

## **PENSIONS BOARD**

### **Minutes of the meeting held on 5 February 2016**

**10.00 am - 12.25 pm**

**Responsible Officer:** Michelle Dulson

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#### **Present**

Liz Furey – Employer Rep

Pat Hockley – Pensioner Rep

Mike Morris – Pensioner Rep (Chairman)

Stuart Wheeler – Employer Rep

#### **1 Apologies**

1.1 No apologies were received from Board Members.

1.2 Apologies were received from Justin Bridges, Head of Treasury & Pensions.

#### **2 Declarations of Conflicts of Interest**

2.1 No conflicts of interest were declared.

#### **3 Minutes of the previous meeting**

##### **3.1 RESOLVED:**

That the minutes of the meeting held on 27 July 2015 be approved and signed by the Chairman as a correct record.

#### **4 Public Question Time**

4.1 No public questions were received.

#### **5 Breaches Policy**

5.1 The Board received the report of the Head of Finance, Governance and Assurance (Section 151 Officer) which had been presented to the Pensions Committee at its meeting on 27 November 2015 – copy attached to the signed Minutes – which outlined the requirement for all individuals with a role in the Local Government Pension Scheme (including members of the local Pension Board) to have a duty to report breaches of law when they have reasonable cause to believe that a breach has occurred.

5.2 It was reported that Shropshire Local Government Pension Scheme had developed a policy and procedure for reporting breaches of the law relating to the Fund.

Appendix A to the procedure set out guidance for determining whether a breach was likely to be of material significance and the traffic light framework, set out at Appendix B to the procedure should be followed to help assess whether or not to report a breach. All breaches identified must be recorded, whether or not reported and these would be included in quarterly monitoring reports which would be shared with the Pensions Board.

- 5.3 In response to a query, the Pension Administration Manager explained that procedures were in place for recording breaches from employers and deciding whether they were of material significance, however, the team would work with the employer to improve any areas of concern before reporting to the Pensions Regulator (unless significant). It was requested that a training session for Board Members be arranged and the Pensions Communications Officer agreed to circulate examples of potential breaches to Board Members.

**5.4 RESOLVED:**

To note the contents of the Breaches Policy set out at Appendix A to the report.

**6 Communicating and Safeguarding of 'hard to reach groups'**

- 6.1 The report of the Pensions Communications Officer was received – copy attached to the signed Minutes – which provided information on the processes in place to communicate with and safeguard hard to reach groups.
- 6.2 The Pensions Communications Officer explained that the Pension Fund Communication Policy set out how it intended to engage with members and this document was updated every year (last updated June 2015) to ensure that any changes in regulations were reflected in the Policy.
- 6.3 The Pensions Communications Officer reported that there was a robust process in place to deal with any changes in personal details requiring the written consent of the Member together with original documents, where necessary. There was also a clear process to manage third party enquiries on behalf of Members, again requiring their written consent. Any pension information requested would only be sent to the Member's home address.
- 6.4 The Pensions Communications Officer went on to discuss the safeguards in place for transfers out and pensions liberation. Should a transfer be requested, information was provided to the member about pension scams, and there was a clear escalation process of how to deal with suspected pension scams.
- 6.5 In response to a query it was confirmed that information about the process in place to deal with Powers of Attorney had been included in the Pensions Magazine.

**6.6 RESOLVED:**

That the report be noted and that this item remain on the agenda for the next meeting.

## **7 Consolidation of Pensions Funds and Pensions Committees**

- 7.1 The Head of Finance, Governance and Assurance (Section 151 Officer) gave an overview of the current situation around the pooling approach and the Pension Fund in Shropshire. He explained the changes being proposed to pool the 89 Pension Funds across the Country into one single national pension in order to cut costs.
- 7.2 The Head of Finance, Governance and Assurance (Section 151 Officer) went on to say that there would be approximately eight groupings across the Country and that Shropshire were looking to pool passive equity investment with seven other pension funds in order to benefit from reduced fees. The LGPS Central grouping would be worth £33.7billion (with one fund still undecided).
- 7.3 The Head of Finance, Governance and Assurance (Section 151 Officer) reported that the investment principles would work the same, there would be one fund so one vote. The legal structure had yet to be decided and each Pensions Committee would make its own decisions about how funds were allocated between those managers accepted into the pool. A Board would be set up with one elected Member/Officer from each LGPS, to run the governance of the process. Governance structures had yet to be defined but a clear process would be required around how decisions were made, and legal advice would need to be sought.
- 7.4 In response to a query, the Head of Finance, Governance and Assurance (Section 151 Officer) explained that it would be possible to have a national infrastructure pool with investments staged over a longer period in order to procure benefits more quickly. In conclusion, the Head of Finance, Governance and Assurance (Section 151 Officer) reported that officers were working well together and a recent meeting in Nottingham had been very positive but there was still a long way to go. He assured the Board that individual members would not see a change.

### **7.5 RESOLVED:**

That a progress report be presented to the next meeting of the Pensions Board.

