

Lancashire Local Pension Board

Minutes of the Meeting held on Tuesday, 29th January, 2019 at 2.00 pm in Committee Room 'D' - The Henry Bolingbroke Room at County Hall, Preston.

Present:

Chair

William Bourne

Board Members

County Councillor Christian Wakeford, Employer representative - LCC
Tony Pounder, Employer representative - LCC
Steve Thompson, Employer representative - Unitary, City, Boroughs, Police and Fire
Kathryn Haigh, Scheme Member representative
Yvonne Moulton, Scheme Member representative
Keith Wallbank, Scheme Member representative

Officers

Abbi Leech, Head of Fund, LCPF, Lancashire County Council.
Colin Smith, Technical Adviser Pensions, LCPF, Lancashire County Council.
Mukhtar Master, Governance & Risk Officer, LCPF, Lancashire County Council.
Mike Neville, Senior Democratic Services Officer, Lancashire County Council.
Rachel Blundell, Deputy Director of Member Operations, Local Pension Partnership
Abbi Leech, Head of Fund, LCPF, Lancashire County Council.
Colin Smith, Technical Adviser Pensions, LCPF, Lancashire County Council.
Mukhtar Master, Governance & Risk Officer, LCPF, Lancashire County Council.
Mike Neville, Senior Democratic Services Officer, Lancashire County Council.
Rachel Blundell, Deputy Director of Member Operations, Local Pension Partnership.

1. Apologies

Apologies for absence were received from Mr C Gibson and Mr R Harvey.

2. Disclosure of Pecuniary and Non-Pecuniary Interests

The Chair disclosed a pecuniary interest in relation to item 19 on the agenda and stated he would leave the meeting during the discussion of that item. No additional disclosures of interest were made in relation to items on the agenda.

3. Minutes of the last meeting

The Chair referred to the discussion regarding the CIPFA Guide for Local Pension Boards and Mr Neville confirmed that a copy of the Guidance was available for members of the Board to view via the secure Pensions Library.

It was noted that in accordance with the decision at the last meeting the Deputy Director Member Operations from the Local Pension Partnership would attend the meeting later to discuss the pension administration service.

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

4. Regulatory Update

Mr Smith, Technical Adviser Pensions for the LCPF, updated the Board on the following pension regulatory matters.

- The Local Government Pension Scheme (LGPS) (Miscellaneous Amendment) Regulations 2018 [SI 2018/1366]
- Actuarial factors
- Cost Cap update
- Quadrennial valuations
- Pensions Increase
- Fair Deal – Strengthening pension protection – Consultation

The Chair informed the Board that at the recent LGPS Governance Conference it had been announced that the next local Fund valuation would be in 2023. With regard to the Fair Deal consultation it was suggested that members of the Board send any comments on the proposed amendments to Mr Smith who would draft a response which could be shared with Board Members before submission.

Resolved:

1. That the regulatory updates set out in the report and given at the meeting are noted.
2. That individual members of the Board send any comments they may have in relation to the introduction of Fair Deal proposals into the Local Government Pension Scheme to Mr Smith before the 15th March 2019 so that they can be collated into a single response on behalf of the Board. The draft response to be shared with all members of the Board before being submitted ahead of the 4th April 2019 deadline.
3. That the Early Retirement fact sheet published on the Your Pension Service website be updated to reflect current guidance.

5. Lancashire County Pension Fund – Data Quality report

The Head of Fund presented a report which summarised the findings of the Scheme Actuary following a review of the quality of the membership data for the Fund.

In considering the report the Board noted that given the prudent approach undertaken by the Actuary it was likely that the real figures in relation to liability impact would be lower than those set out in the report. The Board also acknowledged that whilst the report identified some areas that required attention no

major concerns regarding the quality of the membership data for the Fund had been identified. It was noted that the full report would be shared with the Local Pensions Partnership with a view to addressing any issues as part of the normal scheduled processes associated with the 2019 valuation.

Resolved: That the findings of the review by the Scheme Actuary on the quality of membership data held by the Fund, as set out in the report presented, is noted.

6. Statutory Guidance on Asset Pooling - consultation.

The Head of Fund informed the Board that the Ministry of Housing, Communities and Local Government had invited views on the draft statutory guidance in relation to asset pooling as set out in the Appendix to the report.

