

Lancashire County Council

Lancashire Local Pension Board

Tuesday, 3rd July, 2018 at 2.00 pm in CHG: 04 - A Floor, County Hall, Preston

Agenda

Part I (Open to Press and Public)

No. Item

Part I (Open to Press and Public)

- 1. Apologies**
- 2. Constitution, Membership and Terms of Reference of the Board** (Pages 1 - 2)
- 3. Disclosure of Pecuniary and Non-Pecuniary Interests**
- 4. Minutes of the Meeting held on 24th April 2018** (Pages 3 - 10)
To be confirmed, and signed by the Chair.
- 5. Review of Board member Training Record for 2017/18** (Pages 11 - 16)
- 6. Lancashire Local Pension Board Workplan** (Pages 17 - 20)
- 7. Regulatory Update** (Pages 21 - 24)
- 8. Feedback from members of the board on pension related training, conferences and events.** (Pages 25 - 26)
- 9. Part I reports presented to previous Pension Fund Committee** (Pages 27 - 28)
- 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 scheduled meeting of the Board will be held at 2pm on the 16th October 2018 in 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. Presentation by Local Pension Partnership Non Executive Director

County Councillor Alan Schofield will attend the meeting to discuss the Local Pension Partnership, including his role as Shareholder Non Executive Director.

14. Pensions Administration Update (Pages 29 - 38)

15. Lancashire County Pension Fund – Data Quality Review (Pages 39 - 44)

16. Lancashire County Pension Fund - Breaches Log (Pages 45 - 54)

17. Part II reports from the previous Pension Fund Committee. (Pages 55 - 56)

L Sales
Director of Corporate Services

County Hall
Preston

Lancashire Local Pension Board Meeting to be held on 3rd July 2018

Electoral Division affected: None;

Constitution, Membership and Terms of Reference of the Board

Contact for further information: Mike Neville, 01772 533431, Legal and Democratic Services mike.neville@lancashire.gov.uk

Executive Summary

The Constitution, Membership and Terms of Reference of the Lancashire Local Pension Board.

Recommendation

That the Constitution, Membership and Terms of Reference of the Pension Fund Committee, as set out in the report, be noted.

Background and Advice

The constitution of the Lancashire Local Pension Board is 9 on the basis of an independent Chair and 4 representatives each for employers and scheme members.

The current members of the Board are as follows

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 Boards current [Terms of Reference](#) is available to view at Article 7 (Other Committees of the County Council) of the Constitution.

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**

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

Lancashire Local Pension Board

Minutes of the Meeting held on Tuesday, 24th April, 2018 at 2.00 pm in Room CHG: 04 at County Hall, Preston.

Present:

Chair

William Bourne

Committee Members

County Councillor Christian Wakeford, Employer representative - LCC
Steve Thompson, Employer representative - Unitary, City, Boroughs, Police and Fire
Kathryn Haigh, Scheme Member representative
Yvonne Moulton, Scheme Member representative
Bob Harvey, Scheme Member representative

Also in attendance

Abbi Leech, Head of Fund, LCPF, Lancashire County Council.
Mukhtar Master, Governance & Risk Officer, LCPF, Lancashire County Council.
Mike Neville, Senior Democratic Services Officer, Lancashire County Council.
Greg Smith, Director of Strategic Programmes and Group Company Secretary, Local Pension Partnership.
Robert Branagh, Managing Director, London Pension Fund Authority (as an observer).

1. Apologies

Apologies for absence were received from Mr T Pounder (employer representative for Lancashire County Council).

2. Disclosure of Pecuniary and Non-Pecuniary Interests

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

3. Minutes of the Meeting held on the 16th January 2018

It was noted that information on HMRC annual allowances and a copy of the draft Pensions Administration Strategy Statement had been circulated to members of the Board following the last meeting.

Resolved: That the Minutes of the meeting held on the 16th January 2018 are confirmed as an accurate record and signed by the Chair.

The Chair informed the meeting that he would take items 14 and 8 as the next items of business in order that Mr Smith, the Director of Strategic Programmes and Group Company Secretary from the Local Pension Partnership, could take part in

discussions before leaving the meeting due to another commitment. As item 14 contained exempt information the Board noted it would be necessary to exclude the press and public during consideration of that item.

