

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.

L Sales
Director of Corporate Services

County Hall
Preston

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.

- 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:

- 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

- 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.
- 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.
- 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

