

Lancashire Local Pension Board

Minutes of the Meeting held on Tuesday, 3rd July, 2018 at 2.00 pm in Room CHG: 04 at County Hall, Preston.

Present:

Chair

William Bourne

Board Members

County Councillor Christian Wakeford, Employer representative - LCC

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

Kathryn Haigh, Scheme Member representative

Bob Harvey, Scheme Member representative

Also in attendance

Abbi Leech, Head of Fund, LCPF, Lancashire County Council.

Mukhtar Master, Governance and Risk Officer, LCPF, Lancashire County Council.

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

County Councillor A Schofield, Non Executive Director representing the County Council on the Local Pension Partnership Board

Jackie Self, Interim Director of Pension Administration, Local Pension Partnership.

John Crowhurst, Interim Deputy Director of Pension Administration, Local Pension Partnership.

Following a suggestion by the Chair the Board agreed that item 14 would be discussed before item 13 so that the representatives from the Local Pension Partnership could present their report on the pension administration service and then leave the meeting.

1. Apologies

Apologies for absence were received from Mr T Pounder, Mr C Gibson and Ms Y Moulton.

2. Constitution, Membership and Terms of Reference of the Board

It was reported that the current constitution of the Lancashire Local Pension Board was 9 members on the basis of an independent Chair, 4 representatives of employers and 4 scheme member representatives as set out below:

William Bourne - Independent Chair

County Councillor C Wakeford - Employer representative (LCC)

Tony Pounder - Employer representative (LCC)

Steve Thompson - Employer representative (Unitary, City, Borough Councils and Police/Fire)

Carl Gibson - Employer representative (Other Employers)

Kathryn Haigh - Scheme member representative.

Yvonne Moulton - Scheme member representative.

Bob Harvey - Scheme member representative.
Vacancy - Scheme member representative

A copy of the current Terms of Reference of the Board is set out in the Minute Book.

Resolved: That the constitution, Membership and Terms of Reference of the Lancashire Local Pension Board, as set out in the report presented, are noted.

3. Disclosure of Pecuniary and Non-Pecuniary Interests

No declarations of interest were made in respect of items on the agenda.

4. Minutes of the Meeting held on 24th April 2018

Resolved: That the Minutes of the meeting held on the 24th April 2018 are confirmed as an accurate record and signed by the Chair.

5. Review of the Training Record for 2017/18

A report was presented on the Training Record for 2017/18 which listed the internal workshops and external conferences/seminars that individual members of the Board had attended during the year in order to develop their knowledge and understanding of pension related matters.

Mr Thompson informed the meeting that as he had been unable to attend recent workshops he had watched the recordings of the presentations that were available for Board members which he had found useful.

Mr Neville asked members of the Board to inform him if they completed any online pension related training so that it could also be included in the current Training Record.

Resolved: That the Training Record for 2017/18, as set out at Appendix 'A' to the report presented, is noted.

6. Lancashire Local Pension Board Work Plan

The Board considered a report which set out four amendments to the 2018/19 Work Plan which had been made since the last meeting.

It was suggested that future versions of the Work Plan should reflect the specific areas where individual members of the Board have taken a lead role as agreed at the meeting in April 2018.

Resolved:

1. That the amendments to the 2018/19 Work Plan, as set out in the report presented, are noted.

2. That future versions of the Work Plan reflect those areas where individual members of the Board have taken a lead role, as agreed at the meeting in April 2018.

7. Regulatory Update

The Board considered a report on the provisions of the LGPS (Amendment) Regulations 2018, which had come into force on the 14th May 2018, and The General Data Protection Regulation which came into force on the 25th May 2018.

With regard to the requirement to pay exit credits where an employer terminated from the Fund with a surplus the Head of Fund reported that the LCPF had given employers notice in March to ensure that they could exit the scheme before the 14th April 2018 deadline.

The new CIPFA Guidance on Pension Boards was discussed and it was suggested that the operation of the Board be reviewed against the guidance.

Resolved: That the updates regarding the LGPS (Amendment) Regulations 2018 and The General Data Protection Regulation, as set out in the report presented, are noted.

8. Feedback from members of the Board on pension related training, conferences and events.

Mr Harvey reported that the two internal pension workshops which he had attended since the last meeting had been well presented and informative.

The Chair informed the meeting that he had attended the PLSA Conference in May on behalf of the LPFA which had been addressed by the Minister for Local Government and had focussed on data quality and the future sharing of services.

The Head of Fund reported that the LCPF Annual General meeting on the 19th June 2018 had been well attended with positive feedback received from attendees.

Resolved: That the report and updates given at the meeting are noted.

9. Part I reports presented to previous Pension Fund Committee

The Head of Fund updated the Board on discussions and decisions from the Pension Fund Committee on the 8th June 2018 in relation to Part I items on the agenda.

It was reported that the Committee had agreed that the Local Pension Partnership become an asset owner signatory to the Principles of Responsible Investment in place of the LCPF, which would delist as a signatory. As a result the Partnership would be committed to reporting publicly, via the annual PRI reporting process, on how the 6 principles were implemented within their stewardship activities as part of the practical fulfilment of LCPF's fiduciary and ownership responsibilities. It was also

noted that in order to avoid abortive work a review of the current Stewardship Code had been postponed until after a revised Code was issued in the spring of 2019.

The Board was informed that an additional meeting of the Committee would be held on the 5th July 2018 to consider the LCPF Annual Report and Accounts and the Head of Fund asked members to let her have any comments they may have on the accounts as soon as possible so that they could be considered before the accounts were presented to the County Councils Audit, Risk and Governance Committee on the 30th July 2018.

