

Lancashire County Council

Lancashire Local Pension Board

Tuesday, 15th October, 2019 at 2.00 pm in Room CHG:04 - A Floor, County Hall, Preston.

Agenda

Part I (Open to Press and Public)

No. Item

Part I (Open to Press and Public)

1. Apologies
2. Disclosure of Pecuniary and Non-Pecuniary Interests
3. **Note of the meeting held on the 9th July 2019 and Minutes from the 30th April 2019 meeting.** (Pages 1 - 16)
As the Board held on the 9th July 2019 was inquorate the attached Note sets out the recommendations of the Board members who were present at that meeting for the consideration and approval of the Board. The Minutes of the meeting held in April 2019 referred to in the note are also included.
4. **Regulatory Update** (Pages 17 - 30)
5. **Revised Lancashire County Pension Fund Communications Policy** (Pages 31 - 40)
6. **The Pensions Regulator - Governance and administration risks in public service pension schemes – engagement report** (Pages 41 - 44)
7. **Lancashire County Pension Fund Breaches Log** (Pages 45 - 48)
8. **Update on Part I reports presented to the last Pension Fund Committee** (Pages 49 - 50)
9. **Feedback from members of the Board on pension related training.** (Pages 51 - 52)

10. Urgent Business

An item of urgent business may only be considered under this heading where, by reason of special circumstances to be recorded in the minutes, the Chair of the meeting is of the opinion that the item should be considered at the meeting as a matter of urgency. Wherever possible, the Chief Executive should be given advance warning of any Member's intention to raise a matter under this heading.

11. Date of Next Meeting

The next scheduled meeting of the Board will be held at 2pm on the 14th January 2020 in Meeting Room CHG: 04 at County Hall, Preston.

12. Exclusion of Press and Public

The Board is asked to consider whether, under Section 100A(4) of the Local Government Act, 1972, it considers that the public should 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 I of Schedule 12A to the Local Government Act, 1972, as indicated against the heading to the item.

Part II (Not Open to Press and Public)

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| 13. Update on Part II reports presented to the last Pension Fund Committee | (Pages 53 - 54) |
| 14. Lancashire County Pension Fund Risk Register | (Pages 55 - 70) |
| 15. Update on LPP Pension Administration Service
Oral report. | |
| 16. Monitoring of KPIs for administration, complaints, governance and investments
Oral report. | |

L Sales
Director of Corporate Services

County Hall
Preston

Lancashire Local Pension Board

Note of the meeting held on Tuesday, 9th July, 2019 at 2.00 pm in Meeting Room CHG: 04 at County Hall, Preston.

Present:

Chair

William Bourne

Board Members

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

Jo Darbyshire, Director of Administration, Local Pensions Partnership

Abbi Leech, Head of the Pension Fund, Lancashire County Council.

Mukhtar Master, Governance & Risk Officer, Lancashire County Council

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

Quorum

The Chair informed the meeting that as only one employer representative was present (C Gibson) the Board was inquorate and, therefore, unable to make any formal decisions. It was noted that whilst apologies had been received from two employer representatives (T Pounder and S Thompson) County Councillor Wakeford was expected to attend, though he may have been delayed.

In the circumstances it was proposed that those members of the Board present continue to discuss the items on the agenda without making any formal decisions and in the event that County Councillor Wakeford arrived those decisions could then be ratified by the Board. Should the Board remain inquorate a record of the meeting would be circulated to all Board members for information and presented to the next meeting for approval.

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

The Chair welcomed Deborah Parker, who had recently been appointed by the County Council to fill the vacancy for a Scheme Member representative, to her first meeting. It was noted that a report on the review of the Terms of Reference was due to be presented to the Board in January 2020 and it was suggested that the review include consideration of amending the quorum for future meetings.

Recommendations:

1. That the current constitution and membership of the Lancashire Local Pension Board, as set out below, is noted.

Mr W Bourne - Independent Chair
County Councillor C Wakeford - Employer representative (Lancashire County Council)
Mr T Pounder - Employer representative (Lancashire County Council)
Mr S Thompson - Employer representative (Unitary, City, Borough Councils and Police/Fire)
Mr C Gibson - Employer representative (Other Employers)
Ms K Haigh - Scheme member representative.
Ms Y Moulton - Scheme member representative.
Mr K Wallbank - Scheme member representative.
Ms D Parker - Scheme member representative.

2. That the current Terms of Reference of the Board, as referred to in the report presented and set out in the Minute Book, are noted.

2. Apologies

It was reported that apologies for absence had been received from two of the four employer representatives on the Board - Mr T Pounder and Mr S Thompson.

3. Disclosure of Pecuniary and Non-Pecuniary Interests

The Chair asked that members of the Board review their current entry in the Register of Interests and advise Mr Neville of any amendments so that the Register could be updated. No declarations of interest were made at the meeting in relation to items appearing on the agenda.

4. Minutes of the Last Meeting

With regard to item 6 it was reported that the scheduled briefing session on record keeping and reporting breaches of the law had been moved to 1.30pm on the 15th October 2019 to enable Mr Livesey from Mercers to give a presentation to the Board on the Actuarial Valuation of the Fund.

Recommendations:

1. That the briefing session on record keeping and reporting breaches of the law scheduled for the 9th July now be held at 1.30pm ahead of the Board on the 15th October 2019.
2. That the Minutes of the meeting held on the 30th April 2019 are confirmed as an accurate record and signed by the Chair.

5. Presentation by Mr J Livesey from Mercers on the valuation

As referred to under the previous item Mr Livesey from Mercers had given a presentation to the Board on Actuarial Valuations at 1.30pm in advance of the meeting.

6. Regulatory Update

The Head of Fund presented a report which updated the Board on the following pension regulatory matters.

- Consultation on implementation of late retirement factors
- Consultation on the local valuation cycle and management of employer risk
- Consultation on the Fair Deal – strengthening pension protection.
- Guidance in relation to the cost cap process and arising from the McCloud case.
- Exit Payment reform

It was reported that the proposal for FE/HE institutions in England to no longer be required to offer membership of the Local Government Pension Scheme to new entrant non-teaching staff was not considered to be a significant issue in Lancashire. With regard to the McCloud legal case the Head of Fund reported that it was still unclear as to the impact the decision would have on the Local Government Pension Scheme.

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

7. Draft Lancashire County Pension Fund Communications Policy

Mr Wallbank, as the Lead Member on Communications, presented his views on the draft update to the communications policy for the Lancashire County Pension Fund as set out in the report. The Board recognised that the draft policy was still a work in progress and a final version would be presented to the Pension Fund Committee in November 2019.

Recommendation: That members of the Board send any comments they may have on the draft new Communications Policy for the Local Government Pension Scheme to the Head of Fund so that they can be taken into account when preparing the final version for submission to the Pension Fund Committee in November 2019 for approval.

