

Lancashire Local Pension Board

Minutes of the Meeting held on Monday, 11th April, 2016 at 2.00 pm in Cabinet Room 'B' - The Diamond Jubilee Room, County Hall, Preston

Present:

Chair

William Bourne

Committee Members

Steve Browne, Lancashire County Council
Carl Gibson, Other Employers
Kathryn Haigh, Active Members
John Hall, Deferred Members
Bob Harvey, Pensioner Members
County Councillor Tony Martin, Lancashire County Council
Yvonne Moulton, Active Members
Steve Thompson, Unitary, City, Boroughs, Police and Fire

Officers

Abigail Leech, Interim Head of Fund
Diane Lister, Head of Your Pension Service, Local Pensions Partnership
Frances Deakin, Financial Policy Officer, Local Pensions Partnership

1. Apologies

There were no apologies received.

2. Disclosure of Pecuniary and Non-Pecuniary Interests

County Councillor Tony Martin declared a non-pecuniary interest as a member of Burnley Borough Council.

3. Minutes of the Meeting held on 18 January 2016

Resolved: - That the minutes of the meeting held on 18 January 2016 be approved as a true and accurate record and be signed by the Chair.

4. Local Pension Board Reporting Breaches Policy and Procedure

The Board considered a report setting out a draft Reporting Breaches Policy and Procedure for the Local Pension Board.

The Clerk reported that the policy and procedure had been developed in line with the requirement set out in the Board's Terms of Reference and that such a policy and procedure ensured that the Board complied with the requirements of the Lancashire

County Pension Fund's (LCPF's) Compliance Statement and The Pensions Regulator's Code of Practice 14.

The procedure included details of how a Board Member should report a suspected breach. It was noted that, in the first instance, any issue or cause for concern should be raised with the Chair of the Board and the Head of Fund.

It was also noted that any breaches, both reported and not reported, would be brought to the attention of both the Board and the Pension Fund Committee on a regular basis.

County Councillor Tony Martin raised the issue of tracing missing members and if the fact that there were 5,205 deferred scheme members where address details were inaccurate (as referred to in a separate report on the agenda) should be reported as a breach. It was agreed that, as a Member Tracing Policy was in place, and steps were being taken to trace the members, it was not considered necessary to report.

Resolved: - That:

- (i) The report, now presented, be noted;
- (ii) The draft Local Pension Board Reporting Breaches Policy and Procedure set out at Appendix 'A' to the report, now presented, be approved.

5. Lancashire County Pension Fund - Refreshed Training Policy

Frances Deakin, Financial Policy Officer, Local Pensions Partnership, presented a report setting out a refreshed Training Policy for the LCPF which had been approved by the Pension Fund Committee on 29 January 2016.

The refreshed policy ensured that the LCPF was compliant with the requirements of The Pensions Regulator and was designed to be of assistance to Board Members.

It was noted that, due to the changes around the Local Pensions Partnership (LPP), responsibility for training would pass to the Head of Fund but that Board Members should not see any change, with regular workshops continuing as now. The next workshop, on 29 April, would be on the subject of the Virtual Reading Room.

Kathryn Haigh highlighted how useful the Virtual Reading Room had been in supporting Board Members.

Resolved: - That:

- (i) The Pension Fund Committee's approval of a refreshed Training Policy for LCPF, be noted;
- (ii) A commitment be made to meeting the requirements of the new Training Policy which forms part of the Fund's wider risk management arrangements.

6. Training and Development - Feedback from Board Members on Training Events and Conferences

The Board considered a report setting out details of training events and conferences attended by Board Members since the last meeting of the Board.

Board Members had attended two workshops as follows:

- Valuation and Employer Risk Part 2 - 28 January 2016
- Reading the Investment Performance Report - 23 February 2016

The following points were raised/noted:

- It would be helpful for certain workshops to be repeated in future, particularly should membership change;
- The length and level of detail was good although some Board Members felt that more detail would be helpful;
- A future workshop on the arrangements and structure of the LPP would be helpful;
- The 'menu' of sessions/events was good;
- The workshops in May and June would be led by one of the Fund's independent advisors;
- An induction pack for new Board Members was referred to in the refreshed Training Policy and would be taken forward.

