

## **Lancashire County Council**

### **Lancashire Local Pension Board**

**Tuesday, 17th October, 2017 at 2.00 pm in Exchange Room 7 - The Exchange - County Hall, Preston**

#### **Agenda**

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

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

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

- 1. Apologies**
- 2. Disclosure of Pecuniary and Non-Pecuniary Interests**
- 3. Minutes of the Meeting held on the 4th July 2017** (Pages 1 - 8)  
  
To be confirmed, and signed by the Chair.
- 4. Presentation on General Data Protection Regulation (GDPR) and cyber security**  
  
James Ahlberg, Information Governance Manager from LPP will attend the meeting and give a presentation.
- 5. Lancashire County Pension Fund Interim administration report** (Pages 9 - 20)  
  
Diane Lister, the Head of Your Pension Service will attend the meeting.
- 6. The Pension Regulator report on public service pension schemes governance and administration** (Pages 21 - 32)
- 7. LCPF Risk Register Update** (Pages 33 - 44)
- 8. Part I reports considered by the Pension Fund Committee in September 2017** (Pages 45 - 46)
- 9. Feedback from Board Members on Recent Training Events and Conferences** (Pages 47 - 48)

## **10. 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.

## **11. Date of Next Meeting**

The next meeting of the Board will be held at 2pm on the 16<sup>th</sup> January 2018 in Meeting Room CHG: 03 at County Hall, Preston.

## **12. 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)**

### **13. Part II reports considered by the Pension Fund Committee in September 2017** (Pages 49 - 50)

I Young  
Director of Governance, Finance and Public  
Services

County Hall  
Preston

## **Lancashire Local Pension Board**

**Minutes of the Meeting held on Tuesday, 4th July, 2017 at 2.00 pm in Room A05 - A Floor, County Hall, Preston**

### **Present:**

#### **Chair**

William Bourne

#### **Committee Members**

County Councillor Christian Wakeford, Employer rep - LCC

Steve Browne, Employer rep - LCC

Steve Thompson, Employer rep - Unitary, City, Boroughs, Police and Fire

Carl Gibson, Employer rep - Other Employers

Kathryn Haigh, Scheme rep - Active Members

John Hall, Scheme rep - Deferred Members

Bob Harvey, Scheme rep - Pensioner Members

#### **Officers**

Abbi Leech, Head of Fund, Lancashire County Council.

Mukhtar Master, Operations Manager, Lancashire County Council.

Mike Neville, Senior Democratic Services Officer, Lancashire County Council.

### **1. Apologies**

Apologies for absence were received from Yvonne Moulton.

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

No interests were declared under this item.

### **3. Minutes of the Meeting held on the 11th April 2017**

It was reported that on the 25<sup>th</sup> May 2017 the full County Council had approved a number of amendments to the Constitution, including a minor amendment to the Terms of Reference of the Board as highlighted below.

'Members of the Board will serve for a maximum of 8 years. Other than as a result of retirement at the expiry of this period the term of office will come to an end: (a). For employer representatives who are councillors if they cease to hold office as a councillor **or they are removed and replaced by a resolution of the Full Council**'.

It was noted that an updated version of the Terms of Reference was available to view on the County Council and Your Pension Service websites.

### **Resolved:**

1. That the amendment to the Terms of Reference as approved by the full County Council on the 25<sup>th</sup> May 2017 is noted.

2. That the Minutes of the meeting held on the 11<sup>th</sup> April 2017 are confirmed as an accurate record and signed by the Chair.

#### **4. Lancashire Local Pension Board - Annual Report.**

In accordance with the requirement in the Terms of Reference to produce an annual report on the nature and effect of the Boards activities for consideration by the Administering Authority the Chair presented his draft report for the municipal year 2016/17.

In considering the draft the Board recognised a number of examples throughout the year where recommendations from the Board had resulted in positive outcomes, including the formal review of LPP governance arrangements by PWC and the appointment of additional support for the Head of Fund.

**Resolved:** That, subject to the inclusion of a figure relating to the overall cost of attendance by Board members at conferences/events, the text for the 2016/17 annual report, as set out in Appendix 'A' to the report presented, is approved for presentation to the Pension Fund Committee in September 2017.

#### **5. Tracing Missing Members**

The Head of Fund reported that in response to a recommendation from the Board, the Pension Fund Committee in June 2016 had resolved that an exercise be undertaken to trace missing members in line with the actuarial valuation process.

It was reported that between September 2016 and March 2017 the tracing exercise had involved contacting 4,123 members and had resulted in 2,927 members having their addresses updated and subsequently being reconnected with their pension entitlement. The Board noted that action was being taken to identify an additional 355 members and further monitoring and reporting was planned for the future.

**Resolved:** That the 71% success rate in respect of tracing missing members is welcomed and that the Board be informed on a biennial basis of the findings of future exercises to trace missing members.

#### **6. Local Government Association Survey**

The Chair reported that he had recently circulated to members of the Board his suggested response in relation to the LGA Survey on Local Pension Boards. He suggested that individual members of the Board send him any comments they may have regarding the Survey before the 8<sup>th</sup> July 2017 so that they could be collated into a single reply.

**Resolved:** That members of the Board send their comments regarding the LGA Survey on Local Pension Boards to the Chair before the 8<sup>th</sup> July 2017 so that he can collate replies into a single response on behalf of the Board.

## **7. Scheme Advisory Board - Code of Transparency.**

Mr Harvey informed the meeting that the Scheme Advisory Board (SAB) was working with Newcastle University to establish a unit that would collate information from investment firms in relation to the costs they incur.

It was reported that the SAB had produced a code for Scheme Managers that would establish a standard level of transparency which would develop over time and provide a consistent measure of such costs. Whilst the Local Pension Partnership had already signed up to the CIPFA code it was encouraging the larger investment management companies it dealt with to sign up to the Code of Transparency.

The Board recognised the danger of comparing the investment management costs associated with Funds that could have very different investment portfolios and welcomed the introduction of a Code which would provide some consistency regarding the monitoring of costs.

**Resolved:** That the update regarding the development of the Scheme Advisory Board's Code of Transparency be noted.

## **8. Part I reports to be considered by the Pension Fund Committee**

The Head of Fund presented a report regarding Part I items which had been considered by the Pension Fund Committee on the 30<sup>th</sup> June 2017. The Board considered each item, making comments as appropriate

### *a) Internal Audit Annual Report 2016/17 and Audit Plan 2017/18*

3.14 - it was reported that action had been taken to ensure that decisions regarding 'matters reserved' were reported to the Head of Fund on a timely basis.

3.15 - with regard to reports submitted to the FCA it noted that in future Internal Audit would monitor information earlier in the process to ensure its accuracy as once the data had been submitted it could not be reproduced.

It was reported that after being reviewed by the Pension Fund Committee the Internal Audit Plan had been referred to the Audit and Governance Committee for approval. It was suggested in future the draft Plan should initially be considered by the Board in order to inform the work programme before being reported to the Committee.

**Resolved:** That the draft 2018/19 Internal Audit plan be presented to the Board in January 2018 for consideration before being referred to the Pension Fund Committee and Audit and Governance Committee.

### *b) Annual Administration Report 2016/17*

It was reported that an overall performance of 97% had been achieved against standards and targets during 2016/17 and it was suggested that the complaints process would identify any issues not addressed by existing KPI. The Board

discussed the KPIs used to inform the report and it was agreed that work should be undertaken to achieve a degree of consistency with the LPFA as part of the ongoing transformation process.

**Resolved:**

1. That work continue with the LPFA in order to establish a level of consistency in relation to KPIs to be used to measure the future performance of the pension administration service.
  2. That the performance of the pension administration service be reviewed in six months and an update report presented to the Board in January 2018
  3. That the Head of Your Pension Service be invited to attend the next meeting to discuss the performance of the pension administration service.
- c) *Lancashire County Pension Fund – Annual Governance Statement 2016/17*

It was reported that the Annual Governance Statement, as presented to the Committee, had been approved and submitted to the Chair and the Head of the Fund for signature and subsequent inclusion in the statement of accounts.

- d) *Lancashire County Pension Fund 2016/17 Statement of Accounts and out-turn report*

It was reported that the Committee had noted the final outturn position and statement of accounts 2016/17 and referred it to the Audit & Governance Committee for consideration and approval at its meeting in July 2017.

- e) *Progress on Delivering the Lancashire County Pension Fund Strategic Plan*

It was reported that a draft revised Strategic Plan for the Lancashire County Pension Fund would be presented to the Committee on the 15<sup>th</sup> September 2017.

- f) *Lancashire County Pension Fund Risk Register*

It was reported that the Committee would receive six monthly updates on the Risk Register and that the meeting scheduled for the 27<sup>th</sup> July 2017 had been cancelled and the date/venue would now be used for a workshop to examine the Register in detail. The Board recognised that the Risk Register would be a live document which to be effective would require the engagement of various parties including LPP, Internal Audit and Board/Committee and individual officers.

**Resolved:** That members of the Board submit any comments they may have on the Risk Register to the Chair who will collate them into a single response to the Head of Fund for consideration at the workshop on the 27<sup>th</sup> July 2017.

## **9. Feedback from Board members on attendance at training events and conferences**

Kathryn Haigh reported that the internal workshop on the Local Pension Partnership held on the 27th March 2017 at County Hall had been well attended and informative. She urged members of the Board to attend future workshops where possible as discussions would benefit from more attendees.

The Chair informed the meeting that the Pensions Regulator had given an interesting talk at the PLSA Local Authority Conference on the 15<sup>th</sup>/17<sup>th</sup> May 2017 though he stressed he felt the Regulator did not fully appreciate the differences between private pensions and the LGPS.

The Public Service Governance and Administration Survey, which had recently been published by the Pensions Regulator, was discussed and the Board agreed that the findings should be discussed in more detail at the next meeting.

The Chair reported that the Local Pension Boards 'Two Years On' on the 28th June 2017 had involved interesting presentations from DCLG, CIPFA and the Pensions Regulator. He added that cyber security had also been discussed and stressed that a high level of security was essential in view of the personal information held by Pension Funds.

### **Resolved:**

1. That the report and feedback given by individual members of the Board is noted.
2. That a report on the findings of the Public Service Governance and Administration Survey published by the Pensions Regulator be presented to the next meeting.

## **10. Urgent Business**

The use of IT by members of the Pension Board to access agenda/minutes and other pension related information was discussed and Kathryn Haigh asked whether it would be possible for the Board to purchase some IT equipment for use by Board members.

It was recognised that the Head of Fund had a small budget to support the work of the Board and it was suggested that this be used to purchase IT equipment to support two members of the Board.

**Resolved:** That Mr Neville be requested to explore with the Head of Fund the possibility of purchasing IT equipment from the Pensions Board budget for use by two members of the Board together with any associated policies regarding use.