The Head of Fund confirmed that County Councillor Wakeford was unable to attend the meeting as his car had broken down on the motorway. In the circumstances the Board members present agreed continue to discuss the remaining items on the agenda with a record of any recommendations being presented to the subsequent meeting.

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

The Head of Fund presented a report on matters considered by the Pension Fund Committee on the 21st June 2019 under Part I of the agenda.

2018/19 Annual Report – It was recognised that there were some sections in the draft where text needed to be finalised and it was suggested that if members of the Board had any comments on the draft they should forward them to the Head of Fund.

Internal Audit Assurance – The Head of Fund confirmed that the Committee had been informed that the outstanding internal audits of the Local Pensions Partnership referred to in the report had been completed. In view of the update the Committee had agreed the Head of Internal Audit review the findings of all the audits and present a further report to the Committee in September 2019 in order to give an assurance on the administration and investment operations of the Partnership. It was also suggested that the Head of Fund meet with the Head of Internal Audit to discuss the concerns expressed by the Board with regard to the Key Performance Indicators for the Local Pensions Partnership which were not considered to reflect the experience of the Fund membership.

The Board noted the new branding for the Lancashire County Pension Fund which had been approved by the Committee.

Recommendations:

1. That members of the Board forward any comments they may have on the draft 2018/19 Annual Report for the Lancashire County Pension Fund to the Head of Fund for consideration.
2. That Chair raise the concerns of the Board regarding to the Key Performance Indicators for the Local Pensions Partnership, which were not considered to reflect the experience of the Fund membership, with the Chair of the Pension Fund Committee.
3. That the reports considered by the Pension Fund Committee on the 21st June 2019 under Part I of the agenda and decisions taken are noted
9. **Feedback from members of the Board on pension related training, conferences and events.**

A report was presented on pension related training which members of the Board had undertaken since the last meeting. Individual members gave feedback on their experiences at the events referred to in the report which were all considered to have been informative. It was also reported that Mr Thompson and Mrs Haigh had completed some online modules from the Pension Regulator Public Service Toolkit in addition to those referred to in the report and that the 2019/20 Training Record had been updated accordingly.

Recommendation: That the feedback given at the meeting on training received by members of the Board is noted.

10. **Review of 2018/19 Training Record for Board members**

The Board considered a report on the 2018/19 Training Record which listed internal workshops, external conferences/seminars which members of the Board had attended over the year together with online training modules which they had completed.

Recommendation: That the 2018/19 Training Record, as set out in the Appendix to the report presented, is noted.

11. Urgent Business

No items of business were raised under this heading.

12. Date of Next Meeting

It was noted that the next scheduled meeting of the Board would be held on the 15th October 2019 in Room CHG: 04 at County Hall, Preston at 2.00pm and preceded by a lunch for Board members at 1.00pm and a briefing session on record keeping and reporting breaches of the law starting at 1.30pm.

13. Exclusion of Press and Public

Recommendation: 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.

The Chair informed the Board that he would take item 15 as the next item of business so that the Director of Pension Administration from the Local Pensions Partnership could join the meeting, present her report and then leave.

14. Pension service administration update

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.

Jo Darbyshire, the newly appointed Director of Pensions Administration from the Local Pensions Partnership, gave the Board an overview of the pension administration service and an update on performance and stabilisation activity. In considering the report members of the Board recognised the improvements to the service to date and made a number of suggestions for further action.

Recommendations:

1. That the Board recognise the improvements to date in relation to performance and stabilisation of the pension administration service of the Local Pensions Partnership.

2. That the Service Level Agreement for the pension administration service be reviewed in order to ensure that it reflects the journey for members of the Fund.
3. That the Director of Pensions Administration consider using the CfA Customer Service Excellence framework to identify examples of best practice, drive customer-focused change, evaluate the quality of the customer experience and steer future improvements of the pension administration service.
4. That the recommendations of the Advisory Group on the pension administration service, as reported to the Board in April 2019, be forwarded to the Director of Pensions Administration for information.
5. That future reporting on the performance of the pension administration service include a clear narrative regarding Key Performance Indicators and compliance with the Service Level Agreement.
6. That the services available via My Pension Service Online be publicised and employers engaged in encouraging members of the Fund to sign up to the facility in order to reduce demand on the Contact Centre.

15. Update on Part II reports presented to the recent 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 Head of Fund presented a report on matters which had been considered by the Pension Fund Committee on the 21st June 2019 and highlighted the following.

Local Pensions Partnership Update to 31st March 2019 - the Board would have an opportunity to comment on a 5 year plan which would be presented to the Pension Fund Committee in November 2019.

Investment Panel Report - members of the Pension Fund Committee would be given a briefing on the risk framework and risk appetite for the Fund in advance of a report being presented to the meeting on the 20th September 2019.

Risk Register - The Committee had considered the current risk summary document and risk register for the Fund and agreed that future reports should include a narrative for the movement of individual risk ratings in the risk summary document and an amended register to present information on individual risks in a clearer, more easily readable format.

Recommendation: That the reports considered by the Pension Fund Committee on the 21st June 2019 under Part II of the agenda and the decisions taken, are noted.

16. Lancashire County Pension Fund Breaches Log

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 Governance and Risk Officer informed the meeting that for the period covered by the report there had been no breaches in relation to contribution payments and two data breaches, neither of which had been deemed significant enough to warrant reporting to the Information Commissioner.

Recommendation – That the update in relation to the Lancashire County Pension Fund Breaches Log up to 30th June 2019 is noted.

County Hall
Preston

L Sales
Director of Corporate Services

Lancashire Local Pension Board

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

Present:

Chair

William Bourne

Board Members

County Councillor Christian Wakeford, Employer representative - Lancashire County Council

Tony Pounder, Employer representative - Lancashire County Council

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.

1. A report on the data quality of the Fund to be presented to the Board on 14th January 2020.
2. 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.
3. 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

Lancashire Local Pension Board

Meeting to be held on Tuesday, 15 October 2019

Electoral Division affected: (All Divisions);
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Regulatory Update

Contact for further information:

Colin Smith, 01772 534826, Technical Advisor, Lancashire County Pension Fund,
Colin.Smith@lancashire.gov.uk

Executive Summary

This report sets out an update on various pension related regulatory issues to assist Board members to exercise their functions as a member of the Pension Board effectively.

Recommendation

The Board is asked to consider and note the contents of the report.

Background and Advice

1. Equitable Life Transfer

In 2018 Equitable Life announced that it had agreed to transfer the Society and all of its policies to Utmost Life and Pensions (formerly known as Reliance Life). Although the Lancashire County Pension Fund does not take on new AVC business from Equitable Life for active members (this is currently provided for by the Prudential), there are just under 150 active or deferred members who still hold funds with Equitable Life.

