



LGPS LOCAL PENSION BOARD

MONDAY, 26 MARCH 2018 at 10.00 AM

COMMITTEE ROOM TWO, COUNTY OFFICES, NEWLAND, LINCOLN LN1 1YL

MEMBERS OF THE BOARD

Independent Chair (non-voting): Roger Buttery

Employer Representatives (voting): Councillor M A Whittington and Kirsty McGauley

Scheme Member Representatives (voting): Ian Crowther and David Vickers

AGENDA

Item	Title	Pages
1	Apologies for Absence	
2	Declaration of Members' Interests	
3	Minutes of the previous meeting of the LGPS Local Pension Board held on 15 January 2018	3 - 10
4	Employer Issue - LCC Improvement Plan <i>(To receive a report by Jo Ray (Pension Fund Manager) which provides an overview of the concerns raised by the Board relating to the information provided by Lincolnshire County Council to the Fund's Administrator, West Yorkshire Pension Fund. Representatives of LCC will be invited to provide assurance on how these issues are being addressed)</i>	11 - 12
5	Pensions Administration Report <i>(To receive a report by Yunus Gajra (Business Development Manage, West Yorkshire Pension Fund (WYPF)), which provides a quarterly update on current administration issues)</i>	13 - 34

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| 6 | Pension Fund Update Report
<i>(To receive a report by Jo Ray (Pension Fund Manager) which updates the Board on Pension Fund matters including any current issues)</i> | 35 - 48 |
| 7 | Asset Pooling Update
<i>(To receive a report by Jo Ray (Pension Fund Manager) which updates the Board on progress of the creation of the Border to Coast Pensions Partnership Ltd (Border to Coast), the Fund's chosen asset pool)</i> | 49 - 54 |
| 8 | Pensions Board Effectiveness Review
<i>(To receive a report by Jo Ray (Pension Fund Manager) which acts as a discussion document to review the effectiveness of the Pension Board)</i> | 55 - 56 |
| 9 | Pension Board Training
<i>(To receive a report by Jo Ray (Pension Fund Manager) which sets out training opportunities or requirements, for the Pension Board. The report also introduces a presentation which provides additional details and explanation on areas of the Pension Fund Annual Report and Accounts identified by the Board)</i> | 57 - 58 |
| 10 | Training Needs
<i>(This is a standard agenda item which is considered at every meeting of the Board)</i> | Verbal Report |
| 11 | Work Programme
<i>(This item provides an opportunity for the Board to agree the business for consideration at forthcoming meetings)</i> | Verbal Report |

Published on Friday, 16 March 2018

Should you have any queries on the arrangements for this meeting, please contact Andrea Brown via telephone 01522 553787 or alternatively via email at andrea.brown@lincolnshire.gov.uk



**LGPS LOCAL PENSION BOARD
15 JANUARY 2018**

PRESENT:

Employer Representatives: Councillor M A Whittington and Kirsty McGauley

Scheme Member Representatives: Ian Crowther and David Vickers (in the Chair)

No Councillors attended the meeting as observers

Officers in attendance:-

Andrea Brown (Democratic Services Officer), Debbie Eldridge (Serco), David Forbes (County Finance Officer), Yunus Gajra (Business Development Manager, WYPF), Jo Ray (Pension Fund Manager), Claire Machej (Head of Finance (Corporate)), Graham Morgan (Serco) and Vicki Sharpe (HR Advisor, LCC)

21 APOLOGIES FOR ABSENCE

Apologies for absence were received from Mr R Buttery, Chairman.

RESOLVED

That Mr D Vickers, Scheme Member Representative, take the Chair for this meeting only.

22 DECLARATIONS OF MEMBERS' INTERESTS

Mr D Vickers highlighted a potential interest due to an ongoing issue between Mouchel Pension Scheme, of which is a Trustee, and the Lincolnshire Pension Fund which was administered by West Yorkshire Pension Fund. Although not relevant to any item on the agenda, the Board was asked to note the potential conflict of interest during consideration of future items.

Councillor M A Whittington declared that his wife was in receipt of a pension from the Fund.

There were no other declarations of interest at this point of the proceedings.

23 MINUTES OF THE PREVIOUS MEETING OF THE LGPS LOCAL PENSION BOARD HELD ON 18 OCTOBER 2017

RESOLVED

That the minutes of the previous meeting of the LGPS Local Pension Board held on 18 October 2017 be agreed as a correct record and signed by the Chairman.

24 EMPLOYER ISSUE - LCC IMPROVEMENT PLAN

Consideration was given to a report from Jo Ray (Pension Fund Manager) which gave an overview of the issues between the employer in the Fund (LCC) and the provision of necessary information to the Fund's administrator, West Yorkshire Pension Fund (WYPF).

Jo Ray (Pension Fund Manager) introduced the report and explained that it had been reported at the last meeting that the Fund's largest employer, LCC, had developed a backlog in providing detailed leaver information to the Fund's administrator. The Board requested that the Pension Fund Manager meet with all parties (LCC, Serco, WYPF and the Fund) to discuss the issue in detail.

It was confirmed that this meeting had been held in November where it was agreed that Serco would work with WYPF to ensure that current leavers were dealt with correctly at the point of leaving and develop an improvement plan to address the backlog. LCC also agreed to improve the monitoring process of the situation and to provide update reports on a monthly basis once the improvement plan had been implemented.

This issue had been logged on the breaches register but not, at this stage, reported to the Pensions Regulator on the understanding that an improvement plan would be implemented.

The Chairman welcomed Vicki Sharpe from LCC and Debbie Eldridge and Graham Morgan from Serco to the meeting and invited them to provide assurance that the situation was improving and that LCC were monitoring performance across all areas of the payroll contract to ensure that the statutory responsibilities of the employer were being met.

Debbie Eldridge confirmed that Serco had handled the backlog as an emergency, employing an additional member of staff to oversee the completion of the process. It was reported that this work was now on track to deliver to the plan agreed, with more than 200 forms submitted to WYPF last week. It was also advised that this work was an area of priority and that the problems had stemmed from the implementation of the Agresso system in 2015 and its reported inability to produce the complex data required. It was explained that changes were often necessary due to the problems with the system which started in 2015 although it was expected that the issues encountered 2015, 2016 and 2017 would be resolved by April 2018.

Vicki Sharpe reported that these issues formed part of the overall payroll and data issues which had been included on the Council's Risk Register and were being discussed at the highest level of the Council. Pete Moore, Executive Director of Finance and Public Protection, was the Scheme Manager for this work. A Project Governance and Assurance Board had also been established to ensure that all relevant managers were working towards the resolution of these issues.

Yunus Gajra (Business Development Manager, WYPF) confirmed that information had been received from the payroll provider but that the quality of this information had been questionable. It was reported that WYPF had no confidence in the quality of data being presented.

During discussion, the following points were noted:-

- Due to recent experience, WYPF confirmed that they had no confidence that data received would be correct. Serco representatives indicated that they could not give complete assurance that information provided to WYPF would be correct although it was expected that most data from April 2018 onward would be accurate following the system upgrade;
- The Board expressed concern that assurance could not be given that future data would be 100% correct. This could cause significant reputational damage for both WYPF and LCC and was unacceptable;
- The Board was also concerned that LCC, as the employer, appeared to be acting reactively to these issues rather than proactively;
- It also appeared that there was little understanding of the employers responsibilities for pensions set by The Pensions Regulator (TPR) or that these responsibilities may not seem to be a priority;
- Vicki Sharpe advised that there had been little stability due to the turnover of staff within Serco but now that this had been addressed, the situation appeared to be stabilising. It was also reported that guidance would be appreciated as the team were learning 'on the job'. This also raised concern for the Board;
- Clarification was provided that LCC had contracted to deliver a full payroll system, including pension deductions, and this contract was awarded to Serco following a thorough procurement process. Unfortunately, to-date, this service had not been delivered to the level of the contract;
- It was confirmed that all employers within the scheme where Serco managed their payroll had been affected by the issues, including schools;
- LCC had been advised by Serco that there were 83 pension issues as a result of the Agresso system. It had then been agreed to prioritise and rectify the top 18 which included issues with the Fire Pension Scheme;
- Although payroll issues had been reported at the relevant Council meetings, the specific impact or severity of these issues for pensions had not been reported to the Pensions Committee or the LGPS Local Pension Board.
- Serco were unable to provide a date for when all the data for 2015, 2016 and 2017 would be correctly calculated which increased the Board's concern;
- Serco confirmed that all data going forward would be accurate from April 2018. A mirror system had been set up to calculate data from Agresso and all this

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15 JANUARY 2018**

data had been completely correct for pensions. As a result, Serco confirmed that they confident that this data was accurate and up-to-date;

- The Board requested actual figures of those employers and employees affected by these issues. It was confirmed that this data had been provided to the Corporate Management Board and would be circulated after the meeting;
- It was indicated at a previous meeting that there was an expectation that approximately 10% of the files may be incorrect. However, it now appeared that there was significantly more than 10% and the Board requested an indication of the actual scale of the problem. Serco indicated that until their specialist consultants had completed the review of the system and could understand what had gone wrong, a full assessment could not be undertaken. It was reported that this work should be complete in time for April 2018;
- The Board noted that WYPF had factored in a 10% error margin but reported that they would not be prepared to process any higher as it would incur extra work, cost, disruption to members and reputational damage to WYPF. It was also noted that WYPF had an obligation to other employers within the fund and not just LPF.