## **11. Date of Next Meeting**

It was noted that the next scheduled meeting of the Board would be held at 2.00pm on the 17<sup>th</sup> October 2017 in Room AO2 at County Hall, Preston.

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

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

## **13. Local Pension Partnership internal audit plan**

In accordance with a decision of the Board in April 2017 a report on the internal audit plan for the Local Pension Partnership (LPP) was presented for comment by the Board.

When considering the report the Board noted that items 1.1 and 1.2 in the plan had been considered by the LPP Audit Committee but had not yet been shared with the Head of Fund. The Board also referred to discussion at the previous meeting in relation to the LPP Administration Transformation Plan and recognised that the key milestones identified in the plan had been given a RAG rating and included in the risk assurance map which in turn had informed the Risk Register reported to the Pension Fund Committee in June 2017.

**Resolved:** That the 2017/18 Internal Audit Plan for the Local Pension Partnership, as set out in the report presented, is noted.

## **14. Lancashire County Pension Fund - Data Collection Report as at 31 May 2017**

The Head of Fund referred to the discussion at the previous meeting regarding the review of communications between the LCPF and Scheme members and presented a report on those employers who did not regularly submit monthly data collection files.

When considering the report the Board noted that in relation to data collection 90% of employers (encompassing 99% of the active scheme membership) regularly provided data. It was recognised that the remaining 10% were generally small employers who would be followed up individually regarding outstanding data or as part of the end of year valuation process.

**Resolved:** That the report is noted



**15. Part II reports to be considered by the Pension Fund Committee.**

The Head of Fund presented a report on the Part II items which had been considered by the Pension Fund Committee on the 30<sup>th</sup> June 2017. The Board considered each item, making comments as appropriate.

*a) Local Pension Partnership business plan and 3 year budget.*

It was noted that LPP had appointed a Relationship Manager who worked with the Head of Fund in relation to the LCPF. The Board acknowledged that LPP had made significant achievements over the previous 12 months and suggested that attention now needed to focus on resources and governance moving forward.

*b) Local Pensions Partnership - Quarter 4 Update*

It was noted that the update did not report on all the administration KPIs. The Board requested that performance against KPIs should be reported on a regular basis.

*c) Supply of Pension Fund Actuarial Services*

The Board noted that the Committee had agreed that the County Council's Procurement Service undertake a procurement exercise via the National LGPS Framework to appoint an independent provider, to undertake actuarial services for the LCPF for the next 6 years, on the basis set out in the report presented.

It was reported that the outcome of the procurement exercise would be reported to the Committee on 15<sup>th</sup> September 2017.

**Resolved:** That the reports considered by the Pension Fund Committee on the 30<sup>th</sup> June 2017 and subsequent decisions are noted.

I Young  
Director of Governance, Finance and Public  
Services

County Hall  
Preston



## **Lancashire Local Pension Board**

Meeting to be held on Tuesday, 17 October 2017

Electoral Division affected: None;
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## **Lancashire County Pension Fund Interim Administration Report**

(Appendix A refers)

Contact for further information: Abigail Leech, 01772 530808, Head of Fund,  
abigail.leech@lancashire.gov.uk

### **Executive Summary**

The interim report is produced in accordance with the arrangements for the provision of pension administration services to Lancashire County Pension Fund and describes performance from 1<sup>st</sup> April to 31<sup>st</sup> August against standards and targets during 2017/18.

### **Recommendation**

The Board is asked to note the contents of the interim report as presented at Appendix 'A'.

### **Background and Advice**

The Pension Fund Committee and The Local Pension Board are required to receive regular reports from Head of Fund on the administration of the Fund to ensure that best practice standards are satisfied and met and to satisfy itself and justify to all stakeholders, including Fund employers that the Fund is being run on an efficient and effective basis.

A copy of the report is attached at Appendix 'A' to inform the Board of performance for 1 April to 31 August 2017 against standards and targets of 2017/18.

Over this period, an overall performance of 96% has been achieved and all statutory requirements, including the production of annual benefits statements, have been met.

A representative from the Local Pension Partnership administration business will be present at the meeting to present the report set out at Appendix 'A'.

### **Consultations**

N/A

**Implications:**

This item has the following implications, as indicated:

**Risk management**

No significant risks have been identified.

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

N/A

# LANCASHIRE COUNTY PENSION FUND

## Interim Administration Report

1 April to  
31 August 2017



# 1. INTRODUCTION

## Purpose

This administration report is produced in accordance with the Service Level Agreement (SLA) for the provision of pension administration services to Lancashire Pension Fund. The report describes the performance of Your Pension Service (YPS) against the standards set out in the SLA during the period 1 April to 31 August 2017.

## Annual Plan – 2017/18



Due



Completed

Event	Responsibility Your Pension Service (YPS)											
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Application of Pension Increases												
Issue Annual Benefit Statement to Active Members												
Issue Annual Benefit Statement to Def Members												
Issue P60s and Newsletter to Pensioners												
Issue Newsletter to Active Members												
Complete HMRC Scheme Returns												
Provide FRS17 data												

## 2. MEMBERSHIP

<b>Lancashire County Pension Fund</b>	<b>31/03/17</b>	<b>31/08/17</b>
Number of active scheme members		
County council	26,416	26,558
Other employers	29,499	29,428
<b>Total</b>	<b>55,915</b>	<b>55,986</b>
Number of pensioners		
County council	23,141	23,431
Other employers	23,012	23,344
<b>Total</b>	<b>46,153</b>	<b>46,775</b>
Number of deferred pensioners		
County council	34,668	34,746
Other employers	30,573	30,931
<b>Total</b>	<b>65,241</b>	<b>65,677</b>
<b>Total membership</b>	<b>167,309</b>	<b>168,438</b>

As at 31 August there were 6,029 Pending Leavers.

### 3. PERFORMANCE STANDARDS



Target Hit



Target Missed

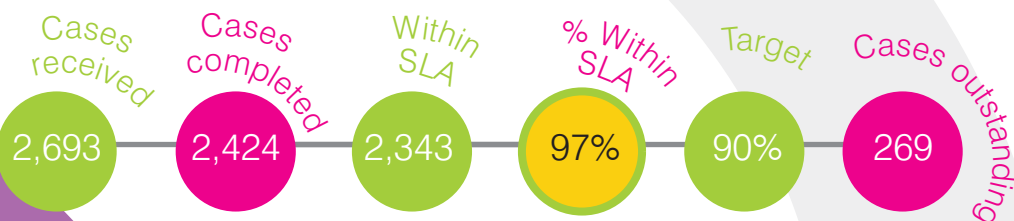
#### Service Level Agreements (LGPS Members)

During the reporting period 10,725 individual calculations/enquiries were completed, of which 10,348 met the performance standard, an overall performance of 96% was achieved.

#### LGPS

##### Performance Standard

Estimate benefits within 10 working days



Payment of retirement benefits within 10 working days



Payment of death benefits within 10 working days



Implement change in pensioner circumstance by payment due date



Respond to general correspondence within 10 working days of receipt



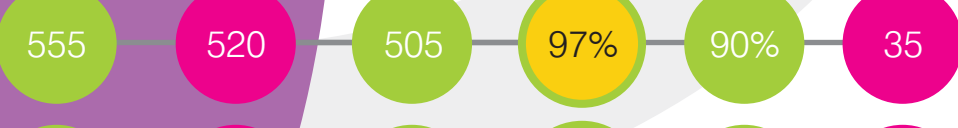
Action transfers out within 10 working days



Action transfers in within 10 working days



Pay refunds within 10 working days



Provide leaver statement within 10 days



Amend personal records within 10 working days



VR Estimates



VR Payments





## 4. CUSTOMER SERVICE

### Retirement Experience

Elapsed time from retirement to first pension payment.

Average 41 days  
to payment  
of pension  
(45 days in 2016/17)

1,147 new  
pensioners

### Compliments/Complaints

13 compliments  
(11 in Quarter 1)

22 complaints  
(15 in Quarter 1)

During the period the service received 13 compliments and they related to the helpful and prompt service provided by the staff within Your Pension Service.

Almost all the complaints were from members relating to the length of time taken to process pensions. We are currently working with employers to assist them in providing more timely/accurate information.

### Telephone helpdesk

A dedicated Pension's helpdesk is the first point of contact for both Scheme members and Employers. Over the period 93% of calls were successfully answered against a target of 90%. The service also received 14,395 emails and completed 14,088.

2017/18	Calls offered	Calls answered	% Calls answered	Target %	Average call wait time
April	3,970	3,701	93	90	1m 48s
May	4,709	4,334	92	90	1m 14s
June	4,355	4,036	93	90	1m 11s
July	7,073	6,494	92	90	1m 14s
August	7,775	7,238	93	90	1m 4s
Total Period	14,848	13,732	93	90	1m 33s

## 5. FIRST STAGE APPEALS

Members who disagree with decisions taken by their employer or administering authority may appeal using the Internal Dispute Resolution Procedure (IDRP) under the LGPS rules. The IDRP is a formal appeal procedure which contains two stages. The first stage allows the person to ask the body who originally made the decision to review it, i.e. either the employer or the administering authority. The second stage allows the person if they are not satisfied with the outcome at the first stage, to ask the Appeals Officer at the administering authority to review the disagreement. The appeals in the main related to ill health pensions.

Period 01/04/2017 - 31/08/2017



## 6. EMPLOYER RISK TEAM REPORT

### Covenant Assessment

The covenant assessment process which we have developed has been used to assess all relevant employers' financial covenant. The Fund's policy in line with best practice and the Pensions Regulator's guidance, is to monitor covenant to maintain an overview of current and potential longer term risks to the Fund.

The results of the covenant review are being analysed to assist in developing longer term risk mitigation strategies.

### Risk and Security Issues

Two property charges are being progressed, one relating to a large Housing Association and the other a charity, both of which are existing employers within the Fund. These are the first property charges which have been implemented, and ongoing dialogue with other employers may require the implementation of more charges or similar risk reduction measures.

There is a general shift in the legislative environment which surrounds the risk of employer default for certain categories of employers, for example the regime which would apply in the event of insolvency of Further Education colleges. Whilst there is no immediate perceived risk to the Fund, risk and solvency issues require a medium to long term view, and we continue to keep abreast of the wider regulatory environment accordingly.

### **Admissions and Exits**

Twelve new admissions to the Fund have been either completed or are being processed. The bulk of these admissions arose from existing Fund employers contracting out services; such admissions tend to involve small numbers of staff, however that is not always the case, and there have been 2 significant admissions, one involving a large council's outsourcing of Leisure Services, and a Housing Association.

Three employers left the Fund in the period.

### **Liaison and Support**

We continue to provide ad-hoc advice and support to a number of employers who raise queries, including dealing with the implementation of the Fund's new approach to 'insuring' smaller employers (i.e. those with less than 150 active members) against the cost of ill health retirements.

## 7. COMMUNICATIONS

### **The Team**

Communications are delivered by the Partnerships Team. The team consists of a manager and three client liaison officers. They are the link between Your Pension Service scheme members and employers.

