

Lancashire Local Pension Board

**Minutes of the Meeting held on Tuesday, 30th April, 2019 at 2.00 pm in CHG:05
- A Floor, County Hall, Preston**

Present:

Chair

William Bourne

Board Members

County Councillor Christian Wakeford, Employer representative - LCC
Tony Pounder, Employer representative - LCC
Steve Thompson, Employer representative - Unitary, City, Boroughs, Police and Fire
Carl Gibson, Employer representative - Other Employers
Kathryn Haigh, Scheme Member representative
Bob Harvey, Scheme member representative
Yvonne Moulton, Scheme Member representative
Keith Wallbank, Scheme Member representative

Officers

Mike Neville, Senior Democratic Services Officer, 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.

1. Apologies

No apologies for absence were received.

2. Disclosure of Pecuniary and Non-Pecuniary Interests

Mr Thompson informed the meeting that he was the Treasurer of one of the organisations referred to in one of the reports considered by the Pension Fund Committee in March 2019 referred to in item 15 on the agenda.

3. Minutes of the Meeting held on 29th January 2019

Resolved: That the Minutes of the meeting held on the 29th January, 2019, are confirmed as an accurate record and signed by the Chair.

4. Constitution, Membership and Terms of Reference of the Board

Mr Neville presented a report on the current constitution, membership and Terms of Reference of the Lancashire Local Pension Board and reminded members of the

Board that they had been asked to review information in the Register of Interests and inform him of any amendments.

The Chair reported that Mr R Harvey had informed him that he wished to resign as a Scheme Member representative and on behalf of the Board the Chair thanked Mr Harvey for his contribution to the work of the Board since its inception in 2015.

The Board noted it was intended to review the Terms of Reference later in the year and it was suggested that consideration be given to making all appointments to the Board subject to an initial 4 years with an option for an extension of a further 4 years.

Resolved:

1. That the decision of the full county council on the 28th February, 2019, to appoint Mr W Bourne as the independent Chair of the Lancashire Local Pension Board with effect from the 1st April, 2019, for an initial 2 years with an option for an extension for a further 2 years, is noted.
2. That the resignation of Mr R Harvey, with effect from the 1st May, 2019, is noted and the Board place on record their thanks for his contribution to the work of the Board since its inception in 2015.
3. That Officers undertake a recruitment and selection process to identify a suitable candidate to fill the vacancy for a Scheme Member representative on the Board as a result of the resignation referred to at 2 above.

5. Annual Report 2018/19

The Chair presented a report on the draft 2018/19 Annual Report which highlighted key activity undertaken by the Board over the last 12 months and included information regarding the attendance of Board members at meetings between July 2018 and April 2019, internal/external and online training received and the cost associated with the operation of the Board.

The Board discussed attendance and how the Fund had benefitted from activity over the year and it was suggested that the Chair consider making minor amendments to the wording of the report to clarify attendance and to emphasise how the Board's activities result in better outcomes for stakeholders.

Resolved:

1. That, the draft 2018/19 Annual Report of the Lancashire Local Pension Board, as set out in Appendix 'A' to the report, is approved, subject to any minor amendments to be agreed with the Chair regarding clarification of attendance by members of the Board and how the Board's work leads to better outcomes.
2. That once finalised the Annual Report referred to at 1 above be recommended to the Pension Fund Committee on the 21st June, 2019, for approval and inclusion in the Lancashire County Pension Fund Annual Report.

6. Chairs report on the Lancashire Local Pension Board Appraisal.

The Chair presented his report on the findings of the series of one to one meetings with members of the Board, Officers and the Chair of the Pension Fund Committee to discuss the operation of the Board over the last 12 months.

During consideration of the report clarification was sought regarding difficulties which some Board members had experienced when accessing the online secure Pensions Library. The Board also noted that the resignation of Mr R Harvey would leave a single Board member with responsibility for taking a lead on 'Investment Policy documents' and 'service providers governance'.

