

## **Lancashire Local Pension Board**

**Minutes of the Meeting held on Tuesday, 11th April, 2017 at 2.00 pm in Room A05 - A Floor, County Hall, Preston.**

### **Present:**

#### **Chair**

William Bourne

#### **Board Members**

Steve Browne, Employer rep - LCC

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

Kathryn Haigh, Scheme rep - Active Members

John Hall, Scheme rep - Deferred Members

Bob Harvey, Scheme rep - Pensioner Members

Yvonne Moulton, Scheme rep - Active Members

#### **Officers**

Abbi Leech, Head of Fund, Lancashire County Council.

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

### **1. Apologies**

Apologies for absence were received from Mr C Gibson and County Councillor T Martin.

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

No disclosures of interest were made in relation to items appearing on the agenda.

The Chair informed the meeting that in accordance with the Terms of Reference it was intended to review the existing Register of Interests and members of the Board would be contacted in due course and asked to provide updated information regarding their interests which will be published on the County Council's website.

**Resolved:** That Mr Neville consult all members of the Board in order to update the Register of Interests.

### **3. Minutes of the Meeting held on 17th January 2017**

**Resolved:** That the Minutes of the meeting held on the 17<sup>th</sup> January 2017 are confirmed as an accurate record and signed by the Chair.

### **4. Programme of meetings 2017/18**

It was reported that after consulting with the Chair, the Head of Fund and members of the Board, a proposed programme of meetings had been developed for 2017/18, with all meetings to start at 2pm and be held at County Hall, Preston.

The Chair suggested that arrangements be made for members of the Pension Board to meet informally in order to build relationships and it was proposed that members have lunch together ahead of the next meeting.

**Resolved:**

1. That the following programme of meetings for 2017/18 is agreed, with all meetings to start at 2pm.

4th July 2017 in Room A05 on 'A' Floor, County Hall, Preston.

17th October 2017 in Room A05 on 'A' Floor, County Hall, Preston.

23rd January 2018 in Room A07 on 'A' Floor, County Hall, Preston.

24th April 2018 in Room A07 on 'A' Floor, County Hall, Preston.

3rd July 2018 in Room A07 on 'A' Floor, County Hall, Preston.

16th October 2018 in Room A07 on 'A' Floor, County Hall, Preston.

2. That arrangements be made for members of the Board to meet for an informal lunch at 1pm ahead of the meeting scheduled for the 4<sup>th</sup> July 2017.

**5. Stewardship Update**

The Board considered a report which provided updates on the following stewardship matters.

1. Annual reporting against the Principles of Responsible Investment (PRI)

It was reported that as a signatory to the RPI the Lancashire County Pension Fund (LCPF) was required to publicly report progress in implementing the Principles annually before the 31<sup>st</sup> March deadline and produce a "Transparency Report" detailing the responses to all completed indicators other than those set as private on the basis of confidentiality. LCPF had worked with LPP to produce a report on the Fund's overall approach and specific efforts/activities during the 12 months to 31st December, 2016, particularly in relation to the Fund's relationship with LPP.

It was noted that the "Transparency Report" was expected to be made publicly available in June 2017 and a detailed report would be presented to the next meeting of the Pension Fund Committee to draw out specific learning points from the experience of working through the reporting framework.

2. Statement of Compliance with the UK Stewardship Code.

The Board discussed the requirement to revise the Statement and noted that the Chair of the Pension Fund Committee in December 2016 had approved the LCPF being temporarily delisted as a signatory to the UK Stewardship Code for a period of 6 months pending the Fund's development of an Investment Strategy Statement.

It was noted that once finalised the revised Statement of Compliance would be circulated to the Chair of the Pension Fund Committee and Board members for comment and approval before being submitted to the Financial Reporting Council for assessment.

**Resolved:**

1. That the updates set out in the report are noted.
2. That a copy of the "Transparency Report" in relation to the Funds compliance with the Principles of Responsible Investment be circulated to the members of the Board for information once it is publicly available.
3. That once it has been finalised a copy of the revised Statement of Compliance with the UK Stewardship Code be circulated to the Board members for comment and approval before it is submitted to the Financial Reporting Council for assessment.