### **Employers**

The Partnerships Team have started the annual employer visits and have completed over 14 out of a total of 31 planned visits. These are provided automatically to all employers who have at least 100 active members. The annual employer visits are extremely popular, they give the scheme employer an opportunity to give feedback, discuss possible improvements in the service and the opportunity to build and maintain excellent working relationships.

### **Employees/Scheme Members**

The team continues to host My Pension Online surgeries at specific employers in order to increase the take up of My Pension Online sign ups. These sessions enable scheme members to enrol and receive a tutorial on using the system.

The team also continues to attend routine pre-retirement presentations and scheme basics presentations. An additional piece of work was completed for University of Cumbria members who faced potential redundancy and the team delivered a bespoke presentation.

## 8. EPIC UPDATE

### **Employer Performance**

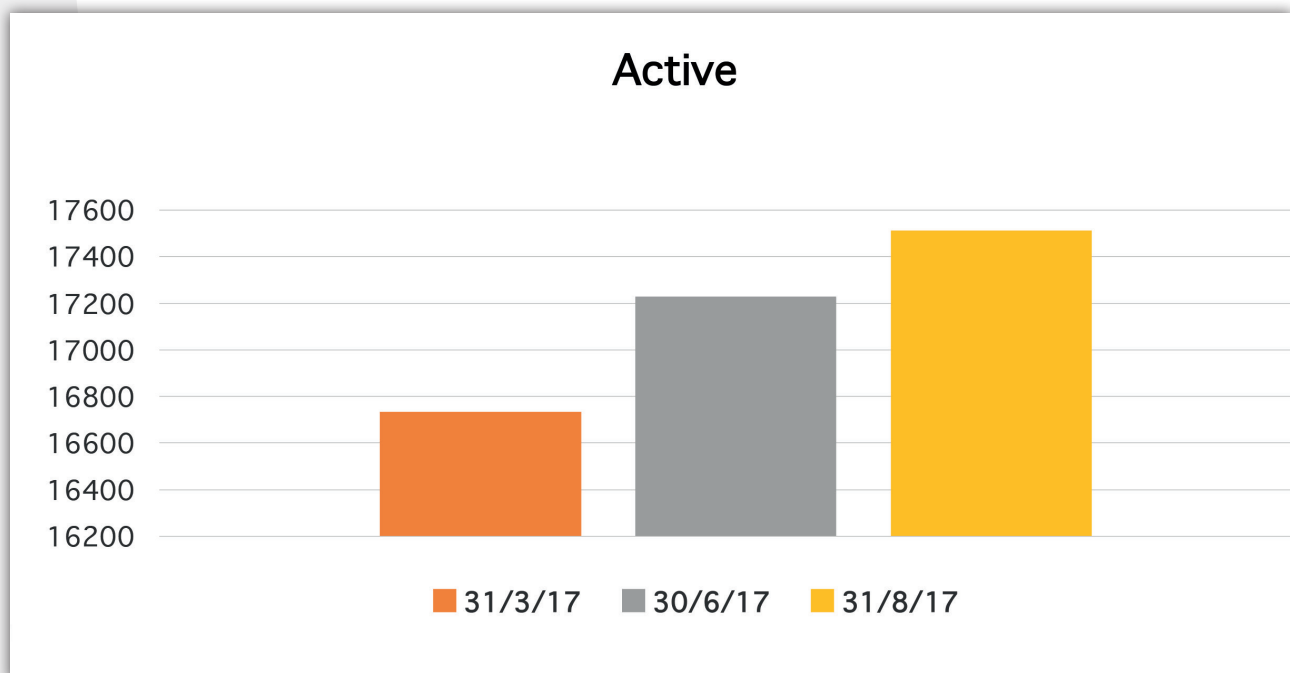
The 'EPIC' system, which is used to manage employers' data returns, has now been enhanced, and is now able to assist in proactively monitoring employers' performance in this respect. Employers are required to submit their data within defined timescales – this data is vital to ensure membership records are up to date and accurate, sanctions can be applied to employers who do not support this process.

We have worked proactively and supportively with some employers to enforce the Fund's data requirements and intend further monitoring of performance following the 'EPIC' enhancement.

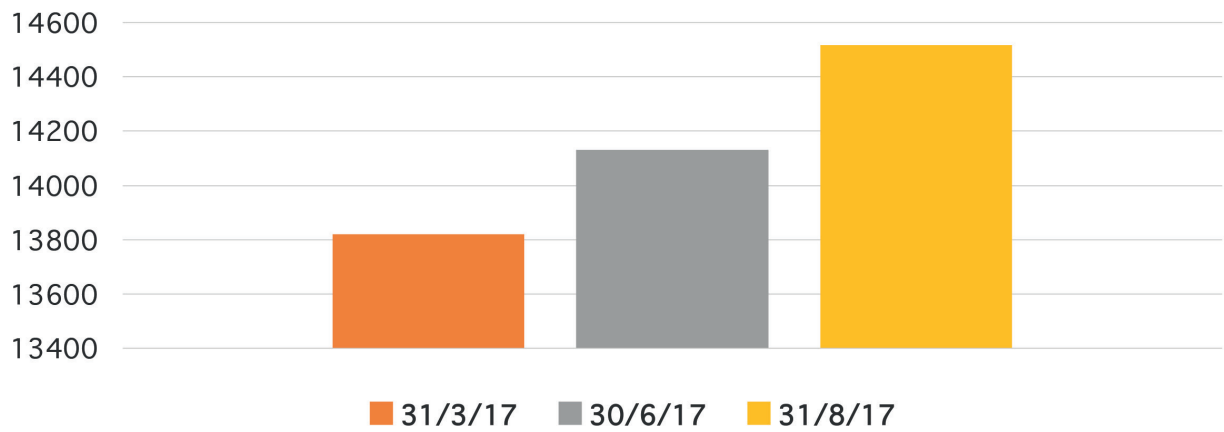
Almost 100% of employers submitted monthly files on time. Employers who fail to submit by the deadline are contacted initially with the offer of support and training. Repeated failure to meet the deadline for submission of monthly files is escalated within the employer organisation.

## 9. MY PENSION ONLINE (MPO)

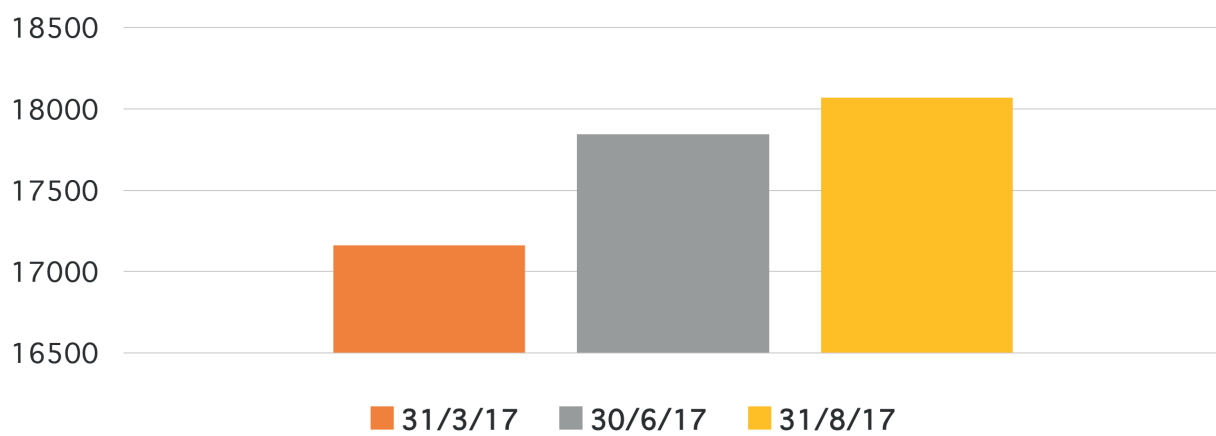
My Pension Online is an online facility that was developed in 2012 and launched comprehensively throughout 2013. Through 'My Pension Online' members can view their details and also securely update any changes in contact details. As well as this members can run various pension estimates assisting with planning for retirement. Members can also view their annual benefit statement via My Pension Online. Other benefits of the system include allowing members to view their nominated beneficiaries, access to forms and guides and measures that Your Pension Service can communicate with registered members via email. Currently over 50,000 Lancashire LGPS members are registered online (30% of total membership).



### Deferred



### Pensioner / Spouses



## Lancashire Local Pension Board

Meeting to be held on Tuesday, 17 October 2017

Electoral Division affected: None
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### **The Pension Regulator report on Public Service Pension Schemes** (Appendix A refers)

Contact for further information: Abigail Leech, 01772 530808, Head of Fund,  
abigail.leech@lancashire.gov.uk

#### **Executive Summary**

The Pension Regulator (TPR) published its results of a survey of public sector pension schemes in May 2017. The survey concluded that the TPR's existing assessment still applied and that the top risks are around scheme governance, record-keeping, internal controls and member communications.

#### **Recommendation**

The Board are asked to note the content of this report.

#### **Background and Advice**

The Pensions Regulator surveyed public sector pension schemes in autumn 2016 to assess how they were being run. The main focus of the survey was on the governance and administration of public service pension schemes. The survey achieved a 90% response rate, covering 98% of public service pension scheme membership.

A copy of the full report on their findings is attached in Appendix A.

The survey concluded that the TPR's existing assessment still applied and that the top risks are around scheme governance, record-keeping, internal controls and member communications.

The summary of results and commentary highlight the following main points:

- TPR are concerned that, in their view, 'a significant minority of scheme managers and pension board members may not be effective in, or even fully aware of, their governance duties'.

- Over the coming year TPR have stated they will provide clarity on the roles and responsibilities of those involved in running schemes and will clearly set out the standards they expect of all parties.
- TPR expect all schemes to undertake an annual data review and put an improvement plan in place if required. They are concerned at the low level of funds who have put in place an improvement plan. To ensure record keeping failures are identified and tackled effectively TPR will provide additional education in 2017 to assist with this, including guidance on developing a good improvement plan.
- TPR will consider enforcement action where scheme managers fail to demonstrate that they are taking appropriate steps to improve their records, including having a robust improvement plan in place.
- From 2018 TPR will require scheme managers to report on their record-keeping standards in the scheme return, so the TPR can more effectively intervene where scheme managers are failing in their duties.
- The survey highlights that the quality of data provided by employers remains an issue – only 55% of employers provide good data as a matter of course. 23% of respondents identify employer compliance as a top risk
- The TPR state that Scheme managers should work with employers to ensure processes are effective and fit for purpose, and take action to rectify issues in the first instance. TPR can also intervene where required
- The survey picked up that only 43% of schemes said that all their members received their annual benefit statement on time and that 21% of members did not receive their statement on time.
- On internal controls it is reported that the majority of respondents had the following key processes in place:
  1. Conflicts policy and procedure for board members
  2. Procedures to identify, assess and report breaches of the law
  3. Process for resolving payments issues and assessing whether to report failures to the TPR
  4. Processes to monitor records for all membership types
  5. Documented procedures for assessing and managing risks
  6. Policies and arrangements to train board members

In conclusion the report highlights that Scheme Managers should be aware that TPR are more likely to move to use their enforcement powers this year where Scheme Managers have not taken sufficient action to address issues or meet their duties.

