

## **Lancashire County Council**

### **Lancashire Local Pension Board**

**Monday, 11th April, 2016 at 2.00 pm in Cabinet Room 'B' - The Diamond Jubilee Room, County Hall, Preston**

#### **Agenda**

##### **Part I (Open to Press and Public)**

<b>No.</b>	<b>Item</b>
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|------------|--|-----------------|
| <b>1.</b>  | <b>Apologies</b>   |                 |
| <b>2.</b>  | <b>Disclosure of Pecuniary and Non-Pecuniary Interests</b><br>Members are asked to consider any Pecuniary and Non-Pecuniary Interests they may have to disclose to the meeting in relation to matters under consideration on the Agenda. |                 |
| <b>3.</b>  | <b>Minutes of the Meeting held on 18 January 2016</b><br>To be confirmed, and signed by the Chair.   | (Pages 1 - 6)   |
| <b>4.</b>  | <b>Local Pension Board Reporting Breaches Policy and Procedure</b>   | (Pages 7 - 22)  |
| <b>5.</b>  | <b>Lancashire County Pension Fund - Refreshed Training Policy</b>  | (Pages 23 - 40) |
| <b>6.</b>  | <b>Training and Development - Feedback from Board Members on Training Events and Conferences</b>   | (Pages 41 - 42) |
| <b>7.</b>  | <b>Lancashire County Pension Fund - Pension Administration Strategy Statement</b>  | (Pages 43 - 70) |
| <b>8.</b>  | <b>Lancashire County Pension Fund - Member Tracing Policy and Benefits for Absent Members</b>  | (Pages 71 - 84) |
| <b>9.</b>  | <b>Local Pension Board Annual Report</b>   | (Pages 85 - 86) |
| <b>10.</b> | <b>Recent Reports Considered by the Pension Fund Committee</b>   | (Pages 87 - 90) |

## **11. Urgent Business**

An item of urgent business may only be considered under this heading where, by reason of special circumstances to be recorded in the minutes, the Chair of the meeting is of the opinion that the item should be considered at the meeting as a matter of urgency. Wherever possible, the Chief Executive should be given advance warning of any Member's intention to raise a matter under this heading.

## **12. Date of Next and Future Meetings**

The next meeting of the Board will be held on Monday 4 July 2016 at 2pm in Cabinet Room 'B' - The Diamond Jubilee Room, County Hall, Preston.

Future meetings are scheduled to be held as follows:

Monday 17 October 2016 at 2pm  
Monday 23 January 2017 at 2pm  
Monday 10 April 2017 at 2pm

## **13. Exclusion of Press and Public**

The Board is asked to consider whether, under Section 100A(4) of the Local Government Act, 1972, it considers that the public should 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 I of Schedule 12A to the Local Government Act, 1972, as indicated against the heading to the item.

## **Part II (Not Open to Press and Public)**

### **14. The Establishment of the Local Pensions Partnership Ltd**

Verbal Report

### **15. Recent Reports Considered by the Pension Fund Committee** (Pages 91 - 94)

I Young  
Director of Governance,  
Finance and Public Services

County Hall  
Preston

## **Lancashire Local Pension Board**

**Minutes of the Meeting held on Monday, 18th January, 2016 at 2.00 pm in Cabinet Room 'B' - The Diamond Jubilee Room, County Hall, Preston**

### **Present:**

#### **Chair**

William Bourne

#### **Committee Members**

Carl Gibson, Other Employers  
Kathryn Haigh, Active Members  
Bob Harvey, Pensioner Members  
County Councillor Tony Martin, Lancashire County Council  
Yvonne Moulton, Active Members

#### **Officers**

Abbi Leech, Lancashire County Pension Fund  
Diane Lister, Lancashire County Pension Fund

The Chair welcomed Abbi Leech to the meeting following her appointment as Interim Head of Fund. Abbi would now be taking on the role undertaken by George Graham who would be taking up a new appointment within the Lancashire and London Pensions Partnership from 1 April 2016.

### **1. Apologies**

Apologies for absence were received from Steve Browne (Employer Representative), John Hall (Deferred Members Representative), and Steve Thompson (Employer Representative).

### **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 19 October 2015**

The Clerk reported that, in respect of item 4 (Update on Board Policies), a Reporting of Breaches Policy had been drafted and was currently subject to internal review. The intention was to present a final draft to the Board for consideration at the next meeting on 11 April 2016.

The Clerk further reported that, in respect of item 5 (Training and Development - Local Pension Boards), the refreshed Training Policy for the Pension Fund would be considered by the Pension Fund Committee on 29 January 2016. It would then be presented to the Board at the next meeting on 11 April 2016.

**Resolved:** - That the minutes of the meeting held on 19 October 2015 be approved as a true and accurate record and signed by the Chair.

#### **4. Training and Development - Feedback from Board Members on External Training Events and Conferences**

The Board considered a report setting out details of external training events and conferences which Board Members had attended since the last meeting and giving Board Members the opportunity to feedback on the value and merit, if any, of attendance.

Since the last meeting, a number of Board Members had attended the Lancashire County Pension Fund Annual Members Meeting which had been held on 11 November. It was noted that Carl Gibson had also attended the meeting, in addition to those Board Members referred to in the report.

Yvonne Moulton had given a presentation to the meeting on the work of the Local Pension Board which had been well received by those present. Board Members found the presentations useful and it was pleasing to see the numbers of members present. It was suggested that future meetings could focus on the Fund's annual report.

Reference was made to the refreshed Training Policy for the Pension Fund which would be considered by the Pension Fund Committee on 29 January 2016. It was agreed that it would be useful for Board Members to receive a copy as soon as it had been approved.

**Resolved:** - That:

- (i) The report and updates, now presented, be noted;
- (ii) Yvonne Moulton be thanked for the presentation made to the Annual Members Meeting on the work of the Local Pension Board;
- (iii) The refreshed Training Policy for the Pension Fund be circulated to Board Members following approval by the Pension Fund Committee on 29 January.

#### **5. Lancashire and London Pensions Partnership Update and Response to Government Proposals to Pool LGPS Assets into 'Wealth Funds'**

The Board considered a report setting out an update on the Lancashire and London Pensions Partnership (LLPP) and the proposed response to the Government's proposals to pool Local Government Pension Scheme (LGPS) assets into Wealth Funds.

Abbi Leech, Interim Head of Fund, reported on the work streams which made up the Government's reform agenda in respect of the LGPS. These were:

- Replacement of the existing Investment Regulations;
- Publication of criteria for evaluating pooling proposals;
- A requirement to provide pooling proposals.

It was reported that, in respect of the consultation on the replacement of the Investment Regulations, a proposed detailed response would be considered by the Pension Fund Committee at its meeting on 29 January 2016. Whilst the proposed changes to existing regulations were to be welcomed, it was felt that the reserve powers were too broad and would benefit from some additional clarity.

In respect of the requirement to provide pooling proposals, whereby initial submissions were due by 19 February 2016, reference would be made to the current partnership discussions with the London Pensions Fund Authority (LPFA) to create the LLPP from 1 April 2016.

It was reported that the preparations for the LLPP were on schedule and that PricewaterhouseCoopers (PwC) continued to act as advisors to the Fund on the proposals and that this work included consideration of the risks. The Board considered that the main risk was that the Government would not approve the creation of the LLPP given that pools should achieve a scale of around £25bn and the LLPP would achieve in the region of £10bn. It might be the case that the Government would direct other funds to join the LLPP or for the LLPP to become part of another pooled arrangement.

The Chair reported that there were currently eight pools being proposed with at least five meeting the £25bn criteria. A number of funds were involved in discussions in respect of more than one pool. It was felt that there should be a contingency plan should the Government not approve the LLPP proposals, although it seemed that outcome would be unlikely.

It was noted that the operating model for the LLPP was deemed to be appropriate by PwC. The Lancashire County Pension Fund (LCPF) and LPFA had a similar direction of travel and philosophy, i.e. active management, although the LPFA Fund had a higher funding level than that of the LCPF. Not all of each Fund's assets would necessarily be in a pool which meant that investment strategies could be peculiar to each Fund.

It was recognised that this was the start of a process for future integration and should pooled funds evidence good performance in the next few years, it was likely to be a catalyst for change.

**Resolved: - That:**

- (i) The report, now presented, be noted;
- (ii) The proposed responses to the Government proposals, as set out in the report, now presented, be supported;
- (iii) The Board gives its explicit support to the approach being taken by the Lancashire County Pension Fund and the London Pensions Fund Authority in creating the Lancashire and London Pensions Partnership.

## **6. Preparation for the 2016 Actuarial Valuation**

The Board considered a report setting out information on the wide range of preparations which were being undertaken to ensure the smooth delivery of the 2016 actuarial valuation process.

Diane Lister, Head of Your Pension Service, reported that the actuarial valuation was one of the biggest events in the Pension Fund calendar with a substantial amount of work taking place to tighter timescales than for previous valuations. Discussions around the methodology had taken place with the Actuary and Appendix 'A' to the report set out details of the proposed process and timetable for the valuation process.

It was reported that the key elements of the initial framework, which employers had been asked to respond on by 15 January 2016, were:

- A proposal to move away from a 'gilts +' valuation approach to one of 'CPI +' which will give a more stable view of liabilities;
- Reducing the deficit recovery period to 16 years;
- Maintaining the 2013 contributions plan in terms of total cash to be received as contributions.

Board Members raised a number of queries around the accelerated deficit recovery period and whether it would lead to increased contributions. It was confirmed that this would not be the case as the proposal took account of the three years already gone.

It was reported that the Actuary had undertaken testing with a small number of employers. The valuation would be on a standard basis and would expect to be funded at around 90% using the 'CPI+' approach. The 90% was based on the GAD model and the proposed new funding methodology gave a similar funding level to that of the 2013 valuation.

A response had been received from the Lancashire Chief Finance Officers Group and individual responses were expected from local authorities and other employers.

Reference was made to the impact those employers who did not submit information on time could have on the valuation process. It was noted that work was being undertaken with the small number of employers who fell into this category but that, as a last resort, employers which persistently failed to provide information would be reported to The Pensions Regulator (TPR).

**Resolved:** - That the preparations being made for the 2016 Actuarial Valuation of the Fund, as set out in the report, now presented, be noted.

## **7. Compliance with The Pension Regulator Requirements - Update**

The Board considered a report setting out a compliance statement for the Lancashire County Pension Fund. The compliance statement had been developed as a result of Code of Practice No. 14: Governance and administration of public service pension schemes; which was issued by TPR and came into effect on 1 April 2015.

It was noted that the compliance statement was a tool whereby the Pension Fund Committee and the Local Pension Board could be satisfied that the Fund was compliant with TPR's requirements for public pension schemes.

Diane Lister, Head of Your Pension Service, reported that a self-assessment had been undertaken against the various sections and sub-sections and there was a strong degree of confidence that the Fund largely complied with all areas. It was reported that there was an ongoing issue around data collection which affected the payment of pensions and missing member details. Work was ongoing to deal with this.

Going forward, it was reported that a more detailed analysis and assessment against each section and sub-section would be undertaken to ensure any minor outstanding issues were identified and addressed.

It was noted that, as far as employers in particular were concerned, education and communication were key and that, where possible, the Board could assist with this, particularly where individual Board Members had links to employers which might not be meeting the requirements for providing information. It was noted that such employers often had small numbers of employees.

It was reported that consideration had been given to imposing fines and that would remain an option if absolutely necessary. It was felt important that there was a clear audit trail to evidence that everything possible had been done to work with employers which failed to comply, particularly where a fine were to be imposed or the employer reported to TPR.

It was agreed that the Board should consider the Fund's Member Tracing Policy at the next meeting.

On page 66 of the agenda pack, it was noted that the date was incorrect in the final section and that the Board would be asked to consider a draft Reporting of Breaches Policy at the 11 April meeting and not on 18 January as stated.

**Resolved: - That:**

- (i) The report, now presented, and compliance statement set out at Appendix 'A', be noted and welcomed;
- (ii) That the Head of Your Pension Service and her team be thanked for drafting the detailed compliance statement and it be noted that the Fund is compliant with the majority of areas;
- (iii) The Board considers a report at its next meeting on 11 April 2016 on a draft Reporting of Breaches Policy, together with the Fund's existing Member Tracing Policy.

**8. Review of Communication between Lancashire County Pension Fund, its Employers and Scheme Members**

The Board considered a report setting out details of how the Lancashire County Pension Fund communicated with employers and scheme members.

Diane Lister, Head of Your Pension Service, highlighted that the Fund was keen to use all forms of communication in order to ensure that employers and members received information as quickly and efficiently as possible and were able to contact, and submit information to, the Your Pension Service in the same manner.

The most obvious way to achieve this was via online communication and it was noted that some 25% of Fund Members were registered with the online service.

It was recognised that more could always be done to develop communication and that it was always difficult to ensure that people read the information that was sent to them.

It was suggested that the no increase in pensions for 2016/17 due to a zero inflation rate be included in any literature in the immediate future.

**Resolved:** - That:

- (i) The report, now presented, be noted;
- (ii) The Head of Your Pension Service be thanked for the comprehensive report.

**9. 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 27 November 2015.

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

**10. Urgent Business**

There was no urgent business to be considered.

**11. Date of Next Meeting**

It was noted that the next meeting of the Board would take place on Monday 11 April 2016 at 2pm in Cabinet Room 'B' - The Diamond Jubilee Room, County Hall, Preston.

**12. Exclusion of Press and Public**

**Resolved:** - That the press and members of the public be excluded from the meeting during consideration of the following item 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.