As part of that transfer there are 2 proposals being put forward by Equitable Life. The first step will be to close the with-profits Fund. This means that there will be no further guaranteed investment returns. Equitable Life will then distribute the reserves it holds (to provide these investment guarantees) to with-profits policyholders by way of an enhanced capital distribution. Once the Fund closes and its assets are converted to unit-linked funds, these policies will be transferred to Utmost Life and Pensions.

The proposals are subject to a vote at the end of October. The Fund is currently working with the Scheme Actuary (Mercer) to consider the impact on member options and the relative value of the uplift before voting. At the recent national LGPS technical group meeting it should be noted that of the representatives from administering authorities that were present, none were seeking the views of their scheme members. Rather they were simply informing their scheme members of the changes.

2. Consultation regarding the Local valuation cycle and the management of employer risk

Details of this consultation were included in the regulatory update presented to the previous Board meeting. The consultation closed on 31 July 2019 and a copy of the Fund's response is set out at **Appendix 'A'**.

In total the Ministry for Housing, Communities and Local Government received around 280 responses and it was expected that a response would be published later this year.

However, in recent communications the Ministry for Housing, Communities and Local Government confirmed that it is likely to retain a 3 year valuation for now and would review the situation further in 2021, the outcome of which is highly dependent on data quality. The issue of exit credits which was also part of the same consultation, may now be addressed in a separate statutory instrument.

3. Good Governance project

The Scheme Advisory Board published their Good Governance Report on 31 July 2019. The report can be found at the following link:www.lgpsboard.org/images/PDF/GGreport.pdf

Hymans Robertson, who were originally commissioned to produce the report, will now assist the Scheme Advisory Board in taking forward the next stage of the project.

Effectively two working groups will be established to, firstly, define what is meant by good governance outcomes and provide the accompanying guidance, and secondly to focus on options for the independent assessment of outcomes and the mechanisms to improve the delivery of those outcomes.

Both groups will comprise of a variety of stakeholders to ensure that a wide range of views and options are considered. The aim is for an options report to be ready for consideration by the Scheme Advisory Board in November 2019. Any proposals agreed will then be subject to a full stakeholder consultation before being put to the Ministry for Housing, Communities and Local Government.

4. Exit Payment reform

The consultation on limiting exit payments for public sector workers closed on 3 July 2019. HM Treasury received approximately 600 responses, and it is likely they will publish their response later this year, however it is unlikely that the Treasury will introduce the cap before 1 April 2020.

5. LGPS community document

In August the Local Government Association published a new document called 'the LGPS Community'.

The purpose of the document is to explain the relationship between the different bodies that make up the Local Government Pension Scheme community and provides clarity in explaining how various roles (including local pension board members) fit in to the wider LGPS community.

The document is available to view at the following link:

<http://www.lgpsregs.org/resources/guidesetc.php>

6. Cost Cap and McCloud update

On 15 July, the Chief Secretary to the Treasury announced in a written statement that that remedies relating to the McCloud judgement will need to be made in relation to all public service pension schemes. The full statement can be found on [the parliament website](#).

A reminder of the background to the case can be found on the [Q&A](#) page on the Scheme Advisory Board's website.

7. Written Ministerial statement – Walker v Innospec Supreme Court Judgment

On 4 July 2019, a ministerial statement provided a response to the Supreme Court judgment in Walker v Innospec and others.

The judgment was issued on 12 July 2017 with the Supreme Court deciding that Mr Walker's husband, on the death of Mr Walker, is entitled to the same benefits as the survivor of an opposite sex spouse. For public service pension schemes this means that civil partners and survivors of same sex marriages are entitled to receive benefits equal to those received by widows of male members. This change has already been introduced by the Local Government Pension Scheme (Miscellaneous Amendment) Regulations 2018 [SI 2018/1366].

The Government has concluded that aside from the changes brought about by the Supreme Court judgment, it will not make any further retrospective changes to the existing provisions in public service pension schemes to equalise survivor benefits. They have taken the view that any differences in survivor benefits will work their way out over time.

As such in the Local Government Pension Scheme in some cases, the widower of a female scheme member is entitled to a lower survivor pension than the widow of a male scheme member. The judgement above means that this position will not change.

8. The Pension Regulator - combination of codes of practice

The Pensions Regulator has announced changes to existing codes of practice. The content of the 15 current codes of practice will be combined to form a single

shorter code. The changes will reflect the Occupational Pension Schemes (Governance) (Amendment) Regulations 2018 [SI2018/1103]. Codes most affected by these regulations will be addressed first, and this includes Code of Practice 14 which applies to public sector schemes such as the Local Government Pension Scheme. Schemes will need to demonstrate that they have an effective governance system within 12 months of the date the updated codes are published.

A formal consultation is due to be launched later in the year.

9. Fair Deal – Strengthening pension protection - Consultation

As reported previously it was expected that the Fair Deal regulations and associated guidance would be issued towards the end of 2019. The Ministry for Housing, Communities and Local Government have confirmed that they had not quite finished the policy work and will provide a further update on 10 December 2019 in regard to implementation timescales.

Consultations

N/A

Implications:

This item has the following implications, as indicated:

Risk management

No significant risks have been identified

Local Government (Access to Information) Act 1985

List of Background Papers

Paper	Date	Contact/Tel
Consultation response	01/07/2019	Colin Smith 01772 534826

Reason for inclusion in Part II, if appropriate

N/A

Phone (01772) 534826
Email Abigail.Leech@lancashire.gov.uk

LGF Reform and Pensions Team
Ministry of Housing, Communities and Local
Government
2nd Floor, Fry Building
2 Marsham Street
London
SW1P 4DF

Your ref
Our ref LCPF/AL
Date 31 July 2019

Dear Sir or Madam

Local Government Pension Scheme (LGPS) Changes to the Local Valuation Cycle and the Management of Employer Risk

I refer to your consultation entitled "Changes to the Local Valuation Cycle and the Management of Employer Risk".

The response here is provided by Lancashire County Council in its capacity as administering authority to the Lancashire County Pension Fund. As requested my details are:

Abigail Leech, Head of Fund, Lancashire County Pension Fund

Lancashire County Council
PO Box 100
County Hall
Preston
PR1 0LD

The response below address each question raised within the consultation document.

