

## **Lancashire Local Pension Board**

**Minutes of the Meeting held on Monday, 19th October, 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**

George Graham, Lancashire County Pension Fund  
Diane Lister, Lancashire County Pension Fund  
Frances Deakin, Lancashire County Pension Fund

#### **1. Apologies**

None received.

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

County Councillor Tony Martin declared a non-pecuniary interest as a member of Burnley Borough Council.

#### **3. Minutes of the Meeting held on 8 July 2015**

The Chair reported that he would draft a 'job description' for Board Members for consideration at the next meeting.

**Resolved:** - That the minutes of the meeting held on 8 July 2015 be approved as a true and accurate record and signed by the Chair.

#### **4. Update on Board Policies**

The Clerk presented a report updating on progress on the approval and adoption of a Code of Conduct and Conflict of Interests Policy, and the development of a Reporting of Breaches Policy for the Board.

It was reported that the final Code of Conduct and Conflict of Interests Policy would be considered by the Full Council on 22 October 2015 and subject to approval, Board Members would then be asked to make a new declaration to replace the interim declarations that were made in advance of the first meeting of the Board on 8 July 2015.

It was further reported that work had now commenced to develop a Reporting of Breaches Policy and that Board Members would be invited to consider a draft policy in due course. The Full Council would be asked to authorise the Board to approve the final policy.

**Resolved: - That:**

- (i) The updates as set out in the report, now presented, be noted;
- (ii) Subject to approval of the Code of Conduct and Conflict of Interests Policy by Full Council on 22 October 2015, the requirement to submit a new declaration, be noted.

## **5. Training and Development**

The Board considered reports and verbal updates on a number of issues relating to training and development.

### **5a. Training and Development - Local Pension Boards**

Frances Deakin, Financial Policy Officer, Lancashire County Pension Fund, presented a report setting out details of a Technical Knowledge and Skills Framework for Local Pension Boards published by the Chartered Institute of Public Finance and Accountancy (CIPFA).

The framework was designed to assist Board Members in gaining the degree of understanding necessary to properly exercise their functions and responsibilities. Work was currently being undertaken to refresh the Pension Fund's current Training Policy which would also take account of the training and development requirements for the Pension Board.

**Resolved: - That:**

- (i) The report, now presented, be noted;
- (ii) The publication by CIPFA of a Technical Knowledge and Skills Framework for Local Pension Boards be noted;
- (iii) The requirements under the framework, to be reflected within a refreshed Training Policy currently under development for the Fund, be noted.

### **5b. Virtual Reading Room**

Board Members reported that the Virtual Reading Room was a useful tool and that it was helpful to have all the relevant information in one place. It was noted that it was not always clear where certain items were located and further consideration would be given to the structure and layout of the information. Frances Deakin was thanked for her work on developing this useful tool.

**Resolved:** - That the development of the Virtual Reading Room be welcomed and that Frances Deakin be thanked for her work.

#### **5c. Progress on The Pension Regulator Training Modules**

Board Members updated on their individual progress working through the online training modules provided by the Pensions Regulator. It was noted that it was important that all Board Members completed these modules at the earliest opportunity.

**Resolved:** - That the updates, now presented, be noted.

#### **5d. Feedback from Board Members on External Training Events and Conferences**

The Board considered a report on recent attendance by Board Members at external training events and conferences. Since the last meeting, John Hall had attended the CIPFA Pensions Network Introduction to the LGPS, and Bob Harvey had attended the NAPF Annual Conference and Exhibition. Both events had been useful and relevant with keynote speakers at the NAPF Annual Conference including William Hague, a former Cabinet Minister, and Ros Altmann, Minister at the Department for Work and Pensions. Those Board Members who had attended recent briefing sessions on the Lancashire County Pension Fund/London Pensions Fund Authority (LCPF/LPFA) partnership proposals had found them useful.

**Resolved:** - That the updates, now presented, be noted.

#### **6. Lancashire County Pension Fund Administration Report and Communications Strategy**

Diane Lister, Head of Your Pension Service, presented a report providing further information on administration and communication following the initial report considered by the Board at its meeting on 8 July 2015.

The Chair highlighted that the Board should ensure that it was satisfied that the Pension Fund was compliant with legislation; that data was accurate and that information and enquiries were dealt with in a timely manner according to the targets specified in the Service Level Agreement.

A number of issues were discussed, as follows:

- Timely receipt of annual benefit statements; it was noted that 98.6% of statements were issued by the statutory deadline of the end of August 2015;
- The introduction of EPIC, whereby data is as accurate and up to date as possible; It was noted that, for employers, the system was a far more efficient tool than previous processes;
- Employers which persistently fail to meet deadlines would be reported to the Pensions Regulator; it was suggested that employers needed to be reminded on a regular basis of key dates and actions and it was noted that employer sessions and visits were held and that the continuing development of online processes ensured as streamlined an approach as possible;

- Online services needed to include all relevant information, including deductions, and users needed to be confident and able to access the online services easily; it was noted that consideration was being given to setting out information in the form of a payslip which would specify each item, including deductions;
- It was suggested that a narrative would be useful where a target was underperforming, outlining why that was the case and setting out any remedial action which was being undertaken/considered;
- Feedback and engagement from Fund Members; Take up of the My Pension online service was low and it was felt that employers had a role to play in communicating with their employees and encouraging take up. It was noted that some members may not have access to the internet or may not be familiar/be comfortable with online processes.