**6. Funding report of the Actuarial Valuation**

A report was presented regarding the Actuary's final funding report on the 2016 actuarial valuation on the Lancashire County Pension Fund.

In considering the report the Board recognised that the Fund was able to withstand an element of risk in order to meet the deficit as indicated by the minimum risk funding position. It was also suggested that the increase in the primary contribution rate related to one off costs in establishing LPP and that the Fund had performed well over the year.

**Resolved:** That the detail set out in the Actuary's final funding report on the 2016 actuarial valuation on the Lancashire County Pension Fund is noted.

**7. Annual review of communication between Lancashire County Pension Fund, its employers and Scheme members.**

A report was presented regarding the annual review of communication between the Fund, its employers and scheme members.

In considering the report the Board acknowledged that the Fund adopted a variety of approaches to communication including a website, telephone, email, mail, face to face and events. The increase in the number of telephone calls to the dedicated helpdesk was noted and it was suggested that an increase in queries from employers was to be expected in an Actuarial valuation year.

With regard to data collection it was reported that 90% of employers (encompassing 99% of the active scheme membership) regularly provided data and further detail was requested in relation to the remaining 10% and also in connection with activity to update inaccurate information in relation to deferred members.

In summary the Board noted that the annual review of the communications policy had not identified any issues which required attention.

**Resolved:**

1. That the report is noted.
2. That the Head of Fund be requested to provide updates in relation to
  - a) the background to the increase in the number of telephone calls to the dedicated telephone helpdesk for scheme members and employers.
  - b) the composition of the remaining 10% of employers who do not regularly provide data collection.
  - c) the ongoing identification of those deferred members whose addresses have been identified as inaccurate.
3. That a requirement to monitor the number of 'missing' deferred members on a biennial basis be added to the Work Plan.

**8. Allocation of additional resources to the Head of Fund**

Abbi Leech, the Head of Fund informed the meeting that she was in the process of interviewing candidates for a new post within her team which would provide support in relation to governance, risk and data security.

**Resolved:** That the report is noted.

**9. Cooperation between Pension Board and LPFA regarding future monitoring of LPP.**

At the suggestion of the Chair the Board discussed the possibility of working in partnership with the Local Pension Board of LPFA in relation to common processes such as monitoring and KPIs. It was suggested that whilst joint meetings between members of each Board would be impractical the sharing of certain information/documents (such as the Communication Policy) or in relation to standards/practices used to hold LPP to account (including risk management) would be beneficial in order to ensure a complimentary approach.

It was also suggested that a closer working partnership with the Local Pension Board of LPFA would be beneficial in establishing a consistent approach which could be applied to any additional organisations who may join the Partnership in the future.

**Resolved:** That the Chair explore potential areas for future joint working with the LPFA Board and report his findings to the next meeting.

**10. Workplan 2017/18**

The Board considered a report on the Work Plan and was informed that in future the Plan would be a 'live' document that would be updated on a rolling programme. It was noted that some of the items highlighted for this meeting in the Plan would be

discussed as part of the report at item 12 on the agenda rather than as individual reports.

**Resolved:** That the updated Work Plan, as presented, is noted.

#### **11. Feedback from Board Members on Recent Training Events and Conferences**

A report was presented on training events and conferences which members of the Board had attended since the last meeting.

Yvonne Moulton informed the meeting that she had attended the CIPFA 2016/17 LGPS Local Pension Board Seminar in March with S Thompson and C Gibson which had included a presentation on the scheme advisory board, group discussion regarding the role of Pension Boards and an update from the Department for Communities and Local Government. It was noted that information from the Seminar was available for Board members to view via the Pensions Library.

The Chair reported that he was to attend the Local Pension Boards 'Two Years On' event on the 28<sup>th</sup> June 2017 and would report back to the next meeting.

Steve Browne reported that a Workshop on the 27<sup>th</sup> March regarding the LPP had been informative and had provided clarity regarding certain aspects of the relationship between the Fund and the Partnership.

