

# Minutes

## *PENSION FUND BOARD*

**MINUTES OF THE PENSION FUND BOARD HELD ON THURSDAY 18 JULY 2019, IN MEZZ  
2, NCO AYLESBURY, COMMENCING AT 10.00 AM AND CONCLUDING AT 12.17 PM.**

### **MEMBERS PRESENT**

Ms B Black, Mr P Dearden, Ms R Ellis (Vice-Chairman), Mr S Mason (Chairman),  
Mr J McGovern, Ms T Pearce, Mr I Thompson and Ms L Wheaton

### **OFFICERS PRESENT**

Ms J Edwards, Mrs C Lewis-Smith, Ms C Platts, Mr M Preston and Ms S Price

### **1 APOLOGIES/DECLARATIONS OF INTEREST/MINUTES**

There were no apologies.

There were no declarations of interest.

There were no comments or amendments to the minutes of the previous meeting.

**RESOLVED:** The minutes of the meeting held on 14 March 2019 were **AGREED** and signed by the Chairman.

### **2 MINUTES OF THE LAST PENSIONS FUND COMMITTEE**

On page 12 of the agenda pack the minutes referred to a £560k return on cash investment. Ms J Edwards, Pensions & Investments Manager, and Mr M Preston, Head of Finance -Pensions, Investments and Projects, confirmed this should read £56k. Ms A Kenward, Committee Assistant, would feed this back for correction.

**ACTION: Ms Kenward**

### **3 BCC PENSION FUND EMPLOYER NEWSLETTERS - MARCH & JUNE 2019**

Mrs C Platts, Communications Officer, gave an overview of the report circulated with the agenda.

Mrs Platts highlighted the following:

- The June newsletter referred to Ministry of Housing, Communities and Local Government (MHCLG) consultations which were now closed. Further details would be shared once information had been collated.
- Changes to late retirement factors will come into effect from 1 September 2019. The new methodology removes the under the 'cliff edge' effect which reduced the value of LGPS benefits held by members who were over their Normal Pension Age when the current factors last changed in January 2017/methodology.

**RESOLVED: The Board NOTED the report.**

#### **4 PENSION FUND ANNUAL REPORT 2018/19**

Mrs C Platts, Communications Officer, gave an overview of the report circulated with the agenda.

The following points were discussed as a result of questions from members of the board:

- The report contained conflicting information about how often the Pension Fund Board now met. Mrs Platts explained that the report needed to use data for the year 1 April 2018 to 31 March 2019, during which the Board agreed to meeting four times a year. For future reports the team would include a caveat to make this clearer.
- The iConnect system had been given a "limited" rating with "fundamental weaknesses noted" following internal audit testing. Mrs Lewis-Smith explained this was because iConnect was not currently able to provide the data necessary to carry out reconciliations. At the moment the team were relying on manual returns by employers and carrying out the reconciliations themselves. The team were working with iConnect to build the reporting tools necessary to resolve the issue. The Chairman asked that the Board be kept updated on progress.
- Mrs Lewis-Smith confirmed the fundamentals training course would be held once a year but there was no requirement for board members to attend more than once. This was confirmed in the Board's terms of reference (ToR).
- Ms J Edwards, Pensions & Investments Manager, confirmed that the McCloud judgement would be added to the risk register once the team had a better understanding of its impact.

**ACTION: Mrs Edwards**

- Mr M Preston, Head of Finance – Pensions, Investments & Projects, confirmed there were legitimate reasons for why the number of active members was increasing but the monies being paid in were less. This could include an increase in part time workers and higher rate earners opting for the 50/50 option.
- Ms Edwards confirmed there was no set date for Grant Thornton to complete their audit and acknowledged the difficulties this caused employers. Mr Preston expressed disappointment that there had been delays with Grant Thornton.. It was acknowledged that such delays appeared to be a nationwide issue with all auditors.

**RESOLVED: The Board NOTED the report.**

## 5 REVIEW OF BUCKINGHAMSHIRE PENSION BOARD POLICIES

Mrs C Lewis-Smith, Pensions Administration Manager, gave an overview of the report circulated with the agenda.

Mrs Lewis-Smith highlighted the following:

- Changes to the documents had been tracked as per a previous request.
- Generic terms such as “administering authority” had been used to limit impact of having a new council as of April 2020.

The following points were discussed as a result of questions from members of the board:

- Mrs Lewis-Smith confirmed that the agenda packs and minutes of these meetings as well as contact details for Board Members were available on the Buckinghamshire County Council website for scheme members to view if they wished. <https://democracy.buckscc.gov.uk/ieListMeetings.aspx?Committeeld=869>
- It was acknowledged that sometimes it would not be possible for Board Members to attend all meetings. The updated ToR gave an expected attendance of two out of four meetings each year. Failure would result in an informal conversation with the Chairman. The Chairman stated he was happy to exercise discretion as long as the member was willing to attend and meaningfully engage with the board.
- Some board members appeared to not be receiving emails from the Local Government Pension Scheme (LGPS). Mrs Lewis-Smith would check the email addresses they were registered with.

