

Appendix 'A'

Lancashire Local Pension Board - Annual Report 2015/16

The Lancashire County Pension Fund's Local Pension Board was set up as a result of the 2013 Pensions Act, which obliged all public sector pension schemes to set up representative local pension boards by 1 April 2015. The formal remit of all local pension boards, including this one, is first to secure compliance with all regulations and legislation, and secondly to ensure the effective and efficient governance and administration of the scheme. A further factor behind the establishment of local pension boards was the perceived need for Members and Employers to have some voice within the management of public sector pension schemes.

I was appointed as Independent Chair following a public procurement exercise conducted jointly with the London Pensions Fund Authority (LPFA). Four Board members representing Employers were appointed and four representing Scheme Members, two Active, one Deferred, and one Pensioner, were then chosen through a public election process from a total of 15 candidates with a turnout of over 10,000, or 9% of the membership. The Chair holds office for two years with a two year extension by mutual agreement, members for a term of four years, and no member may serve more than two terms.

Under the Government's legislation, Local Pension Boards have no executive power. We can scrutinise compliance with regulations and call Officers or the Lancashire Pension Fund Committee to account, but we are not a decision-making body. We also have a duty to report material breaches to The Pensions Regulator, and as such the Board has adopted a policy and procedure to enable us to do so if necessary. As we only meet a limited number of times a year, we have chosen to perform as much of the scrutinising function as possible outside meetings. We can then focus our discussions on offering robust challenge to the Pension Fund Committee's decision-making processes and providing Member and Employers perspectives which might not otherwise be available. The Board has met four times in the year under review, (2015/16) and communicates via email between meetings. Table 1 below shows the four meetings held in 2015/16 and the attendance record of each Board Member.

Board Member	Representing	8 July 2015	19 October 2015	18 January 2016	11 April 2016
William Bourne	Independent Chair	√	√	√	√
Steve Browne	Employers	√	√	Apologies	√
Carl Gibson	Employers	√	√	√	√

Kathryn Haigh	Active Members	√	√	√	√
John Hall	Deferred Members	√	√	Apologies	√
Robert Harvey	Retired Members	√	√	√	√
County Councillor Tony Martin	Employers	√	√	√	√
Yvonne Moulton	Active Members	√	√	√	√
Steve Thompson	Employers	√	√	Apologies	√

Table 1

Information about the Board, including membership, is publicly available on the Lancashire County Pension Fund website and can be viewed [here](#).

Agenda and minutes of Board meetings can be viewed on the County Council's website [here](#).

Training is also required under the Pensions Act 2013, and is covered by the Fund's Training Policy, which has been refreshed in 2016. An initial session was held to brief members on the activities of the Pension Fund and their role and members are invited to, and have attended, Training Workshops together with members of the Pension Fund Committee. Members are encouraged to attend useful seminars and conferences which will help them to increase their knowledge levels, and have been invited to the regular briefing sessions on the formation, together with the LPFA, of the Local Pensions Partnership (LPP). Internally, a virtual reading room has been set up so that Board members can easily access a wide range of material.

Table 2 below shows Board Members attendance at internal and external events during 2015/16.

Board Member	Internal Events Attended	External Events Attended
William Bourne	2	14
Steve Browne	5	Nil
Carl Gibson	2	Nil
Kathryn Haigh	7	2
John Hall	6	1
Robert Harvey	12	4
County Councillor Tony Martin	5	Nil
Yvonne Moulton	7	1
Steve Thompson	5	Nil

Table 2

The Board receives the same operational and financial monitoring reports as those which are considered by the Pension Fund Committee. Board members are expected to have read these between meetings. While some time at meetings is spent on reviewing reports received and discussing matters arising, we prefer to focus our time at meetings on more detailed discussion on specific topics. The Board has on occasion commissioned specific reports from Officers to cover matters of concern.

During the year the Board has reviewed and commented among others on the 2014/15 Annual Report, Pension Administration Strategy and Quality of Service Reports, Administering Authorities Discretions, the Communications Policy, the Member Tracing Policy, and the Governance Review associated with the establishment of LPP. It has also scrutinised compliance with The Pension Regulator's Code of Practice 14, which covers public sector pension schemes and was issued in April 2015.

The creation of LPP has inevitably featured largely in our discussions over the year, as it is one of the more important changes in the Fund in recent years. As a Board, we have been supportive of the creation of LPP, but have provided robust challenge to the Pension Fund Committee throughout the process, particularly in the area of governance and compliance. We will continue to do so as LPP finds its feet over the next few years in order to ensure that Members and Employers do benefit from its creation.

We have also spent some time discussing how to improve communications between the Fund and its Members and Employers in both directions. As a result, some changes have been made to the forms which the Fund uses to make them easier to use. In the light of The Pensions Regulator's standards for data quality, we have also looked at practical ways to encourage both Members and Employers to provide accurate and timely data.

The Board has an annual budget of £50,000 funded by the Lancashire County Pension Fund, which is used primarily to defray the cost of Members' attendance at training events or conferences, travelling expenses and reimbursement to employers. During the 2015/16 year, the costs of the Board were £20,639.33.

After the first twelve months of the Local Pension Board's activities, we need to look back and ask whether it is adding value to the Lancashire County Pension Fund's operations, and whether it will continue to do so in the future. It is still early days, but I believe that it is already fulfilling two important functions: offering challenge to the Pension Fund Committee; and providing valuable Members' and Employers' perspectives to those managing the Fund which they might otherwise struggle to obtain. We have on a number of occasions made recommendations or suggestions which have been acted on. We are able to do this because we have a fully engaged and experienced Board membership, and also because we have

the full support and commitment of the Officers who run the Lancashire County Pension Fund. As Chair, I would like to pay tribute to all members of the Board, who give up their time on an unpaid basis to wrestle with the complex and evolving subject of the regulations and guidance covering the LGPS Scheme generally and to play their part in making this Fund run ever more efficiently.

William Bourne
Chair, Lancashire Local Pension Board
July 2016