The Board acknowledged that communication was an important issue which would feature regularly as an agenda item at its meeting.

**Resolved:** - That, subject to the comments above, the report, now presented, be noted.

## **7. Lancashire County Pension Fund - Report on Administering Authority Discretions**

Diane Lister presented a report setting out details of a consultation exercise with Fund employers and the Local Pension Board on the following five key areas of discretion:

- Abatement of pensions

It was proposed to maintain the existing abatement policy until the outcome of the Government's recently announced £95,000 redundancy cap for the public sector on members of the LGPS was known.

- Transfer in of pension rights

It was proposed that transfers into the Fund continue to be accepted within the existing 12 month time limit with decisions in respect of exceptions jointly made by the Fund and the relevant employer.

- Commutation of pensions

It was proposed that small pension pots are to be commuted as the 'standard offer'. An exercise to commute existing small pensions will be considered pending advice from the Fund Actuary on the impact on Fund cashflow and liabilities.

- Admissions and Terminations

It was proposed that admissions are no longer accepted, unless these follow as a result of contracting-out by a scheme employer or there are exceptional circumstances.

- Bulk Transfers

It was proposed that bulk transfers are treated on a case by case basis and on the advice of the Fund Actuary.

It was noted that all the proposals were designed to mitigate risk to the Pension Fund.

**Resolved:** - That:

- (i) The proposals approved by the Pension Fund Committee, as set out at Appendices 'A' - 'E' of the report, now presented, be noted;
- (ii) The proposals being consulted on at Appendices 'A' - 'E' of the report, now presented, be supported.

## **8. Governance Review**

George Graham, Director, Lancashire County Pension Fund (LCPF), presented a report setting out details of a review of the governance arrangements of the Lancashire County Pension Fund in light of changes introduced as a result of the Public Service Pensions Act 2013 and the proposed partnership arrangements with the London Pensions Fund Authority (LPFA).

The Board noted that it was not proposed to specifically review the Local Pension Board, given that it had only recently been established, however it was important that the Board and its role was specifically and fully integrated into the governance of the Fund and that its role was carefully defined to prevent any overlap with that of the Pension Fund Committee.

Board Members agreed to forward any further comments to George Graham at the earliest opportunity.

**Resolved:** - That:

- (i) The report, now presented, be noted;
- (ii) That Board Members provide George Graham with any additional comments at the earliest opportunity.

## **9. Recent Reports Considered by the Pension Fund Committee**

The Board considered a report setting out details of Part I reports recently considered by the Pension Fund Committee at its meeting on 30 September 2015.

George Graham updated the Board on the item of urgent business (item 17) which was considered by the Committee at that meeting. This was a response to the Department for Communities and Local Government consultation on the Local Government Pension Scheme Criteria for the assessment of pooling proposals.

In respect of item 8 (Initial Approach to the 2016 Actuarial Valuation), it was reported that information had now been sent out to employers.

**Resolved:** - That the report, now presented, be noted.

#### **10. Dates of Future Meetings 2015/16**

The Board considered and agreed that the pattern of meetings adopted for 2015/16 be carried forward into 2016/17.

**Resolved:** - That the Clerk be requested, in consultation with the Chair, to arrange dates for meetings of the Board in 2016/17 using the pattern of meetings for 2015/16.

#### **11. Urgent Business**

There was no urgent business to be considered.

#### **12. Date of Next Meeting**

It was noted that the next meeting of the Board would take place on Monday 18 January 2016 at 2pm in Cabinet Room 'B' - The Diamond Jubilee Room, County Hall, Preston.

#### **13. 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.

#### **14. Progress on the Lancashire County Pension Fund/London Pensions Fund Authority Partnership Proposals**

(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 the circumstances of the case the public interest in maintaining the exemption outweighs the public interests in disclosing the information).

George Graham presented an update on progress on the LCPF/LPFA Partnership proposals. The Pension Fund Committee had considered a report at its meeting on 30 September 2015 and a further report, setting out a draft business plan, would be considered by the Committee at a special meeting on 10 November 2015. This meeting would coincide with a special meeting of the LPFA Board, convened for the same purpose.

It was reported that Michael O'Higgins, a former Chair of the Pensions Regulator, had been appointed as Chair of the Board of the Lancashire and London Pensions Partnership (LLPP). County Councillor David Borrow had been appointed as the LCPF's Board Member and Dermot 'Skip' McMullan as the LPFA's Board Member.

**Resolved:** - That the update, now presented, be noted.

## **15. Recent Reports Considered by the Pension Fund Committee**

(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 the circumstances of the case the public interest in maintaining the exemption outweighs the public interests in disclosing the information).

The Board considered a report setting out details of Part II reports recently considered by the Pension Fund Committee at its meeting on 30 September 2015.

**Resolved:** - That the report, now presented, be noted.

I Young  
Director of Governance,  
Finance and Public Services

County Hall  
Preston