The Head of Fund will update the Board on any correspondence received from TPR in relation to their findings and plan.

## **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/Tel
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N/A		
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Reason for inclusion in Part II, if appropriate



# Public service governance and administration survey

Summary of results and commentary

May 2017

The Pensions  
Regulator

## Background

We regulate the governance and administration of public service pension schemes, which provide pensions for civil servants, the judiciary, local government, teachers, health service workers, members of fire and rescue services, members of police forces and members of the armed forces. These schemes cover over 16.5 million memberships, and 24,000 employers.



Our Code of Practice no. 14 sets out the standards of conduct and practice we expect, and we provide practical guidance on how to comply with legal requirements. It can be viewed at [www.tpr.gov.uk/code14](http://www.tpr.gov.uk/code14). We open cases based on the risks we see in schemes and in response to breach of law and whistle blowing reports. Where standards are not being met and issues are not being resolved we consider enforcement action, including the use of improvement notices and civil penalties.

To help us focus our efforts, we surveyed public service pension schemes in autumn 2016 to assess how they were being run. This built on a previous survey in summer 2015, and delved deeper into key risks and why some schemes are still struggling to improve.

We achieved a 90% response rate, covering 98% of membership, which allows us to draw robust conclusions. The survey supports our existing assessment that the top risks in this landscape are around scheme governance, record-keeping, internal controls and member communications. This report sets out how we have interpreted the findings, our expectations of those involved in running the schemes and what we will be doing over the next year to address these issues. It accompanies the full research report which sets out the responses to all survey questions.



## Scheme governance

Good governance is essential to pension schemes delivering good member outcomes. This is a key focus for us, as set out in our recent discussion paper on 21st century trusteeship and governance, which can be read at [www.tpr.gov.uk/21c-trustee](http://www.tpr.gov.uk/21c-trustee).

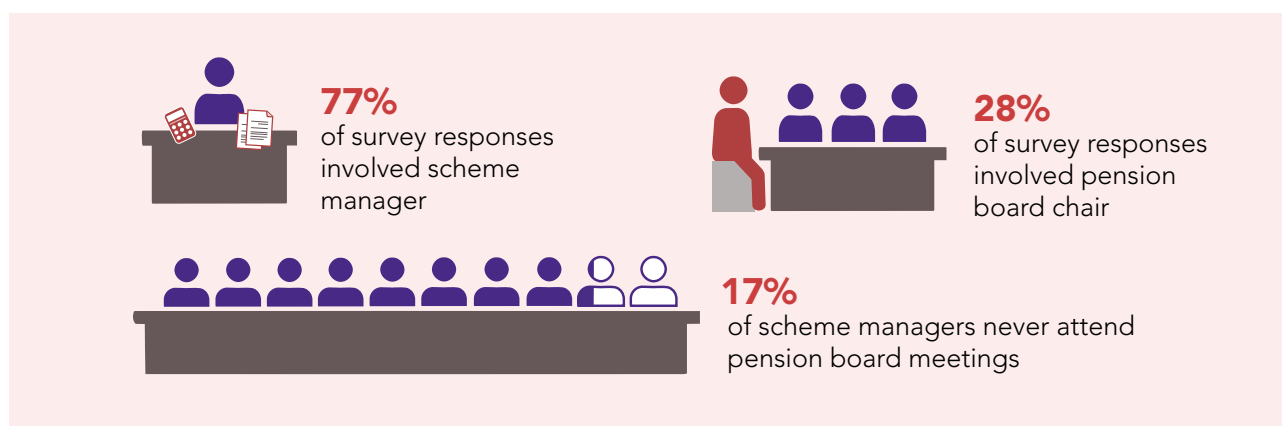
Public service pension schemes are governed differently to other occupational pension schemes. They do not have trustees. Instead the overall management and/or administrative responsibility for the schemes sits with scheme managers. Scheme managers are supported by pension boards, which assist them in complying with their legal duties.

Scheme managers should be fully aware of their duties. While in practice many delegate specific activities (such as member record-keeping) to other parties, they remain accountable for their scheme, in the same way that trustees of private sector schemes are accountable. Most enforcement action we take is likely to be against scheme managers.

Pension board members have a key role to play in supporting scheme managers. We expect scheme managers to use this resource, and for pension boards to take an active role in identifying risks and driving forward improvements, in particular in those areas set out below: record-keeping, internal controls and member communications.

We are concerned that a significant minority of scheme managers and pension board members may not be effective in, or even fully aware of, their governance duties:

- ▶ 23% of survey responses were completed without involving the scheme manager, who is ultimately accountable for most of the legal requirements. The pension board chair was involved in only 28% of survey responses, and other pension board members in only 21%.
- ▶ Over a quarter (27%) of scheme managers do not attend pension board meetings regularly, and 17% never attend.
- ▶ Our discussions with scheme managers, pension boards and other stakeholders have highlighted some gaps in understanding the roles and responsibilities of various parties involved in public service pension schemes, particularly pension boards.



Over the coming year we will continue to focus on improving governance in public service pension schemes. As part of our 21st century trusteeship and governance work, we will provide clarity on the roles and responsibilities of those involved in running these schemes. We will clearly set out the standards we expect of all parties and provide tools they can use to meet the standards. We will continue to educate scheme managers and pension boards through online tools and face-to-face, and support initiatives to create peer networks and share best practice. Where appropriate, we will work with scheme advisory boards and other stakeholders to reach disengaged scheme managers.

## Record-keeping

Failure to maintain complete and accurate member records can affect a scheme's ability to carry out basic functions like paying the right members the right benefits at the right time. Good record-keeping became even more critical when the public service schemes introduced career average benefits.

Record-keeping issues in public service schemes are well known and it is not surprising that over a third (36%) of survey respondents identified record-keeping as a top risk to their scheme.



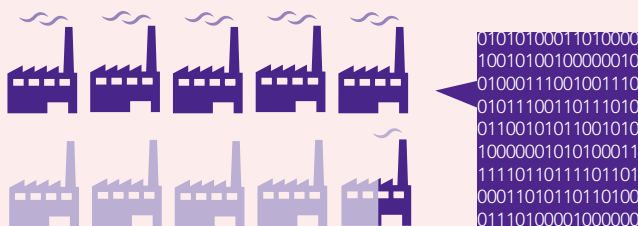
We have made our expectations clear. All schemes should do an annual data review, and put a plan in place to put things right if required:

- ▶ While most schemes (79%) had completed a review in the last year, the survey raises concerns about how effective these data reviews are. Over a third (35%) of schemes that had completed a review did not identify any issues, which is questionable in such large and complex schemes.
- ▶ The survey shows that only 18% of schemes had put an improvement plan in place. In addition, the improvement plans we have seen are of varying quality.

To ensure record-keeping failures are identified and tackled effectively, we will provide additional education in 2017, including guidance on developing a good data improvement plan. We will also set out more clearly our expectations of scheme managers regarding data security.

We will consider enforcement action where scheme managers fail to demonstrate that they are taking appropriate steps to improve their records, including having a robust improvement plan in place. From 2018 we will require scheme managers to report on their record-keeping standards in the scheme return, so we can more effectively intervene where they are failing in their duties.

Out of 24,000 employers, only  
**55% provide good data**  
 as a matter of course



**1 in 5** identified employer compliance as a  
 barrier to improving governance and administration

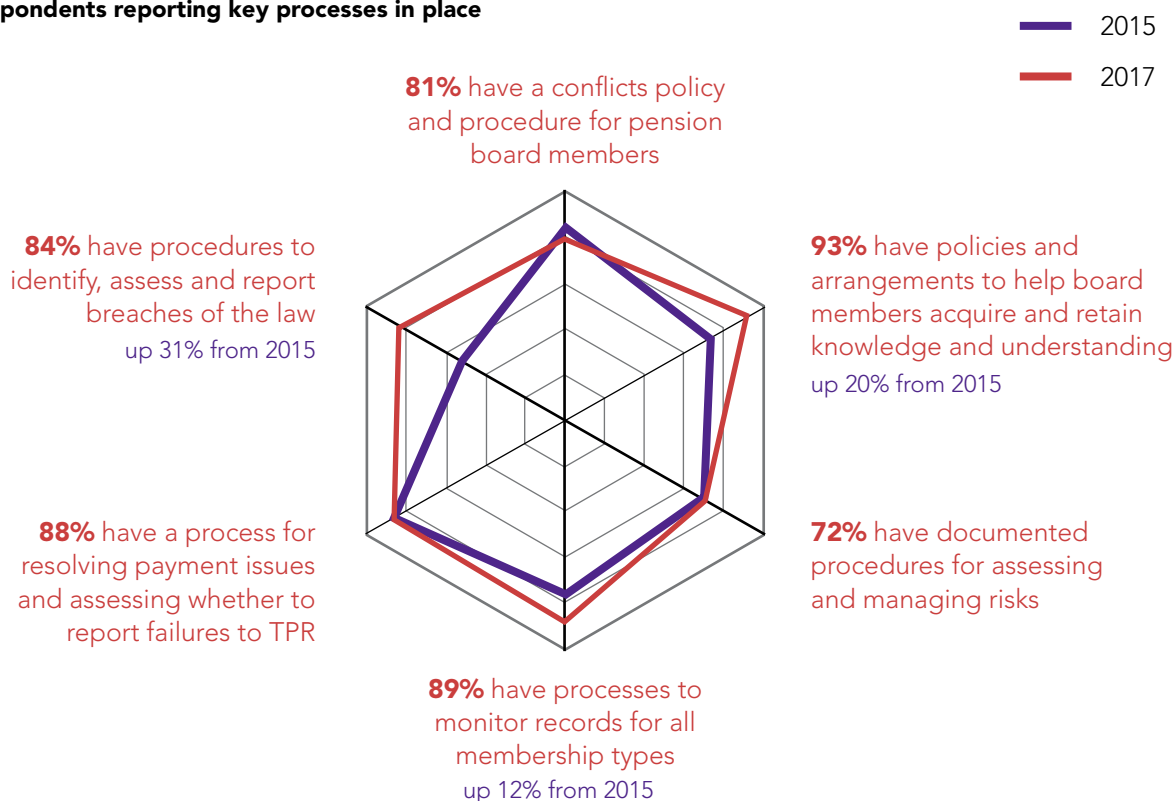
The survey also highlights that the quality of data provided by employers remains an issue – only 55% of employers provide good data as a matter of course. 23% of respondents identify employer compliance as a top risk, and 20% as a barrier to improving the governance and administration of their scheme.