The Chairman thanked representatives from LCC and Serco for providing an update to the Board and stressed that the situation faced in relation to pensions was extremely serious and must be rectified as soon as possible. Before the representatives left the meeting, the Chairman reiterated the request for information by the Board during the discussions which was expected to be circulated following the meeting.

Discussion continued and the Board agreed that the level of the issues were greater than anticipated. Not only was the backlog greater with no clear date for rectification but the accuracy of the data presented to WYPF gave greater concern.

LCC and Serco were unable to give any assurance that data being sent to WYPF would not need to be resent should errors be found or that data would be correct going forward due to ongoing system cleaning. Consequently, the Board did not feel confident that LCC would be able to clear any backlog in the agreed timescales. Additionally, the Board was concerned that LCC was not undertaking appropriate monitoring of its payroll provider to ensure that it was meeting all the pension related requirements set out within the LGPS Regulations. Therefore, the Board was minded to report LCC to The Pensions Regulator.

However, the Board agreed to write to LCC, in the first instance, advising that they would be allowed one month to provide further assurance that the process of clearing backlogs in LGPS pensions related data was being sufficiently managed and that, as an employer of the fund, LCC was meeting its responsibilities to the Pension Fund as set out in the administration strategy.

The Board also agreed to hold an additional meeting of the LGPS Local Pension Board on Tuesday 27 February 2018 at 2.00pm where LCC would be required to provide assurance and also to present a clear, ongoing, monitoring and reporting plan. Should the Board remain dissatisfied with the progress, there would be no option but to report the employer (LCC) to The Pensions Regulator.

RESOLVED

1. That the report and improvement plan be noted;
2. That a letter be sent to Lincolnshire County Council advising of the Boards dissatisfaction with the progress in relation to the backlog of Leavers Information; and
3. That an additional meeting of the LGPS Local Pension Board be arranged for Tuesday 27 February 2018 at 2.00pm.

At 11.35am, the Chairman adjourned the meeting and reconvened at 11.40am.

25 PENSIONS ADMINISTRATION REPORT

The Chair of the Board welcomed Yunus Gajra (Business Development Manager, West Yorkshire Pension Fund) to the meeting and invited him to introduce the report which provided a quarterly update on current administration issues.

Mr Gajra introduced the report and highlighted the following areas to note:-

- Members were asked to note that there was an error on Page 18 of the agenda pack. "Number of Employers in WYPF" should read "total number of employers in **L**PF";
- It was confirmed that the LGPC Secretariat had received a Counsel's conclusion that assistant coroners were now eligible for membership of the scheme;
- A legal opinion had been circulated by the LGPC Secretariat in relation to the implications of the EU's General Data Protection Regulation (GDPR) for the LGPS;
- Work was also underway at a national level by the communications working group to produce a number of sample documents for LGPS administering authorities to make use of in their preparations for GDPR;
- The Government intended to bring forward measures to restrict the likelihood of pensions scams occurring which included the introduction of a cold calling ban;
- The cost of £13.62 per member for 2017/18 had been used to recharge LPF for this year. The cost target for shared service pension admin was to maintain a cost target of £17 per member and the projected cost for 2018/19 pension admin shared services was estimated at £15.05, therefore below target.

A presentation was given which provided an update on General Data Protection Regulation (GDPR) and covered the following areas:-

- Example data map;
- Where is data stored?
- Who is processing our data?
- What personal data is held?
- What is data being used for?
- Who are the data subjects?

- Who is data shared with and how?
- How long is the data kept?
- Record of Processing Activities;
- Is data secure?
- Summary of tips; and
- Data map with risks.

The Board was invited to ask questions, during which the following points were noted:-

- It was confirmed that historical records held on microfiche were held securely at County Offices although a decision would be required on necessity of keeping these indefinitely; and
- The Board was assured that both WYPF and LPF were working towards being compliant with the new General Data Protection Regulation (GDPR) and anything which specifically related to Lincolnshire would be notified to the Pension Fund Manager.

RESOLVED

That the report be noted.

26 PENSION FUND UPDATE REPORT

Consideration was given to a report by Jo Ray (Pension Fund Manager) which provided an update on Pension Fund matters and included current issues.

The latest engagement report of the Local Authority Pension Fund Forum (LAPFF) could be found on their website at www.lapfforum.org.

The Pension Fund Manager continued by referring to the TPR Checklist Dashboard and confirmed that there had been no changes since the last update report. However, the report noted that H5 & H6 (Maintaining Contributions) were 'grey' as these contributions were provided directly by Prudential with no Pension Fund involvement. The Prudential had addressed the Pensions Committee on 11 January 2018 and advised that they would provide a certificate proving that all AVC certificates had been issued within the required timescale. Once that certificate had been received, these indicators would then change to green.

In relation to the Risk Register, the Board noted that Risk 24 – *UK Leaving the EU* – remained red due to the uncertainty surrounding Brexit. Risk 28 – *opting up to professional investor status under MIFIDII requirements* – had moved from red to green since the last meeting. Risk 22 – *resourcing issues within the LCC team* – has moved from red to blue since the last meeting, following the appointment of an Accounting, Investment and Governance Manager. However, this would not turn green until a six month phased transition into the team had been completed.

Two additional breaches had been added to the breaches report, *Late Payment of Contributions* and *Late Receipt of Member Information*. As previously reported, both of these issues were being addressed by all parties concerned.

During discussion, the following points were noted:-

- It was explained that information from schools and academies in relation to 'Late Payment of Contributions' and 'Late Receipt of Member Information' was occasionally inaccurate as the cash did not match the data. There was a requirement for all of this information to be received on time and if late on three occasions fines were issued unless extenuating circumstances were agreed;
- The Board was advised that the BCPP had secured an office in Leeds city centre, close to the railway station; and
- The results of The Pensions Regulator Annual Governance Survey would be presented to the Board once received.

RESOLVED

That the report be noted.

27 PENSION BOARD TRAINING

Consideration was given to a report by Jo Ray (Pension Fund Manager) which provided an opportunity for the Board to consider potential training opportunities to assist them in maintaining the knowledge and skills required to undertake their duties.

Following the last meeting, Board members had requested further information on the main funds detailed within the top holdings and matters relating to financial markets and Products Knowledge, Procurement and Relationship Management from the Knowledge and Skills Framework. These areas would be covered at Minute No. 28.

In September 2017, the Pension Regulator (TPR) formally launched a campaign on 21st Century Trusteeship which could be found on its website at <http://www.thepensionsregulator.gov.uk/21st-century-trusteeship.aspx> . The overall programme had been divided into three themes:-

- Good governance;
- Clear roles and responsibilities; and
- Clear purpose and strategy.

It was explained that TPR were not creating new or higher standards of governance but instead making clearer what they thought good governance should look like and the potential consequences should these standards not be met.

Members were encouraged to log anything on their training records which they had done or attended to assist them with their role on the Board. It was confirmed that this could include attendance at conferences or pensions meetings as these would also provide insight into the current position of pensions.

The Pension Fund Manager advised the Board that a training session had been arranged, along with Pensions Committee members, for 22 March 2018. The topic of this session had not yet been decided.

RESOLVED

That the report be noted.

28 ANNUAL REPORT AND ACCOUNTS - ADDITIONAL INFORMATION

Due to the time taken by the Board to fully consider 'Employer issue – LCC Improvement Plan' and in addition to the absence of the Chairman, it was suggested that this item be deferred and considered at the additional meeting on 27 February 2018.

RESOLVED

That this item be deferred to the meeting on Tuesday 27 February 2018 at 2.00pm.

29 WORK PROGRAMME

Following discussion, the Board was asked to advise the Pension Fund Manager of any areas, in addition to the standard items, they would wish to consider at future meetings.

The Board also agreed to schedule an additional meeting on Tuesday 27 February 2018 to consider the following items :-

- Employer issue – LCC Improvement Plan Update; and
- Annual Report and Accounts – Additional Information

RESOLVED

That an additional meeting of the LGPS Pension Board be arranged for Tuesday 27 February 2018 at 2.00pm.

The meeting closed at 12.53 pm

Open Report on behalf of Pete Moore - Executive Director of Finance and Public Protection

Report to:	Lincolnshire Pension Board
Date:	26 March 2018
Subject:	Employer issue – LCC Improvement Plan

Summary:

The Pension Board have previously been made aware of an issue with an employer in the Fund, LCC, in providing certain required information to the Fund's administrator, WYPF. Following a report to the Board by LCC in January, LCC have been invited again to provide assurance to the Board on how they are addressing this issue.

Recommendation(s):

That the Board consider the progress of the improvement plan and agree any further action required.

Background

- 1 It has previously been brought to the attention of the Board that the Fund's largest employer, LCC, had developed a backlog in providing detailed leaver information to the Fund's administrator, WYPF. At the last meeting in January the Board received a presentation from LCC and their payroll provider discussing how they were addressing the situation and setting out an improvement plan.
- 2 Following extensive questioning by the Board, it was agreed that a formal letter would be written to LCC, setting out the Board's concerns, and requesting a further appearance at an additional meeting to be held in February.
- 3 Representatives from LCC will present an update to the Board to provide assurance that the situation is improving and that LCC are monitoring the performance across all areas of the payroll contract to ensure that the statutory responsibilities of the employer are being met.