4. Exclusion of the Press and Public

Resolved: That the press and public be excluded from the meeting during consideration of the next item of business on the grounds that there would be a likely disclosure of exempt information as defined in paragraph 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

5. The Local Pension Partnership Governance 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).

A report was presented on the findings of an independent governance review of the Local Pensions Partnership (LPP) which had concluded that the overall corporate structure of LPP was appropriate. In considering the report the Board also the ongoing pension administration transformation process and the performance of the Helpdesk in relation to call handling.

Resolved:

1. That the findings of the independent governance review of the Local Pensions Partnership, as set out in the report presented, are noted.
2. That further detailed information be presented to the next meeting in relation to the performance of the Helpdesk against established KPIs during April, May and June 2018.

6. Lancashire County Pension Fund - Breaches Log

The Board considered a report which summarised the Lancashire County Pension Fund Breaches Log and noted that for the period 1st January to 31st March 2018 there had been a total of 54 breaches regarding contribution payments from employers, none of which were deemed as being material breaches. It was noted that the majority of breaches related to one off late payments and the Fund was continuing to work with employers to minimise the possibility of similar breaches in the future.

Resolved: That the report is noted and that detailed information regarding future reported breaches be presented to the Board on a quarterly basis.

7. Membership and Terms of Reference of the Lancashire Local Pension Board

It was reported that since the last meeting the County Council had appointed Mr T Pounder, the Director of Adult Services, as the Lancashire County Council employer representative on the Board and had amended the Terms of Reference in relation to Scheme Member representatives.

It was reported that the membership of the LCPF had been informed by email of the vacancy for a scheme member representative and asked to submit expressions of interest. A number of good quality applications had been received and the shortlisted candidates had been interviewed on the morning of the 24th April. It was noted that once formally appointed the successful candidate would be given an induction into the role of the Board and provided with dates for future meetings.

Resolved:

1. That the appointment of Mr T Pounder, Director of Adult Services, as the Lancashire County Council employer representative on the Board is noted.
2. That the amendment of the Terms of Reference for the Board so that Scheme Member representatives are appointed to represent all active, pensioner and deferred members rather than individual groups is noted.
3. That members of the Board be advised once an appointment has been made to fill the vacancy for a Scheme Member representative.

8. Chairs report on the Lancashire Local Pension Board Appraisal

The Chair presented his report on the findings of the series of one to one meetings with individual members of the Board and Officers in relation to the operation of the Board over the last 12 months.

With regard to the recommendations set out in the report it was noted that the Terms of Reference of the Board had been amended to refer to scheme member representatives as reported earlier in the meeting. The proposal for individual members of the Board to take the lead on discussions around specific areas of work was welcomed, though it was felt that all members should be responsible for ensuring the Fund complied with regulations and statutory guidance.

The recommendations regarding training were discussed and the Chair reported that he had been invited to attend the Annual General Meeting for the LCPF on the 19th June 2018 to give a presentation on the role of the Board.

Resolved:

1. That the review and subsequent amendment of the Terms of Reference of the Board in relation to the scheme member representatives is noted.
2. That the activities of the Board be divided into areas and initially allocated to the members of the Board set out in the table below who will take responsibility for leading discussions on those areas in the future.

Area	Leads
Compliance with regulations and statutory guidance (including The Pensions Regulator and LGPS regulations).	All Board members
Communications (including communications policy, engagement).	Y Moulton & C Gibson
Administration (including KPIs, ABSs, and administration breaches)	Y Moulton & S Thompson
Information Technology (including Fraud Control, Data Protection, Cyber security)	C Wakeford & the Chair
Investment strategy (including Investment Strategy Statement, Actuarial report and Responsible Investment).	R Harvey & S Thompson
Service providers governance (including LPP, custodian and audit)	C Wakeford & R Harvey
Risk Register	C Gibson & S Thompson

3. That arrangements be made for training regarding the role of the Pension Board to be made available to members of the Pension Fund Committee and newly appointed members of the Board at the briefing ahead of the Committee on the 8th June 2018.
4. That arrangements be made for members of the Board be given specific training on record-keeping and reporting breaches of law at a future internal training workshop.
5. That regular articles on the activity of the Pension Board be produced for circulation via Employer/Member newsletters or other communications.