Scheme managers should work with employers to ensure processes are effective and fit for purpose, and take action to rectify issues in the first instance. But we can intervene where required – our recent report on the Teachers' Pension Scheme, at [www.tpr.gov.uk/section-89](http://www.tpr.gov.uk/section-89), is an illustration of where we have done so. We will also promote good practice where we identify this in public service and other pension schemes.

## Internal controls

Survey respondents were asked to confirm if they had a number of key processes in place which we would expect to see in a well run scheme.

### Respondents reporting key processes in place



Overall, the proportion of schemes with these processes in place is increasing. Of particular note was a marked improvement in schemes with processes to identify, assess and report breaches of the law (up 31 percentage points) – an area we highlighted in last year's survey commentary.

However, some concerning gaps remain:

- ▶ 28% of schemes could not confirm they had risk processes in place and 30% are potentially operating without a risk register.
- ▶ Though scheme managers, pension board members and other parties have a duty to report breaches of the law to us in certain circumstances, 16% of schemes could still not confirm if they had processes in place to do so.

These gaps are mainly in locally-administered firefighters' and police pension schemes. We will focus our face-to-face education on these schemes and work with scheme advisory boards where appropriate to drive real improvements in the coming year.



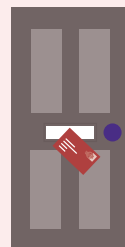
Across the landscape we will continue to promote our existing educational material, in particular our internal controls checklist and example risk register ([www.tpr.gov.uk/ps-risk](http://www.tpr.gov.uk/ps-risk)) and guidance on reporting breaches ([www.tpr.gov.uk/ps-breaches](http://www.tpr.gov.uk/ps-breaches)). Where we open cases, we will work with the schemes involved to resolve gaps in their risk and breach of law processes. When considering action or setting fines we will take into account a party's co-operation with us, and their efforts to put things right. Therefore, those who fail to report breaches to us quickly could receive a higher penalty for a breach, and an additional penalty for a failure to report. You can find further information in our draft monetary penalty policy at [www.tpr.gov.uk/ps-monetary](http://www.tpr.gov.uk/ps-monetary).

In addition to key processes, the survey asked scheme managers how they monitored and managed the performance of their administrators. Respondents typically used several methods, in particular meetings or receiving reports from them. We have some concerns around the lower use of service level agreements (SLAs) for in-house administrators (43%) compared to those administered by a third party (86%), and the low use of penalties where contractual terms or service standards are not met (14% of schemes). As part of our work on 21st century trusteeship and governance, we will clarify our expectations in this area and set out good practice on working with administrators.

## Member communications

Public service schemes must provide annual benefit statements to active members by a specific deadline, generally 31 August. The statements provide members with a view of the pension they have built up to date and enable them to effectively plan or make decisions about retirement.

Only 43% of respondents reported that all their members received their statements on time. Overall 21% of members did not receive their statements on time. This aligns with our experience – the failure to issue annual benefit statements accounted for the majority of breach of law reports relating to public service pension schemes in 2016.



**21%**  
of members did not  
receive their annual  
benefit statements  
on time

The reasons for this are often complex, including issues with IT systems, poor data, and difficulties associated with introducing career average benefits. Through our case work, we identified some lessons and best practice tips for issuing statements, which we set out in a 2016 quick guide that can be viewed at [www.tpr.gov.uk/ps-comms](http://www.tpr.gov.uk/ps-comms).

We recognise that public service pension schemes faced challenges meeting their new duties initially. However, we expect schemes to have made significant progress by now. We expect member outcomes, in particular the proportion of members who receive their statements on time, to improve dramatically. Our tolerance for schemes' shortcomings, particularly in the areas identified in this report, is reducing.

## Taking action

Scheme managers should be aware that we are more likely to move to use of our enforcement powers this year. We have, and will, take enforcement action where scheme managers have not taken sufficient action to address issues or meet their duties. Consistent with our compliance and enforcement policy (found at [www.tpr.gov.uk/strategy](http://www.tpr.gov.uk/strategy)), we will publish reports of our regulatory activities (including enforcement activity) to encourage higher standards.

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### **Public service governance and administration survey**

Summary of results and commentary

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**The Pensions  
Regulator**

## **Lancashire Local Pension Board**

Meeting to be held on the 17<sup>th</sup> October 2017

Electoral Division affected: (All Divisions);
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## **Lancashire County Pension Fund Risk Register**

(Appendix 'A' refers)

Contact for further information: Abigail Leech, 01772 530808, Head of Fund

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Mukhtar Master, 01772 532018, Governance & Risk Officer,

[Mukhtar.Master@lancashire.gov.uk](mailto:Mukhtar.Master@lancashire.gov.uk)

### **Executive Summary**

The risk register was updated and presented to the Pension Fund Committee at its meeting on 30<sup>th</sup> June 2017.

Since that meeting the register has been reviewed by County Council officers in consultation with colleagues from the Local Pensions Partnership (LPP) and will continue to be reviewed and updated on a 6 monthly basis.

### **Recommendation**

The Board are asked to note the updated Risk Register as set out in the attached Appendix 'A'.

### **Background and Advice**

Risk management is the practice of identifying, analysing and controlling, in the most effective manner, all threats to the achievement of the strategic objectives and operational activities of the organisation. Risk management does not necessarily avoid or eliminate the risk, however, mitigating actions can reduce the likelihood and impact of the risks.

The risk register attached as Appendix 'A' covers the following areas:

- Investment & Funding Risk;
- Member Risk;
- Operational Risk;
- Transition Risk.

The impact and likelihood has then been scored on a scale of one to four (one being low risk, four being high risk) in order to assess whether the overall risk level is low, medium or high. The risk owners then assessed whether there are any mitigating factors in place which could reduce the level of risk and the risk score was adjusted accordingly. The Head of Fund, together with the Governance & Risk Officer, have worked with LPP to review the current Pension Fund risk register. A copy of the updated risk register is attached in Appendix 'A' which incorporates the following changes:

- Based on the mitigating controls, the risk ratings for O2, O3 and T5 were reduced;
- The risk rating for O7 (Data Protection & Cyber Security) was increased, taking the risk to a high risk. Despite increased resources for Information Governance at LPP, it was deemed that transitional IT arrangements and the relatively short deadline for the implementation of the new GDPR regulation, warranted the increase;
- The risk rating for I5 (Cash-Flow Management) has remained the same at a rating of medium (4). The Investment Panel with the support of LPP have reviewed the Investment Strategy with specific measures to mitigate this risk.

The current 'high' risks are as follows:

- Investment & Funding Risk – I2, and I3;
- Member Risk – none;
- Operational Risk – O4 and O7;
- Transition Risk – T1, T2, T3, T4 and T5

The Risk Register will continue to be reviewed on a regular basis.

## **Consultations**

N/A

## **Implications:**

This item has the following implications, as indicated:

## **Risk management**

The Lancashire Local Pension Board provide scrutiny and support to the Pension Fund Committee, in relation to their responsibility to ensure there is effective risk management over the Pension Fund operations.

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

### **List of Background Papers**

Paper	Date	Contact/Tel
N/A		

Reason for inclusion in Part II, if appropriate
N/A

## Risk Assessment

In order to ensure identified risks can be consistently assessed, a common set of risk assessment criteria has been developed. Using this criteria, the following was determined for each individual risk:

- Gross risk: The likelihood and impact of the risk materialising without any mitigating controls being applied; and
- Residual risk: The likelihood and impact of the risk materialising with mitigating controls being applied.

Risks are evaluated on a scale of 1 to 4 with the highest value being the most likely to occur/ most severe impact. The risk assessment criteria developed with the Head of Fund is presented below:

				LIKELIHOOD OF RISK OCCURRING			
				1	2	3	4
				in 20 years /5%	1 in 5 years /20%	1 in 2 years /50%	1 in 1 years / 95– 100%
FINANCIAL IMPACT	Financial impact	Qualitative impact		Unlikely could occur once in 20 years	Possible could occur once in 5 years	Likely could occur in next 24 months	Happening Happening already or highly likely
	4	>£150m	<input type="checkbox"/> Critical impact on operational performance (>10% of membership affected recovery time > 1 year ); <input type="checkbox"/> Critical breach in laws and regulations that could result in material fines or consequences; <input type="checkbox"/> Critical impact on the reputation of the Fund which could threaten its future viability, adverse national media coverage; <input type="checkbox"/> Affect such that it undermines the ability to achieve key Fund goals and objectives (survival).	4	8	12	16
	3	£75m - £150m	<input type="checkbox"/> Significant impact on operational performance (5 – 9% of membership affected/ recovery time 8 – 12 months); <input type="checkbox"/> Significant breach in laws and regulations resulting in significant fines and consequences; <input type="checkbox"/> Significant impact on the reputation or Fund (some national media coverage); <input type="checkbox"/> Potential to have high impact on Fund goal and objectives.	3	6	9	12
	2	£5m – £75m	<input type="checkbox"/> Moderate impact on operational performance (1 – 4% of membership affected/ recovery time 3 – 7 months); <input type="checkbox"/> Moderate breach in laws and regulations resulting in fines and consequences; <input type="checkbox"/> Moderate impact on the reputation or brand of the organisation (some media coverage); <input type="checkbox"/> Potential to have moderate impact on Fund goal and objectives.	2	4	6	8
	1	<£5m	<input type="checkbox"/> Minor impact on operational performance (<1% of membership affected/ recovery time <3 months); <input type="checkbox"/> Minor breach in laws and regulations with limited consequences; <input type="checkbox"/> Minor impact on the reputation of the organisation; <input type="checkbox"/> Comparatively less impact on Fund goal and objectives.	1	2	3	4