Changes to the local fund valuation cycle

Q 1	RESPONSE
As the Government has brought the LGPS scheme valuation onto the same quadrennial cycle as the other public service schemes, do you	Being a funded scheme, we do not believe it is appropriate for funding and risk management policies for the LGPS to be set by reference to what happens in the unfunded schemes. Our preference would be to retain the existing three-year cycle, as we feel this is an appropriate period over which to set the

<p>agree that LGPS fund valuations should also move from a triennial to a quadrennial valuation cycle?</p>	<p>contribution rates for employers and manage the resultant risks, before reviewing them again at the next actuarial valuation. Equally, we believe employers (including public sector bodies) are demanding a more dynamic approach to managing risk and cost effectively on their behalf and extending out the valuation period does not help us achieve this. In our view, four years is too long a period for both the Fund and employers to manage cost and risk effectively.</p> <p>However, when combined with the other measures in this consultation around interim valuations and reviewing employer contributions in between formal actuarial valuations the proposal is in our view acceptable overall as long as the ability for us to do this is not overly constrained (further comments are made in response to later questions).</p>
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Q 2	RESPONSE
<p>Are there any other risks or matters you think need to be considered, in addition to those identified above, before moving funds to a quadrennial cycle?</p>	<p>The accounting standards IAS19 and FRS102 normally require figures to be based on actuarial valuations carried out at least triennially, and as a result, auditors would require the accounting liabilities to be assessed more accurately as a result. Further, as a result of pressure from the Financial Reporting Council, auditors are becoming more prescriptive about the approaches they will accept, and this also adds some weight to valuation cycles not being extended. Even if CIPFA were to relax their own requirements it is unlikely that any such relaxation could be extended to employers other than councils/authorities as CIPFA does not have jurisdiction for such employers. There is therefore a risk that, in effect, auditors will require interim valuations perhaps every two years after the formal one so we could end up by default in a situation where biennial valuations (albeit more limited in scope) are required. This would go some way to offset any marginal savings from extending out the valuation cycle.</p> <p>The move to a 4-year cycle for the statutory valuation will by nature mean that governance is weakened unless a LGPS Fund's policy in relation to interim valuations and/or review of employer contribution rates is robust and fit for purpose. It is therefore critical that the guidance encourages the adoption of robust</p>

	policies for all Funds to improve the governance for the LGPS generally and is fair to employers in relation to managing risk on their behalf.
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Q 3	RESPONSE
Do you agree the local fund valuation should be carried out at the same date as the scheme valuation?	<p>We do not see any reason why this is necessary and do not subscribe to the view that it allows the quality of the data provided to the GAD to be better improved as the majority of LGPS Funds have improvement plans over much shorter timescales. We appreciate that the cost management process may cause changes in benefits or member contributions outside the actuarial valuation cycle, but this is something which Funds have to contend with in any event (e.g. changes due to GMP equality issues, changes in State Pension Ages and court/tribunal cases such as McCloud can all give rise to changes in benefits or member contributions outside of a normal actuarial valuation).</p> <p>A simpler solution in our view would have been to retain the three year cycle and introduce the ability to review contribution rates for any changes from the cost management process (or other changes).</p>

Transition to a new LGPS valuation cycle

Q 4	RESPONSE
Do you agree with our preferred approach to transition to a new LGPS valuation cycle?	If it is decided that four year cycles will be introduced from 2024 then we agree with the preferred approach to transitioning by doing a valuation at 2022 and then 2024. Indeed, if the outcome was to not do this and have a five year gap between valuations we would intend to perform a full interim review valuation in any event as we would need to do this to fit in with our existing risk management strategy to manage risk and cost effectively and protect employers within the Fund.

Ability to conduct an interim valuation of local funds

Q 5	RESPONSE
Do you agree that funds should have the power to carry out an interim valuation in addition to	Yes, irrespective of the 4-year cycle change, we feel it is essential to Funds' governance and procedures that there should be a mechanism for reassessing employer funding positions and contribution outcomes

<p>the normal valuation cycle?</p>	<p>when the circumstances warrant it. The Fund is managing a complex set of risks and the level of employer contributions is a key component of the effective management in conjunction with the employers.</p> <p>We think it is essential that Funds are given the flexibility to do this when the circumstances warrant it. We do not believe however that the only option for reviewing the statutory employer contributions would be through a full interim valuation.</p>
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Q 6	RESPONSE
<p>Do you agree with the safeguards proposed?</p>	<p>We do agree that there should be some safeguards but care needs to be taken on how these are applied consistently. At a high level the facility needs to be sufficiently flexible that it can be called on in the event that there is a significant change in financial markets or Scheme benefits, to the extent that an interim valuation/funding update is merited, yet there need to be safeguards on the governance of the arrangements. For example, it would be wrong to perform an interim valuation to ease employer budgets when the outcome is expected to be favourable but never when the outcome is less favourable.</p> <p>The safeguards proposed are that the valuation/update should only be permitted in the circumstances set out in the Funding Strategy Statement, (FSS) but with some additional flexibility in the event of exceptional circumstances. In our view, this is correct but the guidance needs to ensure its clear that Funds need to be robust in determining the criteria in conjunction with their Actuary. This will need to be documented in the FSS at the 2019 valuation if the proposal in the consultation proceeds so timing of any guidance needs to be formatted before the FSS is finalised to avoid having to update the FSS soon after the valuation is signed off.</p>

Review of employer contributions

Q 7	RESPONSE
<p>Do you agree with the proposed changes to allow</p>	<p>We strongly support the principle of allowing more frequent reviews of employer contribution rates.</p>

<p>a more flexible review of employer contributions between valuations?</p>	<p>Again, at a high level the facility needs to be sufficiently flexible that it can be called on in the event that there is a significant change in financial markets, Scheme benefits or employer circumstances e.g. change in covenant, to the extent that a review is merited.</p> <p>In line with the proposed approach for interim valuations we believe that the Funding Strategy Statement should set out the circumstances in which a review of employer contributions can or should be carried out. These circumstances might be wider than as outlined in the consultation document, which focuses strongly on changes in employer covenant, and we would suggest that other areas that materially affect the cost (for the employer) and risk (to the Fund) should be included. This can be such aspects as a significant change in market outlook, changes in Scheme benefits and change in affordability of contributions which could be to the detriment of the viability of an organisation.</p> <p>In practice, the distinction between an interim valuation and a review of employer contributions across the entire employer types is very small although the triggers for a review will vary between employers depending on circumstances. A simpler route would be to allow the more general power of reviewing contributions to apply to any employer or group of employers. The criteria for doing this would be set out in the FSS in line with the relevant guidance. We feel this would achieve the desired objectives in the consultation as well as being simpler to implement from a regulatory and guidance viewpoint as you would cover all aspects.</p> <p>With regards to costs, the proposals in the consultation seem to us to strike an appropriate balance.</p>
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Guidance on setting a policy

Q 8	RESPONSE
<p>Do you agree that Scheme Advisory Board guidance would be helpful and appropriate to provide</p>	<p>Our preference would be for Funds to have the flexibility to set the parameters for carrying out interim valuations and/or employer contribution reviews within their Funding Strategy Statements,</p>

