

## minutes

Meeting NOTTINGHAMSHIRE LOCAL PENSION BOARD

Date Tuesday 30 March 2021 at 10:30 am

### membership

Persons absent are marked with `A`

### Employers

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

### Members

Mark Heppenstall	Pension Scheme member
Thulani Molife	Pension Scheme member

### Also in Attendance

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

### Officers in Attendance

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

### MINUTES

The minutes of the last meeting held on 10 December 2020 were agreed and signed by the Chairman.

### APOLOGIES FOR ABSENCE

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

### DECLARATIONS OF INTEREST BY MEMBERS AND OFFICERS

None.

#### **4. PENSION ADMINISTRATION SYSTEM UPDATE**

The Chairman introduced the report and stated that the purpose of the report was to update the Board on the Pension Committee approval for the continued provision of the Pension Administration System, supplied by Civica UK Limited to the Nottinghamshire Pension Fund. The Fund administers to 142,812 members as at 31 March 2020, and over 300 active scheme employers, and the Administering Authority has the statutory responsibility to ensure proper administration within the scheme regulations. Therefore, to ensure this is done appropriately, the pension fund is required to use specific software to enable the administration to be performed in line with legislation and scheme regulations.

In response to questions from Board Members, Sarah Stevenson, Group Manager, Business Services Centre, indicated that the development of the system was about increased automation and self-service, resulting in skilled human resources being released elsewhere. Ms Stevenson reiterated that the new contract was with the existing supplier with whom there are monthly account meeting and a well-established partnership.

#### **RESOLVED 2021/007**

That:-

- 1) no further action was required in relation to the information required in the report.

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

The Chairman explained that the appendix to the register picks out the risks identified specifically in respect of the National Covid Emergency and identifies some of the steps taken to address those risks.

Jon Clewes, Pension Manager, stated that the Risk Register had last been reviewed in April. It covers the main aspects of risk and identifies the controls in place to mitigate risk. One of the main risk identified due to the Pandemic had been the reporting of Deaths Mr Clewes indicated that there had been a lag in notifications of deaths of Pensioners. The Pension Fund works to ensure that death grants are paid within 5 days. Further data will be brought at the end of the financial year as part of the Pension Admin Performance report.

Mr Clewes reported that the Data Improvement Project was a medium risk, and a full report on this will be brought to a future meeting. The discussion turned to the issue of transfers and the impact of the COVID emergency along with the inability to process transfers over the past year. This had been highlighted as a medium risk, and The Pension Regulator had issued advice on transfers over the Pandemic due to the risk of pension Scams. Mr Clewes explained that Pension Fund had not been as successful with transfer timeliness. Another area of concern had been employer contributions, however it was reported that the Fund had continued to receive contributions on time.

There was a further discussion on transfers where John Raisin stated that transferring out is not normally in the member's favour. There are companies

chasing members to transfer out of the Pension Fund under the Pension Freedoms, this has created a situation where Pension Funds are receiving claims due to poor investment advice following a transfer out from the Pension Fund.

Sarah Stevenson added that the law firm Freeth's has been engaged in offering support to the Pension Fund where ex members of the fund had transferred their pension, and lost their investment and are now making claims against the Fund.. The Fund is currently reviewing its transfer process. It was also stated that this is not just a Nottinghamshire Pension Fund issue, but an issue across the LGPS. rela

In response to a question from Mr Thulani Molife, Mr Clewes indicated that there were challenges in respect of resources, particularly around knowledge and experience.

It was explained that the Pension Fund is currently recruiting an additional project manager post to support the work in relation to the McCloud Judgement. It was stated that there will need to be a wider consideration of the additional resources required. Whilst the Pension Fund wishes to move to a more digital way of working there is still a requirement for administrative activity in undertaking manual calculations and processes in a complex Pension Scheme.

#### **RESOLVED 2021/008**

That no further actions were required in relation to the information contained in the report.

#### **6. REPORT OF THE PENSION BOARD ADVISOR ON TWO MAIN DEVELOPMENTS IN THE PENSION SCHEME**

John Raisin, Advisor to the Board, introduced the report, the purpose of which was to bring two main developments to the attention of Board. These were, the publication by the Scheme Advisory Board (SAB) of the phase 3 final report in respect of good governance in the LGPS project and the reform of the Local Government exit payments including the withdrawal of the Treasury exit cap regulations.

Mr Raisin explained that phase 3 final report indicated here should be a robust, independent governance review process – every two years. A number of changes are required, which include a single named officer in charge of the LGPS, though this could be the Section 151 Officer, but they would have to spend a considerable amount of their time on the LGPS. All functions will report to this single officer.

Conflicts of interest are also covered in the report; there are potential conflicts of interest, particularly around contribution setting, recharges and investment decisions. Host authorities should not encourage local investment as part of political objectives. Local Authorities may make resolutions on climate change, but the Pension Fund should not be bound by these. The Pension Fund is instead bound by the LGPS regulations and statutory guidance.

There will be nationally set Key Performance Indicators which cover standards of service. Both a business plan and a budget will need to be set by the officer in charge of the LGPS, but also involving the Chair of the committee. By 2022, good governance should be in place across the LGPS in England and Wales. Good governance has taken on even greater importance due to pooling. Mr Raisin

added that It was of great importance that the good governance review be properly implemented.

In response to a question from Mr Thulani Molife on the timescale for developments to enactment, Mr Raisin indicated that bearing in mind the need for consultation and the need to consider responses, enactment would not be until 2022.

The Chairman asked if the Pension Fund needed to consider any further actions in preparation. Mr Raisin gave the view that funds should be assessing themselves against this in order to see where they are compliant and where they are not – although compliance is not required until the proposals are integrated into statutory guidance and regulations.

Mr Raisin explained that the Government unexpectedly withdrew the Exit Cap regulations in February – probably due to concerns over the regulations unintended consequences i.e. long serving members of staff on average pay being caught by the regulations. Nevertheless, the Government has said that it still wishes to bring back some form of Exit Cap – though this is expected to be a less severe cap aimed at capturing higher earners. A further announcement from government is awaited.

Mr Clewes stated there was not a large impact on the Nottinghamshire Scheme – only two individuals were paid reduced benefits. Three other cases were about to go through for payment.

## **RESOLVED 2021/009**

That:

- 1) No further action was required in relation to the information contained in the report.

## **7. WORK PROGRAMME**

Members requested that the annual accounts be added to the work programme, along with frequency of Board meetings.

## **RESOLVED 2021/010**

That:-

- 1) The requested items be added to the work programme.

The meeting concluded at 12.15 pm.

**CHAIR**