Risk register

Risk Ref	Risk Title	Risk Description	Risk Drivers	Owner	Inherent Risk			Controls*	Residual Risk			Risk actions			
					Impact	Likelihood	Inherent Rating		Impact	Likelihood	Residual Rating	Action Details	Owner	Target Date	
INVESTMENT & FUNDING RISK															
I1	Investment Strategy	Inappropriate investment strategy leading to volatility and underperformance. A decline in the market value of investments relative to liabilities or an increase in the Fund's risk profile could have a negative impact on the value of the fund, particularly where the assets to liabilities profile is mismatched, leading to underfunding.	<ul style="list-style-type: none"><li>• The investment strategy is not appropriate to meet the Fund's funding requirements.</li><li>• Investment strategy does not change to reflect changes in circumstances, leading to a reduction in funding level or missed opportunities to enhance or protect the funding level.</li><li>• Falling share prices and values of illiquid assets, therefore decreasing in the assets held by the fund.</li></ul>	Head of Fund	4	2	H	<ul style="list-style-type: none"><li>• The Investment Advisors undertake a full review of the Fund's investment strategy following each triennial funding valuation to ensure investment strategy remains appropriate for the Fund's objectives. Advisors are also involved in any agreed ad hoc review between valuations.</li><li>• LCC Pension Committee review and approve Investment Strategy.</li><li>• Quarterly performance reporting against strategy performed by the Investment Panel and results reported to the Pension Committee.</li><li>• LPPL advise on strategy with LCC engaging external contractors / advice to validate / assess advice.</li></ul>	4	1	M	<ul style="list-style-type: none"><li>• The Investment Strategy has been reviewed and will be presented to the Dec Committee.</li><li>• LPP have advised the Investment Panel accordingly on the strategy.</li></ul>	Investment Panel/Head of Fund	Mar 2018	
			<ul style="list-style-type: none"><li>• Poor / inappropriate investment advice received from LPPL. Investment beliefs and preferences of individuals in LPPL might conflict with what is in the pure best interests of the Scheme.</li><li>• Poor / inappropriate investment advice received from external investment advisors.</li></ul>	Head of Fund	4	2	H	<ul style="list-style-type: none"><li>• LPPL advise on strategy with LCC engaging external contractors / advice to validate / assess advice.</li><li>• Decisions are made in consultation with External Advisors who attend specific Investment Panel and Pension Committee meetings during the year and are consulted as required to advise on investment strategy decisions.</li></ul>	4	1	M	The Investment Panel were advised accordingly by LPP regarding the strategy at the meeting in June.	Investment Panel/Head of Fund	Mar 2018	
I2	Construct, Implement and Perform	The portfolio fails to deliver the required return within risk tolerances / the translation of the strategy into the investment portfolio is sub-optimal / failure of the investment support infrastructure resulting in inefficient implementation or losses.	<ul style="list-style-type: none"><li>• Failure to achieve target returns over the mid term i.e. 5 years.</li><li>• Incorrect assumptions about expected returns, volatilities and correlations.</li><li>• Model specifications are incorrect, input data is inaccurate, outputs are misinterpreted.</li><li>• Failure to establish risk parameters for each component of the portfolio and for the total portfolio e.g. VAR, FX hedging and derivatives.</li></ul>	Head of Fund	4	2	H	<ul style="list-style-type: none"><li>• LPPL attendance at Investment Panel provides a view of activity. &gt; LPPL is in the process of establishing investment risk monitoring roles in-house.</li><li>• LPP continue to build capability within both the investment and investment risk teams;<ul style="list-style-type: none"><li>○ A Head of Investment Strategy has been appointed with responsibility for the overall strategy. A team of analysts focus on specific asset classes who input into the overall IS team output as required;</li><li>○ Strategic asset allocations are established by agreement and performance is monitored and reported by regularly;</li><li>○ Models are subject to 4 eyes review and proposals are reviewed by LPPI's investment committee;</li><li>○ LPPI's risk management is governed by a Risk Committee which includes independent members with relevant industry experience. Risk from the asset portfolio are</li></ul></li></ul>	4	2	H	<ul style="list-style-type: none"><li>• The Investment Panel have met with LPP to discuss risk monitoring and reporting.</li></ul>	Investment Panel/Head of Fund	Mar 2018	

					Inherent Risk				Residual Risk			Risk actions		
			<ul style="list-style-type: none"> <li>External mandates are not aligned to the Fund's return and risk requirements.</li> <li>Decisions are not implemented accurately, efficiently and in line with appropriate authorities.</li> <li>Investment performance is poor, not reported in a timely manner and / or frequently monitored.</li> <li>Investment manager SLA's are not in place and/or are not frequently monitored.</li> <li>Cost reduction achieved from utilising internal investment managers offset by poor internal investment manager performance.</li> </ul>	Head of Fund	4	3	H	<p>measured using industry standards systems (Ortec, Bloomberg). A portfolio management system is being considered in order to provide comprehensive STP.</p> <ul style="list-style-type: none"> <li>Quarterly performance reporting against strategy performed by the Investment Panel and results reported to the Pension Committee.</li> </ul>	4	2	H	Quarterly reporting on cost reduction v's performance will be reported to Pension Fund Committee.	Head of Fund	Mar 2018
13	Custody of Fund assets	Failure to ensure the security and safe custody of Fund assets leading to a loss of assets and / or income and breach of the Pensions Act.	<ul style="list-style-type: none"> <li>The Fund's assets are not adequately safeguarded, with due record-keeping and accurate income and taxation processing; and</li> <li>Inadequate records and reporting of investment positions, transactions and returns.</li> </ul>	Head of Fund	4	3	H	<ul style="list-style-type: none"> <li>Contractual protection via Custody agreement.</li> <li>Assets are held in separate named LCC client account.</li> <li>Monthly LCC reconciliation of Fund assets with those reported by Northern Trust.</li> </ul>	4	2	H	Review of Fund's custody arrangements to be undertaken taking into account LPP's arrangements with its custodian and depositary.	Head of Fund	Mar 2018
14	Actuarial Valuation and Monitoring of Funding	Asset / liability mismatch leads to insufficient assets to fund liabilities resulting in increased deficit and inability to make benefit payments, meaning cash injections required from employers.	<ul style="list-style-type: none"> <li>Models used in the actuarial valuation process, including liability projections and calculations, are incorrect or misinterpreted resulting in poor funding decisions (e.g. poor cash flow data being shared).</li> <li>Inappropriate assumptions or methodology used in the valuation process leading to inconsistent long term objectives.</li> <li>Increases in commodity prices push up the level of inflation - Inflation increases pension payments but assets do not grow at required level.</li> <li>A significant allocation in a particular type of asset will lead to an over exposure in that area and therefore vulnerability to significant changes (increasing the funding gap).</li> </ul>	Head of Fund	4	3	H	<ul style="list-style-type: none"> <li>Assumptions used are market consistent and take into account Fund specifics, such as investment strategy and Fund mortality experience.</li> <li>An overall level of prudence is built into the assumptions to reduce the risk of adverse experience.</li> <li>The Pension Fund Committee monitors the funding level on a quarterly basis allowing the Committee to understand if the funding level is reducing.</li> <li>Funding advice and modelling is delegated to professionals specialising in LGPS scheme actuarial services (Mercer).</li> </ul>	4	1	M	LPP to undertake further work on funding level and cash flow analysis as part of the work on Investment Strategy advice.	Investment Panel	Mar 2018
15	Cash-Flow Management	Insufficient funds to meet payments from the Fund: Benefits are not paid on time.	<ul style="list-style-type: none"> <li>Inadequate liquidity due to type of investments resulting in the inability to meet payments as they fall due and / or a need to liquidate assets at an unfavourable point of time; and</li> <li>Poor cash management results in the inability to meet payments as they fall due, un-invested cash balances, or overdrafts, implying loss of income or unnecessary costs being incurred.</li> </ul>	Head of Fund	2	2	M	<ul style="list-style-type: none"> <li>The Fund portfolio includes liquid and tradeable assets in order to ensure a shortfall would be covered.</li> <li>Rental income received by the Fund covers the shortfall in contributions received allowing payroll to be met on a monthly basis;</li> <li>Investment Panel with support from LPP have reviewed the Investment Strategy against the next 5 years cash requirements for the Fund.</li> </ul>	2	2	M	<p>LPP to undertake further work on funding level and cash flow analysis as part of the work on Investment Strategy advice.</p> <p>The Investment Panel will make recommendations to Pension Fund Committee to revise the Investment Strategy asset allocations to ensure there is enough liquidity in the portfolio.</p>	Investment Panel	Dec 2017

I6	Admitted Bodies Arrangements	The Admitted body is unable to make good any shortfall of their share of the overall deficit requiring LCC to make additional contributions on their behalf.	<ul style="list-style-type: none"> <li>Admitted bodies are unable to pay cessation debt on exit leading to an unfunded shortfall that will be required to be covered by LCC and/or other admitted bodies.</li> </ul>	Head of Fund	2	2	M	<ul style="list-style-type: none"> <li>LPPL monitor employer's risk profiles with reference to the size of their liability.</li> <li>The Pension Fund Committee review the covenant on an annual basis;</li> <li>LPP Employer Risk Team are assessing the financial strength of all scheme employers participating in the Lancashire Fund;</li> <li>The implementation of a robust new 'Admission &amp; Termination Policy'.</li> </ul>	2	1	L	<p>A covenant review is being carried out.</p> <p>The draft 'Admission &amp; Termination Policy' is currently out for consultation with employers. The final policy will be recommended to Pension Fund committee in March for an April implementation.</p>	Head of Fund	Mar 2018
MEMBER RISK														
M1	Benefit Payments	Pensions payments and lump sums are incorrectly processed.	<ul style="list-style-type: none"> <li>Administrator SLA's are not in place and/or performance is not reported or frequently monitored.</li> <li>Misapplication of the Fund's rules leads to incorrect or untimely benefit calculations or payments.</li> <li>System changes at the administrators leading to inaccurate benefit payments.</li> <li>Pensions are paid late or not at all, causing distress to members or reputational impact to the Fund.</li> </ul>	Head of Fund	2	2	M	<ul style="list-style-type: none"> <li>Administrator reporting against SLA reviewed on a quarterly basis.</li> <li>Complaints process monitored by the Head of Fund.</li> <li>Documented processes and procedures in place with supervisor review performed for each benefit calculations.</li> <li>Timeliness of monthly payroll monitored.</li> <li>The Local Pension Board (LPB) provide scrutiny of breaches, complaints, KPIs, and assurance statements provided by LPPL and auditors.</li> </ul>	2	1	L	<ul style="list-style-type: none"> <li>Review of SLA's with LPP to ensure they are measuring the right indicators.</li> </ul>	Head of Fund	On going
M2	Member Comms	Fund and individual communications are inadequate, inappropriate or not made in a timely manner.	<ul style="list-style-type: none"> <li>Fund and individual communications are inadequate, inappropriate or not made in a timely manner leading to members making badly informed decisions/lose out on potential benefits resulting in legal claims being made against the Trustee.</li> </ul>	Head of Fund	2	2	M	<ul style="list-style-type: none"> <li>Formal monitoring of member complaints and appeals process.</li> <li>Administrator reporting against SLA reviewed on a quarterly basis.</li> <li>LPB has a role and expertise reviewing and making recommendations to improve communications.</li> </ul>	2	1	L	<ul style="list-style-type: none"> <li>Review of SLA's with LPP to ensure they are measuring the right indicators</li> </ul>	Head of Fund	On going
M3	Data quality	Member experience negatively impacted through inconsistent and/or inappropriate approaches in treatment and management of member data.	<ul style="list-style-type: none"> <li>Data is not maintained, leading to incorrect or no benefits being paid.</li> </ul>	Head of Fund	2	2	M	<ul style="list-style-type: none"> <li>LPPL member data quality checking procedures in place.</li> <li>Administrator reporting against SLA reviewed on a quarterly basis.</li> <li>LPB provide scrutiny of KPIs and assurance statements from LPPL.</li> </ul>	2	1	L	<ul style="list-style-type: none"> <li>Review of SLA's with LPP to ensure they are measuring the right indicators.</li> </ul>	Head of Fund	On going
M3	Contributions	Inaccurate / untimely contribution payments	<ul style="list-style-type: none"> <li>Contributions are calculated incorrectly or not paid over within the statutory deadline.</li> </ul>	Head of Fund	2	2	M	<ul style="list-style-type: none"> <li>Administrator reporting against SLA reviewed on a quarterly basis.</li> <li>Contribution reconciliations are performed by LCC. Reasonableness checks are performed by LPPL.</li> </ul>	2	1	L	<ul style="list-style-type: none"> <li>Review of SLA's with LPP to ensure they are measuring the right indicators.</li> </ul>	Head of Fund	On going
OPERATIONAL RISK														



