

Lancashire Local Pension Board

**Minutes of the Meeting held on Tuesday, 15th October, 2019 at 2.00 pm in
CHG:04 - A Floor, County Hall, Preston**

Present:

Chair

William Bourne

Board Members

County Councillor Peter Britcliffe, 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

Yvonne Moulton, Scheme Member representative

Keith Wallbank, Scheme Member representative

Deborah Parker, Scheme Member representative.

Officers

Abbi Leech, Head of Fund, LCPF, 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.

1. Welcome and Apologies

The Chair welcomed County Councillor P Britcliffe to his first meeting as the newly appointed employer representative for the County Council. It was noted that no apologies had been received.

Resolved: That the Board place on record their thanks to County Councillor Wakeford for his contribution to the work of the Board.

2. Disclosure of Pecuniary and Non-Pecuniary Interests

Mr S Thompson and Ms Y Moulton declared a non pecuniary interest in relation to item 14 on the agenda as they were employed by a local authority which owned a company referred to in the report. The interest was not considered sufficient to warrant their exclusion from the meeting during consideration of the item.

No other declarations of interest were received in relation to items on the agenda.

3. Note of the meeting held on the 9th July 2019 and Minutes from the 30th April 2019 meeting.

The Chair reminded the Board that the last meeting had been inquorate and asked members to approve the recommendations set out in the Note.

Resolved: That the Note of the meeting held on the 9th July 2019 is confirmed as an accurate record and the recommendations contained therein are approved.

4. Regulatory Update

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

1. Equitable Life Transfer of policies to Utmost Life and Pensions.
2. The Lancashire County Pension Fund response to the consultation on the local valuation cycle and the management of employer risk.
3. The Scheme Advisory Board - Good Governance project
4. The end of the consultation period on limiting exit payments for public sector workers.
5. Publication of 'The LGPS community' document by the Local Government Association
6. The Cost cap and McCloud judgement
7. Walker – v- Innospec Supreme Court Judgment
8. The Pension Regulator – combination of codes of practice
9. Fair Deal – consultation on strengthening pension protection.

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

5. Revised Lancashire County Pension Fund Communications Policy

Mr Wallbank presented a report on the draft Communication Policy which had been amended since it was presented to the previous meeting by the incorporation of the programme which set the format, frequency and method of distribution of information to Fund stakeholders.

In considering the report the Board made the following comments.

- Consideration should be given to the inclusion of additional hyperlinks where possible to direct readers to specific documents/information referred to in the Policy.
- Under the heading 'Communications to Scheme Members' reference to 'monthly pay advice' should be deleted as it is already covered by 'pensioners pay advice'.
- The text under 'Communication Programme' should be subject to a final review to address any potential inconsistencies regarding the most appropriate method of communication to be used.
- Whilst recognising that the preference is for people to access information online consideration should be given to including a statement to inform readers how to request hard copies in those cases where they do not have access to the internet.

- That the Policy should include reference to the timescale for when it will be reviewed.

It was noted that a final version of the Policy would be presented to the Pension Fund Committee in November 2019.

Resolved:

1. That the comments of the Board, as set out above, be taken into account when finalising the draft Communications Policy for the Lancashire County Pension Fund before it is submitted to the Pension Fund Committee on the 29th November 2019 for approval.
2. That, as the Board recognise a proportion of the scheme membership may have difficulty accessing information online, the Local Pensions Partnership be asked to provide details of the number of requests for information to be sent through the post.

6. The Pensions Regulator - Governance and administration risks in public service pension schemes – engagement report

Ms Moulton presented a report which summarised the findings of the Pension Regulator's survey of the governance and administration of 10 Local Government Pension Funds.

In considering the report the Board recognised that communications with scheme members was regularly reviewed by both the Pensions Team and a Process Review Group at the Local Pensions Partnership. With regard to the internal dispute resolution procedure it was noted that potentially some issues would be recorded in the Risk Register and it was suggested that in future the Board should receive an annual report summarising the type of appeal received.

It was noted that whilst Lancashire had not been included in the survey the Fund was well placed in terms of its response to each of the key areas highlighted by the Pension Regulator referred to in the report.

Resolved: That the report is noted and in future an annual report be presented to the Board with a breakdown of the number of appeals received, whether they are Stage 1 or 2 and the subject matter in order to identify any specific trends or areas of concern.

7. Lancashire County Pension Fund Breaches Log

Mr Master reported that during the period 1st July, 2019 to 30th September, 2019 there had been one breach in contribution payments and fourteen incidents of employers failing to submit contribution figures in relation to the Lancashire County Pension Fund. The Board noted that in all cases action had been taken to address the issues and that there were no data breaches in relation to the Fund during the same period.

It was noted that as an internal audit of the Local Pensions Partnership had identified some errors in transfer out payments for 2018/19 the Partnership had reviewed processes and had recorded the issue on the breaches log in accordance with Code of Practice 14.