**Resolved:** That the report and the feedback given at the meeting are noted.

#### **12. Part I reports considered by the Pension Fund Committee in March.**

The Board considered a report on Part I items which had been considered at the Pension Fund Committee on the 17<sup>th</sup> March 2017.

Mike Neville informed the Board that the Terms of Reference set out at Appendix 'A' to the report differed slightly to the version which had been approved by the Committee as the wording at item 4 had subsequently been amended to reflect the fact that the Code of Conduct and Conflict of Interests Policy had been incorporated into the document as an Annex.

It was noted that in accordance with the Conflict of Interest Policy all members of the Board would be requested to review any Financial and Non Financial interests they may have so that the Register of Interests could be updated.

It was further reported that the LCPF Budget for 2017/18 had been approved and details of the LPP budget would be presented to the next meeting of the Committee. In considering the matter the Board recognised that approval of the LPP budget may be a matter for the full County Council (as a joint owner of LPP) to determine rather than the Committee and it was suggested that a review of existing reserved matters be undertaken in order to clarify those items which would be determined by the Committee or full County Council.

The Board also acknowledged that the Committee had approved the Funding Strategy Statement and the 2016/17 external Audit Plan. Abbi Leech confirmed that details of the internal audit would be presented to the Committee in June.

**Resolved:**

1. That the inclusion of the Code of Conduct and Conflict of Interests Policy into the revised Terms of Reference for the Board is noted.
2. That a review of existing reserved matters be undertaken in order to clarify those items, including approval of the LPP budget, that should be determined by the full County Council (as a joint owner of LPP) or the Pension Fund Committee.
3. That the updates in relation to approval of the Funding Strategy Statement and the 2016/17 external Audit Plan are noted.

**13. Urgent Business**

No items of urgent business were raised under this heading.

**14. Date of Next Meeting**

It was noted that in accordance with the programme of meetings approved earlier the next scheduled meeting of the Board would be held at 2pm on Tuesday 4<sup>th</sup> July, 2017, in Room A05 on 'A' Floor at County Hall, Preston preceded by an informal lunch for Board members at 1pm.

**15. Exclusion of Press and Public**

**Resolved:** - That the press and members of the public be excluded from the meeting during consideration of the following items of business on the grounds that there would be a likely disclosure of exempt information as defined in the appropriate paragraph of Part 1 of Schedule 12A to the Local Government, 1972, indicated against the heading to the item. It was considered that in all the circumstances the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

**16. Update on the Local Pension Partnership Administration Transformation Plan**

*Not for Publication – Exempt information as defined in Paragraphs 1 and 3 of Part 1 of Schedule 12A to the Local Government Act 1972. It is considered that in all the circumstances of the case the public interest in maintaining the exemption outweighs the public interest in disclosing the information.*

A report was presented regarding the Local Pension Partnership Administration Transformation Plan which included a summary of the work completed to date, details of LPP's governance framework and details of the key milestones in the plan. In considering the matter the Board recognised that work was ongoing in relation to the internal audit of LPP and it was suggested that a report be presented to the next

meeting in order to assure the Board that no significant concerns had been identified.

**Resolved:**

1. That the report is noted.
2. That details of the internal audit work plan for LPP to be reported to the Pension Fund Committee also be presented to the next meeting of the Board for consideration.

**17. Part II reports considered by the Pension Fund Committee in March**

*Not for Publication – Exempt information as defined in Paragraphs 1 and 3 of Part 1 of Schedule 12A to the Local Government Act 1972. It is considered that in all the circumstances of the case the public interest in maintaining the exemption outweighs the public interest in disclosing the information.*

The Board considered a report on Part II items which had been considered by the Pension Fund Committee on the 17<sup>th</sup> March 2017.

In response to a query the Head of Fund reported that future performance monitoring of LPPI would be on a quarterly basis. It was also reported that LPP was in the process of recruiting two officers in relation to data monitoring/governance and had reviewed internal procedures regarding data security.

**Resolved:** That the report be noted.

I Young  
Director of Governance, Finance and  
Public Services

County Hall  
Preston