, it can certainly be stated that significant aspects of the new General Code do apply to the LGPS.
16. There are additional requirements on LGPS Funds arising from the new General Code, and specifically modules on Cyber security and Pension Scams and increased requirements for training for committee members.
17. The Fund will need to consider aspects of the General Code where there are principles and practices which could or in some cases should, be adopted by the LGPS.
18. The area of the Code which clearly has the least applicability to the LGPS is that covering Funding and investment. This is because TPR does not have responsibility in relation to LGPS funding and investment (which remains the responsibility of the Secretary of State whose remit includes the LGPS – at present the Secretary of State for Levelling Up, Housing and Communities) and also because from the narrative within this area it is clearly directed at non-public service pension schemes as is exemplified, for example by the legislative references utilised. However, even within this funding and investment area it will be beneficial to LGPS Funds if the Local Government Pension Scheme Advisory Board for England and Wales (SAB) provides clear guidance – for example where LGPS Funds may or should apply elements as “good practice.”

What actions should the Pension Fund Take

19. Given that the SAB have stated that they will issue guidance, this may take some time, and therefore the fund should seek to assess its compliance with the relevant requirements of the Code given that the code came into force on 27 March 2024
20. Actions that the Fund could take in advance of SAB guidance:
- To review the Code in detail to assess, as far as it is able, which elements of the Code clearly apply to the LGPS and therefore apply to the Pension Fund.
 - Assess the Fund’s current compliance/arrangements against the General Code.
 - Produce a plan on what changes or enhancements can be made to ensure early necessary compliance.
 - Consider elements of the General Code though not applicable to the LGPS may represent good practice for the Fund and plan to make any consequent changes or enhancements.
21. In considering the above the Fund may want to attend relevant seminars/webinars on the implications of the General Code for LGPS Funds. These may be offered by organisations including SAB and the Scheme Actuary Consultants who support the LGPS.

22. Consider any tools and/or LGPS specific training relating to the General Code which may be available from the Actuarial/Investment Advisers who support the LGPS.
23. Consider any relevant guidance when issued by SAB.
24. At its meeting on 18 April 2024, Pension Committee approved the recommendation for a gap analysis to be conducted for the new code against the Fund existing policies and procedures. The outcome of the gap analysis would be the creation of an action plan ensuring compliance with the new code.
25. Future reports will be presented to both the Pension Committee and the Pension Board to demonstrate progress towards compliance with those parts of the Code that are determined to be applicable to the Fund, and those that are considered good practice.

Statutory and Policy Implications

26. This report has been compiled after consideration of implications in respect of finance, the public sector equality duty, human resources, crime and disorder, human rights, the safeguarding of children, sustainability, and the environment and those using the service and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

RECOMMENDATION/S

It is recommended:

1. That the Nottinghamshire Pension Fund Board notes the contents of the report

Marjorie Toward
Service Director – Customers, Governance and Employees

For any enquiries about this report please contact:

Sarah Stevenson, Group Manager Business Services Centre on 01159775740 or sarah.stevenson@nottsc.gov.uk

Constitutional Comments (KK)

27. The proposal in this report is within the remit of the Nottinghamshire Local Pension Board.

Financial Comments (TMR)

28. There are no financial implications arising from this report.

Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

REPORT OF SERVICE DIRECTOR – CUSTOMERS, GOVERNANCE, AND EMPLOYEES.

LOCAL GOVERNMENT PENSION SCHEME – TRANSFORMING PENSION ADMINISTRATION UPDATE REPORT

Purpose of the Report

1. To update Pension board on the delivery of the key aims of the “transforming pension administration through digital development and new ways of working programme”.

**Information
Background**

2. Pension Board is aware from previous reports that pension administration is changing nationally, and in the LGPS with changes to Regulations, and with the requirements and scrutiny of the Pension Regulator. The introduction of the Regulator’s new single code of practice and the proposed administration key performance indicators further support the delivery of the ongoing transformation work that is underway. This is being delivered by the delivery of a range of digital services which include increased automation, significantly reduced manual inputting and amending of member data, ensuring that scheme employers fulfil their responsibilities within the fund and for scheme members to be able to access their pension record 24/7.
3. Following approval by Pension Committee in 2019, the Pension Administration Service set out the key aims of its “transforming pension administration through digital development and new ways of working programme. These are as follows –
 - a. Through **improved data quality and increased automation move towards “administration by exception”**. Ensuring the right people are doing the right tasks at the right time. Enabling our skilled administrators to concentrate on dealing with complex issues, whilst the automation takes care of the very day-to-day tasks where possible.
 - b. **Provide Scheme Employers with portal access** to upload validated data, removing paper and manual input into Civica UPM where at all possible and supporting Employers in fulfilling their duties under the Pension Administration Strategy