Resolved:

1. That the reports considered under Part I of the agenda at the Pension Fund Committee on the 8th June 2018 and decisions taken are noted.
2. That Board members forward any comments they may have on the LCPF Annual Report and Accounts to the Head of Fund so that they can be considered before the accounts are presented to the County Councils Audit, Risk and Governance Committee on the 30th July 2018.

10. Urgent Business

No items of business were raised under this heading.

11. Date of Next Meeting

It was noted that the next scheduled meeting of the Board would be held at 2pm on the 16th October 2018 in Room CHG: 03 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 next items of business on the grounds that there would be a likely disclosure of exempt information as defined in paragraphs 1, 2 and 3 of Part 1 of Schedule 12A to the Local Government Act, 1972, as indicated against the heading of the item. It is considered that in all the circumstances the public interest in maintaining the exemption outweighs the public interest in disclosing the information

13. Pensions Administration Update

(Exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972. It was considered that in all the circumstances of the case the public interest in maintaining the exemption outweighed the public interest in disclosing the information).

It was reported that the Local Pension Partnership had introduced a new operating model for the pension administration service which had come into operation on the 1st April 2018.

Jackie Self, Interim Director of Pension Administration and John Crowhurst, Interim Deputy Director of Pension Administration from the Local Pension Partnership informed the Board of the issues which had arisen following implementation of the new business model which had resulted in a backlog of cases and discussed the lessons which had been learned and the various actions which had been taken to address service level failures.

In considering the report the Board acknowledged that action had been taken to address the issues and overall performance of the administration service was improving, though it was agreed there were still concerns and members of the Board made the following comments.

- That the current pension administration model and case management system be re-evaluated in light of the recent issues in order to establish whether they are still effective and appropriate.
- That in future the introduction of any large scale system should be done on a phased basis so that it can be properly evaluated and the impact of any resulting issues will be limited.
- Concern was expressed about the long term sustainability of some of the measures which have been implemented to deal with the backlog of cases.
- That greater consideration be given to the balance between quality and cost considerations in respect of the pension administration service.
- The Board request that the Local Pension Partnership provide details of any customer feedback covering the period from the 1st April 2018 to date in order to be assured that despite the recent issues the pension administration service has delivered a satisfactory service.
- That further information be requested from the Local Pension Partnership Board with regard to proposed future action in relation to the pension administration service following the LPP Board in July 2018.

Resolved:

1. That the comments of the Board are noted and forwarded to the Local Pension Partnership Board for consideration at the Board meeting in July 2018.
2. That the pension administration service continue to be monitored and the Head of Fund provide weekly updates to members of the Board in order to provide reassurance that the overall performance continues to improve.

14. Presentation by Local Pension Partnership Non Executive Director

(Exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972. It was considered that in all the circumstances of the

case the public interest in maintaining the exemption outweighed the public interest in disclosing the information).

County Councillor A Schofield attended the meeting and discussed a number of matters with the Board including:

- His role as the Non Executive Director representing the County Council on the Local Pension Partnership Board and a member of the LPP Remuneration Committee.
- The function of the County Councils Employment Committee in relation to the approval of certain matters relating to LPP.
- His role as the Chair of the County Councils Audit, Risk and Governance Committee which would consider the County Councils Statement of Accounts at the meeting on the 30th July 2018.
- Current activity and the future direction of LPP

The Chair thanked County Councillor Schofield for his attendance and contributions to the discussion.

Resolved: That the Non Executive Director representing the County Council on the Local Pension Partnership Board be invited to attend the Board annually to discuss their role and activities.

15. Lancashire County Pension Fund – Data Quality Review

(Exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972. It was considered that in all the circumstances of the case the public interest in maintaining the exemption outweighed the public interest in disclosing the information).

The Board considered a report on the findings of the LCPF data quality review for Q4 of 2017/18 and noted that the information would be subject to an independent review.

Resolved: That the report is noted and the Board be kept informed of the findings of the independent review of the LCPF data quality review for 2017/18.

16. Lancashire County Pension Fund - Breaches Log

(Exempt information as defined in Paragraphs 2 and 3 of Part 1 of Schedule 12A of the Local Government Act 1972. It was considered that in all the circumstances of the case the public interest in maintaining the exemption outweighed the public interest in disclosing the information).

The Head of Fund presented a report which summarised entries in the LCPF Breaches Log for the period 1st April 2018 to 21st June 2018.

When considering the report members of the Board acknowledged that due to the timing of the meeting it was not possible to provide figures for the whole quarter and

suggested that future reports should include the outcome of any action taken in order to give an assurance that issues had been resolved.

It was noted that the possibility of a serious contribution breach happening was minimised as the Fund collected contributions by direct debit.

Resolved: That any future reports regarding breaches include the most up to date information regardless of whether figures for a full Quarter is available.

17. Part II reports from the previous Pension Fund Committee.

(Exempt information as defined in Paragraphs 1 and 3 of Part 1 of Schedule 12A of the Local Government Act 1972. It was considered that in all the circumstances of the case the public interest in maintaining the exemption outweighed the public interest in disclosing the information).

The Head of Fund updated the Board on the discussions and decisions taken at the Pension Fund Committee on the 8th June 2018 in relation to items in Part II of the agenda and reported that the Committee had approved the strategic and business growth plan for 2018-2023 and the three year budget for the Local Pension Partnership.

With regard to the appointment of a scheme member representative on the Board it was reported that the Committee had been informed of additional information which had come to light since an appointment had been made and agreed that in the circumstances the appointee should not continue as a member of the Board. It was noted that action would be taken to appoint a replacement scheme member representative as quickly as possible to fill the resulting vacancy on the Board.

Resolved: That the updates regarding reports considered under Part II of the agenda at the Pension Fund Committee on the 23rd March 2018 and the decisions taken are noted.

L Sales
Director of Corporate Services

County Hall
Preston