**13. 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 10 November 2015 and 27 November 2015.

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

I Young  
Director of Governance,  
Finance and Public Services

County Hall  
Preston



**Lancashire Local Pension Board**  
Meeting to be held on 11 April 2016

Electoral Division affected: None
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**Local Pension Board Reporting Breaches Policy and Procedure**  
(Appendix 'A' refers)

Contact for further information:  
Dave Gorman, (01772) 534261, Legal and Democratic Services  
[dave.gorman@lancashire.gov.uk](mailto:dave.gorman@lancashire.gov.uk)

**Executive Summary**

The Terms of Reference for the Local Pension Board includes the requirement that the Pension Board adopts a Reporting Breaches Policy and Procedure.

**Recommendation**

The Board is asked to consider and approve the draft Reporting Breaches Policy and Procedure set out at Appendix 'A'.

**Background and Advice**

The Terms of Reference for the Local Pension Board includes the requirement that the Pension Board adopts a Reporting Breaches Policy and Procedure. Adopting such a policy and procedure also ensures that the Board complies with the requirements of the Lancashire County Pension Fund's (LCPF) Compliance Statement and The Pensions Regulator's Code of Practice 14.

A draft policy and procedure for the Board has been developed and is set out at Appendix 'A' for the Board's consideration. The policy and procedure sets out the legislative background to the requirement and provides guidance, together with a procedure, to be followed should a Board Member wish to report a breach. The policy and procedure includes guidance on how to determine if a breach is likely to be of material significance and sets out the action that will be taken by the Head of Fund to report any such breaches to both the Pension Fund Committee and the Board itself including those not deemed appropriate for referral to The Pensions Regulator (TPR).

The Full Council has previously authorised the Local Pension Board to approve a policy and procedure for the Board.

## **Consultations**

N/A

## **Implications:**

This item has the following implications, as indicated:

### **Risk management**

Should a Reporting Breaches Policy not be in place, the Board would be in breach of its Terms of Reference, the Fund's Compliance Statement and the requirements of The Pensions Regulator's Code of Practice 14.

## **Local Government (Access to Information) Act 1985**

### **List of Background Papers**

Paper	Date	Contact/Tel
Report to Full Council - 'Establishment of the Lancashire Pension Board'	28 November 2014	Dave Gorman, (01772) 534261

Reason for inclusion in Part II, if appropriate

N/A

## **Appendix 'A'**

# **Lancashire Local Pension Board Reporting Breaches Policy and Procedure**

## **1. Introduction**

- 1.1 This document sets out the policy and procedures to be followed by certain persons involved with the Lancashire County Pension Fund, the Local Government Pension Scheme managed and administered by Lancashire County Council, in relation to reporting breaches of the law to the Pensions Regulator.
- 1.2 Breaches can occur in relation to a wide variety of the tasks normally associated with the administrative function of a scheme such as keeping records, internal controls, calculating benefits and making investment or investment-related decisions.
- 1.3 This document applies to all Members of the Lancashire Local Pension Board.

## **2. Requirements**

- 2.1 This section clarifies the full extent of the legal requirements and to whom they apply.

### **2.2 Pensions Act 2004**

Section 70 of the Pensions Act 2004 (the Act) imposes a requirement on the following persons:

- A trustee or manager of an occupational or personal pension scheme;
- A member of the pension board of a public service pension scheme;
- A person who is otherwise involved in the administration of such a scheme an occupational or personal pension scheme;
- The employer in relation to an occupational pension scheme;
- A professional adviser in relation to such a scheme; and
- A person who is otherwise involved in advising the trustees or managers of an occupational or personal pension scheme in relation to the scheme

to report a matter to The Pensions Regulator as soon as is reasonably practicable where that person has reasonable cause to believe that:

- (a) A legal duty relating to the administration of the scheme has not been or is not being complied with, and;
- (b) The failure to comply is likely to be of material significance to The Pensions Regulator.

The Act states that a person can be subject to a civil penalty if he or she fails to comply with this requirement without a reasonable excuse. The duty to report breaches under the Act overrides any other duties the individuals listed above

may have. However the duty to report does not override 'legal privilege'. This means that, generally, communications between a professional legal adviser and their client, or a person representing their client, in connection with legal advice being given to the client, do not have to be disclosed.

### **2.3 The Pension Regulator's Code of Practice 14**

Practical guidance in relation to this legal requirement is included in The Pension Regulator's Code of Practice 14 including in the following areas:

- Implementing adequate procedures.
- Judging whether a breach must be reported.
- Submitting a report to The Pensions Regulator.
- Whistleblowing protection and confidentiality.

### **2.4 Application to the Lancashire County Pension Fund**

This procedure has been developed to reflect the guidance contained in The Pension Regulator's Code of Practice 14 in relation to the Lancashire County Pension Fund and this document sets out how the Board will strive to achieve best practice through use of a formal reporting breaches procedure.

## **3 The Lancashire County Pension Fund Reporting Breaches Procedure**

The following procedure details how individuals responsible for reporting and whistleblowing can identify, assess and report (or record if not reported) a breach of law relating to the Lancashire County Pension Fund. It aims to ensure individuals responsible are able to meet their legal obligations, avoiding placing any reliance on others to report. The procedure will also assist in providing an early warning of possible malpractice and reduce risk.

### **3.1 Clarification of the law**

Individuals may need to refer to regulations and guidance when considering whether or not to report a possible breach. Some of the key provisions are shown below:

- Section 70(1) and 70(2) of the Pensions Act 2004:  
[www.legislation.gov.uk/ukpga/2004/35/contents](http://www.legislation.gov.uk/ukpga/2004/35/contents)
- Employment Rights Act 1996:  
[www.legislation.gov.uk/ukpga/1996/18/contents](http://www.legislation.gov.uk/ukpga/1996/18/contents)
- Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 (Disclosure Regulations):  
[www.legislation.gov.uk/uksi/2013/2734/contents/made](http://www.legislation.gov.uk/uksi/2013/2734/contents/made)
- Public Service Pension Schemes Act 2013:  
[www.legislation.gov.uk/ukpga/2013/25/contents](http://www.legislation.gov.uk/ukpga/2013/25/contents)
- Local Government Pension Scheme Regulations (various):  
<http://www.lgpsregs.org/timelineregs/Default.html> (pre 2014 schemes)  
<http://www.lgpsregs.org/index.php/regs-legislation> (2014 scheme)

- The Pensions Regulator's Code of Practice 14:  
<http://www.thepensionsregulator.gov.uk/codes/code-governanceadministration-publicservice-pension-schemes.aspx>

In particular, individuals should refer to the section on 'Reporting breaches of the law', and for information about reporting late payments of employee or employer contributions, the section of the code on 'Maintaining contributions'.

Further guidance and assistance can be provided by the Director of Legal and Democratic Services provided that requesting this assistance will not result in alerting those responsible for any serious offence (where the breach is in relation to such an offence). This is highly unlikely given that the Director of Legal and Democratic Services, whilst an officer of the County Council, is largely independent from the Fund and its day to day operations. Where there is any doubt reporters should contact The Pensions Regulator direct. See Paragraph 3.8 below.

### 3.2 **Clarification when a breach is suspected**

Individuals need to have reasonable cause to believe that a breach has occurred, not just a suspicion. Where a breach is suspected the individual should carry out further checks to confirm the breach has occurred. Where the individual does not know the facts or events, they should raise their concerns as soon as possible with the Head of Fund. However there are some instances where it would not be appropriate to make further checks, for example, if the individual has become aware of theft, suspected fraud or another serious offence and they are also aware that by making further checks there is a risk of either alerting those involved or hampering the actions of the police or a regulatory authority. In these cases The Pensions Regulator should be contacted without delay.

### 3.3 **Determining whether the breach is likely to be of material significance**

To decide whether a breach is likely to be of material significance an individual should consider the following, both separately and collectively:

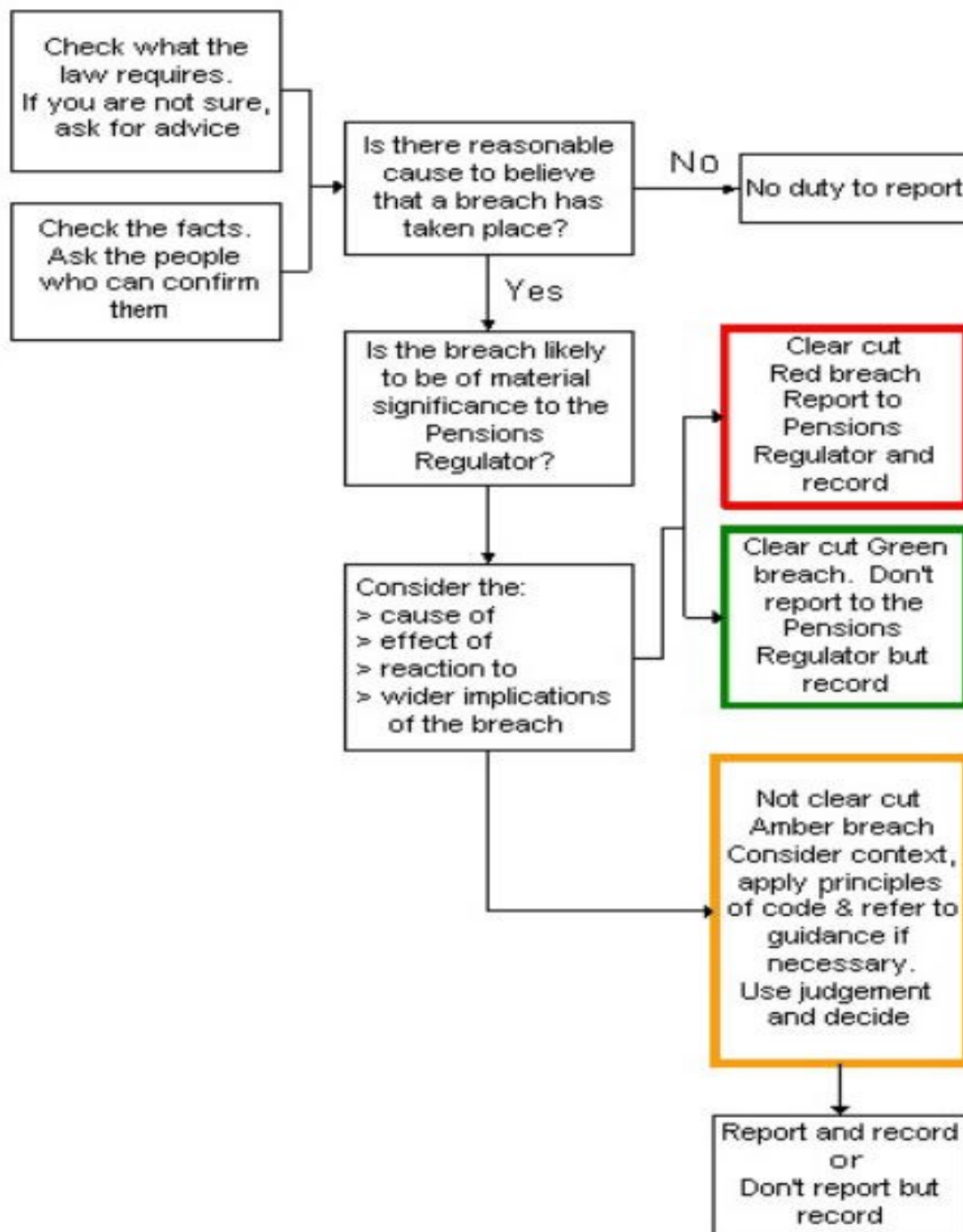
- Cause of the breach (what made it happen);
- Effect of the breach (the consequence(s) of the breach);
- Reaction to the breach; and
- Wider implications of the breach.

Further details on the above four considerations are provided at Annex 'A'.

The individual should use the traffic light framework described at Annex 'B' to help assess the material significance of each breach and to formally support and document their decision.

- 3.4 The chart below sets out the process for considering whether or not a breach has taken place and whether it is materially significant and therefore requires to be reported.

## Decision-tree: deciding whether to report



- 3.5 **Referral to a level of seniority for a decision to be made on whether to report**

Lancashire County Council has a designated Monitoring Officer (the Director of Governance, Finance and Public Services) to ensure the County Council acts

and operates within the law. They are considered to have appropriate experience to help investigate whether there is reasonable cause to believe a breach has occurred, to check the law and facts of the case, to maintain records of all breaches and to assist in any reporting to The Pensions Regulator, where appropriate. Regardless of whether a reporter seeks advice from the Monitoring Officer, all suspected/actual breaches should be reported to the Head of Fund at the earliest opportunity to ensure the matter is resolved as a matter of urgency. The proforma set out at Annex 'D' should be used. Individuals must bear in mind, however, that the involvement of the Monitoring Officer is to help clarify the potential reporter's thought process and to ensure this procedure is followed. The reporter remains responsible for the final decision as to whether a matter should be reported to The Pensions Regulator.

The Head of Fund should ensure that the reporter is kept updated on the progress of any investigation. If a decision is taken not to report the breach, and the reporter is not satisfied with that outcome, the reporter retains the option to report the breach direct to the Regulator.

A suspected breach should not be referred to any individual if doing so will alert any person responsible for a possible serious offence to the investigation (as highlighted in section 2). If that is the case, the individual should report the matter to The Pensions Regulator setting out the reasons for reporting, including any uncertainty – a telephone call to the Regulator before the submission may be appropriate, particularly in more serious breaches.

### **3.6 Dealing with complex cases**

The Director of Legal and Democratic Services may be able to provide guidance on particularly complex cases. Information may also be available from national resources such as the Scheme Advisory Board or the LGPC Secretariat (part of the LG Group - <http://www.lgpsregs.org/>). If timescales allow, legal advice or other professional advice can be sought and the case can be discussed at the next Local Pension Board meeting.

### **3.7 Timescales for reporting**

The Pensions Act and Pension Regulators Code of Practice 14 require that if an individual decides to report a breach, the report must be made in writing as soon as reasonably practicable. Individuals should not rely on waiting for others to report and nor is it necessary for a reporter to gather all the evidence which The Pensions Regulator may require before taking action. A delay in reporting may exacerbate or increase the risk of the breach. The time taken to reach the judgements on “reasonable cause to believe” and on “material significance” should be consistent with the speed implied by ‘as soon as reasonably practicable’. In particular, the time taken should reflect the seriousness of the suspected breach.