<p>some consistency of treatment for scheme employers between funds in using these new tools?</p>	<p>which would lead to an open and transparent approach. However, SAB guidance would be helpful to provide consistency of treatment as well as ensuring all Funds do apply a common level of governance in managing the overall financial risks.</p> <p>We would therefore be happy to have SAB guidance in the areas suggested in the consultation. However, we would have a very strong preference for this to be principle based and not prescriptive to allow us to apply to our own specific circumstances.</p>
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Q 9	RESPONSE
<p>Are there other or additional areas on which guidance would be needed? Who do you think is best placed to offer that guidance?</p>	<p>There are no additional areas that need covering on the basis that the guidance is principle based and these principles would form the basis for each Fund agreeing the parameters to trigger and interim valuation and/or an employer contribution rate review. We would strongly prefer that any such guidance should take the form of being enabling, and avoid being overly prescriptive/restrictive. It would seem that the SAB would be best placed to provide this guidance given its overarching governance role for the LGPS. We would also recommend that our Actuary (Mercer) has significant input into the formation of the guidance so it is comprehensive and practical to implement.</p>

Flexibility in recovering exit payments

Q 10	RESPONSE
<p>Do you agree that funds should have the flexibility to spread repayments made on a full buy-out basis and do you consider that further protections are required?</p>	<p>First of all, it is important to bear in mind that no Fund calculates exit payments on a “full buy-out basis” as far as we are aware which is a term used where a scheme insures the benefits with a third party insurance company. To avoid confusion going forward in any guidance or explanatory literature we would recommend that this terminology is dropped and replaced by “termination basis” given Funds do not all use the same approach. The approach depends on the policy adopted by the individual Fund and in some cases the investment strategy backing the exit liabilities. In relation to the specific question on flexibilities we agree that flexibility is very important as circumstances are very varied,</p>

	<p>although we would note that there are already flexibilities for the spreading of exit payments and adjustment of contributions in the run-up to exit. These are covered in Regulation 64(4) and the definition of “exit payment” within Regulation 64, so we do not think there any is necessity for further material regulation change in this particular area except to allow a review of the exit payments over the spread period to reflect any change in circumstances e.g. market conditions or employer circumstances.</p> <p>We do not believe any other protections are required as the critical aspect is the ongoing assessment of the covenant to ensure the exit payments are recovered.</p>
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Deferred employer status and deferred employer debt arrangements

Q 11	RESPONSE
Do you agree with the introduction of deferred employer status into LGPS?	Yes, as this will allow us to better manage our employer risk and therefore risk to taxpayers in conjunction with the employer. Provided that the administering authority is given sufficient flexibility to be able to manage such provisions and these are documented in the Fund policies we believe this will be an extremely valuable addition to the Regulations which will help both Funds and employers.

Q 12	RESPONSE
Do you agree with the approach to deferred employer debt arrangements set out above? Are there ways in which it could be improved for the LGPS?	<p>In general, yes we agree with the proposed approach. However, there appears to be an over emphasis on employer covenant, and whilst important it is not the only factor that should determine the approach to deferred debt arrangements – for example also adopting a lower risk investment strategy would assist in the overall management of risk in a deferred debt arrangement. We would prefer Funds to be allowed to set their own policies and guidance around this (and this could easily be included in the guidance on the arrangements).</p> <p>One particular aspect of the current arrangements is</p>

	that employers will sometimes retain a single active member under an admission agreement in order to avoid triggering an immediate exit payment. A properly implemented deferred debt arrangement could avoid this artificial approach and assist Funds and employers in properly managing the risks around exit.
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Proposed approach to implementation of deferred employer debt arrangements

Q 13	RESPONSE
Do you agree with the above approach to what matters are most appropriate for regulation, which for statutory guidance and which for fund discretion?	We agree that the Regulations should be “enabling” in nature only, and not prescriptive or restrictive. We agree that statutory guidance will be helpful in some cases in ensuring that Funds are able to take a sufficiently robust approach with employers as long as this is on a principles basis. The more detailed operational aspects should be covered off in each Fund’s policies in line with these principles.

Summary of options for management of employer exits

Q 14	RESPONSE
Do you agree that we should amend the LGPS Regulations 2013 to provide that administering authorities must take into account a scheme employer’s exposure to risk in calculating the value of an exit credit?	Yes, we agree that these options should exist as alternatives. However, as highlighted above we believe that administering authorities should be able to determine the circumstances in which option 3 may apply and covenant (including ongoing review) is critical to this. We also believe that under option 2 the repayment schedule can be periodically reviewed (as opposed to being fixed) if circumstances warrant it e.g. a significant change in market conditions and/or affordability of the repayments.

Q 15	RESPONSE
Do you consider that statutory or Scheme Advisory Board guidance will be needed and which type of guidance would be appropriate for which	As covered in our response to question 13, we believe that statutory guidance will be helpful in some cases in ensuring that Funds are able to take a sufficiently robust approach with employers on the basis that this is a principle based approach only.

aspects of these proposals?	More detailed operational aspects can be covered off by Fund policies.
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Exit credits under the LGPS Regulations 2013

Q 16	RESPONSE
Do you agree that we should amend the LGPS Regulations 2013 to provide that administering authorities must take into account a scheme employer's exposure to risk in calculating the value of an exit credit?	Yes, we are in absolute agreement as this is fair in the context of the overall responsibility of cost and risk between the exiting employer and the scheme employer. However, we believe that there should be a regulatory provision for the Scheme employer to ensure the information on these risk sharing arrangements is supplied to the Administering Authority so the correct treatment can be applied in a timely manner. This will avoid any conflict between the scheme employer and fund over the inadvertent incorrect application due to lack of provision of the information.

Q 17	RESPONSE
Are there other factors that should be taken into account in considering a solution?	We support the changes to allow fund actuaries to take side agreements into account for exit credits. However, regulations must be carefully drafted to ensure administering authorities are not dragged into contractual disputes between contracting authorities and service providers.