9. Lancashire County Pension Fund - Regulatory Update

The Board received an update on various regulations which affected the Lancashire County Pension Fund, including the following;

- The HM Treasury consultation on indexation and equalisation of GMP in public service pension schemes.
- The transfer of the Pensions Advisory Service dispute function to The Pensions Ombudsman.
- The Scheme Advisory Board 50/50 section awareness project.

The Board also discussed the quality of information that was circulated to employers and it was agreed that in future more detailed information should be provided, particularly with regard to highlighting changes that would have an impact on employers and any changes to processes that may be required as a result

Resolved:

1. That the provision of more detailed information to employers in relation to highlighting changes that would have an impact on them and any changes to

processes that may be required as a result be discussed further with the Local Pensions Partnership Communications Team outside of the meeting.

2. That Ms J Wigg, Engagement Manager at the Local Pensions Partnership, be invited to attend a future meeting of the Board to discuss communications.

10. Lancashire Local Pension Board Work Plan 2018/19

The Board considered a report on the Work Plan for 2018/19 which had been amended in accordance with the comments of the Board at the previous meeting.

Resolved: That the amended 2018/19 Work Plan, as set out in Appendix 'A' to the report presented, is approved.

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

Individual members of the Board gave feedback on training workshops which they had attended since the last meeting and it was agreed that the workshops on Pension Law/Regulations and the Property Investment Portfolio had been well presented and informative.

The Board also agreed that where possible future internal workshops should be recorded and made available to members of the Committee/Board who were unable to attend so that they could also benefit from the training provided.

The Chair informed the meeting that he had attended the Scheme Advisory Board Cross Pool Forum on the 27th March 2018 with the Chairs of other Pension Boards and LGPS Pension Committees and highlighted the key points which had been discussed.

Resolved:

1. That the report and feedback from members of the Board is noted.
2. That arrangements be made for future internal training workshops to be recorded and made available to members of the Pension Fund Committee and Pension Board to view after the event.

12. Part I reports from the last Pension Fund Committee

The Head of Fund updated the Board on discussions and decisions from the most recent meeting of the Pension Fund Committee in relation to Part I items on the agenda.

It was reported that the Committee had approved the Responsible Investment Policy but had referred the draft Climate Change Policy to the RI Working Group for further consideration and had approved a revised Training Policy which also applied to the Board.

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

13. Urgent Business

No items of urgent business were raised under this heading.

14. Date of Next Meeting and approval of dates for two meetings in 2019

The Board noted that the next scheduled meeting would be held at 2pm on the 3rd July 2018 in Room CHG 04 at County Hall, Preston.

It was reported that as no meetings were arranged after October 2018 it was proposed to hold meetings be held at 2pm on the 29th January 2019 and 30th April 2019 in Room CHG: 05 at County Hall, Preston and that consideration would be given in due course to establishing a programme of meetings for 2019/20.

Resolved: That additional meetings of the Board be held at 2pm on the 29th January 2019 and the 30th April 2019 in Room CHG: 05 at County Hall, Preston.

15. 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 each item. It is considered that in all the circumstances the public interest in maintaining the exemption outweighs the public interest in disclosing the information

16. Part II reports from the last Pension Fund Committee

(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 Head of Fund updated the Board on discussions and decisions taken at the Pension Fund Committee on the 23rd March 2018 in relation to items in Part II of the agenda. The Board discussed the current economic climate and the resulting pressures on employers and noted that the Head of Fund intended to engage with employers later in the year to discuss contributions in order to assist them with future budget planning.

Resolved:

1. 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.

2. That the proposed early engagement by the Head of Fund with employers in relation to discussing future contributions is welcomed.

17. Review of the Local Pensions Partnership

(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 regarding the proposed independent external review of the effectiveness of the Local Pensions Partnership and the suggested scope of the review.

Resolved: That the scope of the proposed independent external review of the Local Pensions Partnership, as set out in the report presented, is approved.

18. Lancashire County Pension Fund - Risk Register

(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 updated Risk Register for the Lancashire County Pension Fund and agreed that in the future 'data protection' and 'cyber security' should be identified as separate risks. It was also noted that the Head of Fund would work with LPFA in order to ensure that the Risk Registers of each Fund are aligned.