### **3.8 Early identification of very serious breaches**

In cases of immediate risk to the scheme, for instance, where there is any indication of dishonesty, The Pensions Regulator does not expect reporters to seek an explanation or to assess the effectiveness of proposed remedies. They should only make such immediate checks as are necessary. The more serious the potential breach and its consequences, the more urgently reporters should make these necessary checks. In cases of potential dishonesty the reporter should avoid, where possible, checks which might alert those implicated. In serious cases, reporters should use the quickest means possible to alert The Pensions Regulator to the breach.

### **3.9 Recording all breaches even if they are not reported**

The record of past breaches may be relevant in deciding whether to report a breach (for example it may reveal a systemic issue). The Head of Fund will maintain a record of all breaches identified by individuals and reporters should therefore provide copies of reports to the Head of Fund who will also provide a copy to the Director of Legal and Democratic Services. The Head of Fund will also maintain a record of unreported breaches. These should also be provided as soon as reasonably practicable and certainly no later than within 20 working days of the decision made not to report. These will be recorded alongside all reported breaches. The record of all breaches (reported or otherwise) will be reported by the Head of Fund to the next available meeting of both the Pension Fund Committee, and the Local Pension Board.

### **3.10 Reporting a breach**

Reports must be submitted in writing via The Pensions Regulator's online system at [www.tpr.gov.uk/exchange](http://www.tpr.gov.uk/exchange), or by post, email or fax, and should be marked urgent if appropriate. If necessary, a written report can be preceded by a telephone call. Reporters should ensure they receive an acknowledgement for any report they send to The Pensions Regulator. The Pensions Regulator will acknowledge receipt of all reports within five working days and may contact reporters to request further information. Reporters will not usually be informed of any actions taken by The Pensions Regulator due to restrictions on the disclosure of information.

As a minimum, individuals reporting should provide:

- Full scheme name (Lancashire County Pension Fund);
- Description of breach(es);
- Any relevant dates;
- Name, position and contact details;
- Role in connection to the scheme; and
- Employer name or name of scheme manager (the latter is Lancashire County Council).

If possible, reporters should also indicate:



- The reason why the breach is thought to be of material significance to The Pensions Regulator;
- Scheme address (Lancashire County Pension Fund, PO Box 100, County Hall, Preston, PR1 0LD)
- Scheme manager contact details, i.e. Lancashire County Council
- Pension scheme registry number (10034132); and
- Whether the breach has been reported before.

The reporter should provide further information or reports of further breaches if this may help The Pensions Regulator in the exercise of its functions. The Pensions Regulator may make contact to request further information.

### **3.11 Confidentiality**

If requested, The Pensions Regulator will do its best to protect a reporter's identity and will not disclose information except where it is lawfully required to do so. If an individual's employer decides not to report and the individual employed by them disagrees with this and decides to report a breach themselves, they may have protection under the Employment Rights Act 1996 if they make an individual report in good faith.

### **3.12 Reporting to Pension Fund Committee and Local Pension Board**

The Head of Fund will ensure that a report is presented to each meeting of the Pension Fund Committee and the Local Pension Board setting out:

- All breaches, including those reported to The Pensions Regulator and those unreported, with the associated dates;
- In relation to each breach, details of what action was taken and the result of any action (where not confidential);
- Any future actions for the prevention of the breach in question being repeated; and
- Highlighting new breaches which have arisen in the last year/since the previous meeting.

This information will also be provided upon request by any other individual or organisation (excluding sensitive/confidential cases or ongoing cases where discussion may influence the proceedings). Information to be included in such reports is set out at Annex 'C'.

### **3.13 Review**

This Reporting Breaches Procedure will be kept under review and updated as considered appropriate by the Head of Fund, in consultation with the Director of Governance, Finance and Public Services. It may be amended as a result of legal or regulatory changes, evolving best practice and ongoing review of the effectiveness of the procedure.

## **Annex 'A'**

### **Determining whether a breach is likely to be of material significance**

To decide whether a breach is likely to be of material significance, individuals should consider the following elements, both separately and collectively:

- Cause of the breach (what made it happen);
- Effect of the breach (the consequence(s) of the breach);
- Reaction to the breach; and
- Wider implications of the breach.

#### **The cause of the breach**

Examples of causes which are likely to be of concern to The Pensions Regulator are provided below:

- Acting, or failing to act, in deliberate contravention of the law;
- Dishonesty;
- Incomplete or inaccurate advice;
- Poor administration, i.e. failure to implement adequate administration procedures;
- Poor governance; or
- Slow or inappropriate decision-making practices.

When deciding whether a cause is likely to be of material significance individuals should also consider:

- Whether the breach has been caused by an isolated incident such as a power outage, fire, flood or a genuine one-off mistake.
- Whether there have been any other breaches (reported to The Pensions Regulator or not) which when taken together may become materially significant.

#### **The effect of the breach**

Examples of the possible effects (with possible causes) of breaches which are considered likely to be of material significance to The Pensions Regulator in the context of the LGPS are given below:

- Board Members not having enough knowledge and understanding, resulting in Local Pension Boards not fulfilling their roles, the scheme not being properly governed and administered and/or scheme managers breaching other legal requirements.
- Conflicts of Interest of Board Members, resulting in them being prejudiced in the way in which they carry out their role and/or the ineffective governance and administration of the scheme and/or scheme managers breaching legal requirements.
- Poor internal controls, leading to schemes not being run in accordance with their scheme regulations and other legal requirements, risks not being properly

identified and managed and/or the right money not being paid to or by the scheme at the right time.

- Inaccurate or incomplete information about benefits and scheme information provided to members, resulting in members not being able to effectively plan or make decisions about their retirement.
- Poor member records held, resulting in member benefits being calculated incorrectly and/or not being paid to the right person at the right time.
- Misappropriation of assets, resulting in scheme assets not being safeguarded.
- Other breaches which result in the scheme being poorly governed, managed or administered.

### **The reaction to the breach**

A breach is likely to be of concern and material significance to The Pensions Regulator where a breach has been identified and those involved:

- Do not take prompt and effective action to remedy the breach and identify and tackle its cause in order to minimise risk of recurrence;
- Are not pursuing corrective action to a proper conclusion; or
- Fail to notify affected scheme members where it would have been appropriate to do so.

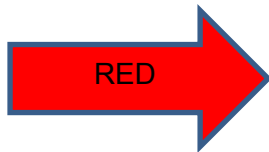
### **The wider implications of the breach**

Reporters should also consider the wider implications when deciding whether a breach must be reported. The breach is likely to be of material significance to The Pensions Regulator where the fact that a breach has occurred makes it more likely that further breaches will occur within the Fund or, if due to maladministration by a third party, further breaches will occur in other pension schemes.

## Annex 'B'

### Traffic light framework for deciding whether or not to report

It is recommended that those responsible for reporting use the traffic light framework when deciding whether to report to The Pensions Regulator. This is illustrated below:



Where the cause, effect, reaction and wider implications of a breach, when considered together, are likely to be of material significance.

These must be reported to The Pensions Regulator.

**Example:** Several members' benefits have been calculated incorrectly. The errors have not been recognised and no action has been taken to identify and tackle the cause or to correct the errors.



Where the cause, effect, reaction and wider implications of a breach, when considered together, may be of material significance. They might consist of several failures of administration that, although not significant in themselves, have a cumulative significance because steps have not been taken to put things right. You will need to exercise your own judgement to determine whether the breach is likely to be of material significance and should be reported.

**Example:** Several members' benefits have been calculated incorrectly. The errors have been corrected, with no financial detriment to the members. However the breach was caused by a system error which may have wider implications for other public service schemes using the same system.



Where the cause, effect, reaction and wider implications of a breach, when considered together, are not likely to be of material significance. These should be recorded but do not need to be reported.

**Example:** A member's benefits have been calculated incorrectly. This was an isolated incident, which has been promptly identified and corrected, with no financial detriment to the member. Procedures have been put in place to mitigate against this happening again.

All breaches should be recorded even if the decision is not to report.

When using the traffic light framework individuals should consider the content of the red, amber and green sections for each of the cause, effect, reaction and wider implications of the breach, before you consider the four together. Some useful examples of this is framework is provided by The Pensions Regulator at the following link:

[http:// www.thepensionsregulator.gov.uk/codes/code-related-report-breaches.aspx](http://www.thepensionsregulator.gov.uk/codes/code-related-report-breaches.aspx)

**Annex 'C' - Proforma for Reporting a Suspected Breach**

**Lancashire Local Pension Board  
Reporting a Suspected Breach**

*Please ensure that you read the Reporting Breaches Policy and Procedure before completing this form*

<b>Name of Reporter:</b>	
<b>Position/Designation:</b>	
<b>Telephone Number:</b>	
<b>E-mail:</b>	
<b>Description of the Suspected Breach:</b>	
<b>Do you believe that the breach is of material significance to The Pensions Regulator?</b>	

<b>Please give your reason(s):</b>	
<b>Have you reported the Suspected breach to The Pensions Regulator?</b>	

Please submit your completed form (preferably by e-mail) to:

The Head of Fund  
Lancashire County Pension Fund  
PO Box 100, County Hall,  
Preston, PR1 0LD

[abigail.leech@lancashire.gov.uk](mailto:abigail.leech@lancashire.gov.uk)

### Annex 'D' - Record of Breaches (to be maintained by the Head of Fund)

Date	Category (e.g. administration, contributions, funding, investment, criminal activity)	Description and cause of breach	Possible effect of breach and wider implications	Reaction of relevant parties to breach	Reported / Not reported (with justification if not reported and dates)	Outcome of report and/or investigations	Outstanding actions

\*New breaches since the previous meeting of the Committee/Board should be highlighted



**Lancashire Local Pension Board**  
Meeting to be held on 11 April 2016

Electoral Division affected: None
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**Lancashire County Pension Fund - Refreshed Training Policy**  
(Appendices 'A' - 'C' refer)

Contact for further information:  
Frances Deakin, (01772) 533112,  
[frances.deakin@lancashire.gov.uk](mailto:frances.deakin@lancashire.gov.uk)

## **Executive Summary**

On 29 January 2016, the Pension Fund Committee received and approved a refreshed Training Policy for the Lancashire County Pension Fund (LCPF).

The new Training Policy reflects latest guidance on fulfilling the training needs of individuals performing key roles in the management and governance of Local Government Pension Schemes (LGPS) and accommodates new requirements as a result of:

- (i) The establishment of Local Pension Boards;
- (ii) The remit of the Pensions Regulator being extended to include public sector pension schemes including the LGPS.

## **Recommendation**

The Board is asked to:

- (i) Note the Pension Fund Committee's approval of a refreshed Training Policy for LCPF;
- (ii) Commit to meeting the requirements of the new Training Policy which forms part of the Fund's wider risk management arrangements.

## **Background and Advice**

At its meeting on 19 September 2015, the Lancashire Local Pension Board received a report on Training and Development matters which explained that the Chartered Institute of Public Finance and Accountancy (CIPFA) had published a Technical Knowledge and Skills Framework specifically for Local Pension Boards.

The new CIPFA framework promotes good governance in public service pension schemes by extending the scope of existing frameworks (applying to officers and

elected members/non-executives) to cover the specific training and development needs of Local Pension Board Members. In asking the Pension Board to note the release of the new framework for Local Pension Boards it was explained that requirements under the framework would be reflected within a refreshed Training Policy for LCPF which would be shared with the Pension Board for comments before being recommended for adoption by the Pension Fund Committee.

Following the circulation and the receipt of comments on a refreshed Training Policy for Lancashire County Pension Fund, the new policy was presented to the Pension Fund Committee at its meeting on 29 January 2016 and was duly approved for adoption.

A copy of the report considered by the Pension Fund Committee, together with the two accompanying appendices which set out the refreshed Training Policy, are set out at Appendices 'A' - 'C' respectively.

### **Consultations**

N/A

### **Implications:**

This item has the following implications, as indicated:

### **Risk management**

There are no significant risk management implications.

### **List of Background Papers**

Paper	Date	Contact/Tel
Lancashire Local Pension Board Training and Development - Local Pension Boards	19 September 2015	Frances Deakin (01772) 533112

Reason for inclusion in Part II, if appropriate

N/A

## Appendix 'A'

### Pension Fund Committee

Meeting to be held on 29 January 2016

Electoral Division affected:  
None

### Lancashire County Pension Fund Training Policy (Appendices 'A' and 'B' refer)

Contact for further information:

Frances Deakin, (01772) 533112, Financial Policy Officer

[frances.deakin@lancashire.gov.uk](mailto:frances.deakin@lancashire.gov.uk)

#### Executive Summary

The Lancashire County Pension Fund Training Policy is due for review. This has provided an opportunity to consider;

- latest guidance on fulfilling the training needs of individuals performing key roles in the management and governance of Local Government Pension Schemes (LGPS);
- changes to requirements for providing training as a result of:
  1. the establishment of Local Pension Boards
  2. the remit of the Pensions Regulator being extended to include public sector pension schemes including the LGPS.

The proposed Training Policy provides a framework for ensuring an appropriate balance between individuals assuming personal responsibility for their own learning and Lancashire County Council (as Administering Authority) providing support for the development of the skills and knowledge needed to ensure effective oversight, governance and decision making.

#### Recommendation

The Committee is recommended to:

- (i) Note the report;
- (ii) Approve the Lancashire County Pension Fund Training Policy set out at Appendix 'A';
- (iii) Commit to meeting the requirements of the Training Policy which forms part of the Fund's wider risk management arrangements.

## **Background and Advice**

In November 2013 the Pension Fund Committee approved a Training Policy and Plan covering the period to 2015. The Policy applied to all individuals charged with the governance and financial management of the Lancashire County Pension Fund (Pension Fund Committee Members and Senior Officers). The Policy was introduced as a basis for ensuring best practice within the Fund and compliance with the Public Service Pensions Act 2013.