## **8 Training Requirements**

- 8.1 The Report of the Pensions Communications Officer was received – copy attached to the signed Minutes – which provided an update on the requirements in relation to training and the work / training undertaken since the last meeting. A draft Training Policy and Plan was also attached at Appendix B.
- 8.2 The Chairman asked Members for feedback on the training already received. It was felt that all day training sessions were perhaps not the best use of time as they were too broad ranging, more bespoke training would be preferable. The quality of the training had however been excellent including the on line tools, the content of which had been very useful.
- 8.3 The Pensions Communications Officer agreed to look out for a training session that would give Board Members a working knowledge of Pensions legislation. It was

agreed that refresher training would be held as and when required and for Members to clarify which topics they wished to cover. It would be helpful for training sessions to be held directly before the start of the Board Meetings.

#### **8.4 RESOLVED:**

- A. That the Training Summary set out at Appendix A be noted.
- B. That the draft Training Policy set out at Appendix B be noted.
- C. That the competency self-assessment matrix set out at Appendix D be completed to identify any knowledge gaps.
- D. That the results of the Pensions Regulators Survey be noted when looking at the work plan.

### **9 Pension related Complaints**

- 9.1 The Committee received the report of the Pensions Communications Officer – copy attached to the signed Minutes – which provided a summary of the number of Pension related complaints and outcomes in 2015/16. It was confirmed that three complaints had been received, none of which had become formal appeals. Members would be kept updated on future complaints.
- 9.2 In response to a query, the Pensions Communications Officer informed the meeting that the Local Government Pension Scheme had signed up to the 'Tell us once' service, which was a national database where when a death was registered anywhere in the Country the relevant authority would be notified. A report was requested for a future meeting on the performance of the 'Tell us once' service.

#### **9.3 RESOLVED:**

That the contents of the report be noted.

### **10 Issues relating to 'scamming'**

- 10.1 The report of the Pensions Communications Officer was received – copy attached to the signed Minutes – which provided information on the issues relating to pension 'scamming' and detailed how the Pension Administration Team ensured only legitimate transfers were made when transferring out benefits from the Scheme.
- 10.2 In response to a query, the Pensions Communications Officer confirmed that the Register of Approved Financial Advisers was available on line.

#### **10.3 RESOLVED:**

That the position as set out in the report be accepted.

## **11 Pensions Committee Reports**

11.1 The reports considered by the Pensions Committee at its meeting on 27 November 2015 had been received by Board Members. The Chairman felt it important for Board Members to be aware of reports being presented to the Pensions Committee and recommended that they attend a meeting of the Pensions Committee.

11.2 A brief discussion ensued in relation to pooling and a report was requested for the next meeting.

## **12 Regulations Updates**

12.1 There were no regulations updates to report.

## **13 Administration Updates**

13.1 The Pensions Administration Manager informed Board Members of some Administration updates, which included:

- Work plan in place to communicate message around nil Pension increase for pensioners and deferred and negative revaluation of pension pots for active members;
- Exit cap of £95K – the government have consulted on limiting termination payments. The cap is to be set at £95k. However for LGPS members who are 55 or over and entitled to early payment of LGPS it is yet to be seen how this cap would work as the value of paying the benefits early can easily exceed this cap on their own;
- Quarterly report to HMRC (unauthorised payments amongst others) has been returned on time;
- Pensions Growth Report – A new return to HMRC introduced this year has also been reported on time;
- Annual Returns – returned on time to HMRC;
- Communicated changes to annual allowance to all scheme members. Active members received this individually to their home addresses;
- Plans were in place to capture all data for the valuation on 31 March 2016 to ensure data needed by the Actuary to value the Fund as at 31 March 2016 was collected on time and was robust;
- Testing of a new service, iconnect, which takes data from payroll system and transfers it directly onto the pension administration system. It picks up starters and leavers earlier and provides accurate, timely data with no manual intervention.
- Working with Shropshire Council to try to ensuring robust Disaster Recovery (DR) in place. The Pension Administration service is currently the only Council system that has a tested DR plan.

## **14 Work Plan**

14.1 The Pensions Communications Officer requested Board Members to think about the areas they would wish to focus on in future meetings.

## 15 Date of Next Meeting

15.1 The next meetings of the Pensions Board would be held at 10am on Friday 29 July 2016 and Friday 10 February 2017.

***NB. The meeting scheduled for 29 July 2016 was subsequently rearranged to Monday 27 June 2016.***

## 16 Exclusion of Press and Public

### 16.1 RESOLVED:

That in accordance with the provision of Schedule 12A of the Local Government Act 1972 and paragraph 10.2 of the Council's Access to Information Procedure Rules, the public and press be excluded during consideration of item 17 on the grounds that it involves the likely disclosure of exempt information as defined by the category specified against it.

## 17 Exempt Minutes (Exempted by Category 3)

### 17.1 RESOLVED:

That the exempt Minutes of the previous meeting held on 27 July 2015 be approved and signed by the Chairman as a correct record.

Signed ..... (Chairman)

Date: .....