

## **Lancashire Local Pension Board**

**Minutes of the Meeting held on Tuesday, 17th January, 2017 at 2.00 pm in Room A06 - A Floor, County Hall, Preston.**

### **Present:**

#### **Chair**

William Bourne

#### **Committee Members**

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

Carl Gibson, Employer rep - Other Employers

Kathryn Haigh, Scheme rep - Active Members

Bob Harvey, Scheme rep - Pensioner Members

Yvonne Moulton, Scheme rep - Active Members

John Hall, Scheme rep - Deferred Members

#### **Officers**

Abbi Leech, Head of Fund, Lancashire County Council.

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

### **1. Apologies**

Apologies were presented on behalf of County Councillor Martin and Mr S Browne.

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

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

### **3. Minutes of the Meeting held on the 18th October 2016.**

The Chair reported that following his letter to the Chief Executive consideration was being given to the allocation of additional resources to the Head of Fund in relation to governance of the Fund and scrutiny of LPP. He added that as requested at the last meeting he had written to the Chair of the Pension Fund Committee who had responded by indicating his agreement that the Board's scrutiny role should be developed in the future following the review of governance arrangements.

A request was made for members of the Pension Board to have sight of the report considered by the County Councils Employment Committee in relation to the proposed LPP Pay Framework, Principles and Processes.

**Resolved:** That the Minutes of the meeting held on the 18<sup>th</sup> October 2016 are confirmed as an accurate record and signed by the Chair.

### **4. Report on the Lancashire Local Pension Board appraisal.**

The Board considered the report from the Chair which summarised the main points which had come out of appraisal meetings held with the majority of members of the

Board. It was noted that the report included one typographical error where reference to the LPFA should read LCC.

**Resolved:** That the recommendations of the Board, as set out below, be referred to the Head of Fund for attention.

1. Training

That an attempt be made to customise future training to the particular needs of Board members and that in particular presenters be asked to be thoughtful about the hard copy material used.

2. Future operation of the Board

- a) That the Terms of Reference of the Board be reviewed and consideration given to the relevance of reports to be presented in the future.
- b) That more use be made of Working Parties to examine certain issues in detail and report back to the Board.
- c) That a Work Schedule for the Board up to January 2018 be created.
- d) That the Board formulate its concerns as comments when considering a report or a policy document before approval by the Pension Fund Committee, or alternatively as recommendations, which will require a response from the County Council under CIPFA guidelines, when considering a report or policy document after approval.

3. 2017 Agenda

- a) That a comprehensive governance structure covering LPP be implemented as a matter of priority, including the processes which the Pension Fund Committee and County Council are using to monitor and oversee LPP's activities.
- b) That time be allocated with the 2017 Work Plan to look at:
  - How the Fund can provide better support for employers and members
  - The planned restructuring of the Administration function, and how members of the Board can use their perspectives to feed into that.

**5. Report of the Working Group on the Terms Reference of the Lancashire Local Pension Board.**

The Chair presented the report and drew members attention to the proposed revised Terms of Reference for the Board which had been recommended by the Working Group established at the previous meeting. It was noted that the main changes related to the proposed review and scrutiny role of the Board and the inclusion of eleven bullet points taken from the LGC Guidance on the operation of Pension Boards.

**Resolved:** That the proposed revised Terms of Reference for the Board, as set out in the report presented, are approved and recommended to the Pension Fund Committee for approval.

## **6. Review of the Investment Strategy Statement**

A report was presented regarding a decision taken by the Director of Governance, Finance and Public Services under the urgent business procedure in relation to the approval of an Investment Strategy Statement (ISS).

It was reported that the urgent business procedure had been used as new investment regulations had come into force on the 1<sup>st</sup> November 2016 and it was necessary to approve and publish the ISS by that date and the next scheduled meeting of the Committee would not be until the 2<sup>nd</sup> December 2016.

In considering the report the Board noted that the independent advisers to the Pension Fund Committee had been consulted on the final version of the ISS and had recommended it for approval.

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

## **7. Work Plan for 2017/18**

A report was presented regarding the proposed Work Plan for 2017/18.

In considering the report the Board suggested that specific reference should be made under 'Governance' to internal/external audit reports. It was also agreed that the references to the biannual review of the scheme risk register and the annual review of LPP should be expanded to provide more detail of areas to be covered.

It was also agreed that the scrutiny of annual documents and processes, including communications to employers and members, formal reports and internal/external reports would be the basis of regular reports to the Board.

It was noted that a similar Work Plan would be developed for the Pension Fund Committee.

**Resolved:**

1. That, subject to the amendments regarding internal/external audit and the scrutiny of documents/process as specified above, the Work Plan for 2017/18 is approved.
2. That work continue to develop the Work Plan for 2017/18, particularly in the light of any recommendations which arise from the PWC review of governance arrangements for the Fund.

## **8. Feedback from members on recent training events/conferences.**

A report was presented on training events and conferences which members of the Board had been due to attend since the last meeting.

