

## **Lancashire Local Pension Board**

**Minutes of the Meeting held on Tuesday, 18th October, 2016 at 2.00 pm in Room A05 - A Floor, County Hall, Preston**

### **Present:**

#### **Chair**

William Bourne

#### **Committee Members**

Steve Browne, Lancashire County Council  
Carl Gibson, Other Employers  
Kathryn Haigh, Active Members  
John Hall, Deferred Members  
Bob Harvey, Pensioner Members  
Yvonne Moulton, Active Members

#### **Officers**

Abbi Leech, Head of Fund, Lancashire County Council.  
Mike Neville, Senior Democratic Services Officer, Lancashire County Council.

### **1. Welcome and Apologies**

The Chair welcomed everyone to the meeting and noted that apologies had been received from County Councillor T Martin and Mr S Thompson.

As this was the first meeting attended by Mr Neville (who had replaced Dave Gorman as the Clerk) introductions were made around the table.

### **2. Disclosure of Pecuniary and Non-Pecuniary Interests**

There were no declarations of interest made.

### **3. Minutes of the Meeting held on 5 July 2016 and Matters Arising**

The Chair referred to the discussion at the previous meeting regarding access to Part II reports and it was noted that the reports from the Pension Fund Committee referred to in the report at item 14 had been circulated separately to the Board by email.

It was also noted that work was continuing on a new and more secure Virtual Reading Room which would be made available to Board members in due course.

In response to a query regarding the development of an induction pack Abbi Leech, Head of Fund, confirmed that progress had been delayed due to limited resources

and consideration was being given to using an external resource to assist with production of a pack.

**Resolved:** That the Minutes of the meeting held on the 5<sup>th</sup> July 2016 are confirmed as an accurate record and signed by the Chair.

#### **4. Review of the Terms of Reference of the Local Pension Board and Proposed Future Activities**

The Chair presented a report on proposed amendments to the existing Terms of Reference in the light of changes to the governance arrangements following the establishment of the Local Pensions Partnership.

With regard to the suggestion that the Chair be authorised to raise concerns about LPP's activities directly with the Pension Fund's Shareholder Director on the LPP Board Abbi leech, head of Fund reported that concerns should initially be raised with the Chair of the Pension Fund Committee. Both Chairs could then discuss the matter which if necessary could be referred to the Pension Fund Committee as a whole for discussion and ultimately to Full Council.

Some members of the board suggested that the proposed changes to the terms of Reference were not sufficiently broad to allow it to perform its statutory role as set by government.

In view of the discussion the Board agreed to establish a small Working Group to look in detail at the Terms of Reference and clarify the role and remit of the Board for the future. It was also noted that PWC were in the process of examining governance arrangements associated with the LPP and would be willing to hear the views of the Board.

#### **Resolved:**

1. That a Working Group comprising of the Chair, S Browne and R Harvey be established to examine in detail the future role and remit of the Pension Board and draft a revised Terms of Reference for consideration.
2. That arrangements be made for the Chair and selected members of the Board to meet with representatives of PWC to discuss the role/remit of the Board as part of the wider consideration of governance arrangements associated with LPP.
3. That the current Terms of Reference be amended to allow members to serve a second term in accordance with the Public Service Pensions Act 2013.
4. That with regard to attendance the wording of the current Terms of Reference be amended by replacing 'is required to attend at least 3 meetings' with 'is expected to attend all meetings'.

#### **5. Fund Costs and Measurement of Savings**

The Chair presented a report which outlined a proposed process for the monitoring of the absolute costs of running the Fund in the context of LGPS 'pooling' and the creation of the Local Pensions Partnership using consistent and publicly available numbers.

It was reported that currently LPP's costs were monitored against the agreed annual budget together with the costs of the Fund on a quarterly basis in accordance with CIPFA guidance. In considering the report the Board agreed that there was a need for more detailed monitoring with investment management costs being broken down into separate fees. It was suggested that a detailed business plan was required against which costs could be monitored on a quarterly basis.

In response to the suggestion that a more detailed breakdown to be presented to the next meeting Abbi Leech, Head of Fund, reported that there may be difficulty in producing the necessary information due to the limited resources available.

**Resolved:**

1. That the Chair write to the Chief Executive of the County Council and recommend her to make additional resources available to the Head of Fund in relation to governance of the Fund and specifically the scrutiny of LPP.
2. That the Chair write to the Chair of the Pension Fund Committee seeking an assurance that the Committee will establish a robust system to monitor the Fund against the agreed budget.
6. **Investment Strategy Statement - Department for Communities and Local Government Guidance**

Abbi Leech, Head of Fund, presented a report on the recently published Department for Communities and Local Government guidance on Investment Strategy Statements, together with a commentary from the Chair of the Board.