					Inherent Risk				Residual Risk			Risk actions		
					3	4	H		3	2	M			
O1	LCPF Committees and Fund Governance	Fund governance arrangements are inappropriate / ineffective, leading to: <ul style="list-style-type: none"> <li>opportunities being missed;</li> <li>risks not being managed;</li> <li>ineffective or inefficient decision making;</li> <li>increased reputational risk; and</li> <li>Inability to adequately challenge LPPL.</li> </ul>	<ul style="list-style-type: none"> <li>The Pension Fund Committee and its sub-committees do not have the appropriate skills, knowledge and experience (both technical and board related skills) and support to discharge oversight responsibilities.</li> <li>The Pension Fund Committee, sub-committees and the Executive structure is inappropriate, and do not have clear and aligned roles, responsibilities and delegated authorities, leading to ineffective or inefficient decision making or lack of oversight.</li> <li>Fund objectives are unclear, not understood or not fully bought into resulting in: <ul style="list-style-type: none"> <li>opportunities being missed;</li> <li>risks not being managed; and</li> <li>ineffective or inefficient decision making.</li> </ul> </li> </ul>	Head of Fund				<ul style="list-style-type: none"> <li>Monthly Committee training is delivered to Committee members and officers.</li> <li>Induction process in place for new Committee members.</li> <li>Committee composition comprises a range of relevant skills and experience including officer membership to provide ongoing support and technical expertise.</li> <li>Where required, external technical expertise is drawn upon via Committee attendance by external advisors (e.g. Investment advisors).</li> <li>Committee Terms of Reference are in place to clearly communicate Committee responsibilities.</li> <li>Committees operate a conflicts of interest policy and process.</li> <li>The delegation of authorities and authority levels has been documented and approved by the Pension Committee.</li> <li>The Head of Fund and the Pension Committee agree the annual business plan including Fund objectives. An update on the plan is presented at each Committee meeting and is monitored on a monthly basis by the Head of Fund.</li> <li>LPB scrutiny of governance structure of LCPF should be mitigating factor</li> </ul>				<ul style="list-style-type: none"> <li>New Strategic plan for the Fund to be produced and presented at Dec committee meeting.</li> </ul>	Head of Fund	Dec 2017
O2	Reliance on key persons and expertise	Failure to maintain an adequately resourced operation to support the execution of the Fund's objectives.	<ul style="list-style-type: none"> <li>Skills and knowledge of LCC officers are lost with only a limited market from which to seek their replacement.</li> <li>Skills and knowledge within LPPL are lost with only a limited market from which to seek their replacement.</li> <li>A lack of Councillor continuity impacting composition and effectiveness of the Pension Committee.</li> </ul>	Head of Fund	3	3	H	<ul style="list-style-type: none"> <li>Committee composition comprises a range of relevant skills and experience including officer membership to provide ongoing support, continuity and technical expertise.</li> <li>LPB scrutiny of PFC decisions should be mitigating factor</li> </ul>	3	2 (REDUCED FROM 3)	M	<ul style="list-style-type: none"> <li>Induction training for new committee members has taken place.</li> <li>Monthly workshops will be delivered.</li> <li>Increased resource in Officer Team to ensure succession planning.</li> <li>LCPF have recruited a new officer to support internal capacity.</li> </ul>	Head of Fund	Ongoing
O3	Risk Management	Risk Management arrangements within the Fund are inappropriate / ineffective resulting in risks being missed or not appropriately managed.	<ul style="list-style-type: none"> <li>Inappropriate oversight and monitoring impacts on the effective management of risks, ineffective or inefficient decision making and missed opportunities.</li> <li>The risk appetite of the Fund is not articulated, understood and embedded across the Fund.</li> <li>Risk management information and assurance mechanisms are inaccurate, incomplete, untimely or not actioned.</li> </ul>	Head of Fund	3	3	H	<ul style="list-style-type: none"> <li>Risk identification and assessment exercise completed in Q4 2016. Assurance requirements for key risks identified as part of this process with subsequent action plans being developed. This process will help build the foundation of the Fund's risk management framework.;</li> <li>Recruitment of a new Governance and Risk Officer;</li> <li>Risk Management training for Members &amp; Board delivered;</li> <li>Regular meeting with LPP Corporate Risk Specialist.</li> <li>LPB scrutiny of risk register and risk management processes as well as PFC decision-making should be mitigating factor</li> </ul>	3	2 (REDUCED FROM 3)	M	<ul style="list-style-type: none"> <li>New Governance and risk officer appointed.</li> <li>A risk framework will be developed and reported to committee in December.</li> </ul>	Head of Fund	Ongoing
O4	Compliance	Compliance breaches (i.e. Fund rules,	<ul style="list-style-type: none"> <li>Failure to identify sufficiently early and mitigate applicable regulatory changes.</li> </ul>	Head of Fund	3	3	H	<ul style="list-style-type: none"> <li>A comprehensive breaches policy and guidance/procedures</li> </ul>	3	3	H	<ul style="list-style-type: none"> <li>Internal audit plan to include a</li> </ul>	Head of Fund	Ongoing

					Inherent Risk				Residual Risk			Risk actions		
		legislation, regulation) which may result in reputational or financial impact to the Fund or its members.	<ul style="list-style-type: none"><li>Fund fails to comply with corporate governance guidance (e.g. Stewardship Code) incurring reputational damage.</li><li>LPPL and its approved persons fail to observe applicable FCA regulations and fail to maintain their authorised status leading to financial loss for the shareholders.</li><li>Breach of the LPPL Shareholder agreement (e.g. failure to meet as a Board and breach of ABC laws) leading to financial loss and reputational damage.</li><li>MiFID II regulations come into effect from the 3<sup>rd</sup> Jan 2018. Although compliance with the EU directive sits with LPP, non-compliance and subsequent implications with the FCA could impact LCPF reputation.</li></ul>									<p>review of governance arrangement.</p> <ul style="list-style-type: none"><li>Governance review of LPP structure will be started in July 2017;</li><li>A review of the Fund's governance is to be carried out once the LCC Management Restructure is completed.</li></ul>		
O5	Cost Management	Unnecessary costs incurred and budget variances realised.	<ul style="list-style-type: none"><li>LCC does not run effectively: Inefficient use of advisors, third parties or inefficient controls use up resources which should be used to meet benefits.</li></ul>	Head of Fund	1	3	L	<ul style="list-style-type: none"><li>The Head of Fund (using external support as required) monitors performance of the Fund against the business plan and budget on a monthly basis.</li></ul>	1	2	L	<ul style="list-style-type: none"><li>Regular budget monitoring on the fund and LPP budget to be reported to committee on a quarterly basis.</li></ul>	Head of Fund	Ongoing
O6	Business and IT Continuity	IT systems, business processes or business infrastructures fail (across the Fund) or are inadequate.	<ul style="list-style-type: none"><li>IT systems, business processes or business infrastructures fail (across the Fund) or are inadequate resulting in financial loss, missed opportunities or failure to pay benefits.</li></ul>	Head of Fund	3	2	M	<ul style="list-style-type: none"><li>LCC has in place a business continuity plan which includes LCPF fund staff and their internal operations.</li><li>The fund's IT platform is part of the LCC's BTLS network. All LPP systems are to be transferred to a platform hosted by LPP from Nov 17;</li><li>LPP has a business continuity plan in place which is designed to provide a backup location and architecture to allow for business processes to continue to operate in the event of a failure event.</li></ul>	3	2	M	<ul style="list-style-type: none"><li>LPP internal audit plan includes a review of IT arrangement and transition plan.</li><li>Outcome of this work to be reported to committee.</li></ul>	Head of Fund	Ongoing

					Inherent Risk				Residual Risk			Risk actions		
O7	Data Protection and cyber security	Failure to hold personal data securely (data transfer, data retention and back up).	<ul style="list-style-type: none"><li>Failure to ensure the confidentiality / security, integrity and availability of membership data, potentially impacting members and/or the reputation of the Fund.</li><li>Compliance with the EU General Data Protection rules (GDPR) which will come into force on 25<sup>th</sup> May 2018</li></ul>	Head of Fund	3	2	M	<ul style="list-style-type: none"><li>Data protection agreements are in place with third parties.</li><li>LCC has in place a data protection policy.</li><li>IT systems are configured with firewall and antivirus solutions.;</li><li>LPP and LCC are working to implement the requirements of GDPR by 25<sup>th</sup> May 2018.;</li><li>LPP are in the process of acquiring the ISO27001 accreditation (Information Security;</li><li>LPP are running an internal project to identify our data footprint and define a roadmap for GDPR compliance</li><li>LPP has appointed an Information Governance Officer to ensure compliance;</li><li>All LCC and LPP staff have received relevant Information Governance training;</li><li>LPB provide scrutiny of data protection arrangements.</li><li>Agreement between LCC and LPP is being reviewed with regards to GDPR.</li></ul>	3	3	H (INCREASE FROM 2)	<ul style="list-style-type: none"><li>LPP internal audit plan includes a review of IT arrangements.</li><li>Outcome of this work to be reported to committee.</li></ul>	Head of Fund	Ongoing
O8	Fraud Risk	Inadequate Financial Controls / loss of funds through fraud.	<ul style="list-style-type: none"><li>Key Financial Processes not documented; absence of formal reconciliation regime; absence of adequate controls.</li></ul>	Head of Fund	2	2	M	<ul style="list-style-type: none"><li>Assets are held by independent custodian which is responsible for protecting and safeguarding Fund assets.</li><li>The delegation of authorities and authority levels, which promotes segregation of duties, has been documented and approved by the Pension Committee.</li><li>The fund has a separate bank account which is operated by LCC and audited on an annual basis. Payment authorisation controls are in place to prevent any losses due to fraud.</li></ul>	1	1	L	<ul style="list-style-type: none"><li>Internal audit work includes a review of financial controls.</li></ul>	Head of Fund	Ongoing

