

Lancashire Local Pension Board

Minutes of the Meeting held on Wednesday, 8th July, 2015 at 2.00 pm in Cabinet Room 'B' - The Diamond Jubilee Room, County Hall, Preston

Present:

Chair

William Bourne

Committee Members

Steve Browne, Lancashire County Council
Carl Gibson, Other Employers
Kathryn Haigh, Active Members
John Hall, Deferred Members
Bob Harvey, Pensioner Members
County Councillor Tony Martin, Lancashire County Council
Yvonne Moulton, Active Members
Steve Thompson, Unitary, City, Boroughs, Police and Fire

Officers

Frances Deakin
George Graham
Diane Lister

Welcome

As this was the inaugural meeting of the Lancashire Local Pension Board, the Chair welcomed all Members to the meeting.

1. Apologies

None received.

2. Disclosure of Pecuniary and Non-Pecuniary Interests

None declared.

3. Appointment of Chair, Membership and Terms of Reference

The Board considered a report on the appointment of Chair, Membership and Terms of Reference of the Board.

The report set out details of the appointment of Mr William Bourne as independent Chair, together with the following eight other members:

Employer Representatives

County Councillor Tony Martin, Cabinet Member for Adult and Community Services,
Lancashire County Council
Steve Browne, Corporate Director, Commissioning and Deputy Chief Executive,
Lancashire County Council
Steve Thompson, Director of Resources, Blackpool Council (representing Unitary, City,
Boroughs, Police and Fire)
Carl Gibson, Director of Finance, Edge Hill University (representing other employers)

Scheme Member Representatives

Kathryn Haigh, representing active members
Yvonne Moulton, representing active members
John Hall, representing deferred members
Robert Harvey, representing pensioner members

The Terms of Reference of the Board, set out at Appendix 'A', had been approved by the Full Council on 18 December 2014. Reference was made to the policy document on reporting breaches referred to in Section 15 of the Board's Terms of Reference. The Clerk reported that the policy document was not yet in place.

Resolved: - That:

- (i) The appointment of Mr William Bourne as independent Chair of the Board, as set out in the report, now presented, be noted;
- (ii) The membership of the Board, as set out in the report, now presented, be noted;
- (iii) The Terms of Reference of the Board, as set out in the report, now presented, be noted;
- (iv) The Clerk be requested to consider the arrangements for a policy document in respect of reporting breaches as set out in Section 15 of the Board's Terms of Reference.

4. Draft Code of Conduct and Conflict of Interests Policy

The Board considered a report on a draft Code of Conduct and Conflict of Interests Policy. All members of the Board had been asked to make a written declaration of interests in advance of the meeting for the purposes of maintaining a Register of Declarations. A final Code of Conduct would be submitted to the Full Council for approval in due course and Members would then be asked to confirm whether any changes were necessary to their original written declaration in the light of any changes to the final approved Code of Conduct.

It was clarified that the declarations made for the purposes of the Register of Declarations should relate to membership of the Board only and that, at each meeting, declarations should be made under the standing agenda item for that purpose in respect of items on the agenda of that meeting only.

Resolved: - That:

- (i) The requirement to complete a declaration of interests in advance of the first meeting of the Board, as set out in the report, now presented, be noted;
- (ii) The draft Code of Conduct, including the Conflict of Interests Policy, as set out at Appendix 'A' to the report, now presented, be noted;
- (iii) The intention, as set out in the report, now presented, that the final Code of Conduct, including the Conflict of Interests Policy, will be submitted to the Full Council for approval, be noted;
- (iv) Subject to the approval set out at (iii) above, it be noted that all Board Members will be required to confirm whether any changes are necessary to their original declaration in the light of any changes to the final approved Code of Conduct.

5. Board Arrangements

The Board considered a report setting out proposed arrangements for the Board in respect of dates of future meetings; standing agenda items; access to Pension Fund Committee reports and staggered tenures for Board membership.

George Graham, Director, Lancashire County Pension Fund (LCPF), reported that the proposed meeting dates set out in the report fitted well with the reporting arrangements for the Pension Fund Committee and the consultation which would be required with the Board on a range of matters.

The Board discussed what standing agenda items it would wish to discuss at future meetings. It was suggested that the Board might wish to consider the proposals considered by the Investment Panel but it was felt that it would be more appropriate to consider investment performance and strategic decisions rather than the detailed proposals themselves. Reference was made to the current discussions around the proposed partnership between the LCPF and the London Pensions Fund Authority (LPFA) and that this should be an area of priority for the Board. Reference was made to briefing sessions on the partnership discussions which would be held for Pension Fund Committee Members and it was agreed that it would also be appropriate for Board Members to attend those briefings. It was also felt that it would be useful to continue to have a standing agenda item on reports recently considered by the Pension Fund Committee.

In terms of access to Pension Fund Committee reports, it was noted that the agenda for each Pension Fund Committee was published five clear working days in advance of each meeting and that Board Members would be notified by e-mail that an agenda had been published and could be accessed online. In addition, the Clerk would circulate each full agenda pack by e-mail and upload the pack to the Virtual Reading Room. It was noted that should a matter of urgency arise, Board Members would be advised as soon as possible and, if necessary, a special meeting of the Board would be held.