**ACTION: Mrs Lewis-Smith**

- Ms Edwards, Pensions & Investments Manager, would arrange to update board members on the LGPS Code of Transparency.

**ACTION: Mrs Edwards**

**RESOLVED: The Board AGREED the changes as per the amendments suggested above.**

## 6 ANNUAL BENEFIT STATEMENTS - ADMINISTRATION YEAR END UPDATE

Mrs C Lewis-Smith, Pensions Administration Manager, gave an overview of the report tabled at the meeting. Incorrect documents had been circulated with the agenda and the correct version would be appended to these minutes.

Mrs Lewis-Smith highlighted the following:

- Several employers had changed their payroll provider leading to an increase in the total number of returns.
- 71 cases had to be returned to employers for revision. 36 of the 71 were then returned accurately by the deadline.
- 45 returns were in process of being data cleansed.
- 197 accurate returns were ready for processing by 30 April
- There was a target to issue 95% of active Scheme Members with an annual benefit statement by the statutory deadline of 31 August 2019.

Members of the board asked what was done to keep records of beneficiaries up to date. Mrs Lewis-Smith explained that the onus was on scheme members to keep their details up to date. It was hoped the Pensions Dashboard would make it easier for people to track pensions in future. In the meantime the team worked with the Department of Works and Pensions (DWP) and used methods such as member tracing and mortality screening to keep records up to date. Decisions would be taken on a case by case basis on whether larger pensions nearing their retirement date would be subject to more expensive search options. Mrs Lewis-Smith would share figures relating to “gone away” beneficiaries at the next meeting.

**ACTION: Mrs Lewis-Smith**

**RESOLVED: The Board NOTED the report.**

## **7 ADMINISTRATION PERFORMANCE STATISTICS**

Ms S Price, Assistant Pensions Administration Manager, gave an overview of the report circulated with the agenda.

Ms Price highlighted the following:

- Most key performance indicators (KPIs) were in the high 90%’s.
- For those KPIs that fell below this Ms Price would be meeting with employers to understand what the issues were.
- The team were still waiting to see what impact the McCloud judgement would have on workloads.
- The team’s target was to clear 90% of priority tasks each day. They were currently achieving 96%.
- A satisfaction survey sampling members who had recently retired was underway. The team hoped to have a sample size of 50 before the end of August. An update would be brought to the next meeting.

The following points were discussed as a result of questions from members of the board:

- In the table header the description would be amended to “in period”.  
**ACTION: Ms Price**
- Ms Price confirmed if employees made the team aware they would be taking retirement far in advance the workflow could be paused pending the employer returning the necessary data. Ensuring workflow was being used correctly was one way to reduce the percentage of retirement cases being processed outside of 30 days.
- Officers confirmed that the life time allowance (LTA) percentage was available on annual benefit statements but did not include the annual allowance figure. These are notified to members separately where relevant.

**RESOLVED: The Board NOTED the report.**

## **8 GMP RECONCILIATION**

Mrs C Lewis-Smith, Pensions Administration Manager, gave an overview of the report circulated with the agenda.

Mrs Lewis-Smith highlighted the following:

- The deadline to complete the data reconciliation exercise was initially 31 December 2018 however this had been amended by HMRC. The date for reporting final queries was now June 2019.
- There were 38,526 records where both parties agreed the guaranteed minimum pension (GMP) was £0. 5,171 were an exact match and 6,882 records within tolerance set at £2 per week.
- There were a number of unreconciled cases, mostly for teachers or other education colleagues who had been placed into the wrong type of scheme. HMRC recommended that these cases were left until the employee reached retirement age. At that stage HMRC would make extra resources available to fully reconcile accounts. Mrs Lewis-Smith stated she did not agree with that approach but would make a final decision on the way ahead once HMRC issued formal guidance.
- Mrs Lewis-Smith confirmed that nationally funds were not recovering overpayments but were assessing the correct pension that should be in payment and paying this amount going forward.

**RESOLVED: The Board NOTED the report.**

## **9 RISK REGISTER**

Ms J Edwards, Pensions & Investments Manager, gave an overview of the report circulated with the agenda.

Members of the board asked if the impact of the McCloud judgement should be included as a risk. Mr M Preston, Head of Finance – Pensions, Investments & Projects, stated it was still unclear what the impact may be.

**RESOLVED: The Board NOTED the report.**

## **10 FORWARD PLAN**

Mrs C Lewis-Smith, Pensions Administration Manager, gave an overview of the report circulated with the agenda.

Mrs Lewis-Smith stated there would be a report to the board that summarised breaches of the law at the next meeting. It was a statutory requirement to present this once a year.