- c. Improve the management and transition of member and financial data through the **deployment of monthly returns** rather than a yearly return. This would support auto loading and processing of new starters, changes, and leavers to enable cost efficient and transparent processing.
 - d. **Provide Members with self-service** access to enable them to maintain their personal data, review their pension benefits and communicate with the Fund.
 - e. **Support the Fund to meet increasing regulatory requirements and standards on reporting** for example, the Pension Regulator requirement for Funds to improve the quality of their data and the expectation that Funds enable Scheme Employers and Members to interact with the Fund via digital platform.
4. Whilst progress has continued to be made with the data audit and improvement workstream, this being the key foundation of the transformation programme, the overall programme's progress has been impeded by a number of key issues over more recent times, for example:
- The impact of the pandemic during 2020 through to 2022
 - The delivery of national projects such as Guaranteed Minimum Pension, McCloud, and initial work on national pension dashboards.
 - A significant increase in the volume of requests for deferred benefits and active retirement quotes and crystallisation of pensions into payment as a result of the pandemic and the cost-of-living crisis.
 - Turnover of experienced pension administration officers and issues in recruiting to both vacancies and additional resources within pension administration.

However, since June 2023, work has been undertaken to refresh and drive forward the required changes to deliver the digital transformation. The following provides the Pensions Board with an update on delivery against the key aims of the programme.

Improved data quality through data audit and improvement

5. Good quality data is a critical element in the success of digital transformation. The Pension Regulator requires all Funds to maintain accurate records. Data improvement is a continuous process and not a one-off exercise. The Fund's engagement with data improvement does not end once its improvement plan is delivered. Without good quality data, administrators are unable to process requests from scheme employers or members. Continual issues with poor quality and missing data provided by scheme employers impacts funds in several ways including reputational risk and fines from the Pension Regulator, and valuation risks, which affect members and impact on administration.
6. The programme has invested considerable time and resources in the data audit and improvement workstream. Since this activity started the Fund has been required to respond to a number of external projects, all of which have a foundation in "collecting specific data" –
- a. GMP Reconciliation project
 - b. McCloud Court of Appeal judgement regarding age discrimination
 - c. Initial activity to support the delivery of the National Dashboard system. This national project has been delayed and the Fund's revised staging date is now September 2025.

7. The “behind the scenes” activity of the data audit and improvement has supported the Fund to achieve a significant improvement in its data scores since 2020. During the last 12 months the data improvement activity has been light touch due to the focus being on the final stages of the GMP reconciliation project and data gathering for the McCloud project.
8. As part of the audit improvement phase a series of bulk data improvement (BDIs) tasks have been developed. The project agreed to postpone the running of the final fix, as this requires the implementation of the Service BDI, which would overlap with the data cleanse work being undertaken with employers for McCloud. The McCloud data returns are scheduled to be loaded into Civica UPM in mid-December, following the implementation of the required software module. Once completed this will then result in a further run of the data audit and application of the service BDI to address appropriate Data Validation Failures (DVs). Any remaining data errors will then be sent to individual scheme employers to address.
9. The following table details the progress achieved since the baseline data validation check (DVs) figures were taken in September 2020. As can be seen in the table, 57% of the current scheme membership of 148,928 have passed all DVs. Together with the 48,984 members with between 1 and 3 amendments this covers 90% of the current scheme membership.

As at Sept 2020 Nos of Members	As at Nov 2021 Nos of Members	As at Nov 2022 Nos of Members	As at Nov 2023 Nos of Members	DV not passed	Total progress from September 2020
24,035	66,036	82,343	84,314	Passed all DVs	An increase of 60,279 (57%) of members passing all checks
56,658	56,668	46,835	48,984	1-3 amendments required	A reduction of 7,674 members
26,825	11,388	10,336	11,190	4-6 amendments required	A reduction of 15,635 members
13,507	2,608	2,663	2,978	7-9 amendments required	A reduction of 10,529 members
13,408	1,339	1,172	1,462	10+ amendments required	A reduction of 11,946 members
134,433	138,039	143,349	148,928		An increase of 14,995 members being included in the Data Audit.