Further education corporations, sixth form college corporations and higher education corporations

Q 18	RESPONSE
Do you agree with our proposed approach?	We regard the determination of the employers which are required to offer LGPS membership as being a policy area for Government (and each individual employer), and in particular those areas of Government which provide funding to those specific employers. The effect will vary from Fund to Fund but it will need to be noted that this proposal (if enacted and if employers decide to adopt this approach) will lead to a gradual maturing of those employers' LGPS liabilities. This will generally increase contribution rates initially for these employers due to the closed nature of the

	<p>membership. Equally the cash flows for these employers and the Fund will be affected over time and the impact will depend on the relative size of these employers in a particular Fund. Funds will need to ensure that their existing employer risk management policies are sufficiently robust to deal with this change. We believe that if the existing and new policies that could be implemented as part of this consultation are introduced then this would sufficiently allow for this issue to be managed effectively.</p>
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Public sector equality duty

Q 19	RESPONSE
<p>Are you aware of any other equalities impacts or of any particular groups with protected characteristics who would be disadvantaged by the proposals contained in this consultation?</p>	<p>No equality issues occur to us in the context of our operation of the Fund. The change in the status of the education employers as per Q18 would create inequality at an employer level but that is a matter for the employers not our Fund.</p>

Yours faithfully



Abigail Leech
Head of Fund
Lancashire County Pension Fund

Lancashire Local Pension Board

Meeting to be held on Tuesday, 15 October 2019

Electoral Division affected: (All Divisions);
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Lancashire County Pension Fund Communications Policy

(Appendix 'A' refers)

Contact for further information:

Colin Smith, 01772 534826, Technical Advisor, Lancashire County Pension Fund,
Colin.Smith@lancashire.gov.uk

Executive Summary

This report contains a final draft communications policy which the Lancashire County Pension Fund is required to produce under the terms of the Local Government Pension Scheme Regulations. A final version of the policy will be taken to the Pensions Fund Committee in November for approval.

Recommendation

The Board are asked to review and comment on the wording of the draft communication policy set out at Appendix 'A'.

Background and Advice

Regulation 61 of the Local Government Pension Scheme Regulations 2013 requires each Local Government Pension Scheme administering authority to produce and publish a policy statement describing how it communicates with its stakeholders.

The Lancashire County Pension Fund's previous policy statement was published in 2014 and has been reviewed to reflect the developments since then in relation to the Fund's approach to communicating with its stakeholders, and the working relationship it now holds with the Local Pensions Partnership.

The draft version of the proposed communications policy attached at Appendix 'A' differs from the previous draft policy presented to the Board at its last meeting in July. The principal change is the incorporation of the communication programme which sets out the format, frequency and method of distribution of information to the Fund's stakeholders.

Consultations

N/A

Implications:

This item has the following implications, as indicated:

Risk management

No significant risks have been identified

**Local Government (Access to Information) Act 1985
List of Background Papers**

Paper	Date	Contact/Tel
N/A		
Reason for inclusion in Part II, if appropriate		
N/A		

Lancashire County Pension Fund

Communications Policy

November 2019

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INTRODUCTION

Every Local Government Pension Scheme (LGPS) administering authority must prepare, publish and maintain a new policy statement on communication strategy. The details of this legal requirement are contained in Regulation 61 of the Local Government Pension Scheme Regulations 2013.

The communications policy statement must set out the administering authority's policy concerning communications with members, representatives of members, prospective members and scheme employers.

The policy statement must set out (a) the policies on the provision of information and publicity about the Scheme to members, representatives of members, and scheme employers; (b) the format, frequency and method of distributing such information or publicity; and (c) the promotion of the Scheme to prospective members and their employing authorities.

Since the formation of the Local Pensions Partnership (LPP) in April 2016, many Lancashire County Pension Fund (LCPF) communications are now issued on its behalf by LPP. LPP adheres to these standards when issuing any communications on behalf of LCPF.

Our Policy

The LCPF communication policy aims to ensure that all communications are:

Clear

We strive to avoid jargon and technical terms whenever possible. Our communications should be consistent across all platforms including web, email, direct correspondence, telephone and face-to-face.

Accurate and timely

We always aim to deliver a proactive service that provides accurate information in a timely fashion. We have already moved towards more electronic communications and online self-service to help deliver information in an effective and timely manner and will look to increase this in the future.

Open to feedback

We encourage all scheme members, employers and other audiences to feedback on our work and help us improve our services.

Targeted

We aim to ensure that all communications are relevant and appropriate for the audience.

Accessible

We meet accessibility needs wherever possible. We aim to reach as many people as possible, regardless of their situation. We follow the Government's 'digital by default' aims, and in 2017 we began the move to more electronic communications.

However, we recognise this may not be the best medium for all our audiences and will accommodate those who decide to opt out of e-communications.

Communications for Scheme Members

Whilst the easiest way for members to stay updated on the fund is via our online services, members can find information across several platforms:

My Pension Online – Member Self Service

- Annual Benefit Statements (ABS)
- Scheme Newsletters
- Monthly pay advice
- P60s
- Nomination details

Website (www.yourpensionservice.org.uk)

- Personal pension details via our Member Self Service facility
- Guides to the scheme and its administration
- Scheme publications and literature

Via post

Members who have opted out of e-communications can request the following communications sent to a home address:

- Annual Benefit Statements (ABS)
- Annual Scheme Newsletters
- Pensioners pay advice
- P60s
- Scheme publications and literature
- Monthly pay advice

Information for Prospective Members

www.yourpensionservice.org.uk

Our websites offer information on joining the LGPS, scheme benefits as well as guidance on opting out of the scheme.

Forums & Events

LCPF are always pleased to meet their members face to face; members are encouraged to engage with our staff with regular "pension surgeries" being held across the County.

Communications for Scheme Employers

Like our members, employers are encouraged to use our online facilities and attend our face to face events to maximise our service value. There are various channels of communication which LCPF will utilize for our employers, such as:

EPIC – Employer Portal

- Employers can access the Employer Portal at www.yourpensionservice.org.uk/employers/
- Offers secure data transmission and online form processing

Newsletters, guides and bulletins

- Quarterly newsletter to update on scheme changes and new initiatives
- Regular employer bulletins and e-mail alerts
- Provision of news and employer guides via the website www.yourpensionservice.org.uk.

Annual Employer Forum and Practitioners conference

The LCPF Annual Employer events are an opportunity for employers to learn about Scheme changes as well as relevant information from across the sector and the wider pensions industry. Attendees can learn more about new LCPF initiatives and ask questions of both LCPF and LPP senior management.

Employer Training

A 6 month rolling programme for employer training is provided in addition to meeting individual Scheme employer's requirements and/or meeting training needs for specific legislative changes.

Communication Programme

The Fund will regularly review the format, frequency, and method of communication.

The following programme is currently in use.