The Chair reminded the Board that, under the current Terms of Reference, each Board Member, with the exception of the Chair who was appointed for a two year term with the option to extend for a further term, had been appointed for a four year term with the option to extend for a further term. It was suggested that the Board might wish to recommend a change to the tenure of office to avoid the potential for all Members to retire at the same time and for expertise and continuity to be lost as a result. It was noted that, in the case of

a Board Member retiring from employment, they would cease to also be a Board Member representing the appropriate category.

It was suggested that the Board should keep membership and tenures of office under review on an annual basis and it was noted that some Board Members may wish to stand down mid-term allowing for a more staggered approach to tenures without the need for a formal change to the Board's Terms of Reference.

The issue of re-imbursement to employers for time spent by Board Members in fulfilling their duties was raised and the Clerk was requested to clarify the process and inform Board Members in due course.

Resolved: - That:

- (i) The proposed meeting dates and times for the remainder of 2015/16, as set out in the report, now presented, be approved;
- (ii) The proposed list of standing items, as set out in the report, now presented, be approved with the addition of the investment performance report, regular updates on the proposed partnership between the Lancashire County Pension Fund and the London Pensions Fund Authority, and a list of reports recently considered by the Pension Fund Committee;
- (iii) In relation to the briefings to be held for the Pension Fund Committee on the proposed partnership between the Lancashire County Pension Fund and the London Pensions Fund Authority, Board Members be invited to attend those briefings;
- (iv) The current arrangements for the circulation of Pension Fund Committee agenda, as set out above, be continued;
- (v) In relation to tenures of office, an annual review of membership be undertaken and that the issue of potential staggering tenures of office be kept under review;
- (vi) The Clerk be requested to clarify the process for re-imbursement to employers for time spent by Board Members in fulfilling their duties, and inform Board Members in due course.

6. Objectives and Priorities

The Board considered a report on objectives and priorities, together with a draft business programme for 2015/16. The Chair invited comments from Board Members on the content of the report.

It was agreed that the six functions set out in the report reflected a good range in terms of the Board's remit.

The Board discussed the importance of being seen to be independent and to avoid any perception that its work was being led, or influenced, by the Pension Fund itself. The importance of communication was noted and, particularly, how individuals/groups could bring matters to the Board's attention. It was suggested that a 'job description' could be drawn up for the Board and placed on the Fund's proposed website which, it was envisaged, would include a section on the Board. The possibility of a Communications Plan was discussed and utilising the member and employer newsletters for highlighting the existence and work of the Board and how to make contact. It was noted that the Fund's

proposed website was not up and running but that, in the meantime, information on the Board could be included on the Scheme's website with the proviso that it related to Lancashire only.

It was felt that communication for members and employers was good but that, in relation to members, consideration needed to be given to those members who did not use electronic forms of communication. It was confirmed that drop in sessions were held for pensioner members on an annual basis and that hard copies of all literature could be provided.

The possibility of an annual general meeting for the Pension Fund was discussed with similar meetings for other funds attracting a good degree of interest/attendance. This could be another potential vehicle for advertising the remit and work of the Board.

It was felt that the work to date on the proposed partnership with LPFA had not been communicated as well as it might have been but it was noted that the Pension Fund Committee had only the previous week approved a recommendation to move to the next stage and that a communications consultant had now been appointed to work jointly across both schemes. It was suggested that the consultant could be used to develop a communications strategy for the Board.

It was reported that should the Pension Fund Committee approve any further proposals relating to the proposed LCPF/LPFA partnership at its meeting in November, the Board would be consulted as one of the key stakeholders.

Reference was made to scheme costs and that a review of costs was being undertaken on a national basis and that this was something that the Board could look at.

Resolved: - That:

- (i) The report, now presented, be noted;
- (ii) That the issue of communication be included as an agenda item for the next meeting of the Board;
- (iii) Information on the Board be included on the scheme's website in advance of a dedicated section being included on the proposed fund website when launched;
- (iv) That consideration be given to utilising the communications consultant appointed to work on the proposed LCPF/LPFA partnership to develop a communications strategy for the Board;
- (v) That, in addition to (ii) above, the following areas be considered by the Board over the course of the next few meetings:
 - Discretions and Abatements
 - Compliance with The Pension Regulator
 - Proposed partnership between LCPF and LPFA
 - Scheme costs

7. Knowledge and Understanding Requirements for Members of Local Pension Boards

Frances Deakin, Financial Policy Officer, Lancashire County Pension Fund, presented a report setting out the legislative requirement on Members of Local Pension Boards to develop a level of knowledge and understanding of pension matters sufficient to enable

them to provide effective, constructive and informed support to the Administering Authority. The report also set out a number of suggestions to support that requirement.