Conclusion

- 4 The Pension Fund monitors the performance of the scheme employers against their statutory responsibilities, and ensures that the Pension Board is made aware of any issues. The Board will consider whether any action is required, and will look to work with the Fund, WYPF and the employer to address any concerns.

Consultation

a) Have Risks and Impact Analysis been carried out?

Yes

b) Risks and Impact Analysis

The Pension Fund has a risk register which can be obtained by contacting the author of this report.

This report was written by Jo Ray, who can be contacted on 01522 553656 or jo.ray@lincolnshire.gov.uk .

Open Report on behalf of Pete Moore - Executive Director of Finance and Public Protection

Report to:	Lincolnshire Pension Board
Date:	26 March 2018
Subject:	Pensions Administration Report

Summary:

This is the quarterly report by the Fund's pension administrator, West Yorkshire Pension Fund.

Yunus Gajra, the Business Development Manager from WYPF, will update the Board on current administration issues.

Recommendation(s):

That the Board note the report.

Background

1.0 Performance and Benchmarking

1.1 WYPF uses workflow processes developed internally to organise their daily work with target dates and performance measures built into the system. The performance measures ensure tasks are prioritised on a daily basis, however Team Managers have the flexibility to re-schedule work should time pressure demand.

1.2 The table below shows the performance against key areas of work for the period 1 December 2017 to 28 February 2018.

LPF - KPI's for the Period 1.9.17 – 30.11.17					
WORKTYPE	TOTAL CASES	TARGET DAYS FOR EACH CASE	TARGET MET CASES	MINIUM TARGET PERCENT	TARGET MET PERCENT
AVC In-house (General)	67	10	65	85	97.01
Article 4 Payment Death LG	8	10	3	85	37.5
Article 4 Payment Own Right LG	37	10	4	85	10.81

Change of Address LG	208	5	201	85	96.63
Change of Bank Details LG	86	5	81	85	94.19
DG Nomination Form Received LG	528	20	528	85	100
Death Grant to Set Up LG	25	5	24	85	96
Death In Retirement LG	159	5	145	85	91.19
Death In Service LG	9	5	8	85	88.89
Death on Deferred LG	9	5	8	85	88.89
Deferred Benefits Into Payment Actual	157	5	154	90	98.09
Deferred Benefits Into Payment Quote	178	35	150	85	84.27
Deferred Benefits Set Up on Leaving	943	20	888	85	94.17
Divorce Quote LG	62	20	60	85	96.77
Divorce Settlement Pension Sharing order Implemented	1	80	1	100	100
Enquiry LG	2	5	2	85	100
General Payroll Changes LG	38	5	38	85	100
Initial Letter Death in Service LG	9	5	8	85	88.89
Initial letter Death in Retirement LG	159	5	152	85	95.6
Initial letter Death on Deferred LG	9	5	8	85	88.89
Life Certificate Received LG	39	10	37	85	94.87
Monthly Posting	813	10	499	95	61.38
NI Modification LG	5	20	3	85	60
Pension Estimate	257	10	133	75	51.75
Refund Payment	186	10	181	95	97.31
Refund Quote	200	35	194	85	97
Retirement Actual	122	3	114	90	93.44
Retirement Quote	167	10	150	85	89.82
Set Up New Spouse Pension LG	61	5	56	85	91.8
Spouse Potential LG	6	20	6	85	100
Transfer In Actual	26	35	22	85	84.62
Transfer In Quote	49	35	49	85	100
Transfer Out Payment	4	35	4	85	100
Transfer Out Quote	199	20	183	85	91.96

Reasons for underperforming KPI's:

Article 4 Payment Death LG	complex cases requiring further investigation or information.
Article 4 Payment Own Right LG	complex cases requiring further investigation or information.
Monthly Posting	Files that cannot be validated because of errors, queries, mismatches etc. Average time taken across all employers is less than 10 days.
NI Modification LG	
Pension Estimate	Larger than normal volumes across all Employers

2.0 Scheme Information

2.1 Membership numbers as at 5 March '18 were as follows:

Numbers	Active	Deferred	Undecided	Pensioner	Frozen
LGPS	26,217	26,594	2,408	20,138	1,879

Councillors	1	38	0	41	-
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Totals nos	26,218	26,632	2,408	20,179	1,879
Change	+1,614	+226	-1,760	+195	-62

2.2 Age Profile of the Scheme

	Age Groups												
Status	U20	20-25	26-30	31-35	36-40	41-45	46-50	51-55	56-60	61-65	66-70	70+	TOTAL
Active	448	1947	1752	2360	2799	3534	4514	4120	2974	1469	242	58	26217
Beneficiary Pensioner	96	37	2	4	4	13	42	85	145	223	313	1535	2499
Deferred	4	436	1428	2134	2226	3115	5221	5936	4777	1235	36	4	26552
Deferred Ex Spouse	0	0	0	0	3	1	9	15	10	1	0	0	39
Pensioner	0	0	1	1	4	12	50	119	1122	4372	5046	6885	17612
Pensioner Deferred	0	0	0	0	0	0	1	0	2	1	0	0	4
Pensioner Ex Spouse	0	0	0	0	0	0	0	0	2	11	6	4	23
Preserved Refund	33	195	115	115	142	198	266	288	226	154	97	50	1879
Undecided													2408
Councillors													80
Total													77,313

2.3 Employer Activity

Academies and Prime Account Schools

Between 1 December 2017 to 28 February 2018, 3 academies became Scheme employers in the Fund.

WYPF are currently working on 7 schools that are in the process of converting to academies or Prime Account Schools.

Town and Parish Councils

Between 1 December 2017 and 28 February 2018 no Town or Parish Councils became Scheme employers. A decision is outstanding from one Parish Council as to whether to become a Scheme employer in the Fund.

Admission Bodies

Between 1 December 2017 and 28 February 2018 there was one new Admission Body in the Fund – backdated to 1 September 2017.

WYPF are currently working on the admissions for 3 Admission Bodies.

Employers ceasing Participation

Between 1 December 2017 and 28 February 2018 no employers ceased their participation in LPF.

Number of Employers in LPF

These changes to employers bring the total number of employers in LPF as at 28 February 2018 to 255.

Admission Bodies in progress

EMPLOYER	ISSUE	CURRENT POSITION	ACTION	NEXT ACTION REQUIRED
Future Cleaning Services	Request for admission received.	Need employee data.	Employee data received and application received.	Actuarial assessment completed. Admission agreement issued for signature. Admission still with academy trust. Contacted by Academy Trust - am responding to queries re their liability as guarantor.

Taylor Shaw (Branston Academy)	Request for admission received.	Need employee data and application form.	Employer confirmed willing to act as interim employer. Actuarial assessment completed by Hymans.	Awaiting decision from scheme employer re Bond requirement.
Compass Group	Request for admission received.	CGS wish to backdate entry. Academy Trust have confirmed they are willing to act as interim employer.	Conference call held with DRET and Compass Group. Actuarial assessment completed by Hymans.	Draft admission agreement currently being prepared by LCC Legal Services.

Admission Bodies concluded

EMPLOYER	ISSUE	CURRENT POSITION	ACTION	NEXT ACTION REQUIRED
Outspoken Training	Admission due from 1/9/2017.	Application received.		Admission agreement signed and sealed by LCC Legal and concluded on 22/12/2017.

3.0 Praise and Complaints

3.1 Over the quarter October to December we received **2** online customer responses. **133** Lincolnshire member's sample survey letters were sent out and **12 (9.03%)** returned:

Overall Customer Satisfaction Score;

October to December 2016	January to March 2017	April to June 2017	July to September 2017	October to December 2017
77.22%	87.07%	78.63%	89.62%	91.74%

Appendix 1 shows full responses.

3.2 Employer Training

Over the quarter October to December two Employer sessions were held in Lincolnshire, Ill Health and A complete guide to administration.

Feedback from the event is attached at Appendix 2.

4.0 Internal Disputes Resolution Procedures

- 4.1 All occupational pension schemes are required to operate an IDRP. The LGPS has a 2-stage procedure. Stage 1 appeals, which relate to employer decisions or actions, are considered by a person specified by each employer to review decisions (the 'Adjudicator'). Stage 1 appeals relating to appeals against administering authority decisions or actions are considered the Pension Fund Manager. Stage 2 appeals are considered by a solicitor appointed by Lincolnshire County Council.

Stage 1 appeals against the Fund

One appeal decision in this period. No appeals currently outstanding.

Date of appeal	Member no	Employer	Reason for appeal	Date of decision	Decision	Outcome / comments
20/11/2017	8087247	Lincolnshire County Council	No entitlement to CETV.	12/1/2018	Turned down.	Potential maladministration – member had been issued with a deferred benefit notification when he was entitled to immediate benefits.

Stage 1 appeals against scheme employers

Two appeal decisions in this period. 2 appeals currently outstanding.

Date of appeal	Member no	Employer	Reason for appeal	Date of decision	Decision	Outcome / comments
15/8/2017	8019981	Compass Point Business Services	Appeal against not backdating ill health pension.	6/2/2018	Turned down.	Satisfied that regulations have been applied correctly.