Resolved:

1. That the trial of allocating particular areas of Board activity to selected Board members (as set out in the table below) be continued and individual members asked to take formal responsibility for leading discussions at future meetings.

Area	Includes	Members
Compliance with regulations and statutory guidance	TPR, LGPS, regulations	KH, CG
Communications	Engagement, Comms policy	CW, KW
Administration	KPIs, ABSs, admin breaches	YM, ST
IT	Fraud control, data protection, cyber	CW, Vacancy
Investment policy documents	ISS, Actuarial report, RI	ST, Vacancy
Service providers governance	LPP, custodian, audit	TP, Vacancy
Risk	Risk Register	CG, Vacancy

2. That the Head of Fund be requested to notify members of the Board of any opportunities to either give presentations or write short articles in newsletters in order to publicise the role of the Pension Board.
3. That arrangements be made for briefing sessions to be held at 1.30pm ahead of the Board meetings specified below
9th July, 2019 - record-keeping and reporting breaches of law.
21st April, 2020 - the legal and regulatory structure of the Fund.
4. That arrangements be made for a social lunch at 1.00pm on the 15th October 2019 ahead of the scheduled meeting of the Board.
5. That Mr Neville contact all members of the Board to ensure that they are able to access the information/guidance held in the secure Pensions Library.
6. That at least one Employer representative and one Scheme Member representative from the Board be included among the interviewees when the

Balanced Scorecard Report to evaluate the Local Pension Partnership's activities is conducted.

7. That Officers be asked to include a review of the administration KPIs provided by the Local Pension Partnership in the 2019 Workplan for the Board.

7. Lancashire Local Pension Board Workplan

A report was presented on the 2019/20 work plan which had been amended in accordance with the decision at the last meeting and approved by the Pension Fund Committee on the 29th March 2019.

It was noted that three documents had been due to be reviewed at the meeting and Mr Dobson confirmed that the Termination Policy had been reviewed in April 2018 and would be looked at again as part of the Funding Strategy Statement and no amendments were considered necessary to the current Governance Policy and Pensions Administration Strategy Statement.

The Board discussed data quality and agreed that in future an update should be presented to the meeting in January each year. It was also agreed that the update on the monitoring of KPIs scheduled for the meeting on the 14th January 2020 should also include the review of the administration KPIs provided by the Local Pensions Partnership, identified during the appraisal and agreed by the Board under the preceding item.

It was noted that the 2019 appraisal of the Board would be undertaken around the Board scheduled for the 14th January 2020 (as discussed at the previous meeting) and the Chair's draft report presented to the subsequent meeting.

Resolved: That subject to the following amendments the 2019/20 work plan for the Board is approved.

- a) A report on the data quality of the Fund to be presented to the Board on 14th January 2020.
- b) A report on the review of the administration KPIs for the Fund provided by the Local Pensions Partnership be presented to the Board on 14th January 2020.
- c) That the appraisal of the operation/effectiveness of the Board be carried out in January 2020 with a report on the findings to be presented to the subsequent meeting of the Board.

8. Regulatory Update

Mr Smith, Technical Adviser Pensions for the LCPF, presented a report which updated the Board on the following pension regulatory matters.

- Scheme Advisory Board cost management consultation.
- Employee Contribution Bands 2019/20.
- Fair Deal – Strengthening pension protection consultation.
- Consultation on implementation of late retirement factors.
- Exit credits
- Exit payment reforms consultation.

Resolved: That the regulatory updates set out in the report and given at the meeting are noted.

9. Update on Part I presented to the Pension Fund Committee

The Chair presented a report on matters considered by the Pension Fund Committee on the 29th March 2019 under Part I of the agenda.

The Board discussed the Lancashire County Pension Fund 2019/20 budget, Responsible Investment and the Discretions Policy Statement and noted that earlier in the meeting it had been agreed that a report on Data Quality be presented to the Board in January 2020.

