

Lancashire Local Pension Board

Minutes of the Meeting held on Tuesday, 13th October, 2020 at 2.00 pm in Zoom Virtual Meeting - Zoom

Present:

Chair

William Bourne

Board Members

County Councillor Matthew Salter, Employer representative (LCC)
Steve Thompson, Employer representative - Unitary, City, Boroughs, Police and Fire
Carl Gibson, Employer representative - Other Employers
Kathryn Haigh, Scheme Member representative
Yvonne Moulton, Scheme Member representative
Keith Wallbank, Scheme Member representative
Deborah Parker, Scheme Member representative.

Officers

County Councillor E Pope, Chair of the Pension Fund Committee (observer).
Ruth Lowry, Head of Internal Audit, Lancashire County Council.
Greg Smith, Director of Strategy, Local Pensions Partnership.
Abbi Leech, Head of Pension Fund, LCPF, Lancashire County Council.
Paul Dobson, Treasury Management and Pensions, Corporate Finance, 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.

Note – in accordance with the decision at the last meeting all members of the Board received a presentation from the Head of Fund, Head of Internal Audit and the Director of Strategy from the Local Pensions Partnership regarding internal audit assurance of the Lancashire County Pension Fund before the start of the meeting.

1. Apologies

The Chair welcomed everyone to the meeting and noted that apologies had been received from Mr T Pounder.

2. Disclosure of Pecuniary and Non-Pecuniary Interests

It was noted that following the last meeting the Register of Interests for Board members had been reviewed and an updated version was now available to view on the County Council website alongside the agenda/minutes for the Board.

No declarations of interest were made at this point in the meeting with regard to items on the agenda.

3. Minutes of the Last Meeting.

Since the last meeting the revised Terms of Reference for the Board have been approved by the Pension Fund Committee on 18th September 2020 and will be presented to the Full Council on the 15th October 2020 for approval. The Annual Report of the Pension Board had also been approved by the Committee and incorporated into the Lancashire County Pension Fund 2019/20 Annual Report which will be published in December 2020.

Resolved: That the Minutes of the meeting held on the 14th July 2020 are confirmed as an accurate record and signed by the Chair in due course.

4. Internal audit assurance

Having received a presentation prior to the meeting on internal audit assurance for the Lancashire County Pension Fund the Board considered a report on specific role and responsibility of the Board in relation to internal audit reporting and assurances.

With regard to the Local Pensions Partnership the Board noted the assurances given by the Director of Strategy in relation to the existing governance model and recognised that the Partnership would continue to work in collaboration with the County Council to evolve its internal audit process.

The Board also acknowledged the impact of the Covid-19 pandemic on the Fund at the start of the current financial year and the affect it may have on any planned audits of the Partnership. As a result, it was suggested that the Fund should look to engage an External Auditor to undertake further audit work to complement any work done by the LPP internal auditors and provide additional assurance at the end of the financial year. It was noted that the commissioning of additional audit work would involve a cost to the Fund, however, this was considered to represent value for money in order to have additional assurance at the end of the current financial year.

In the future it was suggested that the evolving internal audit process of the Local Pensions Partnership should be sufficient to provide the required level of assurance to both the Partnership Board and shareholders.

Resolved: That in order to complement any work done by the Local Pensions Partnership internal auditors the Head of Fund engage an External Auditor to undertake further audit work and provide additional assurance to the Fund at the end of the current financial year.

5. Regulatory Update

Mr Smith, Technical Adviser (Pensions) presented a report which updated the Board on the various pension related regulatory issues.

In considering the report the Board acknowledged that there would be significant work and cost implications for the pension administration service when implementing the proposed remedies for the LGPS to remove age discrimination brought about by the McCloud judgement. However, it was noted that the Fund historically collected

high quality data on the membership which would be useful when implementing any necessary changes.

The Board also discussed the restriction on exit payments and was informed that Government regulations were expected to come into force shortly which would apply a £95k cap on public sector employers. Mr Smith reported that that this was not currently permitted under the Fund's own regulations and the Local Government Association was in discussion with the Government about potential solutions to the conflict, such as a waiver process.

Resolved: That the updates on regulatory matters, as set out in the report presented and discussed at the meeting are noted.

6. Feedback from members of the Board on pension related training.

Members of the Panel gave positive feedback on the 1st September 2020 workshop where the Independent Advisers to the Fund had given a presentation on their recommendations following the review of the Investment Strategy. It was noted that the Pension Fund Committee on the 18th September 2020 had approved the amended asset allocations and made a specific allocation to the Lancashire Local Property Portfolio.