28/11/2017	8040391	LCC	Appeal against being refused an ill health pension.			LCC have confirmed they have extended the deadline.
20/12/2017	8079811	LCC	Appeal against level of ill health decision.	14/2/2018	Turned down.	Satisfied that regulations have been applied correctly.
29/1/2018	8043598	LCC	Appeal against being refused an ill health pension.			

Stage 2 appeals

1 appeal turned down in current period. 1 appeal currently outstanding.

Date of appeal	Member no	Employer	Reason for appeal	Date of decision	Decision	Outcome / comments
2/10/2017	8044515	Boston Borough Council	Appeal against service used in pension calculation.			Extension notified. Further queries received from Stage 2 appointed person.
27/9/2017	8086729	Lincolnshire County Council	Actual value of benefits paid was less than shown on annual statements - qualifying service incorrectly shown.	14/12/17	Turned down.	Potential maladministration – incorrect information given.

Ombudsman

- 4.2 The Pensions Ombudsman can consider appeals and allegations of maladministration, once the two stages of the IDRP have been exhausted. There were no new appeals to the PO.

5.0 Administration Update

5.1 Outstanding Leaver forms

It was agreed with LCC/Serco for them to provide 200 leaver forms per week so that the backlog can be cleared by end of April 18. The numbers of outstanding leaver forms now currently stand at 1717, so they should be on schedule to meet the target.

5.2 GDPR Update

5.2.1 Work is ongoing by both WYPF and the City of Bradford MC (as Administering Authority) to meet the requirements of the GDPR which are effective from 25 May 18.

Steps Required to Be Taken by 25 May 2018

The following are the steps the Council is required to take, what steps it has already taken and what steps still need to be taken prior to 25 May 2018. Details are set out in the draft Implementation Plan in Appendix 3.

5.2.2 Personal Data the Council Processes

Each service area is required to document what personal data it processes, for what purposes and who it shares the data with. These need reviewing by the Information Governance Manager and signing off by the Asset Owners. This needs to be done as a matter of urgency so that the service areas are able to complete the draft privacy notices. These Asset Registers are kept centrally.

Action by WYPF – completed.

5.2.3 Privacy Notices

All service areas' privacy notices, detailing what information they process, the purpose of the processing and who they share it with, need updating to include additional requirements of the GDPR i.e. the lawful basis for processing the data needs to be identified in the privacy notices together with data retention periods and individuals' rights to complain to the ICO.

It is understood there are a number of service areas which have completed draft privacy notices and others have not. These now need completing as a matter of urgency. A pro forma was issued to all service areas in November 2017 along with guidance to complete the same. However, to be able to complete these properly service areas will need to ensure their asset registers are updated and detailed enough.

Action by WYPF – completed.

5.2.4 Policies, Procedures and Contracts

Policies, procedures, templates etc. need to be reviewed and revised in accordance with the new requirements of GDPR eg. changes to subject access requests (a month to comply rather than 40 days), data breaches (must notify ICO of breach within 72 hours where it is likely to result in a risk to the rights and freedoms of individuals). The Council already has an embedded breach reporting system but managers must be made aware of the need to report immediately to the Information Governance Team any serious breaches. Corporate policies have been reviewed and are currently being updated to recognise the revised timescales. However, contracts with third party processors still need reviewing and updating to ensure they are GDPR compliant.

Action by WYPF – ongoing.

5.2.5 Consents

Each service area needs to review existing consent documents to ensure they comply with GDPR i.e., they must be freely given, specific, unambiguous, able to be withdrawn and there must be a positive “opt in” rather than an “opt out”. If existing consents do not comply with GDPR new consents must be obtained from individuals to be able to process their personal data before 25 May 2018. Further guidance is due to be issued by the ICO on consents but this does not mean we can wait for the guidance before reviewing existing consents.

Action by WYPF – ongoing.

5.2.6 Data Protection Impact Assessments

These are now mandatory in all new initiatives/processes where data processing is likely to result in high risk to individuals. The Information Governance Team are starting to review and amend the corporate documentation and procedure.

Action by WYPF – ongoing.

5.2.7 Staff awareness/training

This needs putting in place prior to implementation of GDPR on 25 May 2018 i.e. e-learning for all staff updated to reflect the new GDPR requirements.

Action by WYPF – Briefings given to staff.

5.2.8 Technology

The Council's technology requires reviewing to ascertain what changes are required e.g. rights to object are clearly and separately stated at collection of the data, responding to requests to erase information, i.e. is permanent deletion possible?

Action by WYPF – ongoing.

5.2.9 Data Protection Officer

The Council is required to appoint a DPO by 25 May 2018. Other local authorities have decided to designate this mandatory role within their organisations. The Council is waiting to make a decision on this.

Action by WYPF – The Fund has appointed its own designated DPO.

6.0 Current Issues

6.1 The Department for Communities and Local Government (DCLG) became the Ministry of Housing, Communities and Local Government (MHCLG) with effect from January 18.

6.2 Following the cabinet reshuffle in January 2018, Rishi Sunak MP (MP for Richmond (Yorkshire)), became the new Parliamentary Under Secretary of State (Minister for Local Government), taking over from Marcus Jones who was appointed in May 2015.

6.3 High Court judgement in the case of Elmes v Essex. This case concerns Nichola Elmes versus Essex County Council with an interested party of MHCLG. This is a similar case to that decided upon in the Supreme Court on 8 February 2017 concerning Denise Brewster versus NILGOSC (Northern Ireland LGPS).

The case of Nichola Elmes versus Essex County Council was heard before the High Court on Tuesday 18 January 2018 and declared that: "The requirement to nominate a person under regulations 24 and 25 of the LGPS (Benefits, Membership and Contributions) Regulations 2007 is incompatible with Article 1 of the first Protocol to, and Art 14 of, the European Convention on Human Rights and must therefore be disapplied".

6.4 Exit Payment Reforms update

The further consultations on the introduction of the Government's policy on exit payment recovery and the introduction of an exit payment have still to be issued

6.5 Contribution bands for 2018/19

On 17 October 2017, the Office for National Statistics (ONS) announced that the Consumer Prices Index (CPI) rate of inflation for September 2017 was 3.0%. Government policy in recent years has been to base both pensions increase under the Pensions (Increase) Act 1971 and revaluation of pension accounts under section 9 of the Public Service Pensions Act 2013 on the rate of CPI for September of the previous year. The Pensions Increase (Review) Order 2018 is expected to be published in the near future confirming this. The table below sets out the draft contribution bands, which will be effective from 1 April 2018. These are based on the pay bands for 2017/18 as increased by the September 2017 CPI figure of 3%, with the result rounded down to the nearest £100.

Draft Contribution table 2018/19			
Band	Actual pensionable pay for an employment	Contribution rate for that employment	
		Main section	50/50 section
1	Up to £14,100	5.5%	2.75%
2	£14,101 to £22,000	5.8%	2.9%
3	£22,001 to £35,700	6.5%	3.25%
4	£35,701 to £45,200	6.8%	3.4%
5	£45,201 to £63,100	8.5%	4.25%
6	£63,101 to £89,400	9.9%	4.95%
7	£89,401 to £105,200	10.5%	5.25%
8	£105,201 to £157,800	11.4%	5.7%
9	£157,801 or more	12.5%	6.25%

6.6 Consultation outcome on indexation and equalisation of GMP in public service pension schemes.

On 28 November 2016, HM Treasury commenced a consultation that proposed options for the indexation of GMP elements for members of public service pension schemes who will reach SPA on and after 6 December 2018.

On 22 January 2018, HM Treasury published its response to the consultation. "This consultation was about how government should continue to meet its obligations to index (price protect) and equalise (make equal payments to

men and women) the pension entitlements of a certain group of public servants with an occupational pension known as a GMP.

The government has been implementing an “interim solution” between 6 April 2016 and 5 December 2018. The outcome of this consultation is that this solution will be extended for a further two years and four months. This will cover those members of public service schemes with a GMP who reach state Pension Age on or after 6 December 2018 and before 6 April 2021. During this period, the government will investigate the possibility of an alternative long term methodology, known as “conversion”.

6.7 The Pensions Advisory Service dispute function moves to the Pensions Ombudsman

The Pensions Advisory Service’s (TPAS) dispute resolution function is moving to The Pensions Ombudsman (TPO). The move includes the transfer of the TPAS dispute resolution team and volunteer network of over 350 advisers. The transfer is expected to be completed by 1 March 2018.

At present customers can approach both TPO and TPAS for help when dealing with a pension complaint. TPAS usually focussed on complaints before the pension scheme’s internal dispute resolution procedure (IDRP) had been completed, whilst TPO typically deals with complaints that have been through IDR. We have been advised that this transfer of functions will simplify the customer journey. Customers will be able to access all pension dispute resolution, previously handled by two services, whether pre or post IDR, in one place, leading to a smoother customer journey and improved complaint handling. TPAS will continue to focus on providing pension information and guidance, and will become an integral part of the new Single Financial Guidance Body.