10. Against the baseline of September 2020 where 53,740 members had between 4 and 10+ data errors, as at November 2023, only 15,630 members now have this range of data errors.
11. However, the Pension Regulator Annual Data Return figures show that common data has remained static over the last 12 months and the scheme specific data score has fallen slightly,

this is due to both an increase of 14,995 members in the November 2023 audit run and the fact that the final fixes detailed in paragraph 9 have been held back due to the focus on GMP and McCloud. Once the final fixes are applied it is expected that both scores will increase further.

	Sept 2020	Sept 2021	Oct 2022	Nov 2023
Common Data	73%	84%	87%	87%
Scheme Specific Data	41%	54%	64%	63%

12. The Fund will be reviewing its Pension Administration Strategy and will be developing a section to report on Scheme Employers’ performance against their responsibilities on an annual basis. This will include details of data quality maintenance by Scheme Employers, as informed by periodic data quality dashboards, adherence to LGPS Regulations, Scheme Employer Responsibilities, and breaches.

Increased automation leading to administration by exception.

13. The data audit and improvement workstream has reached a point where the project is confident to progress work on the development of individual process automation (IPA). The project has worked with Civica to develop a process to initially automate the deferment process to allow for “straight through processing” if the record successfully completes a series of validation checks.

14. The IPA process runs a series of validation checks against either an individual or batch of members which require a deferment process completing. These basic checks are to ensure that the member meets the automation eligibility criteria and has all the essential data on the record to process the deferment.

15. Any processes that fail validation will be returned to a work tray for review by a Pension Administrator. Once the review is completed the record will then be passed back into the automated process.

16. Eligible records undergo a further set of pre calculation validations, to check that all the essential data is on the record to process the deferment, for example service details, contributions and pay details. Again, these checks determine if the record can pass to the next stage of the automated process or be passed out to a Pension Administrator for review.

17. The final stage of the automated process performs the deferment calculation, updates the relevant fields on the members record and generate the deferment letter to be sent out to the member. Post validation checks determine if the process needs manual authorisation using pre-determined conditions, for example where the member’s pay is at a particular level and the member would be entitled to substantial deferred benefits. Work is also underway to look at the members communication channel preference and would look to drive distribution via email.

18. The IPA proof of concept underwent significant testing in the UPM Train environment. In May 2024 the automated deferment process was productionised and a select team of pension officers are now operating the revised process. This is enabling the project to collect management information on the time taken to complete the automated process versus the manual process.

19. The project is now considering what other processes can be automated.

Provide Scheme Employers with portal access

20. As stated in paragraph 15 the data audit and improvement project, as well as reaching a point to progress the process automation project, has also meant that the scheme employer portal project could be re-started.

21. The Employer Web version of the Scheme Employer Portal went live with the largest scheme employer, Nottinghamshire County Council in July 2020 and was then deployed to several other scheme employers including Gedling and Rushcliffe Borough Councils. Rollout to other scheme employers was put on hold during the pandemic and the Pension Office has concentrated its resourcing on the data audit and improvement workstream.

22. Civica have redeveloped the existing Employer Web module replacing it with a new self-service Employer Hub. As well as still allowing employers to submit data files for the processing of new members, the hub also lets them load data and financial information for members and respond to queries from the Pensions Administration Team. The existing functionality is being further enhanced enabling information about the scheme employer as well as its LGPS employees to be available via the employer hub. This will mean that the Fund has one single repository for all scheme employer details and will no longer need to maintain a range of spreadsheets outside of the UPM system.

23. The new self-service Employer Hub will go live toward the end of June 2024. The Pension Systems Team have worked closely with the Council's ICT Service and have completed all the necessary due diligence checks.

24. Once the Employer Hub is live, existing users of the Employer Web scheme will be moved over. This activity will be led by the Employer Support and Compliance Team. This team will also lead the rollout to all other scheme employers, before moving to the deployment of monthly returns.

Deployment of monthly returns

25. The existing "Employer Web" of scheme employers will be the first to move from the annual return to monthly returns. Again, it is a requirement of the Pension Regulator that all scheme employers are moved by their Funds to monthly data returns as has been the case for the Teacher Pension Fund for many years.