Reference was made to a Virtual Reading Room which had been set up and which would assist Board Members to fulfil the requirement by allowing access to a single repository for information and documentation relating to knowledge and understanding. It was noted that Board Members had previously been sent details of how to access the Virtual Reading Room which had been populated with initial background information. In addition to this, it was proposed that Board Members would be invited to training sessions held before each meeting of the Pension Fund Committee and to other appropriate training and briefing sessions, together with having the opportunity to attend, subject to the due process and budgetary constraints, appropriate conferences and events. It was felt that short training sessions immediately in advance of each Board meeting on relevant topics would also be useful.

There was an expectation that, with the necessary support, Board Members would be proactive in progressing and developing their own knowledge and understanding and in suggesting areas for future consideration by the Board as a whole. Reference was made to the need to record, monitor and evaluate knowledge and understanding and consideration should be given to the most appropriate method(s) for meeting that need.

Reference was made to the knowledge and skills toolkit on the website of the Pensions Regulator which may also be a useful tool for Board Members to consider.

Resolved: - That:

- (i) The report, now presented, be noted;
- (ii) The responsibility on Board Members with regards to developing a level of knowledge and understanding of pension matters sufficient to enable them to provide effective, constructive and informed support to the Administering Authority, as set out in the report, now presented, be noted;
- (iii) A training plan/framework be developed and considered at a future meeting of the Board and that Board Members access the Virtual Reading Room and consider and advise on further areas to be included;
- (iv) Consideration be given to holding short training sessions immediately prior to all, or some, Board meetings as appropriate.

8. Establishment of Budget

The Board considered a report on the establishment of a budget for the Board.

George Graham reported that, whilst regulations were vague, the final decision on budgets for Local Pension Boards rested with administering authorities to accede to any reasonable request.

It was noted that the Pension Fund Committee had approved provision of £50,000 per annum for the Board, of which £30,000 was being proposed as a budget.

It was clarified that the budget included provision for the expenses of Board Members and also for the re-imbursment of employers for time spent by their employees in fulfilling their duties as Board Members.

The Chair referred to the budget being available to fund the costs of independent advice should that become necessary to prevent any conflict of interest.

It was proposed and agreed that the Board's budget should be the full £50,000 available rather than the £30,000 suggested in the report.

Resolved: - That:

- (i) The report, now presented, be noted;
- (ii) The full sum of £50,000 identified by the Pension Fund Committee be made available for the Board's budget for 2015/16.

9. Lancashire County Pension Fund Pension Administration Quality of Service Report April 2015

Diane Lister, Head of Your Pension Service, presented a report setting out the Lancashire County Pension Fund's Pension Administration Quality of Service report as at April 2015.

Reference was made to the 22 targets which were reported on and over which the Pension Fund Committee had oversight. The Board noted that the number of days reported on were working days taken to complete a task and did not necessarily reflect the customer experience from start to finish. Call waiting time statistics were available from the Customer Service Centre and information on volumetrics could be included in future reports.

Reference was made to anecdotal evidence, in respect of target 12, which suggested that some pension scheme members did not receive payment within the specified 10 days although performance was shown to be 100%. This was explained to be as a result of employers not providing information in a timely manner which was not captured by the target. It was felt that the targets should be the joint responsibility of both the employer and the Pension Fund to give a full and accurate reflection and allow pension scheme members to hold employers to account if necessary. The Chair stated that the LPFA performance figures were lower but that the LPFA target was reflecting the whole customer experience, not only the pension scheme administration aspect.

It was suggested that, for future reports, it would be helpful to have some narrative around the indicators, particularly where performance was less than the target.

It was noted that the current targets had been set some years ago by the Pension Fund Committee and that it was proposed to review/re-frame the targets, possibly as part of the proposed partnership with LPFA.

The Board also requested that a report be brought to a future meeting on compliments and complaints.

Resolved: - That:

- (i) The report, now presented, be noted;
- (ii) Future reports contain the additional information set out above;
- (iii) A report on compliments and complaints be brought to a future meeting of the Board in due course.

10. Urgent Business

There was no urgent business to be considered.

11. Date of Next Meeting

It was noted that the next meeting of the Board would take place on Monday 19 October 2015 at 2pm in Cabinet Room 'B' - The Diamond Jubilee Room, 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 item 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, 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. Recent Reports Considered by the 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 setting out details reports recently considered by the Pension Fund Committee at its meetings on 5 June 2015 and 2 July 2015.

George Graham provided an update to the Board on the proposed partnership arrangement between the LCPF and LPFA. It was reported that, at its meeting on 2 July 2015, the Pension Fund Committee had approved recommendations to proceed to the next phase of the partnership proposals, with a further report, outlining a detailed business case, to be considered by the Committee in November.

It was noted that further reports updating on the progress of the partnership discussions would be presented to the Board and that, as set out at item 5 above, Board Members would be invited to attend briefing sessions for the Pension Fund Committee on the progress of the proposals.

Resolved: - That:

- (i) The report, now presented, be noted;

- (ii) Further reports on the progress of the partnership proposals with LPFA be presented to the Board in due course.

I Young
Director of Governance,
Finance and Public Services

County Hall
Preston