7.0 Finance

7.1 Cost per member

Shared service cost per member 2017/18 £13.62 (£15.05 for 2018/19 initial budget)

The shared service pension admin cost per member of £13.62 has been used to recharge LPF for this year. Our cost target for shared service pension admin is to maintain a cost target of £17. The projected cost for 2018/19 Pension Admin shared services has been estimated at £15.05. Our projected cost per member is therefore below our target cost of £17.

8. News

8.1 Awards

WYPF were shortlisted by Pensions Age Awards under the following categories:

DB Scheme of the Year

Pension Scheme Communication Award

Pension Administration Award

Pension Scheme Innovation Award

Conclusion

9. WYPF and LPF continue to work closely as shared service partners to provide an efficient and effective service to all stakeholders within the Lincolnshire Pension Fund.

Appendices

These are listed below and attached at the back of the report	
Appendix 1	Customer Survey Results
Appendix 2	Feedback Summary
Appendix 3	Draft GDPR Implementation Plan

Consultation

a) Have Risks and Impact Analysis been carried out??

Yes

b) Risks and Impact Analysis

The Pension Fund has a risk register which can be obtained by contacting the author of this report.

Background Papers

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

This report was written by Yunus Gajra, who can be contacted on 01274 432343 or Yunus.gajra@wypf.org.uk.

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Customer Survey Results - Lincolnshire Members (1st October to 31st December 2017)

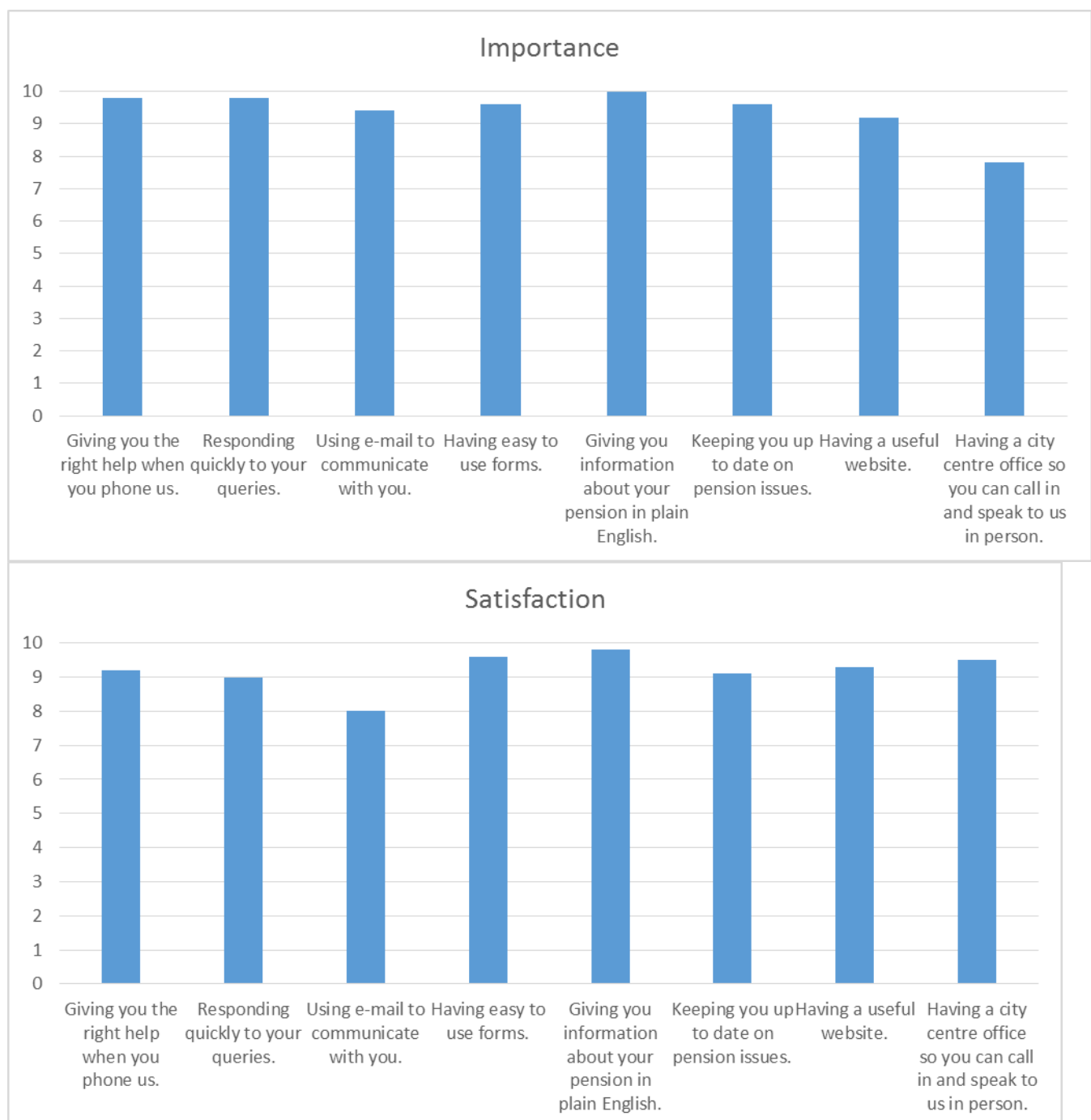
Over the quarter October to December we received **2** online customer responses.

Over the quarter October to December **133** Lincolnshire member's sample survey letters were sent out and **12 (9.03%)** returned:

Overall Customer Satisfaction Score;

October to December 2016	January to March 2017	April to June 2017	July to September 2017	October to December 2017
77.22%	87.07%	78.63%	89.62%	91.74%

The charts below give a picture of the customers overall views about our services;



Sample of positive comments:

Member Number	Comments
8068128	Spot on. Just retired and the process was clearly explained and executed in a timely manner. Thank you very much.
8108529	A clear effective service. I was very impressed by your phone service.
8117549	My enquiries and subsequent action was very quickly dealt with.

Complaints/Suggestions:

Member Number	Comments	Corrective/ Preventive Actions
8100165 (online)	Slow, repetitive and very uninformative. Slow service, kept being told would be completed within next 3 weeks which ended up taking around 2 years. Had to ring twice to change address. Was not updated by yourselves at all unless I contacted you.	Delays in receiving accurate information from the Employer

**Employer Feedback (LPF)
Quarter 3 October – December 2017**

III Health – 18 October 2017

Feedback score: 87.20%

Comment	Action taken
Would have been useful to cover firefighter pension schemes	None.
Some comments made re: individuals making IDRP claims were inappropriate.	Discussed with presenter, do not agree with comment.

A summary of the compliments

- Very useful and informative. Engaging training (as always). Thank you
- Great workshop

Complete Guide – 22 November 2017

Feedback score: 91.71%

Comment	Action taken
Did not receive course info after booking - had to chase yesterday	Late booking.

A summary of the compliments

- I found this workshop really helpful and informative as a new comer to pension administration.
- Very happy with the content.

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DRAFT GDPR IMPLEMENTATION PLAN FEBRUARY 2018

Ref	Title	Details	Responsible Officer	Time	Implementation
1	Data Protection Officer	<p>The Council is required to appoint a Data Protection Officer or assign the role to a Senior Officer including agreeing the relationship with the Council's SIRO.</p> <ul style="list-style-type: none"> To inform and advise the organisation and its employees about their obligations to comply with the GDPR and other data protection laws. To monitor compliance with the GDPR and other data protection laws, including managing internal data protection activities, advise on data protection impact assessments; train staff and conduct internal audits. To be the first point of contact for supervisory authorities and for individuals whose data is processed (employees, customers etc). 	Strategic Director Corporate Services	By 25 May 2018	Decision still required to be taken on this
2	Information Asset Registers, Privacy Notices, and Data Sharing Agreements	<p>Asset registers need reviewing, approving by Information Governance Team and signing off by Assistant Directors to enable draft privacy notices to be completed</p> <p>Draft Privacy Notices to be prepared by the end of February 2018</p> <p>Completed Privacy Notices to be prepared and Published for each Assistant Director area before 25 May 2018.</p>	Head of Internal Audit, Insurance Information Governance and Risk	Before 25 May 2018	<p>Asset registers need reviewing, approving by Information Governance Team and signing off by Assistant Directors to enable privacy notices to be completed</p> <p>Written Instructions and Pro forma on the preparation of Privacy Statements have been issued to all Assistant Directors.</p> <p>.....out of 32 have been</p>

