



Pension Fund Committee

Date: Tuesday, 14 June 2022
Time: 10.00 am
Venue: Council Chamber, County Hall, Dorchester, DT1 1XJ

Members (Quorum 3)

Simon Christopher, Andy Canning (Chairman), Peter Wharf (Vice-Chairman), John Beesley, David Brown, Bobbie Dove, Howard Legg, Mark Roberts and Adrian Felgate

Chief Executive: Matt Prosser, County Hall, Dorchester, Dorset DT1 1XJ

For more information about this agenda please contact Democratic Services Meeting Contact david.northover@dorsetcouncil.gov.uk

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Agenda

Item		Pages
9.	PENSIONS ADMINISTRATION REPORT	3 - 10
	To consider the quarterly report on pension fund administration – to follow.	
15.	INVESTMENT MANAGEMENT CHANGES	11 - 64
	To consider proposed changes to investment management arrangements.	

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Pension Fund Committee 14 June 2022 Pensions Administration

Choose an item.

Portfolio Holder: Choose an item.

Local Councillor(s): All Councillors

Executive Director: Aidan Dunn, Executive Director, Corporate Development

Report Author: Karen Gibson
Title: Service Manager for Pensions
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Email: karen.gibson@dorsetcouncil.gov.uk

Report Status: Public

Recommendation:

It is recommended that the Committee note and comment on the contents of the report.

Reason for Recommendation:

To update the Committee on aspects of Pensions Administration

1 Executive Summary

This report is the quarterly update for the Pension Fund Committee on all operational and administration matters relating to the Fund. It contains updates on the following:

- Key Performance Indicators
- Systems Implementation Update
- Pensions Dashboard Programme Update
- Staffing Update
- End of Year Update
- McCloud Update
- Nudge Regulations

2 Financial Implications

N/A

3 Well-being and Health Implications

None

4 Climate implications

None

5 Other Implications

N/A

6 Risk Assessment

Having considered the risks associated with this decision, the level of risk has been identified as:

Current Risk: N/A

Residual Risk: N/A

7 Equalities Impact Assessment

N/A

8 Appendices

- [Appendix 1 – KPIs \(February 2022 to April 2022\)](#)

9 Background papers

- [LGPS Regulations 2013](#)
- [dcpf_administration_strategy20191.pdf \(dcpfemployers.org\)](#)
- [Timeline LGPS Regulations 2013 \(lgpsregs.org\)](#)
- [The Occupational and Personal Pension Schemes \(Disclosure of Information\) \(Requirements to Refer Members to Guidance etc.\) \(Amendment\) Regulations 2022 \(legislation.gov.uk\)](#)

10 Background

10.1 This report is the quarterly update for the Pension Fund Committee on all operational and administration matters relating to the Fund.

11 Key Performance Indicators

11.1 The key performance indicators are attached at Appendix 1. These are for the period 1 February 2022 to 30 April 2022.

- 11.2 There continues to be a period of adjustment and catch up regarding KPIs. I anticipate that this will take some months to resolve and settle.

12 Systems Implementation Update

- 12.1 The system continues to be developed with some excellent progress and new efficiencies for the Fund. Some issues remain, but most of these will be addressed in the next system release.
- 12.2 The particular issues regarding the recording and calculation of the annual allowance are also now resolved, but with some manual data updates still to be done. The overall on-going processes for the annual allowance will be an improvement on our previous system, particularly regarding communications with employers, which is key to avoiding delays.
- 12.3 In the autumn, we plan to move as many employers as possible to monthly data submission. This will replace the current system, and will make the provision of data better, and result in a smoother and less onerous end of year process.

13 Pensions Dashboard Programme Update

- 13.1 The Pensions Schemes Act 2021 introduced new regulations announcing a Pensions Dashboard that would be available in 2023, enabling individuals to access their pension information online, securely and in one place.
- 13.2 The Dorset County Pension Fund is currently investigating options regarding sourcing an ISP provider, looking carefully at service provision and costs. Civica can provide this service, but we are considering other options before making a final decision as the costs and impact of this are likely to be substantial. We are also currently engaging with Dorset council IT, who host the IT service for the Fund, to ensure there is understanding about infrastructure requirements. This will be a substantial and challenging new requirement.