Information	Stakeholder	Format	Frequency	Method of Distribution
Actuarial Valuation	All Stakeholders	Presentation, formal report	Triennial with annual updates	Email, mail, internet and face to face briefings
Fund Policy and Statements	All Stakeholders	Website	As amended	Mail/email/internet
Annual Benefits Statements	Members	Online self service	Annual	Online/email alert
Customer Satisfaction Survey	All Stakeholders	Website / online / telephone	Ongoing	Email / internet telephone
Member Guides	Members	Website	On or before employment/ On request	Via employer HR/payroll departments. Mail/internet
Employer Updates	Employer	Website, online	As requested	Email/internet
Pensioner payslips/P60s	Member	Online self-service, paper	Annually	Email/internet
Employer Guide	Employer	Website	As amended	Email/internet
Employer Training	Employer	Presentation	6 monthly rolling program	Face to face – In house Employer locations
Factsheets	All members	Website/ Paper	On request	Email/internet/mail
Individual Member Information	All Stakeholders	Online, self-service, paper	As required	Email/mail
Employer Information Pack	Employer	Paper/ website	On admission	Mail / email / internet

Newsletters	Members	Website	Annual	Online
Scheme change and legislative change	All Stakeholders	Presentation / website / paper	As required and on request	Face to face / internet / paper
Fund Report and Accounts	All Stakeholders	Paper/ website	Annually	Mail / email / Internet
Service Level Standards	All Stakeholders	Website	As amended	Internet / intranet
Query	All Stakeholders	Telephone / email / online	Mon-Fri (Telephone)	Telephone / email / online

Rights to Information and Data Protection

Rights to Information

Nothing within this Policy Statement affects your rights to access or receive information under the Freedom of Information Act or the disclosure requirements of the Local Government Pension Scheme.

Data Protection

Since May 25th, 2018, LCPF has complied with EU General Data Protection Regulation (GDPR) and is therefore required to protect all personal information for which we are responsible, we have a legal obligation to process member's data under the Local Government Pension Scheme 2013 regulations. LCPF may only pass your details to named third parties under strictly controlled conditions and for very specific purposes. Members who wish to access their personal data can do so by contacting DPA@localpensionspartnership.org.uk

Review of Policy

LCPF undertakes to comply with the principal Local Government Pension Scheme Regulations including relevant overriding legislation and will continue to monitor the effective application of this policy. The policy will be subject to revision in the light of any significant changes to the LGPS, overriding legislation or the Authority's structures or procedures. The LCPF regularly reviews its communications channels to ensure these remain relevant and effective at reaching members, prospective members, scheme employers and the wider pensions landscape and associated clients.

Lancashire Local Pension Board

Meeting to be held on Tuesday, 15 October 2019

Electoral Division affected:
(All Divisions);

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

Contact for further information: Colin Smith 01772 534826, Technical Advisor, Lancashire County Pension Fund, colin.smith@lancashire.gov.uk

Executive Summary

To provide members of the Pension Board with a summarised position of the Pension Regulator's survey findings on their engagement with 10 local government funds in relation to governance and administration risks.

Recommendation

The Board are asked to review and comment on the contents of this update and the engagement report.

Background and Advice

As previously reported to the Board in October last year The Pensions Regulator had announced plans for "Proactive engagement" with LGPS funds for 2018 and 2019 concerning governance and administration matters including:

- the main risk areas scheme managers should already be focusing on
- what TPR's expectations are
- how those responsible for managing and running schemes can identify and mitigate such risks

As part of that engagement The Pension Regulator engaged with a small number of scheme managers to undertake deeper regulatory engagement into each risk area, to understand what the current status is, the challenges scheme managers face, the extent of mitigation and improvement plans and how they are being implemented.

On 19 September 2019 The Pensions Regulator published their engagement report on the findings of the recent survey of the governance and administration of the 10 LGPS Funds.

The report summarises the key findings against the Regulator's Code of Practice 14 both in terms of exceeding and falling short of required standards and will be

discussed in detail when the Scheme Advisory Board next meets on the 6 November 2019.

The Scheme Advisory Board have stated that:

"In identifying examples of best practice as well as areas for further improvement the report will undoubtedly be of great assistance to LGPS funds in seeking to enhance their own governance and administration arrangements."

A copy of the engagement report can be found at:-

<https://www.thepensionsregulator.gov.uk/en/document-library/research-and-analysis/governance-and-administration-risks-in-public-service-pension-schemes-an-engagement-report#0beb0d2047954672b2a73de451ef7eab>

The Pension Regulator concludes in their report that although many of the governance and administration policies and processes are heading in the right direction, there is always room for improvement. Specifically they highlight the following key areas for Funds to focus upon:

Record keeping – accuracy of member data should be measured correctly, regularly reviewed and, importantly, understood by the scheme manager and pension board. Ensuring an administration strategy is in place can assist in clearly setting out roles and responsibilities and consequences of non-compliance.

Internal controls – Funds should have a risk register in place that should be regularly reviewed by the pension board. Funds should also record all internal controls and processes.

Administrators – whether in-house or outsourced, performance targets should be agreed, measured and if required challenged if not met. Funds should have an open dialogue with the service provider to monitor performance.

Member communication – communication should be clear, precise and free from jargon. Consideration should also be given to measuring the effectiveness of all material, to ensure it is understood by the audience.

Internal dispute resolution procedure – information on the dispute process should be easily available for those who might use it. Funds should have a policy on dealing with complaints, with the Pension Board having regular oversight on them, along with their outcomes. Learning lessons from complaints, and compliments, should be used as a means of improving the service.

Pension Boards – Funds should ensure individual training plans are in place and ensure appropriate training is available and, importantly, attended.

Employers and contributions – Funds should have a greater understanding of the financial position of their participating employers. Reviewing strength of covenant should be considered more regularly than at each formal valuation. An admissions and cessation policy can help in managing the introduction of new employers, security required and dealing with employers when they exit the scheme.

Cyber security – Funds should put this on their risk registers, carry out testing and not rely solely on Local Authority security processes and systems.

Internal fraud and false claims – Funds should ensure procedures are in place to minimise the risk of fraud, including the actions to be taken where a fraud has been uncovered.

Consultations

N/A

Implications:

This item has the following implications, as indicated:

Risk management

No significant risks have been identified.

Local Government (Access to Information) Act 1985 List of Background Papers

Paper	Date	Contact/Tel
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N/A

Reason for inclusion in Part II, if appropriate

N/A

Lancashire Local Pension Board

Meeting to be held on Tuesday, 15 October 2019

Electoral Division affected:
(All Divisions);

Lancashire County Pension Fund Breaches Log

Contact for further information: Mukhtar Master, 01772 532018, Governance & Risk Officer, Mukhtar.Master@lancashire.gov.uk

Executive Summary

This report provides the Board with a summary of the Lancashire County Pension Fund Breaches Log for the period 1st July 2019 to the 30th September 2019.

Recommendation

The Board are asked to note the content of this report.

Background and Advice

The Lancashire County Pension Fund has policy and procedures in place to effectively record and, if necessary, report breaches to the Pension Regulator.

Practical guidance in relation to the legal requirements are set out in the Pension Regulator's Code of Practice 14.

Code of Practice 14 covers areas such as:

- Governing your scheme;
- Managing Risks;
- Administration;
- Resolving Issues.

The Administration section covers aspects such as:

- Scheme record keeping;
- Maintaining Contributions;
- Providing information to members.

The Lancashire County Pension Fund, in line with the breaches policy and supported by the Local Pension Partnership, have established a log to record all incidents which fall outside of the requirements of Code of Practice 14.