Resolved: That the update on the Lancashire County Pension Fund breaches log, as set out in the report presented, is noted.

8. Update on Part I reports presented to the last Pension Fund Committee

The Head of Fund presented a report on matters considered by the Pension Fund Committee on the 20th September 2019 under Part I of the agenda.

In considering the report the Board recognised the positive response from the External Auditor in relation to the Lancashire County Pension Fund.

The Board also acknowledged that Environmental Social Governance was a complex issue and noted the progress made to date by the Fund in relation to its established Responsible Investment Policy and investments. With regard to the current reporting to the Committee on responsible investment it was suggested that benchmarked data was required in order to enable progress to be tracked and it was noted that the developing Dashboard method of reporting would go some way towards that. The Head of Fund reminded members of the Board that arrangements were being made for representatives from the Local Authorities and Pension Fund Forum (LAPFF) to give a private briefing for the Pension Fund Committee and the Board in November 2019 regarding the function of LAPFF and specific work they do in relation to Climate Change.

Resolved: That the decisions taken by the Pension Fund Committee in relation to reports presented to the meeting on the 20th September 2019 are noted.

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

Mr Wallbank reported that the internal workshop on the risk framework which had taken place on the 11th September 2019 had been well received by attendees. It was also reported that Ms Parker and Mr Thompson had completed various online modules from the Pension Regulators Public Service Toolkit and the 2019/20 Training Record had been updated to reflect that.

Resolved: That the feedback given at the meeting in relation to the training received by members of the Board is noted.

10. Urgent Business

No items of 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 14th January 2020 in Meeting Room CHG: 04 at County Hall, Preston. Mr Wallbank presented his apologies as he would be unavailable on that date.

Mr Neville updated the Board on the arrangements for the Chair to meet with individual Board members on the 14th/15th January 2020 as part of the annual review process required by the Terms of Reference and confirmed that a programme of one to one meetings would be circulated shortly.

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

(Exempt information as defined in Paragraph 3 of Part 1 of Schedule 12 A of the Local Government Act 1972. It was considered that in all the circumstances of the case the public interests 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 20th September 2019 under Part II of the agenda and noted the following.

- The Local Pensions Partnership was in the process of finalising its strategic plan which would be presented to the next meeting of the Pension Fund Committee on the 29th November 2019 and reported to the Board in January 2020.
- Whilst improvements had been made to date in relation to the pension administration service it was suggested that a strategic overview for the next 3 years in relation to people, culture and systems would be helpful.
- Following the external audit of the Local Pensions Partnership the Committee had requested the Head of Internal Audit to liaise with the Chief Risk Officer from the Partnership to produce an update report for the November meeting on progress made in relation implementation of the Senior Management Board Action Plans.

Resolved: That the updates regarding reports considered by the Pension Fund Committee on the 20th September 2019 under Part II of the agenda and the decisions taken are noted.

14. Lancashire County Pension Fund Risk Register

(Exempt information as defined in Paragraph 3 of Part 1 of Schedule 12 A of the Local Government Act 1972. It was considered that in all the circumstances of the case the public interests in maintaining the exemption outweighed the public interest in disclosing the information).

Mr Master presented a report on the current version of the risk register which had been updated following a review by county council officers in consultation with the Local Pensions Partnership.

The Board discussed two new medium rated risks which had been added to the Register and the current highest rated risks and the associated measures to mitigate them. The current funding level was also discussed and it was noted that a degree of prudence had been built into future discount rates and in recognition of the recent judgement in the McCloud case

Resolved:

1. That the performance of the Lancashire County Pension Fund investments and current funding level are noted.
2. That a report be presented to the next meeting in relation to the number of employees who have joined the pension scheme and those members who have decided to opt out of the Lancashire County Pension Fund.
3. That the Head of Fund liaise with the Communications Teams at the County Council and Lancashire Pensions Partnership to publicise the performance and benefits of the Lancashire County Pension Fund both generally and as a means of attracting future employees.

15. Update on LPP Pension Administration Service

(Exempt information as defined in Paragraph 3 of Part 1 of Schedule 12 A of the Local Government Act 1972. It was considered that in all the circumstances of the case the public interests in maintaining the exemption outweighed the public interest in disclosing the information).

The Head of Fund reminded the board that a stabilisation plan was in place in relation to the pension administration service. The Board noted that there had been an improvement in performance but recognised that there was still further work to be done.

Resolved:

1. That the Board continue to receive updates on the pension administration service.
2. That arrangements be made for the Board to be given a briefing on the responsibilities of shareholders and the role/structure of the Local Pensions

Partnership, Local Pensions Partnership Investments and the pension administration service.

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

It was agreed that earlier discussions had included updates regarding this item of business.

L Sales
Director of Corporate Services

County Hall
Preston