**RESOLVED: The Board NOTED the report.**

## **11 EXCLUSION OF THE PRESS AND PUBLIC**

## **12 CONFIDENTIAL MINUTES OF THE PREVIOUS MEETING**

- 13 BRUNEL PENSION PARTNERSHIP UPDATE**
- 14 EMPLOYER RISK ANALYSIS**
- 15 LOCAL PENSION BOARD INSURANCE**
- 16 ANY OTHER BUSINESS**
- 17 DATE OF NEXT MEETING**

2 October 2019, 10am  
Mezzanine Room 2, New County Offices, Aylesbury

**CHAIRMAN**

# Pension Fund Board

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**Title:** Annual Benefit Statements - Administration Year End Update  
**Date:** Thursday 18 July 2019  
**Author:** Head of Finance – Pensions, Investments & Projects  
**Contact officer:** Claire Lewis-Smith, 01296 383424

**Local members affected:**

*For press enquiries concerning this report, please contact the media office on 01296 382444*

## Summary

Regulation 89 of The Local Government Pension Scheme Regulations 2013 require an administering authority to issue an annual benefit statement no later than 5 months after the end of the Scheme year to which it relates (31 August). An annual benefit statement must be issued to each active, deferred, deferred pensioner and pension credit member. The purpose of this report is to inform the Board of the current progress regarding the issue of the 2019 annual benefit statements.

## Recommendation

**The Board is asked to NOTE the content of this report.**

**Supporting information to include the following if a decision is being requested:**

**Resource implications**

None

**Legal implications**

None

**Other implications/issues**

The Pensions Regulator (TPR) conducted a survey in 2017 which showed that process improvements have stalled in some local government schemes. Due to the specific challenges faced by local government schemes, TPR has focussed casework activities on local government in the past year and are due to continue with this focus in the coming year.

### Active members

There are 261 returns due in for 2018/19 for 247 employers (some employers changed payroll provider during the year resulting in the requirement for 2 separate returns). By the annual return deadline of 30 April, 232 employers/payroll providers had submitted returns. Of these, 71 had to be returned to employers for revision. 36 of the 71 were returned accurately by the deadline, resulting in 197 returns ready to be processed as at 30 April.

To date, 258 returns have been received and 6 of these are back with the employer/payroll provider for correction. There are 3 employers who are yet to submit any return and they have been notified that relevant administration costs will be applicable under the terms of the Pension Administration Strategy.

Of the 252 that can be processed, 164 employers are fully completed with no outstanding member queries and statements for members of these employers will start to be issued this month. 43 employers/payroll providers have received queries but are either yet to respond or provide sufficient details to resolve the queries. These employers will be given as much time as possible to provide details and if not received, only members of these employers where data is 100% accurate will have statements issued by 31 August. Where queries are resolved after the statutory deadline, further statements will be issued.

There are 45 returns in process, being data cleansed and having queries collated by ELOs. The table below compares the position at this stage with that of the previous 2 years:

	2016/17	2017/18	2018/19
Returns due	218	246	261
Accurate returns by 30 April	160	178	197
<b>% of Total</b>	<b>73.4%</b>	<b>72.36</b>	<b>75.48</b>
<b>Returns outstanding</b>	<b>0</b>	<b>12</b>	<b>3</b>
Employers 100% clean	119	125	164
<b>% of Total</b>	<b>54.59</b>	<b>50.81</b>	<b>62.84</b>

Some employers have outstanding queries from prior years. Figures for each year end query group as at 31 March 2018, 31 March 2019 and 28 June 2019 are detailed below, showing a reduction of prior year queries, so far this year, of 91:

	31/03/2018	31/03/2019	28/06/2019
BKYE18		165	94
BKYE17	551	40	37
BKYE16	304	82	77
BKYE	456	182	170
<b>Total</b>	<b>1,311</b>	<b>469</b>	<b>378</b>



We have recorded the number of queries resolved by ELOs by using monthly returns submitted by employers this year. To date, 121 have been resolved by ELOs and 543 have been issued to employers.

The target this year is to issue 95% of active Scheme members with an annual benefit statement by the statutory deadline of 31 August 2019.

### **Deferred members**

As at 31 March 2019 there were 28,786 deferred members entitled to receive an annual benefit statement by the statutory deadline of 31 August 2019. By 30 June 2019, 24,162 statements were either published on My Pension Online, or sent via post where the member had opted out of My Pension Online. This equates to 83.94% of deferred statements being issued. The 4,624 statements which were not issued are in respect of members that are 'gone away' i.e. we have no current address for them as previous correspondence has been returned. We are undertaking a bulk tracing exercise shortly to trace these members in order for statements to be issued.

### **Feedback from consultation, Local Area Forums and Local Member views (if relevant)**

N/A

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### **Background Papers**

The Local Government Pension Scheme Regulations 2013  
<http://www.lgpsregs.org/schemeregs/lgpsregs2013/timeline.php>

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of the Local Government Act 1972.

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