

Lancashire Local Pension Board

Minutes of the Meeting held on Tuesday, 4th July, 2017 at 2.00 pm in Room A05 - A Floor, County Hall, Preston

Present:

Chair

William Bourne

Committee Members

County Councillor Christian Wakeford, Employer rep - LCC

Steve Browne, Employer rep - LCC

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

Carl Gibson, Employer rep - Other Employers

Kathryn Haigh, Scheme rep - Active Members

John Hall, Scheme rep - Deferred Members

Bob Harvey, Scheme rep - Pensioner Members

Officers

Abbi Leech, Head of Fund, Lancashire County Council.

Mukhtar Master, Operations Manager, Lancashire County Council.

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

1. Apologies

Apologies for absence were received from Yvonne Moulton.

2. Disclosure of Pecuniary and Non-Pecuniary Interests

No interests were declared under this item.

3. Minutes of the Meeting held on the 11th April 2017

It was reported that on the 25th May 2017 the full County Council had approved a number of amendments to the Constitution, including a minor amendment to the Terms of Reference of the Board as highlighted below.

'Members of the Board will serve for a maximum of 8 years. Other than as a result of retirement at the expiry of this period the term of office will come to an end: (a). For employer representatives who are councillors if they cease to hold office as a councillor **or they are removed and replaced by a resolution of the Full Council**'.

It was noted that an updated version of the Terms of Reference was available to view on the County Council and Your Pension Service websites.

Resolved:

1. That the amendment to the Terms of Reference as approved by the full County Council on the 25th May 2017 is noted.

2. That the Minutes of the meeting held on the 11th April 2017 are confirmed as an accurate record and signed by the Chair.

4. Lancashire Local Pension Board - Annual Report.

In accordance with the requirement in the Terms of Reference to produce an annual report on the nature and effect of the Boards activities for consideration by the Administering Authority the Chair presented his draft report for the municipal year 2016/17.

In considering the draft the Board recognised a number of examples throughout the year where recommendations from the Board had resulted in positive outcomes, including the formal review of LPP governance arrangements by PWC and the appointment of additional support for the Head of Fund.

Resolved: That, subject to the inclusion of a figure relating to the overall cost of attendance by Board members at conferences/events, the text for the 2016/17 annual report, as set out in Appendix 'A' to the report presented, is approved for presentation to the Pension Fund Committee in September 2017.

5. Tracing Missing Members

The Head of Fund reported that in response to a recommendation from the Board, the Pension Fund Committee in June 2016 had resolved that an exercise be undertaken to trace missing members in line with the actuarial valuation process.

It was reported that between September 2016 and March 2017 the tracing exercise had involved contacting 4,123 members and had resulted in 2,927 members having their addresses updated and subsequently being reconnected with their pension entitlement. The Board noted that action was being taken to identify an additional 355 members and further monitoring and reporting was planned for the future.

Resolved: That the 71% success rate in respect of tracing missing members is welcomed and that the Board be informed on a biennial basis of the findings of future exercises to trace missing members.

6. Local Government Association Survey

The Chair reported that he had recently circulated to members of the Board his suggested response in relation to the LGA Survey on Local Pension Boards. He suggested that individual members of the Board send him any comments they may have regarding the Survey before the 8th July 2017 so that they could be collated into a single reply.

Resolved: That members of the Board send their comments regarding the LGA Survey on Local Pension Boards to be Chair before the 8th July 2017 so that he can collate replies into a single response on behalf of the Board.

7. Scheme Advisory Board - Code of Transparency.

Mr Harvey informed the meeting that the Scheme Advisory Board (SAB) was working with Newcastle University to establish a unit that would collate information from investment firms in relation to the costs they incur.

It was reported that the SAB had produced a code for Scheme Managers that would establish a standard level of transparency which would develop over time and provide a consistent measure of such costs. Whilst the Local Pension Partnership had already signed up to the CIPFA code it was encouraging the larger investment management companies it dealt with to sign up to the Code of Transparency.

The Board recognised the danger of comparing the investment management costs associated with Funds that could have very different investment portfolios and welcomed the introduction of a Code which would provide some consistency regarding the monitoring of costs.

Resolved: That the update regarding the development of the Scheme Advisory Board's Code of Transparency be noted.

8. Part I reports to be considered by the Pension Fund Committee

The Head of Fund presented a report regarding Part I items which had been considered by the Pension Fund Committee on the 30th June 2017. The Board considered each item, making comments as appropriate

a) Internal Audit Annual Report 2016/17 and Audit Plan 2017/18

3.14 - it was reported that action had been taken to ensure that decisions regarding 'matters reserved' were reported to the Head of Fund on a timely basis.

3.15 - with regard to reports submitted to the FCA it noted that in future Internal Audit would monitor information earlier in the process to ensure its accuracy as once the data had been submitted it could not be reproduced.

It was reported that after being reviewed by the Pension Fund Committee the Internal Audit Plan had been referred to the Audit and Governance Committee for approval. It was suggested in future the draft Plan should initially be considered by the Board in order to inform the work programme before being reported to the Committee.

Resolved: That the draft 2018/19 Internal Audit plan be presented to the Board in January 2018 for consideration before being referred to the Pension Fund Committee and Audit and Governance Committee.

b) Annual Administration Report 2016/17

It was reported that an overall performance of 97% had been achieved against standards and targets during 2016/17 and it was suggested that the complaints process would identify any issues not addressed by existing KPI. The Board discussed the KPIs used to inform the report and it was agreed that work should be

undertaken to achieve a degree of consistency with the LPFA as part of the ongoing transformation process.