The expiration of the current Training Policy has provided an opportunity to review latest guidance on fulfilling the training needs of individuals performing key roles in the management and governance of Local Government Pension Schemes. The main changes reflect the impact of Local Pension Boards being established and the remit of the Pensions Regulator being extended to include public sector pension schemes including the LGPS.

Local Pension Boards were established by the Public Service Pensions Act 2013 and came into being from April 2015. It is the role of the Local Pension Board to:

- assist the Administering Authority to comply with:
  1. LGPS Regulations;
  2. any other legislation relating to the governance and administration of their scheme;
  3. any requirements imposed by the Pensions Regulator in relation to their scheme,
- ensure the effective and efficient governance and administration of their scheme.

Local Pension Board members have a legal obligation to develop a degree of knowledge and understanding appropriate to enabling them to exercise the functions of a member of the Pension Board effectively.

The shift in governance represented by the implementation of Local Pension Boards has prompted the Chartered Institute for Public Finance & Accounting (CIPFA) to publish a Technical Knowledge and Skills Framework for Local Pension Boards. The new framework complements CIPFA's existing Code of Practice on Public Sector Pensions Finance Knowledge and Skills and its Knowledge and Skills Framework for Elected Representatives and Non-Executives in the Public Sector.

The Training Policy at Appendix 'A' reflects current guidance from CIPFA and the Pensions Regulator on:

- core areas of knowledge and skill;
- the responsibilities of Administering Authorities for providing training support.

Practical questions prompted a re-consideration of the previous Policy's approach of including Senior Officers within scope. The needs of Board and Committee members differ considerably from those of Senior Officers (whose performance and training already feature within the County Council's regular Performance Development Review process and the Continuing Professional Development frameworks that

apply to them). Accordingly, Senior Officers have been excluded from the scope of the new Policy in order for it to focus exclusively on the needs of Committee and Pension Board members.

The Training Policy outlines the Fund's approach to training and presents a framework for supporting individual and collective training needs. The approach will be supportive in nature with the intention of providing Committee and Board members with the tools to assess their own learning needs and the means to fill any significant gaps in their knowledge.

Support for learning will feature a range of methods and approaches including:

- in-house training from officers and/or external advisors
- external training events by recognised bodies
- attendance at external seminars and conferences
- practical support and guidance through recommended reading and targeted information
- key documents/learning materials made accessible via an online Virtual Reading Room
- access to on-line training and assessment modules via the Pensions Regulators Trustee Toolkit.

There is an expectation that Board and Committee members will undertake self-directed learning to supplement the formal training provided for them. A review of learning needs will be undertaken annually by self-assessment in order to capture personal requirements and identify common knowledge gaps which benefit from being addressed collectively through a formal training session. Fund officers will offer ongoing support and advice and a Virtual Reading Room will provide easy access to core documents, an archive of training presentations, links to useful websites and signposting to topical content, all in one place.

The Training Policy will be put into practical application via a rolling Training Plan. This is a live document which will be continually updated to reflect the scheduling of in-house training sessions, the availability of external events and feedback from members on their training needs. The Training Plan is simultaneously a record of training activity and a planning tool for capturing and co-ordinating the various strands of training underway. The intention is for the plan to be flexible enough to be responsive to member needs and capable of accommodating emerging issues and topical matters whilst covering the core subject areas set out in the CIPFA frameworks. A snapshot of the Training Plan as it stands currently is provided at Appendix 'B', and shows the training scheduled and undertaken during 2015 and the events already scheduled (to date) in 2016.

The Training Plan will be developed further once the outcome of a self-assessment of learning needs has been undertaken and the results are available to offer insight into priorities for group training. This assessment will be based upon CIPFA's competency self-assessment which has been developed as a tool supporting individuals to capture specific requirements, identify key knowledge gaps, plan their development and measure their progress.

## **Consultations**

An advance copy of the draft Training Policy was circulated to all members of the Pension Fund Committee and the Lancashire Local Pension Board with an invitation to provide comments and feedback on proposals. The observations received have been reflected within the policy now presented for the approval of the Committee.

## **Implications:**

This item has the following implications, as indicated:

## **Risk management**

Without the required knowledge and skills, those charged with governance and decision-making may be ill-equipped to make informed decisions regarding the direction and operation of the Pension Fund.

An appropriate Training Policy forms the foundation of measures focussed on managing the risks posed by individuals with insufficient knowledge and understanding having responsibility for management, governance and oversight. This is a risk which has been identified within the Fund's Risk Register.

The Training Policy seeks to apply best practice and to ensure compliance with guidance from CIPFA and the Pensions Regulator. Failing to implement an adequate Training Policy and framework and to regularly review the effectiveness of training arrangements would place the County Council (as Administering Authority) at risk of non-compliance with the Pensions Regulator's Code of Practice No.14 (Governance and administration of public service pension schemes) and the legislative requirements that this code interprets.

## **Financial**

Decisions made by the Pension Fund Committee have direct financial implications for the Fund. The Fund's Training Policy forms part of its governance and risk management arrangements which seek to ensure Pension Fund Committee and Pension Board members are well-informed, confident, and knowledgeable participants who work effectively and consistently in the best interests of the Fund and its stakeholders.

**Local Government (Access to Information) Act 1985**  
**List of Background Papers**

Paper	Date	Contact/Tel
CIPFA - Code of Practice on Public Sector Pensions Finance Knowledge and Skills	October 2011	Frances Deakin 01772 533112
CIPFA – Technical Knowledge & Skills Framework for Local Pension Boards	July 2015	Frances Deakin 01772 533112
CIPFA - Pensions Finance Knowledge and Skills Framework – Technical Guidance for Elected Representatives and Non-Executive members in the Public Sector (CIPFA)	2010	Frances Deakin 01772 533112
The Pensions Regulator - Code of Practice No 14 (Governance and Administration of public service pension schemes)	2015	Frances Deakin 01772 533112

Reason for inclusion in Part II, if appropriate

N/A





# Lancashire County Pension Fund

## Training Policy



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## Introduction

This is the Training Policy of Lancashire County Pension Fund (LCPF) which is a Local Government Pension Scheme (LGPS) managed and administered by Lancashire County Council.

## Aim & Scope

Lancashire County Council recognises the significance of its role as Administering Authority for the Fund on behalf of its stakeholders which include

- current and former members of the Fund, and their dependants;
- employer organisations;
- local taxpayers.

This Policy sets out the Fund's approach to supporting the learning and development needs of individuals with responsibility for the strategic direction, governance and oversight of LCPF through their membership of the Pension Fund Committee (PFC) or the Lancashire Pension Board (LPB).

The aim of this Training Policy is to ensure the Fund has a training framework in place which supports people to perform well and develop personally in their roles. The ultimate aim is to ensure LCPF is overseen by individuals who:

- have appropriate levels of knowledge and skill;
- understand and comply with legislative and other requirements;
- act with integrity;
- are accountable to the Fund's stakeholders for their decisions.

The competency and performance of senior Officers charged with managing and directing LCPF fall under the auspices of Lancashire County Council's Performance Development Review (PDR) process and wider continuing professional development (CPD) frameworks. For this reason, officers are outside the scope of this Training Policy which focusses specifically on the training needs of members of the Pension Fund Committee and Lancashire Pension Board.

## Objectives

Members of the PFC and LPB are routinely faced with navigating lengthy and complex regulatory requirements, understanding technical terminology and evaluating (and challenging) the information and advice they are given as part of reaching robust decisions. It is recognised that members need support to attain the level of knowledge understanding and confidence necessary for informed decision-making and effective oversight.

The objectives of this Training Policy are to ensure that

- individuals have appropriate support to gain the breadth and depth of knowledge needed to fulfil their responsibilities effectively
- the Fund complies with guidance for providing training to Committee and Board members from the following sources:
  - a) The Public Service Pensions Act 2013
  - b) CIPFA Code of Practice on Public Sector Pensions Finance Knowledge and Skills 2013

- c) CIPFA Knowledge and Skills Framework
- d) CIPFA Local Pension Boards: Technical Knowledge and Skills Framework
- e) The Pensions Regulator: Code of Practice for Public Service Schemes No.14 *Governance and Administration of Public Service Pension Schemes*
- f) The Stewardship Code (Myners Principles)

## Approach

This Training Policy establishes a framework for ensuring members of the PFC and LPB receive appropriate support (both collectively and individually) for gaining the level of knowledge and understanding they need to serve the Fund effectively. The framework aims to be responsive to the learning needs of individuals in their different roles and comprises 3 strands

1. Assessing learning needs;
2. Identifying and planning learning opportunities;
3. Evaluating learning outcomes and reviewing the effectiveness of the training approach.

### 1. Assessing Learning Needs

Establishing learning needs involves assessing current levels of knowledge and understanding against an objective standard in order to identify whether (and where) there are gaps or weaknesses which need to be overcome.

PFC and LPB members face different requirements for gaining and maintaining knowledge and understanding. This reflects that their remit and responsibilities originate from different pieces of legislation. Knowledge requirements falling on Local Pension Board members are defined statutorily within the Public Service Pensions Act 2013 and are personal to each individual. Learning requirements for Committees have been less stringently defined in legislation and fall collegiately on committees as collective bodies rather than on their members as individuals.

Though their learning obligations under legislation are different, PFC and LPB members share significant common ground in terms of the sphere of knowledge and understanding they need to be conversant with. Across the range of Technical Knowledge and Skills Frameworks it has published to date, CIPFA has identified a syllabus of 8 core areas of knowledge:

1. pensions legislation;
2. public sector pensions governance;
3. pensions administration;
4. pensions accounting and auditing standards;
5. financial services procurement and relationship management;
6. investment performance and risk management;
7. financial markets and product knowledge;
8. actuarial methods, standards and practices;

The different roles fulfilled by the Committee and the Board mean their emphasis and the level of detailed knowledge they require will vary in practice, but members are ultimately charged with the same responsibility with regard to their learning, which is

to identify and actively seek to rectify any gaps in their knowledge or understanding which might prevent them from performing their duties effectively.

A review of learning needs will be undertaken annually in order to capture individual learning requirements and identify common knowledge gaps. The review will be by self-assessment and will be based around CIPFA's competency self-assessment which has been developed as a tool supporting individuals to capture specific requirements, identify key knowledge gaps, plan their development and measure their progress.

On first joining the PFC or the LPB, new members will receive an induction pack providing them with basic information about the Fund, a glossary of terms and support for accessing and beginning to navigate content within the Virtual Reading Room and other information systems they may use as part of their role with the Fund.

## **2. Identifying and Planning Learning Opportunities**

Learning requirements, including those identified by self-assessment, will be met by a combination of self-directed learning (private study by the member) and training opportunities offered as part of a rolling Training Plan.

The rolling Training Plan is the vehicle which puts this Training Policy into practical operation. In aiming to deliver against the 8 core learning requirements identified by CIPFA it will seek to prioritise common knowledge gaps, to be responsive to specific needs and to cover topical themes of particular interest to members (who are encouraged to share their ideas and to give regular feedback on training).

Support for learning under the rolling Training Plan will feature a range of methods and approaches including:

- in-house training from officers and/or external advisors
- external training events by recognised bodies
- attendance at external seminars and conferences
- practical support and guidance through recommended reading and targeted information
- key documents/learning materials made accessible via an online Virtual Reading Room
- access to on-line training and assessment modules via the Pensions Regulators Trustee Toolkit.

Training sessions delivered in-house will include pre-meeting briefings (scheduled immediately before formal meetings in order to allow officers and advisors to provide insights and updates to all attendees) and a separate programme of workshops falling outside the routine cycle of Board and Committee meetings. Workshops will aim for a less formal learning environment designed to prompt interaction and the discussion of topical issues including day to day operations and service delivery. Workshops will encourage a more contextualised understanding of the Fund and an appreciation of its main interactions and influences.

PFC and LPB members are encouraged to express their interest in attending external conferences and training events which will help to address identified learning needs. Details of suitable events will be circulated as they arise and authorisation to attend will reflect the value of the training to the individual concerned and the knowledge and insight they will gain as a result.

Board and Committee members are expected to undertake self-directed learning to supplement and underpin the training opportunities scheduled by the Fund. The provision of support for learning under this Policy is intended to enhance the capacity of members to be well-prepared and confident participants by helping them to:

- read around broad themes;
- undertake their own more specific research;
- refer to relevant sections of guidance, regulations and legislation;
- determine the issues and questions needing further clarification.

Members are expected to utilise the tools and support provided under the Fund's Training Policy to ensure they develop and maintain the level of knowledge, insight and understanding needed to perform their duties effectively. Practical support in the form of a Virtual Reading Room will facilitate this through the access it offers to a broad range of relevant learning materials including key documents, links to further information, topical news items and recommended reading.

Board and Committee members are specifically encouraged to access the Pensions Regulators (tPR) web-page and to work through tPR Trustee Toolkit where on-line training modules have been designed to meet the needs of Pension Fund Trustees. As a minimum, Committee and Board members are expected to complete the learning modules specific to Public Sector pension schemes and to submit a copy of the online assessments they have completed each year as evidence of their learning.

### **3. Evaluating Learning Outcomes and Reviewing the Effectiveness of Training**

Members of the PFC and LPB are personally responsible for maintaining a record of their personal learning (self-directed study) as a basis for demonstrating the steps they have taken to

- comply with the requirement to gain the knowledge and understanding needed to fulfil their responsibilities effectively
- mitigate risks posed by any gaps in their knowledge

A simple pro forma will be provided to assist them with this.