It was also noted that Yvonne Moulton had attended the workshop on 28 January 2016 in addition to those Board Members referred to in the report.

Resolved: - That the report and updates, now presented, be noted.

7. Lancashire County Pension Fund - Pension Administration Strategy Statement

The Board considered a report setting out the Fund's current Pension Administration Strategy Statement, together with some suggestions for change in advance of a review to be carried out by the Pension Fund Committee.

Diane Lister, Head of Your Pension Service, Local Pensions Partnership, presented the report highlighting that there was a need to review the current Statement in light of the requirements of The Pensions Regulator, set out in Code of Practice 14, and to take account of the new Local Pensions Partnership. It was also intended to include details of employer performance and, possibly, a performance statement.

The Board welcomed the proposal to include details of employer performance and felt that information around penalties and consequences was important and should be clear and upfront in the revised statement to which employers would be asked to sign up and agree. The Board was reminded that annual employer visits were conducted as a matter of course.

The review process would include comparing processes to those used by the LPP London Team and other authorities; other call centres; customer feedback and review what customers had specifically requested.

The Chair referred to page 53 of the agenda which showed that the minimum target for calls to the pension helpdesk to be answered was 90% and felt that having 10% of calls unanswered was unsatisfactory. It was noted that the 10% included callers who had terminated their call before it had been answered and also included repeat callers. It was reported that call wait times were not currently built into the performance indicators but would be in the future. It was suggested that, for future reports, it would be helpful for each target to have some narrative alongside to provide some context.

Resolved: - That:

- (i) The report, now presented, be noted;
- (ii) The proposed suggestions for change, set out in the report, now presented, be welcomed.

8. Lancashire County Pension Fund - Member Tracing Policy and Benefits for Absent Members

The Board considered a report setting out details of the LCPF's current Member Tracing Policy which sets out the steps taken to trace details of missing members and which is currently reliant upon the Department for Work and Pensions (DWP) tracing service.

Diane Lister reported that there were 5,205 deferred scheme members where address details were known to be inaccurate but that, at 96.3%, LCPF still met the requirements of The Pensions Regulator which had set a target that a scheme's 'common data' be at least 95% accurate.

The report suggested that other tracing services could be utilised where they were a cost effective alternative to the DWP service and also raised the possibility of a special exercise to trace missing deferred scheme members using an alternative tracing service.

It was noted that The Pensions Regulator would expect every effort to be made to trace the missing members but it was felt that any actions taken needed to be proportionate, particularly for small pensions of very little value, and defensible. The possibility of an advertising campaign was suggested.

It was agreed to recommend that a tracing exercise be undertaken every three years in line with the valuation process.

Resolved: - That:

- (i) The report, now presented, be noted;

- (ii) The Pension Fund Committee be recommended to approve an amendment to the current Member Tracing Policy so that tracing exercises are undertaken every three years in line with the valuation process.

9. Local Pension Board Annual Report

The Board considered a report setting out details of the requirement, as set out in the Board's Terms of Reference, for the Board to produce an annual report for consideration by the Administering Authority.

The report detailed those areas which were required to be included in the annual report as follows:

- Details of the attendance of Board Members at meetings;
- Details of the training and development activities provided for Board Members and attendance at such activities;
- Details of any recommendations made by the Board to the Scheme Manager and the Scheme Manager's response to those recommendations;
- Details of the costs incurred in the operation of the Board.

Subject to the Board's agreement, it was proposed to bring a draft report to the next meeting of the Board after which arrangements had been made for the Chair to attend the meeting of the Pension Fund Committee on 15 September 2016 to present the report.

It was agreed that the Chair would draft a report for consideration at the next meeting of the Board which would also include reference to the 'value' added by the Board and how the Board related to the Committee. It was also suggested that the Committee could be asked to suggest areas for the Board to look at in the future.