Resolved:

1. That the updated Risk Register for the LCPF, as set out at Appendix 'A' to the report presented, is noted.
2. That in future data protection and cyber security be identified as separate risks within the Risk Register

L Sales
Director of Corporate Services

County Hall
Preston

Lancashire Local Pension Board

Meeting to be held on Tuesday, 3 July 2018

Electoral Division affected: None;

Review of Board member Training Record for 2017/18

(Appendix 'A' refers)

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

Executive Summary

The Record of internal/external training undertaken by members of the Board in 2017/18.

Recommendation

The Board is asked to review the Training Record set out at Appendix 'A' and comment as appropriate.

Background and Advice

At the meeting on the 23rd March 2018 the Pension Fund Committee agreed a revised Training Policy for the Lancashire County Pension Fund which also relates to the Lancashire Local Pension Board.

The objectives of the Training Policy are to ensure that individuals have appropriate support to gain the breadth/depth of knowledge needed to fulfil their responsibilities effectively and that the Fund complies with guidance for providing training from the following sources:

- a) The Public Service Pensions Act 2013
- b) CIPFA Code of Practice on Public Sector Pensions Finance Knowledge and Skills 2013
- c) CIPFA Knowledge and Skills Framework
- d) CIPFA Local Pension Boards: Technical Knowledge and Skills Framework
- e) The Pensions Regulator: Code of Practice for Public Service Schemes No.14 Governance and Administration of Public Service Pension Schemes
- f) The Stewardship Code (Myners Principles)

Members of the Board and the Committee are personally responsible for maintaining a record of their personal learning (self-directed study) as a basis for demonstrating the steps they have taken to comply with the requirement to gain the knowledge and

understanding needed to fulfil their responsibilities effectively and mitigate risks posed by any gaps in their knowledge

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

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

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

Between the 1st May 2017 and 30th April 2018 members of the Board have had an opportunity to attend a range of internal workshops and external conferences or seminars to support the development of their knowledge and understanding of pension related matters. The attendance details for individual members of the Board are set out in the Training Record for 2017/18 attached at **Appendix 'A'**.

Consultations

The Head of Fund.

Implications:

This item has the following implications, as indicated:

Risk management

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

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

Financial

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

Any cost associated with Board member attendance, travel and subsistence associated with external conferences were met by the Pension Fund.

Local Government (Access to Information) Act 1985

List of Background Papers

Paper	Date	Contact/Tel
Attendance sheets from internal pensions workshops	2017/18	M Neville 01772 533431
Scheme of Delegation approvals for member attendance at external Conferences/Seminars	2017/18	M Neville 01772 533431

Reason for inclusion in Part II, if appropriate

N/A

Lancashire Local Pension Board - Training Records for 2017/18

(1st May 2017 to 30th April 2018)

Date	Event/Conference/Workshop	Venue	Provider	Date reported to Board
William Bourne (Independent Chair)				
15-17 May 2017	Local Authority Conference	De Vere Cotswold Water Park in Gloucestershire	PLSA	4 July 2017
28 June 2017	Local Pension Boards 2 Years On event <i>*LPFA paid for WB to attend</i>	Cheapside House, London	CIPFA	4 July 2017
27 July 2017	Workshop on LCPF Risk Register	County Hall, Preston	LCC	17 Oct 2017
27 th March 2018	Scheme Advisory Board Cross Pool Forum		SAB	24 th Apr 2018 Oral
Tony Pounder (Employer Rep) – replaced Steve Browne				
11 th April 2018	Workshop on Management of the Property Investment portfolio	County Hall, Preston.	R Tomlinson (LPP)	24 April 2018
Carl Gibson (Employer Rep)				
10 Nov 2017	Local Pension Board Member Seminar	Liverpool	CIPFA	16 Jan 2018
County Councillor Christian Wakeford (Employer Rep)				
27 July 2017	Workshop on LCPF Risk Register	County Hall, Preston	LCC	17 Oct 2017
Steve Thompson (Employer Rep)				
20 Sept 2017	Workshop on LPP Strategic Budget & Accts	County Hall, Preston	LCC	17 Oct 2017
2 Nov 2017	Workshop on revised Investment Strategy	County Hall, Preston	Indpt Advisers	16 Jan 2018
Kathryn Haigh (Scheme Member Rep – Formerly Active Members rep)				
23 June 2017	Workshop on Annual report and Accts	County Hall, Preston	LCC	17 Oct 2017
27 July 2017	Workshop on LCPF Risk Register	County Hall, Preston	LCC	17 Oct 2017
20 Sept 2017	Workshop on LPP Strategic Budget & Accts	County Hall, Preston	LCC	17 Oct 2017
2 Nov 2017	Workshop on revised Investment Strategy	County Hall, Preston	Indpt Advisers	16 Jan 2018
10 Nov 2017	Local Pension Board Member Seminar	Liverpool	CIPFA	16 Jan 2018
15 Nov 2017	LGPS Practitioners Conference	Hallmark Hotel, Leyland	YPS	16 Jan 2018
30 Jan 2018	Workshop on Pension Law and Regulations – Where do I find the rules?	County Hall, Preston	S Moseley LPP	24 Apr 2018
14 March 2018	Workshop on LPP Development	County Hall, Preston	G Smith (LPP)	24 Apr 2018
11 th April 2018	Workshop on Management of the Property Investment portfolio	County Hall, Preston.	R Tomlinson (LPP)	24 April 2018