In addition, LCPF will maintain a central record of member attendance at training events and of the individual learning needs identified through self-assessment. These will ensure the Fund is able to comply with requirements under CIPFA's Code of Practice on Public Sector Pensions Finance Knowledge and Skills to include information within the Fund's Annual Report on

- how the knowledge and skills framework has been applied
- what assessment of training needs has been undertaken
- what training has been delivered against the training needs identified

Timely feedback will be sought from members on all training delivered in-house in order to evaluate its quality and effectiveness. Members are encouraged to regularly reflect upon their learning experiences and to evaluate the training they have received in order to offer practical insight and feedback on the suitability and relative success of different learning methods. Members attending external training events will be required to provide verbal feedback to the next Committee or Board meeting in order for this to be recorded within the relevant minutes. Feedback should include:

- the member's view on the value of the event and the merit, if any, of attendance;
- a summary of the key learning points gained from attending the event;
- recommendations about any subject matters covered which might be of wider benefit as a focus for future training.

Wherever possible, training materials received by members who have attended external events will be made available for wider reference through an archive of shared training materials accessed via the online Virtual Reading Room.

The approach to training set out within this Training Policy will be reviewed periodically by the PFC and LPB in order for members to provide feedback on its effectiveness in practice and to make recommendations for any changes required.

Member compliance with this Training Policy and with the wider CIPFA Knowledge and Skills frameworks will also be reviewed periodically in order to determine whether the risk posed from individuals having insufficient knowledge to meet their responsibilities (a risk formally identified within the Fund's Risk Register) is being adequately managed and mitigated through the arrangements put in place under this policy and framework.



## Appendix 'C' - LCPF Rolling Training Plan (Snapshot)

### External Conferences & Training

Month	Year	Date	Event	Organiser	Venue	Committee Members	Board Members
Mar	2015	11-13 18 19	NAPF Investment Conference 'Living Longer, Investing Smarter' LGPS Reform -Ethical, Efficient, Effective 2015 Local Authority Pension Fund Investment Strategies and Current Issues	NAPF GovToday SPS Conferences	The Exchange, Edinburgh London Le Meridian Hotel, London	CC Borrow CC Yates, CC Pope, CC Whittle CC Borrow, CC Beavers	
Sep	2015	25	Intro to the LGPS	CIPFA Pensions Network	Northern Trust Offices, Canary Wharf, London	CC Ellard	John Hall
Oct	2015	1st	CIPFA Pensions Network October Seminar	CIPFA Pensions Network	Manchester - Midland Hotel	CC Otter	
		12	LGPS Practitioners Conference	Your Pensions Service	Woodlands Conference Centre, Chorley		Kathryn Haigh
		14-16	NAPF Annual Conference	NAPF	Manchester Central	CC Borrows, CC Ellard, CC Pope	CC Harvey
		16	LGA - LGPS Investment Pooling Event (Chair and Deputy Chairs only)	LGA	LGA House, London	CC Parkinson	
		20-22	13th Annual Local Government Pension Investment Forum 2015	IBC	Guoman Tower Hotel, London	CC Ellard (21 October only) CC Hanson (20 and 21 October) CC Beavers (20 and 21 October) CC Dowding (20 and 21 October)	
Nov	2015	3	NAPF Local Authority Forum	NAPF	NAPF Cheapside House, London	CC Ellard	
		10	Meeting the financial challenge of local government pensions	LGA	Local Government House	CC Winlow	Kathryn Haigh
Dec	2015	2-4	LAPFF Conference 20 years of Responsible Investment - Where Next?	LAPFF	Bournemouth Highcliff Marriot	CC Ellard, CC Dowding	
Jan	2016	27	CIPFA Pensions Summit	CIPFA	HSBC Canary Wharf	CC Ellard	
Feb	2016						
March	2016	3-4	LGC Investment Seminar "2016: be prepared for the year of change"		Carden Park Hotel, near Chester	CC Ellard	
	2016	9-11	PLSA Investment Conference		EICC ,Edinburgh	To be circulated for Expressions of Interest	
	2016	17	SPS Local Authority Pension Investment Strategies and Current Issues "Reviewing Investments & Funding at a Time of Change"		Le Meridien Piccadilly, London	Circulated for Expressions of Interest	
April	2016						
May	2016						
June	2016						
July	2016						
Aug	2016						
Sep	2016	tbc	Intro to the LGPS	CIPFA Pensions Network	tbc		
Oct	2016	tbc	CIPFA Pensions Network October Seminar	CIPFA Pensions Network	tbc		
Nov	2016						
Dec	2016	7-9	LAPFF Conference	LAPFF	tbc		
Sep	2017	tbc	Intro to the LGPS	CIPFA Pensions Network	tbc		
Oct	2017	tbc	CIPFA Pensions Network October Seminar	CIPFA Pensions Network	tbc		
Nov	2017						
Dec	2017	tbc	LAPFF Conference				

## In-House Training

Meeting Dates			Pre-Committee Training			Workshops Programme			
	Pension Board Meetings	Pension Fund Committee Meetings	Subject	CIPFA Core Knowledge Area	Presenter/Trainer	Date	CIPFA Core Knowledge Area	Subject	Presenter/Trainer
2015									
January									
February									
March		Fri 27th	Infrastructure Investment	Financial markets & products	Richard Tomlinson				
April									
May									
June		Fri 5th	Top 5 Fund Discretions	Pensions administration	In-House (YPS)	18th June 2015	Fund Governance	Initial training for Pension Board Members	Hymans Robertson
July	Weds 8th								
August									
September		Weds 30th	2016 Fund Valuation	Actuarial methods, standards and practices;	Mercers	Thurs 24th 10am	Pension administration	Back to Basics	Ammie McHugh/Julie Wigg
October	Mon 19th					Thurs 29th 10am	Pension administration	Pensions Reform	Steven Moseley
November		Fri 27th	A Direct Investment Journey - Vasco (Infrastructure EDF Nouvelles)	Investment performance and risk management	Mike Jensen	Thurs 19 10am	Pension admin/actuarial methods	Risk and Valuation 1	Andy Brown
December									
2016									
January	Mon 18th	Fri 29th				Thurs 28th 10am	Pension admin/actuarial methods	Risk and Valuation 2	Andy Brown
February						Tues 23rd 10am	Investment	The new format Investment Performance Report	Jamie Griffin / Trevor Castledine
March		Tue 1st	tbc		tbc	Weds 23 10am	Investment	tbc	tbc
April	Mon 11th	Fri 1st	tbc		tbc	Thurs 28th 10am	Investment	tbc	tbc
May						Weds 25th 2pm	Investment	tbc	tbc
June		Fri 10th	tbc		tbc	Thurs 30th 10am	Accounting & Auditing Standards	Accounting and Auditing Requirements & the Annual Report & Accounts	Helen Gallacher/Elaine Jackson
July	Mon 4th								
August									
September		Thur 15	tbc		tbc	tbc	tbc	tbc	tbc
October	tbc					tbc	tbc	tbc	tbc
November						tbc	tbc	tbc	tbc
December		Fri 2nd	tbc		tbc				

## Lancashire Local Pension Board

Meeting to be held on 11 April 2016

Electoral Division affected: None
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### Training and Development - Feedback from Board Members on Training Events and Conferences

Contact for further information:

Dave Gorman, (01772) 534261, Legal and Democratic Services

[dave.gorman@lancashire.gov.uk](mailto:dave.gorman@lancashire.gov.uk)

#### Executive Summary

This report provides Members of the Board with the opportunity to provide feedback on training events and conferences attended by Members since the last meeting of the Board.

#### Recommendation

The Board is asked to note the report and the feedback presented.

#### Background and Advice

The Pension Fund Committee at its meeting on 29 January 2016 approved a refreshed training plan for members of the Committee. As was the case with the previous plan, the purpose of the refreshed plan is to ensure best practice within the Fund, and to comply with the Public Service Pensions Act 2013. Members and officers are also required to undertake training to satisfy the obligations placed upon them by the:

- Myners Principles (as detailed in the Statement of Investment Principles);
- Pensions Regulations and the Pensions Regulator;
- Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Public Sector Pensions Finance Knowledge and Skills; and the
- Local Government Pension Scheme (LGPS) Governance Compliance Statement.

It is appropriate that the same principles be extended to the operation of the Board and that Board Members therefore provide verbal feedback at the subsequent Board meeting to cover:

- Their view on the value of the event and the merit, if any, of attendance;
- A summary of the key learning points gained from attending the event; and

- Recommendations of any subject matters at the event in relation to which training would be beneficial to Board Members.

The following events has been attended by Board Members since the last meeting of the Board:

- **Lancashire County Pension Fund Workshop - 28 January 2016 - Valuation and Employer Risk 2**

This event was attended by Steve Browne, Kathryn Haigh, John Hall, Bob Harvey, County Councillor Tony Martin and Steve Thompson

- **Lancashire County Pension Fund Workshop - 23 February 2016 – Reading the Investment Performance Report**

This workshop was attended by Steve Browne, Bob Harvey and John Hall

Feedback on the above will be provided at the meeting.

## **Consultations**

N/A

## **Implications:**

This item has the following implications, as indicated:

## **Risk management**

Without the required knowledge and skills, Board Members may be ill-equipped to make informed considerations regarding the direction and operation of the Pension Fund.

## **Financial**

The cost of attendance, together with travel and subsistence costs is met by the Pension Board.

## **Local Government (Access to Information) Act 1985 List of Background Papers**

Paper	Date	Contact/Tel
Attendance at Conferences approved under the Scheme of Delegation to Heads of Service	2015	Frances Deakin, (01772) 533112

Reason for inclusion in Part II, if appropriate

N/A

## Lancashire Local Pension Board

Meeting to be held on 11 April 2016

Electoral Division affected: None
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## Lancashire County Pension Fund - Pension Administration Strategy Statement (Appendix 'A' refers)

Contact for further information:

Diane Lister, (01772) 534827, Head of Your Pension Service,

[diane.lister@lancashire.gov.uk](mailto:diane.lister@lancashire.gov.uk)

### Executive Summary

Attached at Appendix 'A' is the Fund's current Pension Administration Strategy Statement (PASS).

The Local Government Pension Scheme (LGPS) Regulations allow for the Fund to prepare and publish, following consultation with Fund Employers, a 'Pension Administration Strategy' to facilitate best practices and efficient customer service in respect of the following:-

- Procedures for liaison and communication with Scheme employers;
- The establishment of performance levels which the administering authority and fund employers are expected to achieve;
- Procedures to ensure compliance with statutory requirements in connection with the administration of the LGPS;
- Procedures for improving the methods of passing information between the administering authority and fund employers;
- The circumstances when the administering authority may consider recovering additional costs that have been incurred due to the unsatisfactory performance of a Scheme employer;
- Any other matters that the administering authority consider suitable for inclusion in the 'Pension Administration Strategy'.

The PASS is due for a formal review to be carried out by the Pension Fund Committee following the introduction of The Pensions Regulator's (TPRs) new Code of Practice; Code 14 for public service pension schemes which became effective from 1 April 2015.

### Recommendation

The Board is asked to comment on the Fund's current PASS, and the suggestions for change put forward within this report, prior to the review to be carried out by the Pension Fund Committee following the introduction of The Pensions Regulators new code of practice for public sector pension schemes; Code 14, which became effective from 1 April 2015.

## Background and Advice

Regulation 59 of the Local Government Pension Scheme Regulations 2013 allow for the Fund to prepare and publish, following consultation with Fund Employers, a Pension Administration Strategy as shown below:-

### *Regulation 59*

*(1) An administering authority may prepare a written statement of the authority's policies in relation to such of the matters mentioned in paragraph (2) as it considers appropriate ("its pension administration strategy") and, where it does so, paragraphs*

*(3) to (7) apply.*

*(2) The matters are—*

*(a) procedures for liaison and communication with Scheme employers in relation to which it is the administering authority ("its Scheme employers");*

*(b) the establishment of levels of performance which the administering authority and its Scheme employers are expected to achieve in carrying out their Scheme functions by—*

*(i) the setting of performance targets,*

*(ii) the making of agreements about levels of performance and associated matters, or*

*(iii) such other means as the administering authority considers appropriate;*

*(c) procedures which aim to secure that the administering authority and its Scheme employers comply with statutory requirements in respect of those functions and with any agreement about levels of performance;*

*(d) procedures for improving the communication by the administering authority and its Scheme employers to each other of information relating to those functions;*

*(e) the circumstances in which the administering authority may consider giving written notice to any of its Scheme employers under regulation 70 (additional costs arising from Scheme employer's level of performance) on account of that employer's unsatisfactory performance in carrying out its Scheme functions when measured against levels of performance established under sub-paragraph (b);*

*(f) the publication by the administering authority of annual reports dealing with—*

*(i) the extent to which that authority and its Scheme employers have achieved the levels of performance established under sub-paragraph (b), and*

*(ii) such other matters arising from its pension administration strategy as it considers appropriate; and*

*(g) such other matters as appear to the administering authority after consulting its Scheme employers and such other persons as it considers appropriate, to be suitable for inclusion in that strategy.*

*(3) An administering authority must—*

*(a) keep its pension administration strategy under review; and*

*(b) make such revisions as are appropriate following a material change in its policies in relation to any of the matters contained in the strategy.*

*(4) In preparing or reviewing and making revisions to its pension administration strategy, an administering authority must consult its Scheme employers and such other persons as it considers appropriate.*

*(5) An administering authority must publish—*

*(a) its pension administration strategy; and*

*(b) where revisions are made to it, the strategy as revised.*

*(6) Where an administering authority publishes its pension administration strategy, or that strategy as revised, it must send a copy of it to each of its Scheme employers and to the Secretary of State as soon as is reasonably practicable.*

*(7) An administering authority and its Scheme employers must have regard to the pension administration strategy when carrying out their functions under these Regulations.*

*(8) In this regulation references to the functions of an administering authority include, where applicable, its functions as a Scheme employer.*

The PASS is a comprehensive document which was last reviewed following the introduction of the new 2014 CARE Scheme (Appendix 'A' refers). A further review is appropriate now following the introduction of The Pensions Regulator's (TPRs) new code of practice for public sector pension schemes; Code 14, which became effective from 1 April 2015.