Resolved:

1. That work continue with the LPFA in order to establish a level of consistency in relation to KPIs to be used to measure the future performance of the pension administration service.
 2. That the performance of the pension administration service be reviewed in six months and an update report presented to the Board in January 2018
 3. That the Head of Your Pension Service be invited to attend the next meeting to discuss the performance of the pension administration service.
- c) *Lancashire County Pension Fund – Annual Governance Statement 2016/17*

It was reported that the Annual Governance Statement, as presented to the Committee, had been approved and submitted to the Chair and the Head of the Fund for signature and subsequent inclusion in the statement of accounts.

- d) *Lancashire County Pension Fund 2016/17 Statement of Accounts and out-turn report*

It was reported that the Committee had noted the final outturn position and statement of accounts 2016/17 and referred it to the Audit & Governance Committee for consideration and approval at its meeting in July 2017.

- e) *Progress on Delivering the Lancashire County Pension Fund Strategic Plan*

It was reported that a draft revised Strategic Plan for the Lancashire County Pension Fund would be presented to the Committee on the 15th September 2017.

- f) *Lancashire County Pension Fund Risk Register*

It was reported that the Committee would receive six monthly updates on the Risk Register and that the meeting scheduled for the 27th July 2017 had been cancelled and the date/venue would now be used for a workshop to examine the Register in detail. The Board recognised that the Risk Register would be a live document which to be effective would require the engagement of various parties including LPP, Internal Audit and Board/Committee and individual officers.

Resolved: That members of the Board submit any comments they may have on the Risk Register to the Chair who will collate them into a single response to the Head of Fund for consideration at the workshop on the 27th July 2017.

9. Feedback from Board members on attendance at training events and conferences

Kathryn Haigh reported that the internal workshop on the Local Pension Partnership held on the 27th March 2017 at County Hall had been well attended and informative. She urged members of the Board to attend future workshops where possible as discussions would benefit from more attendees.

The Chair informed the meeting that the Pensions Regulator had given an interesting talk at the PLSA Local Authority Conference on the 15th/17th May 2017 though he stressed he felt the Regulator did not fully appreciate the differences between private pensions and the LGPS.

The Public Service Governance and Administration Survey, which had recently been published by the Pensions Regulator, was discussed and the Board agreed that the findings should be discussed in more detail at the next meeting.

The Chair reported that the Local Pension Boards 'Two Years On' on the 28th June 2017 had involved interesting presentations from DCLG, CIPFA and the Pensions Regulator. He added that cyber security had also been discussed and stressed that a high level of security was essential in view of the personal information held by Pension Funds.

Resolved:

1. That the report and feedback given by individual members of the Board is noted.
2. That a report on the findings of the Public Service Governance and Administration Survey published by the Pensions Regulator be presented to the next meeting.

10. Urgent Business

The use of IT by members of the Pension Board to access agenda/minutes and other pension related information was discussed and Kathryn Haigh asked whether it would be possible for the Board to purchase some IT equipment for use by Board members.

It was recognised that the Head of Fund had a small budget to support the work of the Board and it was suggested that this be used to purchase IT equipment to support two members of the Board.

Resolved: That Mr Neville be requested to explore with the Head of Fund the possibility of purchasing IT equipment from the Pensions Board budget for use by two members of the Board together with any associated policies regarding use.

11. Date of Next Meeting

It was noted that the next scheduled meeting of the Board would be held at 2.00pm on the 17th October 2017 in Room AO5 at 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 paragraph of Part 1 of Schedule 12A to the Local Government Act, 1972, as indicated against the heading of the items. It was considered that in all the circumstances the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

13. Local Pension Partnership internal audit plan

In accordance with a decision of the Board in April 2017 a report on the internal audit plan for the Local Pension Partnership (LPP) was presented for comment by the Board.

When considering the report the Board noted that items 1.1 and 1.2 in the plan had been considered by the LPP Audit Committee but had not yet been shared with the Head of Fund. The Board also referred to discussion at the previous meeting in relation to the LPP Administration Transformation Plan and recognised that the key milestones identified in the plan had been given a RAG rating and included in the risk assurance map which in turn had informed the Risk Register reported to the Pension Fund Committee in June 2017.

Resolved: That the 2017/18 Internal Audit Plan for the Local Pension Partnership, as set out in the report presented, is noted.

14. Lancashire County Pension Fund - Data Collection Report as at 31 May 2017

The Head of Fund referred to the discussion at the previous meeting regarding the review of communications between the LCPF and Scheme members and presented a report on those employers who did not regularly submit monthly data collection files.

When considering the report the Board noted that in relation to data collection 90% of employers (encompassing 99% of the active scheme membership) regularly provided data. It was recognised that the remaining 10% were generally small employers who would be followed up individually regarding outstanding data or as part of the end of year valuation process.

Resolved: That the report is noted

15. Part II reports to be considered by the Pension Fund Committee.

The Head of Fund presented a report on the Part II items which had been considered by the Pension Fund Committee on the 30th June 2017. The Board considered each item, making comments as appropriate.

a) Local Pension Partnership business plan and 3 year budget.

It was noted that LPP had appointed a Relationship Manager who worked with the Head of Fund in relation to the LCPF. The Board acknowledged that LPP had made significant achievements over the previous 12 months and suggested that attention now needed to focus on resources and governance moving forward.

b) Local Pensions Partnership - Quarter 4 Update

It was noted that the update did not report on all the administration KPIs. The board requested that performance against KPIs should be reported on a regular basis.

c) Supply of Pension Fund Actuarial Services

The Board noted that the Committee had agreed that the County Council's Procurement Service undertake a procurement exercise via the National LGPS Framework to appoint an independent provider, to undertake actuarial services for the LCPF for the next 6 years, on the basis set out in the report presented.

It was reported that the outcome of the procurement exercise would be reported to the Committee on 15th September 2017.

I Young
Director of Governance, Finance and Public
Services

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Preston