Yvonne Moulton (Scheme Member Rep – formerly Active Members rep)				
20 Sept 2017	Workshop on LPP Strategic Budget & Accts	County Hall, Preston	LCC	17 Oct 2017
2 Nov 2017	Workshop on revised Investment Strategy	County Hall, Preston	Indpt Advisers	16 Jan 2018
15 Nov 2017	LGPS Practitioners Conference	Hallmark Hotel, Leyland	YPS	16 Jan 2018
30 Jan 2018	Workshop on Pension Law and Regulations – Where do I find the rules?	County Hall, Preston	S Moseley LPP	24 Apr 2018
2 March 2018	Local Pension Board Member Seminar Cancelled due to bad weather	Leeds Pinnacle	CIPFA	24 Apr 2018
11 th April 2018	Workshop on Management of the Property Investment portfolio	County Hall, Preston.	R Tomlinson (LPP)	24 April 2018
Bob Harvey (Scheme Member Rep – formerly Retired Members rep)				
23 June 2017	Workshop on Annual report and Accts	County Hall, Preston	LCC	17 Oct 2017
27 July 2017	Workshop on LCPF Risk Register	County Hall, Preston	LCC	17 Oct 2017
19 Sept 2017	LGPS Pension Board Seminar	PLSA offices, London	PLSA	17 Oct 2017
18/20 Oct 2017	Annual Conference and Exhibition	Manchester	PLSA	16 Jan 2018
2 Nov 2017	Workshop on revised Investment Strategy	County Hall, Preston	Indpt Advisers	16 Jan 2018
23 Nov 2017	Workshop on General Data Protection Regulations and the Markets in Financial Instruments Derivative.	County Hall, Preston	J Ahlberg LPP Andy Fox LPP	16 Jan 2017
30 Jan 2018	Workshop on Pension Law and Regulations – Where do I find the rules?	County Hall, Preston	S Moseley LPP	24 Apr 2018
14 March 2018	Workshop on LPP Development	County Hall, Preston	G Smith (LPP)	24 Apr 2018
11 th April 2018	Workshop on Management of the Property Investment portfolio	County Hall, Preston.	R Tomlinson (LPP)	24 April 2018
Vacancy (Scheme Member Rep – formerly Deferred Members rep)				
Steve Browne (Employer Rep) ceased to be a Board member in January 2018				
2 Nov 2017	Workshop on revised Investment Strategy	County Hall, Preston	Indpt Advisers	16 Jan 2018
15 Nov 2017	LGPS Practitioners Conference	Hallmark Hotel, Leyland	YPS	16 Jan 2018
23 Nov 2017	Workshop on General Data Protection Regulations and the Markets in Financial Instruments Derivative.	County Hall, Preston	J Ahlberg LPP Andy Fox LPP	16 Jan 2017
Jan 2018	Ceased to be a member of the Board			
John Hall (Scheme Member Rep. Deferred Members) ceased to be a Board member in October 2017				
Oct 2017	Ceased to be a member of the Board			

Lancashire Local Pension Board

Meeting to be held on Tuesday, 3 July 2018

Electoral Division affected: None;

Lancashire Local Pension Board – 2018/19 Workplan

(Appendix 'A' refers)

Contact for further information: Abigail Leech, Head of Fund, Lancashire County Pension Fund abigail.leech@lancashire.gov.uk

Executive Summary

This report sets out amendments to the Lancashire Local Pension Board work plan for 2018/19 and beyond.