In particular, it may be appropriate now to include within the PASS the circumstances that may lead to penalties for employers, and specifically what the penalty is likely to be in certain circumstances, for example:

- late payment of contributions
- late completion/submission of a contributions payment form;
- late payment of AVCs
- late submission of a monthly payroll data collection file
- late notification of leavers

In addition, it would also be appropriate to set out explicitly within the PASS the circumstances that may prompt the Fund to report a breach of the law to TPR which may be (although not exclusively) in the circumstances set out above.

The review of the PASS may also be an opportunity to set clear expectations in respect of the responsibilities of the Fund and its Employers in relation to the administration of the Local Government Pension Scheme.

## **Consultations**

The Fund is required to consult its employers and such other persons as it considers appropriate.

## **Implications:**

This item has the following implications, as indicated:

## **Risk management**

There are no significant risk management implications.

## **Local Government (Access to Information) Act 1985 List of Background Papers**

Paper	Date	Contact/Directorate/Tel
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N/A		
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Reason for inclusion in Part II, if appropriate

N/A



# Lancashire County Pension Fund

Pension Administration  
Strategy Statement  
2014

Lancashire County Council  
as administering authority of  
**Lancashire County Pension  
Fund**

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## **Acknowledgement & Review**

This statement will be reviewed by Your Pension Service on an annual basis.

Signed and dated

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**Diane Lister**

Head of Your Pension Service

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Date

### **Employer Acknowledgement**

Signed and dated

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**Signature of Fund Employer**

Date

---

Employer

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Name

---

Designation

## **Background**

Lancashire County Council as 'Administering Authority' is required by law to administer the Local Government Pension Scheme in Lancashire.

The Council delegates its functions in respect of Scheme to its Pension Fund Committee who further delegates the administration of the Scheme to Your Pension Service under the terms of a Service Level Agreement.

## **Purpose**

Regulation 59 of the Local Government Pension Scheme Regulations 2013 allows for the Administering Authority to prepare and publish, following consultation with Fund Employers, a 'Pension Administration Strategy' to facilitate best practices and efficient customer service in respect of the following:-

- Procedures for liaison and communication with Scheme employers;
- The establishment of performance levels which the administering authority and fund employers are expected to achieve;
- Procedures to ensure compliance with statutory requirements in connection with the administration of the LGPS;
- Procedures for improving the methods of passing information between the administering authority and fund employers;
- The circumstances when the administering authority may consider recovering additional costs that have been incurred due to the unsatisfactory performance of a Scheme employer;
- Any other matters that the administering authority consider suitable for inclusion in the 'Pension Administration Strategy.'

Regulation 59 is set out fully at Annex A.

## **Compliance**

The undertakings set out within this Pension Administration Strategy will be reviewed annually. Scheme employers will be consulted on any changes to the Strategy. In no circumstance does this Strategy override the contents of the Service Level Agreement with Lancashire County Pension Fund nor does it override any provision or requirement of the Regulations set out at Section 1.6, nor is it intended to replace the more extensive commentary provided by the Employers Guide to the day to day procedures of the LGPS.

## **1. Your Pension Service' Undertakings**

### **1.1. Liaison and Communication**

**a)** Your Pension Service has a dedicated Partnerships Team who will act as primary contact for employers in respect of all areas of pension administration. The Team are responsible for all aspects of communication and employer liaison.

#### **The Service will:**

**b)** Ensure that Employer Forums and Conferences are held on a regular basis and actively seek to promote the Local Government Pension Scheme via attendance at the following events, in conjunction with the employer:

- Pre Retirement courses
- New Starters Induction courses
- Benefit Statement and AVC surgeries

Attendance by Your Pension Service will be subject to a maximum of 10 working days in any financial year. Attendance in excess of 10 working days will be provided at a daily rate to be determined on request.

**c)** Provide a Helpdesk facility for enquiries, available during normal office hours, providing a single access point for information relating to the pension scheme.

**d)** Provide Scheme information: Annual newsletters will be made available to members and potential members of the scheme.

**e)** Provide employer training in the following areas (as appropriate):

- Pension basics and general employer administration functions
- Changes to the regulations
- New technological developments
- Navigation of systems

**f)** Develop, promote and encourage electronic/online communication.

**g)** Carry out annual employer visits for employers with more than 100 employees.

## **1.2. Performance Levels**

A Service Level Agreement is in place for the provision of a range of pension administration services.

The minimum performance targets set are shown below. Performance against these targets is reported to the Pension Fund Committee. The Annual Administration Report as reported to the Pension Fund Committee is available in the Employers area of the Your Pension Service website.

[www.yourpensionservice.org.uk](http://www.yourpensionservice.org.uk)

### **1.2.1. Pensioner Members**

<u>Performance Standard</u>	<u>Minimum Target</u>
<b>a)</b> Make payment of pensions on due date.	100%
<b>b)</b> Production and distribution of annual P60s to pensioners within statutory deadlines.	100%

- |  |      |
|--|------|
| c) Implementation of annual pension increases by payment due date.   | 100% |
| d) Implementation of change in pensioner circumstance including the calculation and quoting of benefits on death of pensioners and administering the recovery of overpayments by payment due date. | 90%  |
| e) Provide information on request in respect of Pension Sharing on Divorce within legislative timescales.  | 100% |
| e) Implement Pension Sharing Orders within legislative timescales.   | 100% |
| f) Respond to general correspondence within 10 working days of receipt.  | 90%  |
| g) Calls to the Pensions Helpdesk answered.  | 90%  |
| h) Undertake annual reviews to establish continuing entitlements to pension for all children over age 17.  | 100% |

### 1.2.2 Active & Deferred Members

<u>Performance Standard</u>	<u>Minimum Targets</u>
a) Amend personal records within 10 working days of receipt of required documentation.	90%
b) Providing an annual statement of benefit entitlement to all active and deferred members.	100%
c) Calculation of additional membership for transfer values within 10 working days of receipt of transfer details.	90%
d) Action agreed transfer values within 10 working days of receipt of acceptance.	90%

- |  |      |
|--|------|
| <b>e)</b> Provide information on request in respect of Pension Sharing on Divorce within legislative timescales.   | 100% |
| <b>f)</b> Implement Pension Sharing Orders within legislative timescales.  | 100% |
| <b>g)</b> Provide a statement of deferred benefit entitlement on leaving service within 15 working days of date of leaving or receipt of notification, whichever is later.   | 90%  |
| <b>h)</b> Respond to requests for estimates of benefits in relation to retirement, leaving service or on death within 10 working days following receipt of request.  | 90%  |
| <b>i)</b> Calculating and paying refunds of pension contributions, including deducting statutory deductions in accordance with HMRC and DWP regulations within 15 working days of receipt of notification.   | 90%  |
| <b>j)</b> Respond to general correspondence within 10 working days of receipt.   | 90%  |
| <b>k)</b> Calls to the Pensions Helpdesk answered.   | 90%  |
| <b>l)</b> Calculation and payment of retirement benefits, deferred benefits and death in service lump sums in accordance with LGPS rules, members' options and statutory limits. The service includes the recalculation and payment of benefits as a result of amended data received by Your Pension Service. Within 10 working days of receipt of notification or date of entitlement to benefit; whichever is later. | 90%  |
| <b>m)</b> Advise transfer value out within 15 working days of receipt of necessary documentation.  | 90%  |
| <b>n)</b> Action agreed transfer values out within 15 working days of receipt of acceptance.   | 90%  |



### **1.3. Administration of the LGPS and Compliance**

#### **1.3.1. Contributions**

Your Pension Service will ensure the following functions are carried out in relation to the Lancashire County Pension Fund:

- a)** Collect and reconcile employer and employee contributions (plus interest as appropriate).
- b)** Maintain and update members' records regarding additional contributions.
- c)** Calculate service credits, additional pensions or maximum cash on retirement where appropriate based on fund values received from the Additional Voluntary Contribution (AVC) providers.
- d)** Maintain and keep up to date additional contracts for members' contributions and provide information to employers on request on members' contributions regarding breaks in service / maternity/paternity/adoption and leave of absence.
- e)** Account to Her Majesty's Revenue and Customs in respect of income tax on pensions, refunds of AVCs and commutation of pensions where appropriate.
- f)** Send quarterly and annual event reports to HRMC in respect of lifetime and annual allowance reporting requirements.

#### **1.3.2. Year End Information**

- a)** Your Pension Service will process pensioner payroll year end routines and comply with HRMC PAYE legislation
- b)** Your Pension Service will update its systems and member records each year
- c)** At each Actuarial Valuation period, Your Pension Service will forward the required data in respect of each member and provide statistical information on member movements over the valuation period in order that the Fund Actuaries can determine the assets and liabilities of the Fund.
- d)** Your Pension Service will communicate the results of each Actuarial Valuation to Fund Employers within 12 months of the end of the relevant Valuation period.

### **1.3.3. Processing**

Your Pension Service will ensure the following functions are carried out:

#### **a) Data Collection File**

Reconcile contributions and update scheme member personal and financial data received from employers in the LGPS2014 Data Collection File every pay period.

#### **b) New Starters / Disclosure of Information**

Create member records for all new starters admitted to the LGPS. Send a welcome letter to all members, by email if possible.

#### **c) Adjustments of Career Average Pay**

Apply any retrospective adjustments to career average pay and accrual rates as informed by employers.

#### **d) Change in circumstances**

Update and maintain a member's record for any changes received in their circumstances.

#### **e) Absence**

Update member records in line with absence notifications, and set up APC arrangements to cover lost absence as appropriate.

#### **f) Benefit Estimates & Annual Benefit Statements**

Provide every active, deferred and pension credit member a benefit statement each year.

#### **g) Early Leavers**

Process early leavers (deferred benefits / refunds) within 15 working days of the receipt of form YPS Employer – Leaver form. Pensions Increase Order will be applied to all deferred benefits each year in line with the annual Pensions Increase (Review) Order.

**h) Payment of Benefits where employment is continuing**

Arrange payment of retirement benefits and create a new record for ongoing pension scheme membership if applicable.

**i) Retirements**

Calculate and pay benefits within 10 working days of receipt of notification or date of entitlement, whichever is the later.

Arrange to make pension payments on the last working day of each month.

Make payment of compensatory added years pensions as agreed on behalf of the employer in connection with redundancy retirements and recover these amounts via direct debit collection on the date payment is made to the former employee or by an annual payment in advance as agreed with Your Pension Service. Statements will be provided annually to the relevant employer.

Produce and distribute P60s to pensioners by the 31 May each year.

Apply Pensions Increases to pensions on the due date.

Implement changes in pensioner's circumstances by payment due date in the month of the receipt of the information.

**j) Death in Service**

Calculate and pay dependants benefits within 10 working days of receipt of notification or date of entitlement, whichever is the later.

Arrange to make pension payments on the last working day of each month.

Make payments to the member's estate / nomination within one month of receipt of the required documentation.

Produce and distribute P60s to pensioners by the 31<sup>st</sup> May each year.

Apply Pensions Increases to pensions on the due date.

Implement changes in spouse / dependants circumstances.

**1.4. Online Communication and Information Sharing**

**1.4.1 Electronic/online systems**

YPS will develop and actively promote the use of electronic/online facilities for data sharing and communication purposes between employers, scheme members and the Service.

#### **1.4.2 Self Service**

Your Pension Service will develop and actively promote the use of member and employer online self service systems and provide day to day access and query support.

### **1.5. Circumstances for recovery of Additional Costs**

See section 2.5 Employer Undertakings.

### **1.6. Other Matters**

#### **1.6.1. Decisions**

Your Pension Service will ensure that members are notified of any decisions made under the scheme regulations in relation to their benefits within 10 working days of the decision being made and will ensure the member is informed of their right of appeal.

#### **1.6.2. Policies (Administering Authority Discretions)**

Your Pension Service will ensure the appropriate policies are formulated, reviewed and publicised in accordance with the scheme regulations

#### **1.6.3. The Regulations**

Your Pension Service will comply with the principal regulations (as amended from time to time) relevant to this Pension Administration Strategy Statement as shown:

- Local Government Pension Scheme Regulations 2013 [2013/2356]
- Local Government Pension Scheme (Transitional Provisions and Savings) Regulations 2014 [2014/ ]
- Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 [2013/2734]

And the following Acts (including relevant secondary legislation made under each Act not mentioned above)

- Finance Act 2004 [c.12]
- Pension Schemes Act 1993 [c.48]
- Pensions Act 1995 [c.26]
- Pensions Act 2008 [c.30]
- Public Service Pensions Act 2013 [c.25]
- Welfare Reform and Pensions Act 1999 [c.30]
- Pensions (Increase) Act 1971 [c.56]
- Data Protection Act 1998 [c.29]
- Freedom of Information Act 2000 [c.36]

## **2. Employer Undertakings**

### **2.1. Liaison and Communication**

- a) The employer shall nominate a person / persons who will act as the primary contact(s) for general administration, HR & payroll, financial and regulatory/discretionary issues with Your Pension Service.
- b) The employer will facilitate an annual visit by Your Pension Service with the appropriate primary contact.
- c) The employer shall nominate an authorised signatory/signatories in respect of all documents and instructions received by Your Pension Service
- d) The employer shall ensure representation at Employer Forums and Practitioner Conferences as specified in Section 1.1.
- e) The employer shall undertake to ensure that all personnel dealing with the Local Government Pension Scheme as part of their day to day role undergo appropriate training as noted in Section 1.1.
- f) Where an employer contracts a third party HR or payroll provider the employer must authorise Your Pension Service if they wish YPS to deal directly with the payroll provider in matters of pensions administration.

### **2.2. Performance Levels**

Performance achieved by the Employer in relation to the following will be monitored by Your Pension Service: - .