14 Staffing Update

- 14.1 The administration section is still struggling with staff shortages; however, work is underway to revise and update job descriptions, whilst looking at the gradings for key posts within the section. This is being done via the Job Evaluation process within Dorset Council.
- 14.2 We have been able to secure two temporary staff members to offer some additional support whilst the review and recruitment process is concluded.

15 End of Year Update

- 15.1 The End of Year process is the biggest and most important annual process completed by the administration team. This process reports the pensionable earnings for every scheme member each year, which enables us to calculate the earned pension for that year.
- 15.2 The End of Year processes also allow us to check and update data, feeding back errors and issues to employers. It also reconciles contributions paid by employers and

identifies non notified scheme leavers and joiners. Information provided on this return, also feeds into the calculation and data used for the annual benefit illustrations which are issued each August, and the yearly annual allowance check which identifies members who may have exceeded the annual allowance.

- 15.3 The 2022 year is especially important as this is a valuation year. It is critical that the End of year processes are completed within our planned timescales, and as accurately as possible, otherwise the impact will be felt in regard to meeting statutory deadlines for production of annual benefit illustrations and the annual allowance, and of course the deadlines agreed with our actuaries for this year's valuation process. Timescales are especially tight this year because of the valuation.
- 15.4 The new system deals well with the end of year processes and brings many improvements for us.
- 15.5 This is a particularly challenging process for employers, and it is usual to have some employers who struggle to provide data on time, and of an acceptable standard. This year is no exception, and we are working with the employers for whom we cannot finalise data due to outstanding errors or missing data. Where substantial issues arise, employers could receive a financial penalty under [Regulation 70 of the LGPS Regulations](#) or under our [administration strategy](#).
- 15.6 Employers are well supported in the Dorset County Pension Fund, with dedicated staff, regular training and communications, plus an excellent employer website with process guides and information. In addition, we have the Employer Portal which assists employers in meeting their responsibilities in a supported and secure way.

16 McCloud Update

- 16.1 On 22 March 2022, the LGA forwarded a [letter to administering authorities](#) from Teresa Clay, Head of Local Government Pensions at DLUHC.

The letter sets out DLUHC's recommendations on how administering authorities should take the McCloud remedy into account in the 2022 triennial valuation.

- 16.2 This information has been shared with our Actuary, Barnett Waddingham.

17 Nudge Regulations

- 17.1 The Nudge Regulations, [The Occupational and Personal Pension Schemes \(Disclosure of Information\) \(Requirements to Refer Members to Guidance etc\)\(Amendment\) regulations 2022](#) come into force on 1 June 2022. These amend the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 (SI 2013/2734) and modify the Pension Schemes Act 1993 where the requirement to nudge applies.
- 17.2 These are overriding regulations, and therefore apply to the LGPS.
- 17.3 The Nudge Regulations affect LGPS members when they apply, or contact the administrator about applying, to take or transfer their AVCs. The new requirement is to refer members in these circumstances to Pension Wise for information and checks

before accessing their AVC funds. Members must go through this process, or they can opt out, before benefits can be paid.

- 17.4 Administrative processes are being reviewed and amended to accommodate these changes, and communications will be prepared to notify members of these new requirements

Footnote:

Issues relating to financial, legal, environmental, economic and equalities implications have been considered and any information relevant to the decision is included within the report.

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	Period: February 2022 - April 2022				
Top 10 detail - cases completed on time	Completed in period	Performance	KPI (days)	Cases completed on time or early	Total Processes Worked On
Admissions	1301	99.69%	30	1297	1301
Transfers In Quote	82	42.68%	15	35	506
Transfers In Actual	61	85.25%	15	52	125
Transfer Out Quote	189	64.55%	15	122	358
Transfer Out Actual	79	45.57%	15	36	197
Estimates	302	87.42%	15	264	596
Retirements	284	80.99%	10	230	712
Retirements Quote	596	59.23%	10	353	1269
Deferred Benefits	229	70.31%	40	161	2216
Refunds	262	100.00%	15	262	569
Refunds Quote	343	99.13%	15	340	827
Deaths (Initial Stage)	85	90.59%	5	77	325
Correspondance	840	98.93%	15	831	991
Total	4653	87.26%		4060	9992

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