Recommendation

The Board are asked to note and agree the amendments to the work plan.

Background and Advice

The 2018/19 work plan set out at Appendix 'A' outlines the timing and frequency of work to be undertaken by the Board and has been designed to meet all the responsibilities set out in the Board's Terms of Reference.

The following amendments to the work plan have been made since the meeting in April 2018.

1. The Termination Policy and Governance Policy Statement are highlighted for attention in July 2018 but both were reviewed and updated following earlier meetings.
2. The Pensions Administration Strategy Statement is added to the work plan for January 2019.
3. The review of the Scheme Risk Register and risk assurance map has been moved from July 2018 to October 2018.
4. The annual high level scrutiny of LPP has been moved from July 2018 to October 2018.

Consultations

N/A

Implications:

This item has the following implications, as indicated:

Risk management

Under Regulations, the Local Pension Board is required to secure compliance and ensure the effective, efficient governance and administration of the Fund.

Local Government (Access to Information) Act 1985

List of Background Papers

Paper	Date	Contact/Tel
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N/A

Reason for inclusion in Part II, if appropriate

N/A

Lancashire Local Pensions Board - Work programme 2018/19 - Revised June 2018

Meeting Date					
24-Apr-18	03-Jul-18	16-Oct-18	Jan-19		
Introductory Matters					
Welcome/Apologies, Disclosure of interests, Minutes of Previous Meeting, Urgent business, date of next business, exclusion of press and public					
Chair's report on the appraisal of the Pension Board and terms of reference	Y	Y	Y	Y	
Work Plan review 2017 workplan create 2019	Y			Y	
Progress on workplan	Y	Y	Y	Y	
Feedback from Board members on attendance at training events and conferences	Y	Y	Y	Y	
Annual Review of Member Training Records		Y			
Reports considered by the recent Pension Fund Committee	Y	Y	Y	Y	
Governance Structure				Y	
Update on regulatory changes	Y	Y	Y	Y	
LPP Administration Transformation Plan	Y		Y		
Key Policy Documents					
Terms of reference for Board (Annual Review)				Y	
Termination Policy (Annual Review)		Y			
Governance Policy Statement (Annual Review)		Y			
Pensions Administration Strategy Statement (Annual Review)				Y	
Investment Strategy Statement – consideration of investment on non financial grounds					
Administration Performance Report (Annual Review)		Y			
UK Stewardship Code Compliance (Annual Review)		Y			
Policies update to go to PF Dec 2018				Y	
Review RI policy WG recommendation	Y				
Climate Change Policy	Y				
Review of scheme risk register (bi-annual) and Risk Assurance Map	Y		Y		
High level scrutiny of LPP (annual review)			Y		
Performance					
Monitoring of KPIs for administration, complaints, governance and investments	Y	Y	Y	Y	
Pension Fund Administration Service Quality of Service Report		Y			
Data quality		Y			
Financial Monitoring					
Annual monitoring of investment costs including custodian and transaction costs			Y		
Review and approve the pension fund budget with particular regard to the following areas:					
a)Cost savings	Y				
b)Productivity gain	Y				
c)Risk reduction	Y				
d)Service improvement	Y				
e)Performance	Y	Y	Y	Y	
Breaches reported to Pension Fund Committee since last meeting	Y		Y		Y
Contributions monitoring			Y		
Communications and updates to employers and members					
Scrutiny of all annual documents and processes including communications to employers and members, to include:					
Formal reports and internal/external reports	Y	Y	Y	Y	
Assistance with communication to employers and members as arising out of regulations and current issues.	Y	Y	Y	Y	
Compliance of employers with their statutory duty under the Scheme.			Y		
Results of regulator survey			Y		
Review of the board effectiveness					
Review of :					
a)compliance with COP14.					
b)fraud control within the LCPF					
c)the current Discretions Policy for the LCPF					
Advance Work Plan - Triennial review					
	2019/20	2020/21	2021/22	2022/23	Beyond

reviewed in March 2018
reviewed and update Jan 2018

PFC item
PFC item

Lancashire Local Pension Board

Meeting to be held on Tuesday, 3 July 2018

Electoral Division affected:
(All Divisions);

Regulatory Update

Contact for further information: Colin Smith, 01772 534826, Technical Advisor,
Colin.Smith@lancashire.gov.uk

Executive Summary

To assist members of the Pension Board to exercise their functions as a member of the Pension Board effectively, a regular item regarding regulatory updates will be provided.