Contribution Breaches:

In the period July to September 2019 (September contributions have not been collected at the time of writing this report) there has been one breach in contribution payments. The breach related to a new employer admitted to the scheme during the period who failed to set up payment details in time for the contributions to be collected. Steps have been taken with the employer to ensure the details are set up for the September contribution collection process. The monetary value of the breach represents 0.01% of the total value of contributions received for the period to date.

There were a number of incidents recorded in the period which have resulted in corrective action being taken. A total of 14 employers failed to submit contribution figures. They have all been contacted in accordance with the Stage 2 escalation procedures. The number of employers which failed to submit contributions represents 2.19% of the total submissions, in monetary values this equates to 0.49% of the total contributions received during the period.

	Q1 Apr-Jun 19	Q2 Jul-Sep 19	Q3 Oct-Dec 19	Q4 Jan-Mar 20
Incidents	44	14*		
Breach	0	1*		

* Incomplete – only includes 2 months data.

Data Breaches:

For the period 1st July to the 30th September 2019 there has been no data breach.

Summary Table:

	Q2 18/19	Q3 18/19	Q4 18/19	Q1 19/20	Q2 19/20
Data Breaches	0	1	7	1	0

Other Breaches:

A recent internal audit by the Local Pension Partnership discovered a number of errors in transfer out payments for the period 2018/19. There were a total of 14 breaches, of which 13 were underpayments and 1 overpayment.

The Partnership have reviewed all their processes regarding transfers out and have attributed the issue as being a consequence of the backlog of cases post go live of their new operating model. The monetary value was £46,172 of underpayments and £895 of overpayments.

All breaches are logged on the Fund breaches log as per the requirements of the Pension Regulator Code of Practice 14.

Consultations

The Local Pensions Partnership was consulted with regards to the data breaches.

Implications:

This item has the following implications, as indicated:

Risk management

The Lancashire Local Pension Board provide scrutiny and support to the Pension Fund Committee, in relation to their responsibility to ensure there is effective compliance with the Pension Regulators' Code of Practice 14 – Governance and administration of public service pension schemes.

Local Government (Access to Information) Act 1985 List of Background Papers

Paper	Date	Contact/Tel
Code of Practice 14 - Governance and administration of public service pension schemes	April 2015	Mukhtar Master 01772 532018

Reason for inclusion in Part II, if appropriate.
N/A

Lancashire Local Pension Board

Meeting to be held on Tuesday, 15 October 2019

Electoral Division affected: None;

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

Contact for further information:

Mike Neville, Tel: (01772) 533431, Senior Democratic Services Officer,
mike.neville@lancashire.gov.uk

Executive Summary

This report refers to items that were presented to the Pension Fund Committee on the 20th September, 2019, under Part I of the agenda (available to the press and public) and an update on decisions taken will be given at the meeting.

Recommendation

The Board is asked to comment on the Part I reports that were considered by the Pension Fund Committee on the 20th September 2019 and any decisions taken.

Background and Advice

At the meeting on the 20th September 2019 the Pension Fund Committee considered a number of reports in Part I of the agenda (available to the press and public) which included the following.

- Minutes of the Meeting held on the 21st June 2019.
- Lancashire County Pension Fund - External Audit Findings Report.
- Lancashire County Pension Fund Annual Report
- Lancashire County Pension Fund Q1 Budget Monitoring 2019/20
- Local Pensions Partnership 2018/19 Annual Report and Accounts
- Responsible Investment Report
- Feedback from members of the Committee on pension related training.

- Date of Next Meeting - 10.30am (preceded by a 30 minute briefing for members of the Committee) on the 29th November 2019 in Committee Room 'C' – The Duke of Lancaster Room at County Hall, Preston.
- Internal audit assurance over the Local Pensions Partnership

All members of the Board were informed when the agenda for the Committee was [published on the County Councils website](#) and a copy of the full agenda was available to view via the online Pensions Library.

Consultations

N/A

Implications:

This item has the following implications, as indicated:

Risk management

There are no significant risk management implications associated with this report.

Local Government (Access to Information) Act 1985 List of Background Papers

Paper	Date	Contact/Tel
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N/A

Reason for inclusion in Part II, if appropriate

N/A

Lancashire Local Pension Board

Meeting to be held on Tuesday, 15 October 2019

Electoral Division affected: None;

Feedback from members of the Board on pension related training.

Contact for further information:

Mike Neville, Tel: (01772) 533431, Senior Democratic Services Officer,
mike.neville@lancashire.gov.uk

Executive Summary

This report relates to training which members of the Board have received since the last meeting and gives individuals an opportunity to provide feedback on their experience.

Recommendation

Individual members of the Board are asked to provide feedback on their experience of the training referred to in the report.

Background and Advice

At the meeting on the 29th March 2019 the Pension Fund Committee agreed a revised Training Policy which set out the Fund's approach to supporting the learning and development needs of individuals with responsibility for the strategic direction, governance and oversight of the Lancashire County Pension Fund through their membership of the Committee or the Lancashire Local Pension Board.

Since the last meeting members of the Board have attended the following event:

11th September 2019 – Workshop on risk appetite and the risk framework at County Hall, Preston, attended by K Haigh, Y Moulton, K Wallbank and D Parker.

Online training

Since the last meeting Members of the Board have confirmed that they have completed the following modules in The Pension Regulators Public Service Toolkit:

- | | |
|--|------------|
| 1. Conflict of interest | (D Parker) |
| 2. Managing risk and internal controls | (D Parker) |
| 3. Maintaining accurate member data | (D Parker) |

- | | |
|---|---------------------------|
| 4. Maintaining member contributions; | (D Parker) |
| 5. Providing information to members and others; | (D Parker) |
| 6. Resolving internal disputes; | (D Parker and S Thompson) |
| 7. Reporting breaches of the law. | (D Parker and S Thompson) |

Consultations

N/A

Implications:

This item has the following implications, as indicated:

Risk management

Without the required knowledge and skills the members of the Board may be ill equipped to consider issues and make informed decisions regarding the direction and operation of the Lancashire County Pension Fund.

Financial

Any attendance, travel or accommodation costs associated with external training are met from the Pension Board budget which is part of the overall Pension Fund budget.

**Local Government (Access to Information) Act 1985
List of Background Papers**

Paper	Date	Contact/Tel
Attendance sheet for Pension Workshop	11 th September 2019	M Neville 01772 533431

Reason for inclusion in Part II, if appropriate

N/A

Agenda Item 13

(NOT FOR PUBLICATION: By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972. It is considered that all the circumstances of the case the public interest in maintaining the exemption outweighs the public interest in disclosing the information)

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Agenda Item 14

(NOT FOR PUBLICATION: By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972. It is considered that all the circumstances of the case the public interest in maintaining the exemption outweighs the public interest in disclosing the information)

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