Resolved: - That:

- (i) The report, now presented, be noted;
- (ii) The Chair be authorised to draft a report for consideration at the next meeting in July.

10. Recent Reports Considered by the Pension Fund Committee

The Board considered a report setting out details of Part I reports recently considered by the Pension Fund Committee at its meeting on 29 January 2016.

Resolved: - That the report, now presented, be noted.

11. Urgent Business

There was no urgent business to be considered.

12. Date of Next and Future Meetings

The Board noted that the current timetable of meetings, whereby the Board met on a Monday, was not convenient for the Interim Head of Fund and the Chair therefore suggested that the Board may wish to consider alternative dates for future meetings and changes to those dates already scheduled. It was noted that a Tuesday would be the most convenient alternative.

Resolved: - That the Clerk, in consultation with the Chair, draws up a revised schedule of meetings with effect from the July meeting (currently scheduled for 4 July 2016).

13. Exclusion of Press and Public

Resolved: - That the press and members of the public be excluded from the meeting during consideration of the following items of business on the grounds that there would be a likely disclosure of exempt information as defined in the appropriate paragraph of Part 1 of Schedule 12A to the Local Government Act, 1972, indicated against the heading to the item. It was considered that in all the circumstances the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

14. The Establishment of the Local Pensions Partnership Ltd

(Not for Publication – Exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act, 1972. It is considered that in all the circumstances of the case the public interest in maintaining the exemption outweighs the public interest in disclosing the information).

The Board considered a verbal update from Abbi Leech, Interim Head of Fund, on the recent establishment of the Local Pensions Partnership (LPP).

It was reported that, at a meeting on 22 March 2016, the Pension Fund Committee had agreed to recommend to the Full Council that the partnership be established. Full Council had met on 24 March and approved the recommendations subject to a number of outstanding issues. One of these, approval from the Financial Conduct Authority, had now been received.

The Board discussed the impact of the new partnership on its remit and how that might also affect its relationship with the Pension Fund Committee. It was noted that the partnership would report to the Board on those areas previously the responsibility of the Fund and would also report to the Committee in the same way.

A review of governance would be taking place and the Board agreed that it should be consulted and involved in any discussions.

The Board considered the key risks to the partnership outlined in the report considered by the Pension Fund Committee on 22 March and requested that further information on the transition plan in particular be brought to a future meeting of the

Board. It was also agreed that an external review of the financial performance of the partnership against budget be recommended to be undertaken in 18 months time.

Resolved: - That:

- (i) The update, now presented, be noted;
- (ii) A report on the transition plan be brought to a future meeting of the Board;
- (iii) The Pension Fund Committee be recommended to commission an external review of the financial performance of the partnership against budget in 18 months time.

15. Recent Reports Considered by the Pension Fund Committee

(Not for Publication – Exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act, 1972. It is considered that in all the circumstances of the case the public interest in maintaining the exemption outweighs the public interest in disclosing the information).

The Board considered a report setting out details of Part II reports recently considered by the Pension Fund Committee at its meetings on 29 January 2016 and 22 March 2016.

In respect of Item 6 at the meeting on 29 January 2016 ('The Lancashire County Pension Fund's Response to the Government's Requirement for Stage 1 Pooling Submissions'), reference was made to the powers of the Secretary of State and that whilst these had been generally considered to be too broad, some advice had suggested that the proposed powers might be illegal. It was also noted that it appeared that the revised Investment Regulations which had been due to come into force on 1 April had now been delayed.

In respect of Item 6 at the meeting on 22 March 2016 (The Creation of the Local Pensions Partnership Ltd), the Chair queried if there was any projection for cash flow going forward. It was confirmed that the Actuary had been looking at what tools could be used in the future to do so. It was agreed to share the appropriate information with Board Members.

Resolved: - That the report, now presented, be noted.

I Young
Director of Governance,
Finance and Public Services

County Hall
Preston