Recommendation

The Board is asked to note the contents of this update.

Background and Advice

1 LGPS (Amendment) Regulations 2018 (SI 2018/493)

Following a consultation issued nearly 2 years ago the above set of amendment regulations have now been issued. A lot of the provisions within these amendment regulations are technical amendments to ensure the regulations deliver the original policy intention of the principal regulations. These new regulations come into force from 14 May 2018, but a number of provisions (largely those correcting wording to ensure the regulations deliver as intended) are backdated to 1st April 2014.

Furthermore the amendment regulations do not cover a number of areas which featured in the original consultation such as Fair Deal proposals, Freedom & Choice for AVC funds, the exit payment cap/exit payment recovery and proposed changes to the aggregation rules.

The exit payment cap/exit payment recovery are already being dealt with under a separate consultation and an announcement on these is expected soon. The Fair deal proposals are now expected to be consulted upon by the end of the year.

There are however a few changes to note:

- **Requirement to pay exit credits where an employer terminates from the fund with a surplus**

This amends Regulation 64 of the principal regulations which covers exiting employers. The amendments to this regulation, which are effective from 14th May 2018, now allow for the payment of a surplus (an "exit credit") to an exiting employer.

An exit credit must be paid by the administering authority to an exiting employer within 3 months of the date on which the employer ceases to be a scheme employer (or such a longer time as agreed between the administering authority and the exiting employer).

Under LCPF's current policy, surpluses were either retained by a current scheme employer acting as a guarantor to the exiting employer or subsumed by the fund in the absence of any guarantor.

The Fund policy also allows for "pass through" arrangements for TUPE type arrangements where certain conditions are met. In view of this amendment we will need to review our Funding Strategy Statement and draft admission agreements to ensure that this policy intention can still be facilitated.

- **Admission agreements can be backdated**

The amendment regulations now allow the start date of an admission agreement to be earlier than the date the admission agreement is completed. This is helpful to the Fund and scheme employers where there are delays in finalising admission agreements, or where we are unaware that an outsourcing has taken place. In practice the LCPF already operates a policy of allowing backdated agreements.

- **Early release of deferred benefits from age 55 with reductions**

This amendment aligns the entitlement to early payment of deferred benefits to scheme members who left the scheme under earlier regulations. Effectively they are now able to draw their benefits from age 55 without requiring their former employer's consent. The amendment takes effect from 14th May 2018 and as such that will be the earliest date that a benefit payable in this circumstance can be paid from.

Unfortunately a drafting error has left a small group of deferred beneficiaries still unable to exercise this right. This will be addressed in further amending legislation.

- **Changes to pre April 2014 AVC contracts**

Members of the LGPS on or after 1 April 2014 who pay Additional Voluntary Contributions (AVCs) and the contract to pay those AVCs started before 1 April 2014, will see some changes in how they can take their AVC, as set out below:

1. Members who leave the scheme with a deferred benefit will now be able to convert their AVC fund to buy additional pension from the LGPS when benefits are taken from the scheme. Before the change, this option was only available to members who took immediate payment of their main scheme benefits and their AVC plan when they left the scheme.

2. When a member takes their main scheme benefits there will no longer be an option to leave their AVC invested and take it later.
3. If a member dies before taking their AVC and a lump sum is to be paid from their AVC fund, the pension fund now has absolute discretion over who to pay that sum to (rather than it having to be paid to your estate). If the lump sum is paid at the discretion of the pension fund it does not form part of the estate and will not be subject to inheritance tax.
4. A member can now pay up to 100% (rather than 50%) of their pensionable pay into their AVC plan, including any voluntary overtime worked (if paid as percentage of your salary). This aligns the position with AVC contracts started after 1 April 2014.