It was also noted that the 2020/21 Training Record would be updated to show that all Board members had participated in the presentation prior to the start of the meeting on the role of internal audit in relation to the Fund and the Local Pensions Partnership.

Resolved:

1. That the feedback from Board members regarding the workshop on the 1st September 2020 given at the meeting is noted.
2. That the 2020/21 Training Record be updated to show that all Board members participated in a virtual presentation on internal audit assurance of the Fund at 1.00pm on the 13th October 2020.

7. Succession planning for members of the Lancashire Local Pension Board.

Mr Neville, Senior Democratic Services Officer, presented a report on a succession planning for members of the Board which had been developed in response to a decision reported to the meeting on the 14th July 2020 regarding recommendations from the Chair following the Annual Review.

In considering the report the Board noted that the proposed 2 year extension to the appointment of the independent Chair was a joint decision for the County Council and the London Pension Fund Authority who were supportive of an extension.

The potential impact of four Board member's term of appointment ending in mid-2023 was discussed and Mr Neville reported that the proposed timetable included

sufficient time to recruit new members and enable them to familiarise themselves with the work of the Board before formally taking up their appointment.

Resolved: That the proposed timetable for the extension of the term of appointment for the current independent Chair and the future recruitment of Board Members, as set out at Appendix 'B' to the report presented, is approved and implemented.

8. Breaches Report

Mr Master, Governance and Risk Officer, informed the Board that during the period 1st July 2020 to 30th September 2020 there had been no breaches in contribution payments and two data breaches, neither of which had been deemed significant enough to warrant reporting to the Information Commissioner. In addition there had been one Code of Practice 14 breach in relation to the pension administration service (which was not considered worthy of reporting to the Pension Regulator) where corrective action had been implemented to minimise future recurrence.

Resolved: That the summary of the Lancashire County Pension Fund breaches log for the period 1st July 2020 to 30th September 2020, as set out in the report presented, is noted.

9. Part I reports presented to the most recent Pension Fund Committee

The Board discussed the various reports which had been considered by the Pension Fund Committee on the 18th September 2020 under Part I of the agenda.

In response to a query on the Admissions and Termination Policy Mr Smith, Technical Adviser (Pensions) confirmed that the policy of the Fund was to treat each school within a Multi Academy Trust as a separate employer with individual rates, though a pooled rate could be applied if requested.

The Board also discussed the comprehensive reporting on Responsible Investment matters and noted that following a consultation on the content of the 'Dashboard' style report the Head of Responsible Investment at LPP would feedback to Committee/Board members on the 3rd November 2020.

Resolved: That the reports considered by the Pension Fund Committee on the 18th September 2020 and subsequent decisions taken are noted.

10. Urgent Business

No items of urgent 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 2.00pm on the 19th January 2021, either remotely via Zoom or in a meeting room at The Exchange, County Hall, Preston.

12. 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 I 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.

13. Local Pensions Partnership - Governance Charter

(Exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to 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 Director of Strategy from the Local Pensions Partnership presented a report on the draft Governance Charter which summarised the governance arrangements for the pool. Individual members of the Board gave their feedback on the draft and suggested some minor amendments to the content and format.

Resolved: That the comments of the Board be forwarded to the Director of Strategy at the Local Pensions Partnership and taken into account when finalising the Governance Charter before publication.

14. LCPF Risk Register

(Exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to 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).

Mr Master, Governance and Risk Officer, presented a report on the current versions of the Fund Risk Register and the specific Covid-19 Register. In considering the report the Board noted that since the last review one risk rating had been increased from residual risk of 4 to 6 and a new transitional risk had been added to the Risk Register.

Resolved: That the contents of the Fund Risk Register and Covid-19 Risk Register are noted.

15. Part II reports presented to the recent Pension Fund Committee

(Exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to 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 all the items presented to the Pension Fund Committee on the 18th September 2020 under Part II of the agenda and discussed the following.

- Information included in the Lancashire Local Partnership update in relation to the age demographic of the Fund membership, numbers of leavers and the importance of elapsed time as a measure of performance.
- The rigorous and robust nature of the review by the Investment Panel of the Fund Investment Strategy and the recommendations approved by the Committee.

Resolved: That the reports considered by the Pension Fund Committee on the 18th September 2020 under Part II of the agenda and subsequent decisions taken are noted.

16. Head of the Pension Fund

The Chair reported that this would be the last meeting for the Head of the Pension Fund who was due to leave the County Council for a new job. On behalf of the Board the Chair thanked the Head of Fund for her competent and responsive approach to supporting both the Fund and the Board and wished her well for the future.

L Sales
Director of Corporate Services

County Hall
Preston