- Payment of contributions collected, completion and submission of YPS Employer - Contributions Payment form;
- Payment of AVCs to Prudential;
- Submission of YPS LGPS 2014 Payroll Data Collection File every pay period
- Notification of leavers

An annual statement of employer performance will be produced by Your Pension Service.

## **2.3. Administration of the LGPS and Compliance**

### **2.3.1. Contributions**

The employer will ensure that both employee and employer contributions are deducted at the correct rate (plus any additional contributions as Your Pension Service may request the employer to collect). The employer must record the scheme section (50/50 or Main) in accordance with any election made by the scheme member, and deduct contributions as appropriate. The employer must maintain a policy to review employee tiered contribution rates, and notify Your Pension Service of any changes (see 2.3.3c).

All contributions, but not Prudential or Equitable Life AVC's, must be paid to the Lancashire County Pension Fund on a monthly basis and in any case ***before the 19<sup>th</sup> of the month following that in which they were deducted***. Non-compliance may result in a fine on the employer.

Form 'YPS Employer – Contributions Payment' must be completed and returned each month to [pensionsfinance@lancashire.gov.uk](mailto:pensionsfinance@lancashire.gov.uk) by 6<sup>th</sup> of the calendar month following the month in which the contributions were deducted. The amounts specified on the form will then be recovered by direct debit on 19<sup>th</sup> of that month (or the banking day before if 19<sup>th</sup> is a non-banking day).

Where the 'YPS Employer – Contributions Payment' form is not received in time the direct debit will be recovered based on the previous month's payment and an adjustment made in the following month. Interest may be charged on any shortfall.

The employer will ensure that employee's Equitable Life and Prudential AVC's are paid direct to the provider as soon as possible after deduction but in any case ***before the 19<sup>th</sup> of the month following that in which they were deducted*** as stated above.

### **2.3.2 Pension Strain**

Each quarter YPS will issue an invoice to the employer reflecting the cost of any non-ill health early retirements processed in the previous quarter. The employer must pay the amount within one month of the date of the invoice.

### **2.3.3 Rechargeable Pensions**

Where amounts of discretionary pension are paid by YPS on the employer's behalf, the monthly amounts will be recharged to the employer and will be recovered by direct debit on 28<sup>th</sup> of the month following the month of payment (or the next banking day if 28<sup>th</sup> is a non-banking day).

This also applies in respect of other rechargeable pension e.g. where the employer has liability to pay for pre 1.4.1974 pensions increase payments and other unfunded pensions.

### **2.3.4. Year End Information**

The employer will provide information requested by YPS at year end by no later than 31 May.

### **2.3.3 Processing**

#### **a) Data Collection file**

Employers must submit the YPS LGPS2014 Payroll Data Collection file promptly at the end of every pay period. Data on this file must reconcile to contributions paid over each month, and must contain accurate figures of pensionable pay, including assumed pensionable pay where appropriate, for YPS to post to individual member records. Files should be at the latest submitted by 6<sup>th</sup> of the month following pay period end.

#### **b) New Starters / Disclosure of Information**

At the latest, on the first day of employment, the employer will provide all new starters with LGPS information and request that the employee completes a YPS Member – Enrolment Form.

The employer will notify the member of their formal admittance to the scheme, and the contribution rate they will pay.



If the employee opts out of the LGPS with less than three months active membership, the employer must refund contributions through payroll. The employer must not encourage employees not to join, or to opt out of the scheme.

The employer must continue to monitor the workforce in line with Automatic enrolment legislation, and re-enrol eligible employees to the LGPS at their re-enrolment date.

Employers must submit the YPS LGPS2014 Payroll Data Collection file promptly every pay period, from which YPS will arrange for scheme membership for any new starters.

### **c) Adjustments of Career average pay**

Employers must submit form YPS Employer – Pension Pot Adjustments in the following circumstances

- Where a retrospective change is made to the scheme section and the scheme section was reported incorrectly in a previous pay period;
- Where a member is brought into the scheme retrospectively and arrears of contributions are recovered;
- Where a leaver is overpaid, and pensionable pay has been reported incorrectly in a previous pay period.

### **d) Changes in circumstance**

Employers must submit the YPS LGPS2014 Payroll Data Collection file promptly every pay period, from which YPS will arrange for the update of scheme member records in the following circumstances -

- Change of hours / weeks;
- Change of name;
- Change of marital status;
- Change of contract;
- Change of tiered contribution rate;
- Change of title;
- Change of address.

### **e) Absence**

Employers must submit the YPS LGPS2014 Payroll Data Collection file promptly every pay period, which will provide YPS with information regarding employees who are absent, including assumed pensionable pay where relevant. On return from the following absences, the member will have suffered a loss of pension benefits, and the employer must write to the member with information on how to buy back these benefits through payment of an Additional Pension Contribution (APC).

- Additional Maternity, Paternity or Adoption Leave on no pay
- Unpaid Leave of absence
- Strike

If the member elects to pay APCs to buy lost pension within 30 days of returning from unpaid leave, the employer must fund 2/3rds of the cost. The exception to this is strike where the employee must pay the full cost.

The employer must submit form YPS Employer – Return from Absence within 10 days of return from unpaid leave.

### **f) Benefit Estimates & Annual Benefit Statements**

Employers must submit the YPS LGPS2014 Payroll Data Collection file promptly every pay period. Where YPS have queries on the data or status of any member these must be dealt with by the employer within 5 working days, so that YPS data is always correct and up to date ready for benefit estimate requests.

Where a scheme member requests a benefit estimate for voluntary retirement, they should be directed by the employer to My Pension Online in the first instance. Once registered, the member can process their own estimate, or view their most recent benefit statement.

Employers are also required to use Altair Employer Services to run ad hoc benefit estimates when requested by their scheme members.

If the member requests a more complex estimate, or is retiring within the next 12 months, then the employer can request the estimate from YPS by completing the eform YPS Employer – Estimate request. Or the member can request this themselves

Where a scheme member or employer requires an early retirement estimate which requires the employer's consent there is likely to be a cost to the employer. Therefore the estimate request must be made by the employer, through completion of eform YPS Employer – Estimate request.

### **g) Early Leavers**

The employer will send completed form YPS Employer – Leaver Form to Your Pension Service when an employee leaves employment (or 'opts out' of the scheme) with no entitlement to immediate payment of retirement benefits. The employer will send the form as soon as reasonably practicable and no later than 10 working days of the final payment of salary following termination from the scheme membership.

### **h) Payment of benefits where employment is continuing**

The employer will send YPS Employer – Confirmation of Flexible Retirement form to Your Pension Service as soon as the flexible retirement has been approved.

Completed YPS Employer – Leaver form and YPS Member – Personal Details form will also be forwarded to Your Pension Service together with all supporting documentation, as soon as reasonably practicable and no more than 5 working days of the final payment of salary following the date of termination.

If the member elects to rejoin the Pension Scheme, the employer will set up a new employment record with a new pay reference number to enable separate reporting of pension cumulative and membership from the retired post.

### **i) Retirements**

Employers must always request an estimate of retirement benefits where they are considering allowing a scheme member to retire with early payment of pension (e.g. redundancy and employer consent retirements). There is likely to be a cost to the employer which should be considered before allowing the retirement. This does not apply to ill health retirements.

The employer will send a YPS Employer – Intention to Retire form to Your Pension Service as soon as it is known that an employee is leaving with an entitlement to immediate payment of pension benefits or is aged 60 or over.

Completed YPS Employer – Leaver forms and YPS Member – Personal Details forms will also be forwarded to Your Pension Service together with all supporting

documentation, as soon as reasonably practicable and no more than 5 working days of the final payment of salary following the date of leaving.

Where an employer determines that preserved pension benefits are to be paid early, notification, including the date that benefits are to be brought into payment, will be provided to Your Pension Service within 5 working days following the date of the decision together with all supporting documentation.

Likewise, the employer should notify the member within 5 working days following the date of the decision, if their application has been refused.

#### **j) Death-in-service**

The employer will send a completed YPS Employer – Leaver form to Your Pension Service following the death of a member within 5 working days of being informed of the employees' death. The YPS Employer – Leaver form must provide details of informant and next of kin, if known.

## **2.4 Online Communication and Information Sharing**

### **2.4.1. Data Sharing**

Your Pension Service undertakes to develop alternative methods of data capture to automate processes and ensure that scheme member data held is accurate and up to date. The employer will commit to the online/electronic requirements of Your Pension Service.

### **2.4.2. Self service**

Your Pension Service undertakes to develop member and employer self service system functionality to improve customer service and provide instant access to pension information. The employer will commit to the use of the self service system.

### **2.4.3. e- forms**

Your Pension Service undertakes to develop alternative methods of data capture to automate processes and ensure that scheme member data held is accurate and up to date, including the development of e-forms. The employer will commit to the online/electronic requirements of Your Pension Service, including the requirement to use e-forms.

### **2.4.2. Access**

The Employing Authority can authorise that specified employees are granted access to all scheme member records for that employer using Altair Employer Services. The employer must be satisfied that the individuals that are authorised have received appropriate information security training, and that system access is used for pension administration purposes only. The employer must observe its obligations under the Data Protection Act 1998 (or any legislation which amends or replaces this Act) arising in connection with use of the account and must not do anything which might imply a breach by Your Pension Service of such Act. The employer shall comply with obligations equivalent to those imposed on a data controller by the seventh principle of the Data Protection Act.

## **2.5 Circumstances for recovery of Additional Costs**

### **2.5.1. Underperformance**

Where the Administering Authority considers that the Employer has underperformed against the performance levels set out at section 2.2 of this statement, the Administering Authority will seek to recover additional costs under regulation 70 of the Local Government Pension Scheme Regulations 2013.

### **2.5.2. Late Payment**

In addition the Authority will seek to recover interest on late payment of contributions under the terms of regulation 71 of the Local Government Pension Scheme Regulations 2013 calculated at 1% above base rate on a day to day basis from the due date to the date of payment and compounded with 3 monthly rests.

## **2.6 Other Matters**

### **2.6.1. Employer Decisions**

Any decision made by the employer under the scheme regulations should be notified to the member within 10 working days of the decision being made and must be accompanied by a statement in respect of their right of appeal.

### **2.6.2. Policies (Employer Discretions)**

The employer will ensure that policies are formulated, kept under review and publicised in accordance with the scheme regulations.

**Annex A – Regulation 59 Local Government Pension Scheme Regulations 2013**

**Pension administration strategy**

**Regulation 59**

(1) An administering authority may prepare a written statement of the authority's policies in relation to such of the matters mentioned in paragraph (2) as it considers appropriate ("its pension administration strategy") and, where it does so, paragraphs (3) to (7) apply.

(2) The matters are—

(a) procedures for liaison and communication with Scheme employers in relation to which it is the administering authority ("its Scheme employers");

(b) the establishment of levels of performance which the administering authority and its Scheme employers are expected to achieve in carrying out their Scheme functions by—

(i) the setting of performance targets,

(ii) the making of agreements about levels of performance and associated matters, or

(iii) such other means as the administering authority considers appropriate;

(c) procedures which aim to secure that the administering authority and its Scheme employers comply with statutory requirements in respect of those functions and with any agreement about levels of performance;

(d) procedures for improving the communication by the administering authority and its Scheme employers to each other of information relating to those functions;

(e) the circumstances in which the administering authority may consider giving written notice to any of its Scheme employers under regulation 70 (additional costs arising from Scheme employer's level of performance) on account of that employer's unsatisfactory performance in carrying out its Scheme functions when measured against levels of performance established under sub-paragraph (b);

(f) the publication by the administering authority of annual reports dealing with—

(i) the extent to which that authority and its Scheme employers have achieved the levels of performance established under sub-paragraph (b), and

(ii) such other matters arising from its pension administration strategy as it considers appropriate; and

(g) such other matters as appear to the administering authority after consulting its Scheme employers and such other persons as it considers appropriate, to be suitable for inclusion in that strategy.

(3) An administering authority must—

(a) keep its pension administration strategy under review; and

(b) make such revisions as are appropriate following a material change in its policies in relation to any of the matters contained in the strategy.

(4) In preparing or reviewing and making revisions to its pension administration strategy, an administering authority must consult its Scheme employers and such other persons as it considers appropriate.

(5) An administering authority must publish—

(a) its pension administration strategy; and

(b) where revisions are made to it, the strategy as revised.

(6) Where an administering authority publishes its pension administration strategy, or that strategy as revised, it must send a copy of it to each of its Scheme employers and to the Secretary of State as soon as is reasonably practicable.

(7) An administering authority and its Scheme employers must have regard to the pension administration strategy when carrying out their functions under these Regulations.

(8) In this regulation references to the functions of an administering authority include, where applicable, its functions as a Scheme employer.





**Lancashire Local Pension Board**  
Meeting to be held on 11 April 2016

Electoral Division affected: None
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**Lancashire County Pension Fund - Member Tracing Policy and Benefits for Absent Members**  
(Appendix 'A' refers)

Contact for further information:  
Diane Lister, (01772) 534827, Head of Your Pension Service,  
[diane.lister@lancashire.gov.uk](mailto:diane.lister@lancashire.gov.uk)

## **Executive Summary**

At its meeting on 18 January 2016 it was agreed that the Board should consider the Fund's Member Tracing Policy at its next meeting. This followed a report of the recent self-assessment against The Pensions Regulators new code of practice for public service pension schemes; Code 14. The report suggested that further consideration should be given to undertaking an exercise to improve address data in respect of deferred scheme members.

The current policy (Appendix 'A' refers) sets out the steps taken by Your Pension Service (YPS) when a member is identified as missing and is reliant upon the Department for Work and Pensions (DWP) tracing service.

The recent self-assessment highlighted a significant number (5,205) of deferred scheme members where address details are known to be inaccurate. Further investigation has revealed that 114 deferred scheme members are eligible for payment of benefits but cannot be traced. It should be noted that, where a missing member reaches retirement age and cannot be traced, the benefits are backdated to the actual retirement date and interest applied when the member is found.