It was reported that the Local Pension Board and Officer Seminar at Liverpool on the 26<sup>th</sup> October 2016 had been cancelled. Some members of the Board reported that they had not been able to attend recent events due to work commitments though they would be available for future conferences. Those members who had attended the Workshop on Responsible Investment on the 25<sup>th</sup> November reported that they had found it to be informative and useful.

Kathryn Haigh informed the meeting that she had also attended the LGPS Pension Boards Seminar on the 28<sup>th</sup> November 2016 and gave the Head of Fund a copy of the information pack for incorporation into the Board induction pack.

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

## **9. Part I reports considered by the Pension Fund Committee in December**

The Board received a report on Part I items which had been presented to the Pension Fund Committee on the 2<sup>nd</sup> December, 2016.

With regard to the 2016 Actuarial Valuation of the Lancashire County Pension Fund it was noted that the Fund has no discretion to use the discount rate or assumptions used by the Government Actuarial Department in its Section 13 valuation but is legally obliged to use its own Actuary's figures.

It was also noted that Responsible Investment would be considered by a Working Group of the Pension Fund Committee as part of future discussions regarding the a review of the investment strategy.

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

## **10. Urgent Business**

The Chair informed the meeting that an additional report regarding a data security issue which had arisen in December and for which an internal investigation had only recently been completed would be presented for consideration under Part II of the agenda.

**Resolved:** That a report in relation to a data security issue for the Pension Administration Service be considered by the Board under Part II of the agenda as there would be a likely disclosure of exempt information as defined in Paragraphs 1 and 3 of Part 1 of Schedule 12A to the Local Government Act 1972.

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

It was reported that the next scheduled meeting was due to be held on the 11<sup>th</sup> April 2017 in Cabinet Room 'B' - The Diamond Jubilee Room at County Hall, Preston.

Members of the Board asked that the meeting be moved to one of the rooms located on 'A' floor at County Hall which was felt to be more suitable.

**Resolved:** That the next meeting of the Board be held at 2pm on the 11<sup>th</sup> April, 2017 in Room A05 on 'A' Floor at County Hall, Preston.

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

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

## **13. Data security issue - Pension Administration Service.**

*(Not for publication – Exempt information as defined in Paragraphs 1 and 3 of Part 1 of Schedule 12A to the Local Government Act 1972. It is considered that in all of the circumstances of the case the public interest in maintaining the exemption outweighs the public interest in disclosing the information).*

The Board considered a report regarding a data protection breach which had been brought to the attention of the Head of Fund since the last meeting. It was noted that the breach had been referred to the County Council's Information Governance Team who had reported the incident to the Information Commissioner and carried out a full investigation which had been concluded the day before the meeting.

It was noted that the County Council's Senior Information Risk Owner had reviewed the breach and concluded that it was not necessary to report it to the Pensions Regulator.

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

## **14. Governance Structure**

*(Not for publication – Exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972. It is considered that in all of the circumstances of the case the public interest in maintaining the exemption outweighs the public interest in disclosing the information).*

A report was presented on the draft recommendations from a review of the risk and governance arrangements for the Fund following the establishment of the Local Pensions Partnership. In considering the report members agreed that in future the Board should adopt a scrutiny role in relation to items highlighted in the risk assurance map once it had been finalised.

**Resolved:**

1. That the Board welcome the work done to date in relation to reviewing risk and governance arrangements for the Fund.
2. That the Board recognise that the draft risk register and risk assurance map will be the subject of further discussions at a Pension Fund Committee Workshop in February 2017.
3. That the Board be advised of the outcome of discussions at the Workshop in relation to finalising the risk register and risk assurance map before the next meeting.

#### **15. Local Pension Partnership Administration Business Transformation Plan**

*Not for Publication – Exempt information as defined in Paragraph 3 of Part 1 of Schedule 12 A to the Local Government Act 1972. It is considered that in all the circumstances of the case the public interest in maintaining the exemption outweighs the public interest in disclosing the information.*

The Board noted the presentation made to the Pension Fund Committee meeting on the planned Administration Transformation Plan.

The Board welcomed the ambitious scope of the plan, but in view of its scale and the lack of details provided at this stage, and the importance of smooth administration to the efficient running of the Fund, were concerned that there be some independent assurance in place that the risks involved in making major changes to the administrative functions have been considered and mitigating measures put in place to manage them.

**Resolved:** That the Pension Fund Committee be recommended to consider instructing an independent party to review the LPP Administration Transformation Plan ahead of its implementation, and provide both the Board and themselves with appropriate assurances on this point.

#### **16. Part II reports considered by the Pension Fund Committee in December**

*Not for Publication – Exempt information as defined in Paragraph 3 of Part 1 of Schedule 12 A to the Local Government Act 1972. It is considered that in all the circumstances of the case the public interest in maintaining the exemption outweighs the public interest in disclosing the information.*

The Board considered a report on Part II reports which had been presented to the Pension Fund Committee at its meeting on the 2<sup>nd</sup> December 2016.

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

I Young  
Director of Governance, Finance and

Public Services

County Hall  
Preston