When discussing the draft the Board noted the requirement to establish a 'pool governance body' to oversee operation of pooled funds and ensure that the democratic link to pool members was maintained. The Board also recognised the acknowledgement of the key role of Pension Boards in assisting authorities to secure compliance with legislation and ensure effective/efficient governance and administration of the LGPS. The Head of Fund reported that she was a member of a cross pool group of officers and would also discuss the implications of the draft guidance for Lancashire with colleagues in due course.

Resolved:

1. That individual members of the Board send any comments they may have on the draft statutory guidance on asset pooling to the Head of Fund by the 1st March 2019 so that she can collate views into a single response on behalf of the Lancashire County Pension Fund for submission before the 28th March 2019 deadline.
2. That the contents of the Lancashire County Pension Fund response referred to in 1 above be shared with the Local Pensions Partnership and the London Pensions Fund Authority before it is submitted.

7. LCPF Compliance with The Pension Regulator Requirements

The Risk and Governance Officer informed the Board that since the review last year there had been a number of improvements in data quality and confirmed that overall compliance with Code of Practice No 14 was good, with updates within sub-sections such as 'knowledge and understanding required by board members', 'internal controls', 'maintaining contributions' and 'reporting breaches of the law' all indicating that overall levels of compliance had improved.

Resolved: That the detailed Compliance Statement in relation to the Pension Regulator Code of Practice No 14, as set out in the Appendix to the report presented, is noted.

8. Lancashire Local Pension Board Workplan 2019/20

During consideration of the draft 2019/20 Work Plan the Board discussed the most appropriate frequency for reporting with regard to breaches and it was suggested that an update on breaches relating to contributions should be presented every 6 months and for data at every meeting. With regard to the annual update on the Local Pension Partnership Transformation Plan it was acknowledged that more regular updates would be appropriate in order that the Board can effectively monitor progress.

Resolved:

1. That the Board receive an update regarding contributions breaches on a 6 monthly basis and at every meeting in relation to data.
2. That an update on the Local Pension Partnership Transformation Plan be presented to each meeting of the Board.
3. That, subject to the amendments specified at 1 and 2 above, the 2019/20 Work Plan for the Lancashire Local Pension Board, as set out in the Appendix to the report presented, is approved.

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

The Chair informed the Board that he had attended the recent LGPS Governance Conference and highlighted the following:

- Representatives from each of the four Actuaries on the panel had put forward one suggestion each on how to make the valuation process less complex and to mitigate the unexpected consequences of the cost cap exercise. The Government Actuary Department representative (in the audience) agreed to take them away and consider.
- The Local Government Pension Scheme was due to be given a new template for the measurement of costs and the intention was to establish a similar template for all Pension Funds.
- The Pension Regulator and Pensions Ombudsman had signed an agreement to facilitate closer working in the future.
- Speakers had referred to lessons to be learnt from recent cases involving other Funds, including a death payment where the most recent guidance had not been followed and a scam regarding a transfer statement.

Mr Neville informed the meeting that since the agenda had been circulated there had been an additional Workshop on the 23rd January 2019 in relation to Responsible Investment attended by Y Moulton, K Haig and K Wallbank which had been well received.

Resolved: That the feedback on conferences and events attended by Board members as set out above is noted.

10. Part I reports presented to the previous Pension Fund Committee

The Head of Fund updated the Board on discussions at the Pension Fund Committee held on the 30th November 2018 and decisions taken.

The Board discussed the Lancashire County Pension Fund Strategic Plan which had previously been circulated to members in accordance with the decision of the Committee. It was also noted that the revised Responsible Investment Policy had been approved by the Committee.

It was suggested that in future all Board members should receive a copy of any newsletters circulated to members of the Fund so that they were aware of communications.

Resolved:

1. That the updates regarding reports considered by the Pension Fund Committee held on the 30th November 2018 and decisions taken are noted.
2. That the Head of Fund arrange for all Board members to be included in the circulation list for future newsletters from the Your Pension Service in order the communications with the Fund membership can be monitored.

11. Urgent Business

No items of urgent business were raised under this heading.

12. Programme of meetings 2019/20

The Board considered a report on the proposed programme of meetings for 2019/20 and agreed that future meetings should continue to be held in Meeting Rooms at County Hall rather than in Committee Room 'D' – The Henry Bolingbroke Room as proposed. It was also noted that the intention was to arrange the 2020 appraisals of the Board around the meeting scheduled for the 14th January 2020.