		Data Sharing Agreements need reviewing and central register kept			returned. Data Sharing Agreements need reviewing and central register kept
3	Data Protection Impact Assessments	<p>The Council will need to ensure that privacy and data protection is a key consideration in the early stages of any projects/systems involving 'high risk' processing which include the following:</p> <ul style="list-style-type: none"> • building new IT systems for storing or accessing personal data; • developing legislation, policy or strategies that have privacy implications; • embarking on a data sharing initiative; or using data for new purposes 	System Owner/Project Manager is responsible for ensuring that a full Data Protection Impact Assessment is carried out on all IT systems and for all process changes that could impact on individuals' privacy	25 May 2018	Standard documents need putting on the Bradnet
4	ICT Compliance	<p>WYPF will liaise with System Owner, ICT and the Information Governance Team</p> <ul style="list-style-type: none"> • to implement any system changes to ensure GDPR compatibility • identify issues on right to erasure • identify issues on right to restrict processing • Rights in relation to automated decision making and profiling • Assess the impact on processes <p>A risk assessment of each information asset should be undertaken before advising IT Services to undertake any further compliancy work to ensure any internal and external</p>	Director of WYPF/System Owner	25 May 2018	

		resources are expended on the information assets posing the highest level of risk.			
5	Communication Strategy	Build on the initial communication on Bradnet with further communications on the GDPR. Communication set up for each month to all staff through Bradnet and Management comms announcing GDPR enactment	Head of Internal Audit, Insurance Information Governance and Risk	Before 25 May 2018	
6	Training Staff	Establish Training sessions and updated GDPR e-learning for Senior Management Training Key Staff Training General Training on GDPR for all staff Assessment of any Web Based Training to be delivered.	Head of Internal Audit, Insurance Information Governance and Risk	Before 25 May 2018	
7	Consents (including social media)	All Service Areas are required to review current consent issues to ensure they comply with the GDPR requirements	All Strategic Directors	Prior to 25 May 2018	
8	Update Policies and Procedures and GDPR Long Term Plan	Update Subject Access Policy and Procedure and Data Breach Procedure Determine a GDPR Policy to ensure the Council complies with the requirements	Strategic Director Corporate Services	Prior to 25 May 2018	The regular review of service areas' information asset registers - list of personal and non-personal information assets including IT systems held by departments

					Regular review of privacy notices Regular review of consents
9	Review Existing and Standard Contracts	Need to review the Council's Procurement Contracts with third party processors to ensure data protection clauses are GDPR compliant. Standard documents for new contracts also need updating to ensure GDPR compliant.	Strategic Director	Prior to 25 May 2018	Review Existing Contracts and Standard Documentation

Open Report on behalf of Pete Moore - Executive Director of Finance and Public Protection

Report to:	Lincolnshire Pension Board
Date:	26 March 2018
Subject:	Pension Fund Update Report

Summary:

This report updates the Board on Pension Fund matters and any current issues.

Recommendation(s):

That the Board note the report.

Background

1 Responsible Investment

1.1 To assist the Fund in meeting its requirements as a responsible investor, it participates in the Local Authority Pension Fund Forum (LAPFF) that has a work plan addressing the following matters:

- **Corporate Governance** – to develop and monitor, in consultation with Fund Managers, effective company reporting and engagement on governance issues.
- **Overseas employment standards and workforce management** - to develop an engagement programme in respect of large companies with operations and supply chains in China.
- **Climate Change** - to review the latest developments in Climate Change policy and engage with companies concerning the likely impacts of climate change.
- **Mergers and Acquisitions** - develop guidance on strategic and other issues to be considered by pension fund trustees when assessing M&A situations.
- **Consultations** – to respond to any relevant consultations.

1.2 The latest LAPFF engagement report can be found on their website at www.lapffforum.org. Some of the highlights during the quarter included:

- The Forum issued a voting alert in support of JD Wetherspoon's remuneration policy. During 2017, LAPFF identified companies with highest and lowest oppose votes on their remuneration reports in 2016 that held policy votes in 2017. JD Wetherspoon has had very strong support for both its remuneration report in 2016 (88%) and its remuneration policy in 2014 (99.7%).
- A successful meeting took place between Executive Rewards Director at Diageo and LAPFF Executive member, Cllr Paul Doughty. The Forum met with Diageo to gain further understanding of the Company's pay policy, in particular the stakeholder consultation process and how pay rates are determined. Cllr Doughty also asked about the Company's gender pay disclosure. The Company was welcoming and open to future meetings with LAPFF.
- LAPFF attended the Hargreaves Lansdown AGM, and asked the Board about remuneration for the CEO, specifically awards given when he joined the Company. Faith Ward, who attended the AGM on behalf of LAPFF, also asked about the Company's plans to implement the findings of the Taskforce for Climate-Related Financial Disclosure (TCFD). The Company was receptive to LAPFF's views and is open to a follow up meeting on the TCFD.
- Reflecting growing member concerns on cybersecurity and data content, LAPFF has had a number of meetings with companies to probe their governance and risk management procedures on this issue. Companies met included WPP, Sainsbury, Prudential and IAG.
- LAPFF issued its Climate Change Investment Policy Framework in November, to help member funds in their policy approach to current and future investment risks and opportunities that result from the impacts of climate change. The framework provides guidance in terms of Governance, Investment Strategy, Risk Management and Metrics and Goals. A companion document provides practical guidance for considering climate risk in investment strategy for funds.
- LAPFF has engaged with a number of companies to promote greater board gender diversity including on a collaborative basis. Together with other members of the 30% Club Investor Group, LAPFF met with companies in the real estate sector to determine companies' initiatives to increase female representation. The Group is considering whether to publish a note about the engagements with the sector.

1.3 Members of the Board should contact the author of this report if they would like further information on the Forum's activities.

- 1.4 In addition to being members of LAPFF, the Fund votes on all its segregated holdings with external asset managers. A summary of votes cast is provided to the Pensions Committee in each quarterly Fund Update Report.

2 TPR Checklist Dashboard

- 2.1 To assist in the governance of the Lincolnshire Fund, it assesses itself against the requirements of the Pension Regulator's (TPR's) code of practice 14 for public service pension schemes, as set out in a check list attached at Appendix A. This is presented to the Committee and Board at each quarterly meeting, and any non-compliant or incomplete areas are addressed. This is seen as best practice in open and transparent governance.

- 2.2 The areas that have changed since the last quarter's report are listed below.

H5 - Maintaining Contributions - Has an annual benefit statement been provided to all members with AVCs within the required timescales?

Grey to Green – Prudential has provided assurance evidence that this happened.

H6 – Maintaining Contributions - Do these meet the legal requirements in relation to format?

Grey to Green – Prudential has provided assurance they do.

- 2.3 The Areas that are not fully completed and/or compliant are listed below.

B12 – Knowledge and Understanding - Have the pension board members completed the Pension Regulator's toolkit for training on the Code of Practice number 14?

Amber – It is the intention that all PB and PC members carry this out, and provide copies of the completion certificate to the Pension Fund Manager, however completion certificates have not been received for all members.

F1 – Maintaining Accurate Member Data - Do member records record the information required as defined in the Record Keeping Regulations and is it accurate?

Amber - Scheme member records are maintained by WYPF. Therefore much of the information here and in later questions relates to the records they hold on LCC's behalf. However, as the scheme manager, LCC is required to be satisfied the regulations are being adhered to. Data accuracy is checked as part of the valuation process and the annual benefits statement process. Monthly data submissions and employer training are improving data accuracy, however there are a number of historical data issues that are in the process of being identified and rectified.

F5 - Maintaining Accurate Member Data - Are records kept of decisions made by the Pension Board, outside of meetings as required by the Record Keeping Regulations?

Grey – not relevant as we do not expect there to be decisions outside of the PB. This will be monitored.

H7 - Maintaining Contributions - Is basic scheme information provided to all new and prospective members within the required timescales?

*Amber - New starter information is issued by WYPF, **when they have been notified by employers**. This is done by issuing a notification of joining with a nomination form, transfer form and a link to the website. However, because the SLA relates to when notified, it does not necessarily mean the legal timescale has been met which is within 2 months of joining the scheme. The monthly data returns and employer training are improving this process.*

K7 – Scheme Advisory Board Guidance - Members of a Local Pension Board should undertake a personal training needs analysis and put in place a personalised training plan.

Remaining Amber - Annual Training Plan of Committee shared with PB and all PB members invited to attend. Self-assessments were carried out in March, however no personal training plans have been put in place, as the assessments have been used to identify training areas required across the Board.

3 Risk Register Update

- 3.1 The risk register is a live document and updated as required. Any changes are reported quarterly to the Committee and Board, and the register is taken annually to Committee to be approved.
- 3.2 No risks have changed status or been added over the quarter.
- 3.3 There is still one red risk, risk 24, which was added in June '16 as a result of the Brexit vote, and given the continuing uncertainty as to how this will play out, it is felt that the red status is still appropriate.

Risk 24	Consequences	Controls	Risk Score	
			L	I
UK leaving the EU	Volatility of market Lower gilt yields leading to higher liabilities Inflation increasing liabilities Uncertainty of political direction re pooling	Increased monitoring of managers Review investment strategy Regular communications with Committee and Board	4	3

- 3.4 The full risk register is available from officers should any member of the Board wish to see it.

4 Breaches Reporting

- 4.1 The Breaches Reporting Policy was brought before this Board at the July meeting, for annual review. The Fund, and those charged with its governance, has a requirement to log and, where necessary, report breaches to the Pensions Regular. The Breaches Register attached at appendix B shows those breaches logged since recording began. Since the last Pension Board meeting, two breaches have been added. These are detailed below:

- 4.2 **Late payment of contributions** – a summary of all late payers since April has been logged on the report, with an additional analysis included at appendix C, including last financial year's figures for comparison. As can be seen from this analysis, the number of employers with late contributions (or late or incorrect data returns) average at 18 per month, reflecting 7.2% of the employers. None of these individually have been material and therefore not reported to the Pensions Regulator. Contribution monitoring is managed within the LCC team and each employer is contacted in any instance of late payment, and it is recorded within the monitoring system. Employers can be fined if they are late in any three months out of a rolling six month period, in line with the WYPF charging policy adopted by Lincolnshire Pension Fund. Since April 32 invoices have been raised to employers. Employers are regularly reminded of the requirement to pay contributions in line with the statutory deadlines.