26. The Fund has also taken account of discussions with other LGPS Funds that have rolled out the employer hub and monthly returns to their scheme employers. They have stressed the importance of completing a data audit and improvement exercise prior to a move to monthly returns.

27. Monthly returns are predicated on the use of the portal as the secure mechanism for the submission of updates to the fund on joiners, changes of details and leavers.

28. As can be seen from the above – the ongoing data audit and improvement activity links into the scheme employer’s hub which links into the monthly data return which in turn feeds the automation of everyday tasks where possible. This drives the move of the pension administration service to release capacity enabling our skilled administrators to concentrate on dealing with complex issues.

29. It is anticipated that the rollout of monthly returns will take in the region of 12 months.

Hosting Civica UPM

30. Nottinghamshire Pension Fund currently operates the UPM application within the County Council’s ‘on-premise’ Data Centre environment. To align with the County Council’s corporate “Journey to the Cloud” programme Pension Committee approved the Funds report in December 2023 and March 2024 to migrate the UPM application to operate within Civica’s Microsoft Azure Cloud Hosting environment.

31. The rationale for moving to operate the Civica UPM platform via a secure Microsoft Azure cloud environment was that it provided pension administration with increased resilience due to access being provided via two UK based data centres, de-risked availability of the Council’s ICT resources and helped future proof the Fund’s digital presence.

32. The hosted service includes support, monitoring together with release and upgrade management scheduled throughout the year. The Fund’s online presence will increase significantly over the coming 12-18 months with the deployment of the new employer hub, rollout of monthly returns and the launch of the national dashboards. The hosted service will provide 24/7/365 services hours and service availability of 99%

33. The move will enable the Fund to work with Civica in the future on exciting technologies such as biometrics to build an even stronger digital platform for our pensions administration service in the future.

Resources

34. Recruitment into the Pension Administration Team has been challenging. This issue is being experienced by several Administering Authorities. Leavers have in general been due to retirement. This has created a number of opportunities for existing team members to seek promotion. For the Fund this means retaining some of its experienced staff. There has also been some internal movement from within the Business Services Centre over the last 2 years into the Pensions Team.

35. It has proved almost impossible to recruit experienced pension administrators externally. However, 4 apprentices were successfully appointed and joined the Pension office in early 2024 to undertake the Pension Administrator apprenticeship. Apprentices who successfully complete their apprenticeship are guaranteed a permanent post. This will provide the Fund with an opportunity to “grow its own”. There are also ongoing discussion with the Local Government Association to design and offer an LGPS pension administrator apprenticeship.

36. One of the key outcomes from the transformation programme is to move the administration team away from a one-to-one relationship when processing tasks to a one to many. Over

time this will see the release of experienced pension officers from day-to-day tasks to enable them to work on the more complex activities such as pension into payment and death processes.

37. Delivery of the transformation programme will inevitably require a review of the structure of the Pension Administration Team to ensure it is fit for purpose in the new digital way of working. Data is a vital part of the administrative function and consideration will need to be given to a “Data Team” as other LGPS administration teams have done.

Other Options Considered

38. The Pension Administration Service could continue to operate as it currently does but this is not considered a viable option given both the increasing legislative demands and increasing number of scheme employers, members, and their expectations in this digital age.

39. Without the development of digital platforms for Scheme Employers and members to interact with the Fund, consideration may have to be given to increasing the number of pension administration staff.

Reason/s for Recommendation/s

40. For the Nottinghamshire Pension Fund to be able to meet ongoing statutory responsibilities, increased expectations of members and scheme employers to interact with the Fund online and via self-serve it is imperative that the Fund transforms its service offer ensuring that it is cost efficient and effective and meets its regulatory and statutory requirements.

Statutory and Policy Implications

41. This report has been compiled after consideration of implications in respect of crime and disorder, data protection and information governance, finance, human resources, human rights, the NHS Constitution (public health services), the public-sector equality duty, safeguarding of children and adults at risk, service users, smarter working, sustainability, and the environment and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

Data Protection and Information Governance

42. The project has completed both an overall high-level Data Privacy Impact Assessment for the transformation programme as well as more detailed individual DPIAs were required. These will be kept under regular review as the work of the programme progresses.

RECOMMENDATION/S

It is recommended that the Members:

- 1) Note the update on the delivery of the key aims of the “transforming pension administration through digital development and new ways of working” programme.