Resolved: That the 2019/20 programme of meetings for the Lancashire Local Pension Board, as set out below, is approved, with all meetings to be held at 2.00pm in one of the ground floor meeting rooms at County Hall, Preston.

Tuesday 9th July 2019

Tuesday 15th October 2019

Tuesday 14th January 2020

Tuesday 21st April 2020

13. Date of Next Meeting

It was noted that the next scheduled meeting of the Board would be held at 2.00pm on the 30th April 2019 in Meeting Room CHG: 05 at County Hall, Preston.

14. 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 paragraphs of Part 1 of Schedule 12A to the Local Government Act, 1972, as indicated on 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.

15. Pension Administration Update

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

The Deputy Director of Member Operations from the Local Pension Partnership joined the meeting to discuss current performance of the pension administration service.

It was reported that following the problems experienced in April last year call handling by the Contact Centre had improved with call waiting times reduced. A number of changes were also planned to the pension administration service as outlined in the draft Service Improvement Plan, which included improved communication with members/employers and the introduction of feedback surveys to gauge users experiences of the service.

The Board discussed a range of planned improvements which were intended to both assist with the stabilisation of the service over the coming year and develop future service provision and it was suggested that a small Advisory Group be established to act as a 'sounding board' for the Director and provide knowledge/experience of the service from a user's perspective.

The Chair thanked the Director for her attendance and contributions to the discussion. The Director then left the meeting.

Resolved:

1. That the Board thank the Deputy Director of Member Operations from the Local Pension Partnership for her update on the pension administration service.
2. That the Board establish an Advisory Group comprising Mr S Thompson and Ms Y Moulton (accompanied by Colin Smith – Technical Adviser Pensions) to

work with the Director on implementation of the Service Improvement Plan and report back to the Board on the 30th April 2019.

16. Part II reports presented to the previous Pension Fund Committee

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

The Head of Fund updated the Board on discussions at the Pension Fund Committee on the 30th November 2018 and decisions taken, including the following.

- Representatives from the Local Pension Partnership had been challenged in relation to concerns about the performance of the pension administration service and regular updates would continue to be presented to the Committee.
- The Investment Panel had been requested to explore with the Local Pension Partnership the proposed work plan to reach the target asset allocation for real estate and report back to a future meeting of the Committee.
- The Committee continued to receive detailed information in relation to individual investment portfolios that would inform the development of a Dashboard for future reporting.

Resolved: That the updates regarding reports considered by the Pension Fund Committee on the 30th November 2018 under Part II of the agenda and the decisions taken are noted.

17. PwC report on the outcomes of the LPP partnership

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

The Head of Fund presented a report on the findings of an independent review of the Local Pensions Partnership (LPP) which concluded that whilst some performance had deviated from the initial projected feasibility forecast, in the majority of areas shareholders had either been made aware of deviations in advance and/or the explanations for such deviations were considered reasonable and had been substantiated.

In considering the report the Board acknowledged that LPP would examine activity by other pools in order to identify examples of best practice and would work with the Head of Fund to implement a balanced scorecard exercise over the next 3 years to inform future performance monitoring.

Resolved:

1. That the findings of the independent review and the responses from the Local Pensions Partnership, as set out in the report presented, are noted.
2. That the introduction of a balanced score card exercise over the next 3 years is welcomed and that the Board be kept informed of developments with a view to up to 3 Board members being directly involved in the exercise.

18. Breaches reported to Pension Fund Committee since the last meeting

The Board noted the discussion earlier in the meeting in relation to the 2019/20 Work Plan and the decision that in future a report on contributions related breaches would be presented every 6 months and an update with regard to data breaches at every meeting.

Having declared a pecuniary interest in the next item of business Mr Bourne left the meeting.

19. Appointment of Chair

As the current Chair was excluded from the meeting having declared a pecuniary interest in the next item of business the Board discussed the appointment of a Chair for the remainder of the meeting.

Resolved: That Mr S Thompson be appointed as Chair of the Board for the remainder of this meeting.

20. Chairman of the Lancashire Local Pension Board

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

The Board discussed the proposed reappointment of the Chair for an initial 2 years with an option to extend for a further 2 years and noted that a report on the matter would be presented to the Pension Fund Committee on the 1st February 2019.

Resolved: That the unanimous support of the Board for the reappointment of Mr W Bourne as independent Chair of the Lancashire Local Pension Board be reported to the Pension Fund Committee on the 1st February 2019.

L Sales
Director of Corporate Services

County Hall
Preston