2 The General Data Protection Regulation (GDPR)

GDPR came into force on 25 May 2018 containing new standards for the protection of an individual's personal data in the European Union, providing a single legal framework for the processing of individuals' data.

Administering Authorities are responsible for the personal data held by their LGPS funds and must demonstrate compliance with the GDPR to show in a meaningful way that both the overall governance structure for data protection compliance and the individual policies and procedures relating to data processing are compliant.

Privacy notices for members and beneficiaries of Lancashire County Pension Fund are to be sent with this year's benefit statements highlighting what data is held, how it is used and our member's rights to access that data.

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 Local Pension Board

Meeting to be held on Tuesday, 3 July 2018

Electoral Division affected: None;

Feedback from members of the Board on pension related training, conferences and events attended since the last meeting.

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

Executive Summary

This report lists internal/external pension related training which members of the Board have received since the last meeting.

Recommendation

The Board is asked to note the report and any feedback from individual Board members in relation to training events or conferences they have attended since the last meeting.

Background and Advice

At the meeting on the 23rd March 2018 the Pension Fund Committee agreed a revised Training Policy which set out the Fund's approach to supporting the learning and development needs of individuals with responsibility for the strategic direction, governance and oversight of the LCPF through their membership of the Committee or the Lancashire Local Pension Board.

Since the last meeting members of the Board have attended the following pension related training.

22nd May 2018 – Workshop on Infrastructure and credit at County Hall, Preston, attended by Mr R Harvey, Mr T Pounder and Mr D Owen.

28th June 2018 – Workshop on the LCPF accounts at County Hall, Preston – attended by Mr R Harvey.

Consultations

N/A

Implications:

This item has the following implications, as indicated:

Risk management

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

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

Financial

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

Any cost associated with attendance, travel and subsistence associated with at conferences were met by the Pension Fund.

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

Paper	Date	Contact/Tel
Attendance sheet for pensions Workshop	22 nd May 2018	M Neville 01772 533431

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

Lancashire Local Pension Board

Meeting to be held on Tuesday, 3 July 2018

Electoral Division affected: None;

Part I reports presented to the previous Pension Fund Committee

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

Executive Summary

This report lists the Part I reports that were presented to the Pension Fund Committee on the 8th June 2018. At the meeting the Head of Fund will update members of the Board on decisions taken in respect of the reports.

Recommendation

The views of the Board are requested in relation to the Part I reports that were considered by the Pension Fund Committee on the 8th June 2018 and any decisions taken.

Background and Advice

At the meeting on the 8th June 2018 the Pension Fund Committee considered a number of reports in Part I of the agenda (available to the press and public) which included the following.

- Constitution, Membership and Terms of Reference of the Committee
- Minutes of the Meeting held on the 23rd March 2018
- Lancashire Local Pension Board - Annual Report 2017/18
- Annual Governance Statement 2017/18
- Annual Administration Report 2017/18
- 2017/18 Full year budget monitoring report
- Lancashire County Pension Fund Budget 2018/19
- Internal audit assurance

- Feedback from members of the Committee on pension related training, conferences and events.
- Review of Committee Member Training Record for 2017/18
- Responsible Investment
- Proposed changes to meeting dates in December 2018 and March 2019

Members of the Board received notification when the agenda for the Committee was published and available to view on the [County Council website](#). A full copy of the agenda was also made available for Board members to view via the secure online Pensions Library.

Consultations

N/A

Implications:

This item has the following implications, as indicated:

Risk management

There are no significant risk management implications associated with this report

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

Paper	Date	Contact/Tel
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N/A

Reason for inclusion in Part II, if appropriate

N/A

Agenda Item 14

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

Document is Restricted

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

Document is Restricted

Agenda Item 15

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

Document is Restricted

Appendix A

(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

Agenda Item 16

(NOT FOR PUBLICATION: By virtue of paragraph(s) 2, 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)

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(NOT FOR PUBLICATION: By virtue of paragraph(s) 2, 3 of Part 1 of Schedule 12A of the Local Government Act 1972. It is considered that all the circumstances of the case the public interest in maintaining the exemption outweighs the public interest in disclosing the information)

Document is Restricted

(NOT FOR PUBLICATION: By virtue of paragraph(s) 2, 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

Agenda Item 17

(NOT FOR PUBLICATION: By virtue of paragraph(s) 1, 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)

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