Marjorie Toward
Service Director – Customers, Governance and Employees

For any enquiries about this report please contact:

Sarah Stevenson, Group Manager Business Services Centre on 0115 9775740 or sarah.stevenson@nottscc.gov.uk

Constitutional Comments (KK)

43. The proposals in this report are within the remit of the Nottinghamshire Pension Fund Committee.

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

- LGPS – Transforming Pension Administration – 18 July 2019
- LGPS – Transforming Pension Administration – 12 September 2019
- LGPS – Transforming Pension Administration Update Report – 10 September 2020
- LGPS – Transforming Pension Administration Update Report – 4 November 2021
- LGPS – Transforming Pension Administration Update Report – 8 December 2022
-

Electoral Division(s) and Member(s) Affected

All

27 June 2024

Agenda Item: 11

REPORT OF THE SERVICE DIRECTOR, CUSTOMERS, GOVERNANCE AND EMPLOYEES

PENSION BOARD WORK PROGRAMME

Purpose of the Report

1. To consider the Pension Board's work programme.

Information

2. The work programme, attached as an Appendix to this report, will assist the management of the Pension Board's agenda, the scheduling of the Board's business and forward planning. The work programme will be updated and reviewed at each pre-agenda meeting and Board meeting. Any member of the Board is able to suggest items for possible inclusion.
3. The attached work programme incorporates those items which can be anticipated at the present time. Other items will be added to the programme as they are identified.
4. It is also anticipated that the Board may wish to commission periodic reports on specific issues. The Board is therefore requested to identify any additional activities on which it would like to receive reports for inclusion in the work programme.

Other Options Considered

5. None.

Reason for Recommendation

6. To assist the Pension Board in preparing its work programme.

Statutory and Policy Implications

7. This report has been compiled after consideration of implications in respect of crime and disorder, data protection and information governance, finance, human resources, human rights, the NHS Constitution (public health services), the public sector equality duty, safeguarding of children and adults at risk, service users, smarter working, sustainability and the environment and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

RECOMMENDATION

- 1) That the Nottinghamshire Pension Board considers whether any amendments are required to the Work Programme.

Marjorie Toward
Service Director, Customers, Governance & Employees

For any enquiries about this report please contact:

Noel McMenamin
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Constitutional Comments (KK - Standing)

8. The Committee has authority to consider the matters set out in this report by virtue of its terms of reference.

Financial Comments (RK - Standing)

9. There are no direct financial implications arising from the contents of this report. Any future reports to Committee on operational activities and officer working groups, will contain relevant financial information and comments.

Background Papers

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

- None

Electoral Division(s) and Member(s) Affected

- All

PENSION BOARD - WORK PROGRAMME 2024-25

REPORT TITLE	BRIEF SUMMARY OF AGENDA ITEM	LEAD OFFICER	REPORT AUTHOR
June 27 2024			
LGPS Update Report	Regular Update on national LGPS issues		The Advisor to the Pension Board
Pension Board Annual Review 2023-24	Annual		Advisor to the Board
LGPS Governance Conference January 2024	Feedback on national conference discussions and outcomes		Sarah Stevenson
Pensions Regulator General Code of Practice	To introduce the new Code and explain actions needed to comply	Sarah Stevenson	Sarah Stevenson
LGPS – Transforming Pension Administration Update	Update on delivery of key aims of the transforming pension administration programme	Sarah Stevenson	Sarah Stevenson
Risk Register – Verbal Update	Update on transition to new Risk Register system	Sarah Stevenson	Sarah Stevenson
3 October 2024			
LGPS Update Report	Periodic Update	Sarah Stevenson	Sarah Stevenson
Breaches Log Review and Update	Log of any recorded Breaches of Regulations		
9 January 2025			
3 April 2025			
3 July 2025			
Pension Board Annual Review 2023-24	Annual		Advisor to the Board

REPORT TITLE	BRIEF SUMMARY OF AGENDA ITEM	LEAD OFFICER	REPORT AUTHOR
To Be Placed			
Good Governance in the LGPS project – Implications for the Nottinghamshire Pension Fund	Report on the implications of the national Scheme Advisory Board/DLUHC project on LGPS governance in the context of the Nottinghamshire Pension Fund	Sarah Stevenson	
Cyber Security	Report on the Cyber Security of the Pension Fund – to be incorporated as part of the Fund moving to the hosted solution.		