- 4.3 **Late receipt of member information** – WYPF have been working closely with Lincolnshire County Council's payroll provider, Serco, regarding their outstanding data submissions, particularly in respect of leavers. In September the Pension Fund Manager wrote to LCC to ask for an improvement plan and timescales in which to clear the backlog of this information. A meeting was held in November with LCC, Serco and WYPF to discuss the issue, and a further meeting was held in December. An improvement plan was agreed and LCC and Serco presented to the January meeting of the Board. LCC are presenting again at this March meeting to update the Board on the current position.

5 Asset Pooling Update

- 5.1 An update on the progress of asset pooling project is provided in paper 8 of this agenda.

Conclusion

- 6 The Fund Update report is a quarterly report to the Pension Board, to update the Board on Pension Fund matters and any current issues

Consultation

a) Have Risks and Impact Analysis been carried out?

Yes

b) Risks and Impact Analysis

The Pension Fund has a risk register which can be obtained by contacting the author of this report.

Appendices

These are listed below and attached at the back of the report	
Appendix A	TPR Checklist Dashboard
Appendix B	Breaches Register
Appendix C	Late Contributions Analysis

Background Papers

Not applicable.

This report was written by Jo Ray, who can be contacted on 01522 553656 or jo.ray@lincolnshire.gov.uk .

The Pension Regulator's and Scheme Advisory Board Compliance Checklist

Summary Results Dashboard

No	Completed	Compliant	No	Completed	Compliant	No	Completed	Compliant	No	Completed	Compliant	No	Completed	Compliant
Reporting Duties			C4	G	G	Maintaining Accurate Member Data			Providing Information to Members and Others			I8	G	G
A1	G	G	C5	G	G	F1	A	A	H1	G	G	I9	G	G
A2	G	G	C6	G	G	F2	G	G	H2	G	G	Reporting Breaches		
A3	G	G	C7	G	G	F3	G	G	H3	G	G	J1	G	G
A4	G	G	C8	G	G	F4	G	G	H4	G	G	J2	G	G
Knowledge & Understanding			C9	G	G	F5			H5			J3	G	G
B1	G	G	C10	G	G	F6	G	G	H6			Scheme Advisory Board Requirements		
B2	G	G	C11	G	G	F7	G	G	H7	G	A	K1	G	G
B3	G	G	Publishing Scheme Information			F8	G	G	H8	G	G	K2	G	G
B4	G	G	D1	G	G	F9	G	G	H9	G	G	K3	G	G
B5	G	G	D2	G	G	F10	G	G	H10	G	G	K4	G	G
B6	G	G	D3	G	G	F11	G	G	H11	G	G	K5	G	G
B7	G	G	D4	G	G	Maintaining Contributions			H12	G	G	K6	G	G
B8	G	G	Risk and Internal Controls			G1	G	G	H13	G	G	K7	A	A
B9	G	G	E1	G	G	G2	G	G	Internal Dispute Resolution			K8	G	G
B10	G	G	E2	G	G	G3	G	G	I1	G	G	K9	G	G
B11	G	G	E3	G	G	G4	G	G	I2	G	G	K10	G	G
B12	A	A	E4	G	G	G5	G	G	I3	G	G	K11	G	G
Conflicts of Interest			E5	G	G	G6	G	G	I4	G	G	K12	G	G
C1	G	G	E6	G	G	G7	G	G	I5	G	G	K13	G	G
C2	G	G	E7	G	G	G8	G	G	I6	G	G	K14	G	G
C3	G	G	E8	G	G	G9	G	G	I7	G	G	K15	G	G

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Lincolnshire Pension Board Record of Breaches

Date	Category (e.g. administration, contributions, funding, investment, criminal activity)	Description and cause of breach	Possible effect of breach and wider implications	Reaction of relevant parties to breach	Reported / Not reported (with justification if not reported and dates)	Outcome of report and/or investigations	Outstanding actions
31/7/15	Contributions	Late payment by LCC for June contributions, following late payment for April and May.	Cashflow issues, data not provided to WYPF to action – e.g. retirements	Aware of breach, extenuating circumstances, trying to fix issues.	Reported through portal 31/7/15		
31/8/16	ABS's	100% required output of ABS's not met	Late receipt of ABS info to members	Not material and improvement on previous year – first full year of monthly returns	Not reported – total 92.6% of active and deferred produced overall – not material to report		
31/3/17	Contributions (see report)	Late payments over the year	Cashflow issues, data not provided to WYPF to action – e.g. retirements	Made aware and fined in some circumstances	Not reported – not material to LPF		
May 2017	Administration	Data security breach – a small number	Potential for individuals data to be seen by	WYPF contacted printing	Not reported to tPR. Small number		

		of ABS's went out unsealed	unauthorised individuals	company for explanation. Breach reported to information security officers at both WYPF and LPF	impacted, human error the cause.		
Sept 17	Contributions	Late payments May to August	Cashflow issues, data not provided to WYPF to action – e.g. retirements	Made aware and fined in some circumstances	Not reported – not material to LPF		Issue raised at LEAF meeting
Sept 17	Leavers information	Outstanding leavers information not sent to WYPF by LCC	Incorrect ABS's, over statement of liabilities	LCC given opportunity to provide improvement plan and timescales	Not reported, but under review.		
Dec 17	Leavers information – updated	Outstanding leavers information not sent to WYPF by LCC	Incorrect ABS's, over statement of liabilities	Improvement plan provided, presentation to Board to discuss in January	Not reported, but under review.		
Dec 17	Contributions - updated	Late payments Sept to November	Cashflow issues, data not provided to WYPF to action – e.g. retirements	Made aware and fined in some circumstances	Not reported – not material to LPF		Issue to be raised at March employers meeting
Mar 18	Leavers information – updated	Outstanding leavers information not	Incorrect ABS's, over statement of	Update on improvement plan presented	Not reported, but under review.		

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Appendix C

Late contributions – April 2017 to February 2018

Late contributions

Month	No.	%	Comments
April	6	2.50	
May	11	4.58	
June	30	12.50	Included all CIT schools (7) and most Strictly Education schools (7) having late data submitted
July	21	8.75	Included most Strictly Education schools (7) having late data submitted
August	26	10.83	Included 7 CIT schools and 5 Capita schools
September	34	14.17	Included 7 Strictly Education schools and 14 Dataplan schools. Note: all CASH was in on time. ALL late contributions were data.
October	10	4.17	
November	26	10.83	Included 8 Strictly Education (100%), 6 Dataplan, 6 EPM and 3 Judicium schools. Note: CASH was in on time for 23 employers.
December	5	2	All late data: 1 EPM school, 1 Strictly school, other 3 individuals
January	12	4.8	2 late payments, otherwise late data: 4 EPM schools and 3 data plan schools. All others were individuals
Average	18	7.2	

Previous period (April 2016 to March 2017) for comparison

Late contributions

April	12	5.00%
May	14	5.83%
June	20	8.33%
July	12	5.00%
August	9	3.75%
September	23	9.58%
October	19	7.90%
November	25	10.40%
December	9	3.75%
January	8	3.33%
February	21	8.75%
March	21	8.75%
 Average	 16	 6.7%

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Open Report on behalf of Pete Moore - Executive Director of Finance and Public Protection

Report to:	Lincolnshire Pension Board
Date:	26 March 2018
Subject:	Asset Pooling Update

Summary:

This report updates the Board on progress of the creation of Border to Coast, the Fund's chosen asset pool.

Recommendation(s):

That the Board notes the report.

Background

1. As the Board are aware, the Lincolnshire Fund has been working closely with 11 other partner funds since 2015, to create the asset pool now known as Border to Coast Pensions Partnership Ltd (Border to Coast). Since the last update in given at the January meeting of this Board, much progress has been made in ensuring that Border to Coast will be operational in June 2018. This paper will summarise the key progress points to date, and the work being done to meet the June deadline.

Joint Committee Meetings

2. The Joint Committee (JC) last met on 16th January 2018, and the papers were circulated to all Pensions Committee members. The minutes will be circulated once approved, and below are the key decisions made from each paper:
 - Partner Fund Director proposals – the expectation is that two representatives nominated by the Partner Funds and approved by the Joint Committee will be proposed to the Border to Coast Board, and then agreed by shareholders. The process will be brought to the next JC to be held on 13th March.
 - Joint Committee budget – the proposed budget was agreed, with the cost shared equally across all partner funds.

- Cost sharing principles – the principles and high level approach were approved, subject to a change in relation to the long term allocation of Pensions Past Service Deficiency costs.
- Regulatory update – progress in the FCA application was noted, and the provision of a CASS waiver (client money provisions) was approved subject to each authorities S151 agreement.
- Responsible investments initiatives - the JC approved the governance process for supporting Responsible Investment initiatives and noted Border to Coast's stance in supporting the Financial Stability Board Task Force on Climate-related Financial Disclosures.
- Project update – it was agreed to recommend the increase in the implementation budget of an additional £75k cost per Fund (see paragraph 6 below).
- Draft three year operating budget – the draft budget was approved and recommended to shareholders for approval of the Border to Coast annual operating charge, and noted the risks and sensitivities of cost items currently estimated or reliant upon asset management transition.
- Pensions - the details of the proposals regarding the establishment of pension schemes which will be made by the Company to shareholders for approval was noted, and authority was delegated to the Chair and Vice Chair of the JC to sign off on the final proposal to be put to shareholders.