The new guidance contained in Code 14 became effective from 1 April 2015 and it would seem appropriate now to consider the specific guidance at section 208, i.e. that: -

*"Schemes should attempt to make contact with their scheme members and, where contact is not possible, schemes should carry out a tracing exercise to locate the member and ensure that their member data are up-to-date."*

However, contacting missing members and updating records is both resource-intensive and relatively costly. DWP charges £4.26 per chase. Therefore the potential cost of undertaking such a tracing exercise needs to be considered against the relative importance of tracing deferred scheme members, particularly those members not close to retirement age.

Nonetheless, the numbers involved are significant and further consideration could be given to undertaking an exercise, using more cost effective tracing services, in order to improve address data and in particular to further attempt to trace those members eligible for the immediate payment of benefits.

### **Recommendation**

The Board is asked to consider the current policy, and in particular the reliance placed upon the DWP tracing service, with a view to recommending to the Pension Fund Committee that:

- (i) Other tracing services could be explored in order to reduce the current volume of missing members where this is a cost effective alternative to the DWP tracing service and;
- (ii) A special exercise is carried out in order to trace the missing deferred scheme members currently eligible for the immediate payment of benefits, using an alternative tracing service.

### **Background and Advice**

The Pensions Regulators (TPR) Code 14 provides practical guidance in relation to the exercise of functions under relevant pension's legislation and sets out the standards of conduct and practice expected from those who exercise those functions.

A self-assessment has been undertaken to assess how the Fund measures in terms of compliance with Code 14 and indicated that the Fund largely complies with Code 14.

In terms of data quality, TPR has specified that a scheme's 'common data' be at least 95% accurate. The Fund is just ahead of this target at 96.3% but for a significant number (5,205) of deferred members, i.e. members not currently working for scheme employers, and with whom ongoing contact is notoriously difficult, address details are known to be inaccurate.

Further investigation has also revealed 114 deferred scheme members that are eligible for payment of benefits but cannot be traced. It should be noted that, where a missing member reaches retirement age and cannot be traced, the benefits are backdated to the actual retirement date and interest applied when the member is found.

The current Tracing Policy (Appendix 'A' refers) sets out the steps taken by YPS when a member is identified as missing. Regular attempts are made to contact these members, the majority of whom are years away from claiming their pensions, and the policy relies upon the DWP tracing service.

However, the new guidance contained in Code 14 became effective from 1 April 2015 and it would seem appropriate now to consider the specific guidance at section 208 of the code, i.e. that: -

*"Schemes should attempt to make contact with their scheme members and, where contact is not possible, schemes should carry out a tracing exercise to locate the member and ensure that their member data are up-to-date."*

That said, contacting missing members and updating records is both resource-intensive and relatively costly. DWP charges £4.26 per chase. Therefore the potential cost of undertaking such a tracing exercise needs to be considered against the relative importance of tracing deferred scheme members, particularly those members not close to retirement age.

Nonetheless, the numbers involved are significant and further consideration could be given to undertaking an exercise, potentially using more cost effective tracing services, in conjunction with the DWP tracing service, in order to improve address data and in particular to further attempt to trace those members who are eligible for the immediate payment of benefits.

## **Consultations**

N/A

## **Implications:**

This item has the following implications, as indicated:

## **Risk management**

There are no significant risk management implications.

## **Local Government (Access to Information) Act 1985 List of Background Papers**

Paper	Date	Contact/Directorate/Tel
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N/A

Reason for inclusion in Part II, if appropriate

N/A



## Appendix 'A'

YPS Policies

Chasing and Tracing Scheme Members v3.1

# YPS Policies

## Chasing and Tracing Scheme Members

**Version : 3.1**

**Owner : J Price**

**Author : D Lister**

Date Last Updated 29 March 2016  
All Printed versions are uncontrolled

Status	Key facts/dates considered in policy	Trigger	How we record on ALTAIR	Tracing Policy	Responsibility
<b>All statuses – Email only</b>	email addresses should be treated with the same care and security level as home addresses.	Email returned as invalid, or not responded to within a reasonable timescale	If returned as invalid, remove email address from Altair.	Send letter/paragraph from EMAILCHK template letter to member's home address	Data Management Team (bulk emails)  Individual staff (individual member emails)
<b>Active Member (status 1)</b>	<p>The majority of benefit statements are now online but members may request paper statements.</p> <p>If sending ad hoc estimates to home address we would check the address first.</p> <p>Monthly data cleaning from 1.4.2014. Addresses will be regularly checked with employers.</p>	Active paper benefit statement or other correspondence returned.	Tick the gone away box on the member address data view.	Employer should provide current address, or pension staff can contact employee direct at workplace.	<p>Data Centre to deal with returned statements.</p> <p>Processing teams to deal with other returned correspondence.</p>

<b>Undecided leaver (status 2) and Frozen Refund (status 9) – chasing members details to pay refund</b>	<p>The longer the refund is left in the fund, the more interest (at base rate + 1%) is payable;</p> <p>Regulations state that from 1.4.2014 a refund must be paid within 5 years of date of leaving or on the day before attaining age 75, if earlier.</p>	<p>Refund reminder letter (REF002)</p>	<p>If there is no response to the reminder letters, the cases remain in status 2 or 9</p>	<p>Bi-annual checks to make sure that there isn't a current employment with a new address, either on the Cumbria or Lancashire databases.</p> <p>A reminder should be sent to the member 4 years after date left.</p> <p>A further reminder should be sent at age 65.</p>	<p>Data Management team to do these jobs six monthly.</p>
<b>Undecided leaver (status 2) and Frozen Refund (status 9) – tracing where address not known</b>	<p>If the refund is paid after Age 75 it is an unauthorised payment – punitive tax is payable and the case needs to be included on the events report to HMRC.</p>	<p>Reminder letter returned "gone away"</p>	<p>If the letter is returned "gone away", all ALTAIR addresses are deleted and a free format "GON" memo is recorded with the members last known address included.</p>	<p>When the first gone away letter is returned, Processing teams to do a DWP trace.</p> <p>Further DWP trace at 4 years after date left, by systems team. This job to be done six monthly.</p>	<p>Processing teams</p> <p>Data Management Team</p>



				<p>Further DWP trace at age 65.This job to be done six monthly.</p> <p>No further traces to be made.</p> <p>Last known address to be kept on file.</p>	<p>Data management team</p>
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<p><b>Preserved pensioners (ALTAIR status 4)</b></p>	<p>YPS have a statutory obligation to provide annual benefit statements.</p> <p>Since 2013 these statements have been provided online. Members may request paper statements.</p> <p>If benefits are not paid at Eligible Retirement Date because the address is not known, they need to be backdated to that date and interest paid.</p>	<p>PP benefit statement or retirement option letter is returned;</p>	<p>All Altair member address records are deleted and a free format "GON" memo is created with last known address included.</p>	<p>Processing teams to do one DWP trace the first time correspondence is returned.</p> <p>Processing teams to do further DWP trace if/when retirement options are being sent</p> <p>Further chase at age 65 by Processing teams</p>	<p>Processing teams to do individual traces.</p>
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	<p>At State Pension Age you would expect DWP to be able to trace all cases because they should have applied for state pension.</p> <p>Payment after age 75 may be unauthorised.</p>				
<p><b>Pensioners (ALTAIR status 5 and 6)</b></p>	<p>Any death grant must be paid within two years of the administering authority becoming aware of the member's death (or when they should have been aware), otherwise payment may be unauthorised.</p> <p>Interest is payable on pension if more than 12 months late.</p>	<p>BACS payment returned;</p>	<p>Pension is suspended.</p> <p>All ALTAIR member address records are deleted and a free format "GON" memo is created including members last known address.</p>	<p>Enquiries are made through bank/next of kin.</p> <p>On an individual case basis, DWP tracing or specialist tracing agency could be used.</p> <p>If address is known but beneficiary does not want to take benefits, consult with line manager.</p>	<p>Processing teams</p>

<b>Pensioners (ALTAIR status 5 and 6)</b>		Correspondence returned "gone away".	QRETCOR task should be created for processing team	<p>If member also has an active record, contact the employer. If not, then write to the bank asking them to forward a letter onto member.</p> <p>If no response after 6 weeks do DWP letter forwarding.</p> <p>Consult with supervisor if no response or DWP hold same address as us before suspending pension.</p>	Processing teams
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When a letter is returned "gone away" all ALTAIR address records must be deleted and a "GON" free format memo created (except for active members) which includes details of the members last known address. When new addresses are found, it is very important that the "GON" free format memo is deleted. Log when you use an external company for tracing <..\Systems Folder\Address tracing\Non DWP traces.xls>

### Version Control

Version No	Date	Author	Amendment
1.0	16 July 2010	J Price	Original
2.1 draft	15.10.2013	J Price	Policy revised and for discussion at MTM 15.10.2013. Introduced version control
3.0	11/11/2013	J Price	Clarify what to do with returned emails
3.1	29/03/2016	D Lister	Add reference to last known address on GON free format memo to be clear that this is current practice

Date Last Updated 29 March 2016  
All Printed versions are uncontrolled

## Lancashire Local Pension Board Meeting to be held on 11 April 2016

Electoral Division affected: None
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### Local Pension Board Annual Report

Contact for further information:  
Dave Gorman, (01772) 534261, Legal and Democratic Services  
[dave.gorman@lancashire.gov.uk](mailto:dave.gorman@lancashire.gov.uk)

#### Executive Summary

The Terms of Reference for the Local Pension Board includes the requirement that the Pension Board "shall on an annual basis produce a report on both the nature and effect of its activities for consideration by the Administering Authority".

#### Recommendation

The Board is asked to consider the content of, and arrangements for, an annual report for the first year of operation of the Lancashire Local Pension Board.

#### Background and Advice

The Lancashire Local Pension Board was established in December 2014 and, following the process for appointing Board Members by 1 April 2015, the Board met formally for the first time on 8 July 2015.

The Terms of Reference for the Board includes the requirement that the Board "shall on an annual basis produce a report on both the nature and effect of its activities for consideration by the Administering Authority". There is a requirement that the contents of the annual report should be subject, in the first instance, to consideration and agreement at a meeting of the Board, and should, in any event, include the following:

- a) Details of the attendance of members of the Board at meetings;
- b) Details of the training and development activities provided for members of the board and attendance at such activities;
- c) Details of any recommendations made by the Board to the Scheme Manager and the Scheme Manager's response to those recommendations;
- d) Details of the costs incurred in the operation of the Board

Subject to the views of the Board, an indicative timetable for the production and consideration of an annual report could be as follows:

- 11 April 2016 - Board considers and agrees items to be included in the report;
- 4 July 2016 - Board considers a draft report and approves for submission;
- 15 September 2016 - Report considered by the Pension Fund Committee

This would capture the first year of operation of the Board and the four meetings which will have been held in the 2015/16 municipal year - 8 July 2015, 19 October 2015, 18 January 2016 and 11 April 2016.

The Board is also asked to consider and agree the contents of the annual report in addition to the requirements set out at a) - d) above.

### **Consultations**

N/A

### **Implications:**

This item has the following implications, as indicated:

### **Risk management**

There are no significant risks associated with the proposals set out in this report.

### **Local Government (Access to Information) Act 1985**

#### **List of Background Papers**

Paper	Date	Contact/Tel
Report to Full Council - 'Establishment of the Lancashire Pension Board'	28 November 2014	Dave Gorman, (01772) 534261

Reason for inclusion in Part II, if appropriate

N/A



**Lancashire Local Pension Board**  
Meeting to be held on 11 April 2016

Electoral Division affected: None
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**Recent Reports Considered by the Pension Fund Committee**  
(Appendix 'A' refers)

Contact for further information:  
Dave Gorman, (01772) 534261, Legal and Democratic Services,  
[dave.gorman@lancashire.gov.uk](mailto:dave.gorman@lancashire.gov.uk)

**Executive Summary**

Consideration of recent Part I reports considered by the Pension Fund Committee.

**Recommendation**

The Board is asked to note the Part I reports considered by the Pension Fund Committee at its meeting on 29 January 2016, as set out at Appendix 'A', and comment as appropriate.

**Background and Advice**

The Pension Fund Committee has considered a number of reports at its meeting on 29 January 2016.

Details of the reports considered are set out at Appendix 'A'.

Board Members have also previously received notification of the Committee agenda and reports, upon publication.

The agenda and reports can also be viewed at:  
<http://council.lancashire.gov.uk/ieListDocuments.aspx?CId=183&MIId=5540&Ver=4>

**Consultations**

N/A

**Implications:**

This item has the following implications, as indicated:

## **Risk management**

There are no significant risk management implications.

## **List of Background Papers**

Paper	Date	Contact/Tel
Pension Fund Committee Agenda	29 January 2016	Dave Gorman, (01772) 534261,

Reason for inclusion in Part II, if appropriate

N/A

## **Appendix 'A'**

### **Lancashire County Council Pension Fund Committee**

**Friday, 29th January, 2016 at 10.30am in Cabinet Room 'C' - The Duke of Lancaster Room, County Hall, Preston**

#### **Part I Reports Considered (Open to Press and Public)**

##### **Item No.**

- 7. Consultation on Replacing the Local Government Pension Scheme (Investment and Management of Funds) Regulations**
- 8. Lancashire County Pension Fund – Future Employer Risk Management Framework and Approach to Covenant Review**
- 9. Lancashire County Pension Fund Training Policy**
- 10. Lancashire County Pension Fund - Discretionary Policies Update**
- 11. Report of Decisions taken under the Urgent Business Procedure**



# Agenda Item 15

(NOT FOR PUBLICATION: By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972. It is considered that all the circumstances of the case the public interest in maintaining the exemption outweighs the public interest in disclosing the information)

Document is Restricted



(NOT FOR PUBLICATION: By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972. It is considered that all the circumstances of the case the public interest in maintaining the exemption outweighs the public interest in disclosing the information)

Document is Restricted