The Board noted that the guidance would not impact on the current Investment Strategy but did have implications in relation to taking forward future pooling arrangements which would be discussed initially with the Chair of the Pension Fund Committee.

**Resolved:** That the report is noted.

**7. Board Review Process and Appraisal**

Abbi Leech, Head of Fund, informed the meeting that the intention was for individual board members to meet with the Chair for a series of one to one appraisals on the operation/effectiveness of the Board.

**Resolved:** That Mr Neville be requested to make the necessary arrangements for the Chair to meet with individual Board members in December 2016 for a series of one to one appraisals on the operation/effectiveness of the Board.

## **8. Training and Development**

### **a. Feedback from Board Members on Recent Training Events and Conferences**

A report was presented on the following training events and conferences which had been attended by individual Board members since the last meeting.

- Alternative Assets – 30<sup>th</sup> June 2016.
- Q&A session on investment reform for local pension board member and employer representatives on 10<sup>th</sup> August 2016.
- Section 13 Regional Workshop at Local Government House, London on 31<sup>st</sup> August 2016.
- Role of the Depository for LPPI – 21<sup>st</sup> September 2016.

It was agreed that the workshop on the role of the Depository had been well attended by members of both the Board and Pension Fund Committee and had been informative. It was also noted that conferences and events held by CIPFA were generally well worth attending.

The Board also discussed a briefing which had been given in relation to the academies and concerns regarding staff who transferred into a newly formed academy were treated as new employees and did not having their previous service taken into account in relation to the length of service.

**Resolved:** That the report is noted.

### **b. Annual Review of Member Training Records**

A report was presented regarding the various workshops, conferences and events attended by members of the Board during 2015/16. Members of the Board agreed that the events which had been attended represented a broad range of topics around pension matters. It was also noted that some members had received additional training on areas such as teachers' pensions which had not been recorded.

With regard to potential topics for future training it was suggested that a detailed briefing on the operations and mechanics of the LPP be provided together with the process flow between different elements within the pension system.

**Resolved:**

1. That the range of workshops, conferences and events attended by members of the Board during 2015/16, as set out in the report presented, is noted.
2. That consideration be given to the operations and mechanics of the LPP and process flow between different elements within the pension system being topics for future training.

## **9. Recent Reports Considered by the Pension Fund Committee**

A report was presented regarding Part I items which had been considered by the Pension Fund Committee on the 15<sup>th</sup> September 2016.

With regard to future meetings Mr Neville reported that a link to the published agenda would continue to be circulated by email and asked if members of the Board could clarify their preference/requirements regarding electronic or hard copy agenda.

### **Resolved:**

1. That the report is noted.
2. That individual members of the Board inform Mr Neville of their preference/requirements regarding electronic or hard copy agenda for future meetings.

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

**Resolved:** - That the press and members of the public be excluded from the meeting during consideration of the following items of business on the grounds that there would be a likely disclosure of exempt information as defined in the appropriate paragraph of Part 1 of Schedule 12A to the Local Government, 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.

## **11. Urgent Business**

No items of business were raised under this heading.

## **12. Date of Next Meeting**

It was suggested that County Councillor Martin and Mr Browne may not be able to attend the next scheduled meeting of the Board at 2pm on the 17<sup>th</sup> January 2017 in Room A06 at County Hall, Preston as it clashed with a scheduled meeting of the County Councils Executive Scrutiny Committee.

**Resolved:** That Mr Neville check whether the Board on the 17<sup>th</sup> January, 2017, clashes with a meeting of the County Councils Executive Scrutiny Committee and the availability of County Councillor Martin and Mr S Browne and, if appropriate, move the Board to another date.

## **13. Local Pensions Partnership Update**

*(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).*

Abbi Leech, Head of Fund, informed the meeting that the transformation of the administrative function associated with the LPP continued and would involve the creation of a number of new jobs in the North West.

It was noted that a report relating to a proposed LPP Pay Framework, Principles and Processes was to be considered by the County Council's Employment Committee.

Feedback from Government was still awaited in relation to the pooling arrangements for Lancashire.

**Resolved:** That the updates given at the meeting are noted.

#### **14. 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 was presented with three Part II reports which had been considered by the Pension Fund Committee on the 15<sup>th</sup> September 2016.

1. Fund Performance Report - the Board considered the report and presentation on the performance of the Fund as at 30<sup>th</sup> June 2016, which highlighted particular issues, areas of concern and key risks.
2. Investment Panel Report - the Board noted the impact of the European Referendum, fixed income and currencies on the Fund which continued to perform well.
3. Local Pensions Partnership Update - The Board considered the report on activity by LPP in the first quarter in relation to investment and liability management, administration, action plans for the business and staffing.

**Resolved:** That the reports are noted.

I Young  
Director of Governance, Finance and  
Public Services

County Hall  
Preston