					Inherent Risk				Residual Risk			Risk actions		
T1	Decision Making	Inappropriate or untimely decision making as a result of lack of transparency between LCC and LPPL.	<ul style="list-style-type: none"> <li>Non conformity with Shareholder agreement and Matters Reserved.</li> <li>Lack of relationship management.</li> <li>Lack of assurance and oversight reporting from LPPL to LCC.</li> <li>Non conformity with delegated authorities.</li> <li>Absence of sufficient representation of LCC within LPPL.</li> <li>Absence of review and challenge and oversight of LPPL.</li> </ul>	Head of Fund	4	4	H	<ul style="list-style-type: none"> <li>Shareholder agreement and Matters Reserved in place. Decisions are made in line with this agreement.</li> <li>Legal agreements between LPPL companies are in place and monitored by LCC Officers.</li> <li>The delegation of authorities and authority levels has been documented and approved by the Pension Fund Committee and Full Council.</li> <li>A formal governance structure has been established which enforces decision making and approval at the right levels.</li> <li>LCC representation on the LPPL Board via the Non-Executive Director, providing transparency at Board meetings.</li> <li>LPPL Non-Executive Director approval required for LPPL Board decisions to take effect.</li> <li>LCC Head of Fund holds pre-board meetings to discuss matters with NED, increasing transparency.</li> <li>LPPL attend the Investment Panel to present updates / recommendations / proposals for ratification.</li> <li>LPB provide review and challenge, which is mitigating factor</li> </ul>	4	3	H	<ul style="list-style-type: none"> <li>Internal audit plan to include a review of governance arrangements</li> </ul>	Head of Fund	On going
T2	Change Management	Ongoing programme of change is not managed preventing project delivery, avoidable delays or excessive costs.	<ul style="list-style-type: none"> <li>Change is not fully reflected in processes and controls such that something falls between the cracks.</li> <li>Interdependencies and resource conflicts between projects are not managed effectively.</li> <li>Project fails to deliver to scope, time and budget. Benefits are not realised.</li> <li>Key resources become unavailable.</li> </ul>	Head of Fund	3	3	H	<ul style="list-style-type: none"> <li>LPP have a detailed business transition plan which incorporates transition of investment, administration and ICT systems. LPP's internal auditors (Deloitte) are reviewing and reporting on these plans. The Head of Fund and Head of Internal Audit review the outcome of the LPP internal audit work and will report to Pension Fund committee and the Local Pension Board as appropriate.</li> <li>An initial cost benefit analysis of the setup of LPPL has been produced. Monitoring mechanisms are to be established.</li> <li>LPB are providing independent scrutiny and challenge to the change management.</li> </ul>	3	3	H	<ul style="list-style-type: none"> <li>Quarterly reporting on administration transition to be presented to committee.</li> <li>Quarterly monitoring of Pension fund and LPP budget to be presented to committee.</li> <li>Regular reporting on the investment transition plan will be presented to committee.</li> </ul>	Head of Fund	On going
T3	Investment Transition	Investment transition is poorly managed resulting in: error; unexpected cost; tax implications; ineffective decision making; and loss of FCA license.	<ul style="list-style-type: none"> <li>Change in legal ownership resulting in significant transactional taxes being incurred in certain territories.</li> <li>Significant transactional costs arising from selling and repurchasing Fund assets.</li> <li>Inaccurate allocation of units within sub funds leading to inaccurate reporting and financial loss to the Fund.</li> <li>Transition managers fail to deliver on their agreements and maintain appropriate level of service leading to financial loss.</li> <li>Lack of information to give clarity of transitional impact to the Pension Committee.</li> <li>The Fund could have a disproportionately higher transactional cost (bid-offer) if there is little overlap between current investment managers and the chosen sub fund investment managers.</li> </ul>	Head of Fund	3	3	H	<ul style="list-style-type: none"> <li>Asset transition work streams consider tax risk specific to each asset class. Professional tax advice is sought;</li> <li>Transition managers are selected and engaged using contracts which document agreed tolerances for friction costs;</li> <li>Unit allocations are calculated by the Transfer Agent and reviewed internally and are reviewed by the depositary bank;</li> <li>Transition manager agreements outline minimum service levels and recourse that LPPi has in event they are not maintained;</li> </ul>	3	3	H	<ul style="list-style-type: none"> <li>Public equity transition complete and details reported to March committee.</li> <li>Details on other asset transitions will be reported when complete.</li> <li>Credit transition completed in September 2017 and will be reported to December committee.</li> </ul>	Head of Fund	March 2018

					Inherent Risk				Residual Risk			Risk actions		
			<ul style="list-style-type: none"> <li>Significant market movements whilst investment consolidation is ongoing and the funds are out of the market, leading to significant repurchase costs.</li> <li>LPPL fails to establish suitable sub funds on transition leading to poor investment performance.</li> </ul>											
T4	Admin transition	Ineffective transition of administration responsibilities and processes leads to poor member experience.	<ul style="list-style-type: none"> <li>The LPPL Administration team does not retain appropriate resource to manage the transition of services and does not maintain performance as a result, leading to poor member experience.</li> <li>Administrator performance is not reported in a timely manner and frequently monitored. Administrator SLA's are not in place and/or are not frequently monitored, leading to poor member experience.</li> <li>System changes at the administrators leading to inaccurate benefit payments and misapplication of Fund rules.</li> </ul>	Head of Fund	4	3	H	<ul style="list-style-type: none"> <li>A detailed transition plan for the LPPL Administration function is being implemented in Apr 18;</li> <li>The LPPL Administration team has retained LCC staff who are experienced in their roles. All LPP staff receive training on scheme rules;</li> <li>Systems changes are planned, and undergo testing before release;</li> <li>Quarterly Administration reporting is reviewed by the Head of Fund who monitors administration performance against defined service level agreements and key performance indicators. No issues in performance levels have yet been identified as a result of transition.</li> <li>LPB are providing independent scrutiny and challenge to the change management.</li> </ul>	4	2	H	<ul style="list-style-type: none"> <li>Quarterly reporting on administration transition to be presented to committee.</li> </ul>	Head of Fund	March 2018
T5	External Drivers	Changes in government thinking, personnel / key stakeholders significantly alter the requirements of pooling, increasing cost.	<ul style="list-style-type: none"> <li>Pool no longer needed and funds abandoned missing the benefits from a level of collective investment and sunk costs.</li> <li>Merger of funds is put back on the table due to pooling target not being met (£25bn).</li> <li>Dilution of shareholder power due to on-boarding of additional funds leading to loss of control over the Partnership.</li> <li>Conflicting interests of shareholders leading to slow and ineffective decision making.</li> </ul>	Head of Fund	4	4	H	<ul style="list-style-type: none"> <li>Active engagement with other funds to consider possibility of pooling (e.g. Berkshire to enter into the Partnership).</li> <li>Shareholder agreement and Matters Reserved in place. Decisions are made in line with this agreement.</li> <li>Close collaboration amongst funds. Clear governance established with Cross pool meetings to share understanding.</li> <li>Legal advice provided.</li> <li>Monitoring of LPPL service performance (investment and administration) to detect degradation in service as a result of increasing demands from multiple funds.</li> </ul>	4	3 (REDUCED FROM 4)	H	<ul style="list-style-type: none"> <li>Continue to engage with other potential partners.</li> <li>Legal advice to be sought for any changes to shareholder agreement and reserved matters.</li> <li></li> </ul>	Head of Fund	Ongoing



## **Lancashire Local Pension Board**

Meeting to be held on Tuesday, 17 October 2017

Electoral Division affected: None;
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### **Part I reports considered by the Pension Fund Committee in September 2017**

Contact for further information: Mike Neville, Tel: (01772) 533431, Senior Democratic Services Officer, [mike.neville@lancashire.gov.uk](mailto:mike.neville@lancashire.gov.uk)

#### **Executive Summary**

This report lists the Part I reports presented to the Pension Fund Committee in September 2017. The Head of Fund will update members of the Board in relation to any decisions taken regarding the above reports.

#### **Recommendation**

The Board is asked to comment on the Part I reports considered from the Pension Fund Committee on the 15<sup>th</sup> September 2017 as referred to in the report.

### **Background and Advice**

At the meeting on the 15<sup>th</sup> September 2017 the Pension Fund Committee considered the following reports in Part I of the agenda which were available to the press and public.

4. Lancashire County Pension Fund - Admission and Termination Policy
5. External Audit – Lancashire County Pension Fund Audit Findings Report 2016/17
6. Lancashire Local Pension Board 2016/17 Annual Report
7. 2016/17 Pension Fund Annual Report
8. Responsible Investment
9. LCPF - 2017/18 Q1 Budget Monitoring Report
10. LPP Annual Report and Financial statements 2016/17

11. Feedback from members of the Committee on pension related training, conferences and events.

12. Supply of Lancashire Pension Fund Custodian Service.

Members of the Board received notification when the agenda for the Committee was published and available to view on the County Councils website at <http://council.lancashire.gov.uk/ieListDocuments.aspx?CId=183&MId=6457&Ver=4>

A copy of the agenda was also available for members of the Board to view via the secure Pensions Library.

### **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/Tel
Pension Fund Committee agenda and minutes	15 <sup>th</sup> September 2017	Mike Neville, Democratic Services 01772 533431

Reason for inclusion in Part II, if appropriate  
N/A



## Lancashire Local Pension Board

Meeting to be held on Tuesday, 17 October 2017

Electoral Division affected: None;
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### Feedback from Board Members on Recent Training Events and Conferences

Contact for further information: Mike Neville (01772) 534261, Legal and Democratic Services [mike.neville@lancashire.gov.uk](mailto:mike.neville@lancashire.gov.uk)

#### Executive Summary

This report lists training events/conferences which members of the Board have attended since the last meeting.

#### Recommendation

Individual members of the Board are requested to provide feedback on any training events/conferences they have attended since the last meeting.

#### Background and Advice

The Pension Fund Committee at its meeting on 29<sup>th</sup> January 2016 approved a refreshed training plan for members of the Committee. As with the previous plan, the purpose of the refreshed plan was 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 members of the Board 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/workshops were attended by Board Members during June/September 2017:

**23<sup>rd</sup> June 2017 - Workshop on Annual report and Accts** at County Hall, Preston attended by K Haigh and R Harvey

**27<sup>th</sup> July 2017 - Workshop on LCPF Risk Register** at County Hall, Preston attended by W Bourne, County Councillor C Wakeford, K Haigh and R Harvey.

**19<sup>th</sup> September 2017 - LGPS Pension Board Seminar** at PLSA offices, London attended by R Harvey.

**20<sup>th</sup> September 2017 - Workshop on LPP Strategic Budget & Accts** at County Hall, Preston attended by S Thompson, K Haigh, Y Moulton and R Harvey.

### **Consultations**

N/A

### **Implications:**

This item has the following implications, as indicated:

### **Risk management**

Without the required knowledge and skills members of the Board 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 by the Head of Fund under the Scheme of Delegation to Heads of Service	July to September 2017	Abigail Leech, (01772) 530808

Reason for inclusion in Part II, if appropriate  
N/A

# Agenda Item 13

(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