Resolved: That the reports considered by the Pension Fund Committee on the 29th March 2019 under Part I of the agenda are noted.

10. Feedback from members of the Board on pension related training, conferences and events.

A report was presented on internal/external pension related training events attended by members of the Board since the last meeting. Individual Board members gave feedback on their experiences at the events which were all considered to have been informative and useful. It was also noted that some members of the Board had completed online training modules from The Pension Regulators Public Service toolkit.

Resolved: That the feedback on conferences and events attended by members of the Board since the last meeting is noted.

11. Report of the Advisory Group on implementation of the Service Improvement Plan

A report was presented on the outcome of the Advisory Group (established by the Board at the previous meeting) which had met the Deputy Director of Member Operations from the Local Pensions Partnership on the 6th March 2019 to discuss the implementation of the Service Improvement Plan.

In considering the report, the Board noted the constructive discussion which had taken place at the Advisory Group and the ongoing work being undertaken to improve and stabilise the pension administration service. However, the Board continues to be concerned about the content and accuracy of the data which it is shown, and its resulting inability to assure itself that the pension administration is continuing to provide value for money since it was transferred to LPP. The Board understands that LPP needs more time to complete the stabilisation of its operations but believes that there should, at an agreed point in the future, be an independent assessment of the control environment and overall value for money of this service. It was agreed that the Chair would discuss the Board's concern informally with the Chair of the Pension Fund Committee.

Resolved:

1. That the comments of the Advisory Group, as set out in the report presented, be noted and taken into account by the Deputy Director of Member Operations at the Local Pensions Partnership when implementing the Service Improvement Plan.
2. That the Board recognised there was still work to be done and continue to seek assurances regarding the quality of service provided by the pension administration service and, if appropriate, consider recommending in 6 to 12 months that an internal audit be undertaken to provide further assurance on the pension administration service.

12. Urgent Business

No items of urgent business were raised under this heading.

13. Date of Next Meeting

It was noted that in accordance with a decision earlier in the meeting the next Board would be preceded by a 30 minute briefing on record keeping and reporting breaches of the law.

Resolved:

1. That the next scheduled meeting of the Board to be held at 2.00pm on the 9th July, 2019, in Room CHG: 04 preceded by a 30 minute briefing on record keeping and reporting breaches of the law.
2. That the Scheme Actuary be invited to attend the next meeting and give the Board a presentation on plans for the valuation.

14. 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 1 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.

15. Update on Part II reports presented to the Pension Fund Committee

Exempt information as defined in Paragraphs 1, 2 and 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 Chair presented a report on matters which had been considered by the Pension Fund Committee on the 29th March 2019 and the Board discussed the Lancashire County Pension Fund Employer Risk Report and noted that the contents would be taken into account by the Scheme Actuary as part of the triennial valuation.

Resolved: That the reports considered by the Pension Fund Committee on the 1st February 2019 and 29th March 2019 under Part II of the agenda, as referred to in the report presented, are noted.

16. Monitoring of KPIs for administration, complaints, governance and investments

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 Dobson reported that there were no new significant issues to report. The Board noted that in accordance with a decision earlier in the meeting existing KPIs would be reviewed and a report on the findings presented to the Board in January 2020.

17. Update on LPP Transformation Plan

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 Dobson reported that he had consulted with colleagues at the Local Pensions Partnership who had confirmed that there was nothing further to be added to the stabilisation and improvements to the pension administration service which had been reported to the last Committee and discussed at the recent Advisory Group.

18. Breaches reported to Pension Fund Committee since the last meeting

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 informed the Board that there had been 7 data breaches since the last meeting, none of which had been deemed as being material breaches in accordance with the Code of Practice 14 guidance. In considering the information provided at the meeting the Board requested clarification regarding the number of individuals affected by each individual breach.

Resolved: That the update regarding data breaches is noted and that members of the Board be provided with clarification regarding the number of individuals affected by each of the breaches reported at the meeting.

L Sales
Director of Corporate
Services

County Hall
Preston