Key Milestones

3. The key milestones achieved so far in 2018 are shown below:

Governance

- Board and Committees up and running
- Partner Fund Directors concept agreed
- Risk framework drafted, risk capital calculated
- External Auditor appointed: KPMG
- FCA application submitted

Investment

- Platform provider appointed: Bloomberg
- Outline ACS prospectus drafted

Operations

- Third Party Administrator and depository appointed: Northern Trust
- Initial multi-party implementation workshops held
- Finance system chosen: Sage
- Corporate ICT ITT issued
- Banking relationship established: Lloyds

People

- Significant recruitment activity
- TUPE discussions underway with affected Local Authorities
- Cultural design work underway
- Property chosen and design complete

Next steps

4. The next stage involves six workgroups being set up to cover the areas listed below, with the outcomes required. Funds will be working with Border to Coast employees to resource these groups, and timescales are very tight to ensure that the June deadline is met.

Workshop	Outcomes
Internally managed sub-funds	Detailed investment specifications ACS Prospectus – FCA Investment Management Agreements Agreement that assets will be transitioned if funds launched (subject to the governance and transition workstreams)
Externally managed sub-funds and selection of external managers	Confirmation that OJEU process is required (to get approval from the Board) OJEU tender documentation ACS Fund Factsheets ACS Prospectus – FCA Investment Management Agreements
Transition management	Transition strategy Transition plan for sign-off
Alternatives	Agreement on what, how and when of alternatives capability build
Governance	Identification of conditions required to approve transition of assets Identification of governance routes for each of the partner funds, including key governance meeting dates and approach to delegated authorities

	<p>Agree content of information pack for each scheme to enable officers to achieve necessary approvals</p> <p>Approach to any due diligence requirements (shared duty of care, one provider, procurement process etc)</p>
Reporting and Required Authority Accounting Information	<p>Identification of standard reporting requirements</p> <p>Identification of reporting timelines</p>

Delegated authority

5. There will be a number of time-critical implementation decisions which will have to be made over the coming months, regarding the sub-fund structure, transition plans and other implementation actions. To ensure that any decisions can be made in a timely manner, a recommendation has been made to the Pensions Committee to request that authority to make these decisions is delegated to the Executive Director of Finance and Public Protection, in consultation with Chair and Vice Chair of the Pensions Committee.
6. As explained in the JC Project Update paper of 16th January, the implementation budget was originally expected to be £350k per partner Fund. This figure was the estimated total cost of ensuring that the Border to Coast company would be in a position to start managing assets within the Government's timeframe. At the October 2016 Pensions Committee, it was agreed to delegate authority to the Executive Director of Finance and Public Protection, in consultation with Chair and Vice Chair of the Pensions Committee, to allow expenditure up to that amount. For the reasons detailed in the JC paper, and with the greater visibility on actual costs, the implementation budget has increased and Funds are asked to approve an additional £75k each to ensure that the timescale for Border to Coast to begin managing assets can be met. Therefore delegated authority has again been requested of the Pensions Committee for the Executive Director of Finance and Public Protection, in consultation with Chair and Vice Chair of the Pensions Committee, to agree expenditure up to an additional £75k. Actual implementation costs will be reported to the Committee once known.

Conclusion

7. Significant progress has been made on the asset pooling project, and the pace is increasing as the deadline of June 2018 looms closer. To enable this deadline to be met, delegated authority has been sought from the Pensions Committee for time-critical decision making and additional expenditure to the implementation budget.

Consultation

a) Have Risks and Impact Analysis been carried out?

Yes

b) Risks and Impact Analysis

The Pension Fund has a risk register which can be obtained by contacting the author of this report.

Background Papers

Not applicable.

This report was written by Jo Ray, who can be contacted on 01522 553656 or jo.ray@lincolnshire.gov.uk

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Open Report on behalf of Pete Moore - Executive Director of Finance and Public Protection

Report to:	Lincolnshire Pension Board
Date:	26 March 2018
Subject:	Pension Board Effectiveness Review

Summary:

This report acts as a discussion document to review the effectiveness of the Pension Board.

Recommendation(s):

That the Board note the report and agree any actions required to improve its effectiveness.

Background

- 1 The Lincolnshire Pension Board was established in April 2015 under the provisions of Section 5 of the Public Service Pensions Act 2013 and regulation 106 of the LGPS Regulations 2013 (as amended).
- 2 Regulation 106 specifies that each Administering Authority should establish its own Local Pension Board with responsibility for assisting the Administering Authority as set out below:
 - to secure compliance with:
 - the Regulations;
 - other legislation relating to the governance and administration of the LGPS; and
 - the requirements imposed by the Regulator in relation to the LGPS, and
 - to ensure the effective and efficient governance and administration of the LGPS.
- 3 In addition to the creation of Local Pension Boards, the regulatory powers of the Pensions Regulator (tPR) were extended under section 17 and Schedule 4 of the 2013 Act to cover some aspects of public service pension schemes, including the LGPS.

- 4 The launch of tPR's 21st century trusteeship campaign, as covered at the January Board meeting, marks a significant step forward in the level of and approach to the regulator's engagement with pension schemes on governance and trusteeship. TPR expects Boards to regular monitor and assess their effectiveness in performing their role.
- 5 The most helpful reviews evaluate both inputs and outcomes. Traditionally, effectiveness reviews have focused on inputs, perhaps because these are the easiest aspects to measure. However, the Board's key role is to ensure the effective and efficient governance and administration of the LGPS. Therefore, it is the outcomes and progress towards these outcomes that ultimately determine the performance of the Board.
- 6 Inputs are the factors that contribute to the quality of Board meetings. Examples of key factors might be:
 - Board composition and the existence of the appropriate range of skills and experience.
 - Identification of training needs, the training itself and the application of knowledge and skills.
 - Support to the Board.
 - Meeting papers, structure of meeting agendas and use of meeting time.
 - The level and quality of participation in discussion and decision-making, where required.
- 7 Outcomes can be measured by reviewing Board performance and progress against its purpose. This is more difficult to measure, but one example might be improvements in compliance with tPR checklist.
- 8 A review of effectiveness allows strengths and weaknesses to be identified and should ultimately lead to a highly engaged and energised Board.

Conclusion

- 9 It is best practice and an expectation of tPR, that Boards review their effectiveness regularly. This paper allows for discussion and assessment as to how effective the Board considers itself.

Consultation

a) Have Risks and Impact Analysis been carried out?

Yes

b) Risks and Impact Analysis

The Pension Fund has a risk register which can be obtained by contacting the author of this report.

This report was written by Jo Ray, who can be contacted on 01522 553656 or jo.ray@lincolnshire.gov.uk

Open Report on behalf of Pete Moore - Executive Director of Finance and Public Protection

Report to:	Lincolnshire Pension Board
Date:	26 March 2018
Subject:	Pension Board Training

Summary:

This report acts as a discussion document to set out training opportunities or requirements for the Pension Board, to assist them in maintaining the knowledge and skills required to undertake their duties. In addition, this report introduces a presentation that provides additional details and explanation on areas of the Pension Fund Annual Report and Accounts that the Board have identified where they would like additional information.

Recommendation(s):

That the Board note the presentation and the report, and agree any future training requirements.

Background

- 1 The Pension Board is required to undertake regular training to ensure that all members of the Board have the required level of knowledge and skills to assist them in undertaking their role. This Pension Board Training paper is a standing item on the Board meeting agenda to capture any training requirements or opportunities.
- 2 The Pension Fund Manager will keep the Board up-to-date with any training opportunities, and the Board are encouraged to suggest any topics or areas that they would wish to have additional training. If any Board members are approached directly with training opportunities, please contact the Pension Fund Manager before accepting them.
- 3 Board members were sent details on 22nd February of the annual PLSA Local Authority Conference being held in May. This is an excellent and well attended event that covers all the main areas of managing an LGPS fund – investments, administration and governance, and includes a specific session for Pension Board members. Should any Board members wish to attend, please contact Jon Haw (jonathan.haw@lincolnshire.gov.uk) to book your place.

Training Session

- 4 The Pension Fund Annual Report and Accounts, as at March 2017, was taken to the Pension Board meeting on 18th October. In considering the report, the Board requested further information on some areas within it, to improve their knowledge and understanding. It was agreed that all Board members would inform the Pension Fund Manager of any areas where further information would be useful.
- 5 Following the meeting, comments from two Board members were received. The areas identified for further information were:
 - an overview of the main funds detailed within the top holdings (p11 of the report and accounts); and
 - matters relating to Financial Markets and Products Knowledge, Procurement and Relationship Management from the Knowledge and Skills Framework – in particular how do the external managers support the Funding and Investment Strategy, and the wider relationships with managers.
- 6 The Pension Fund Manager will provide a presentation to the Board, as part of a training session, to cover the questions raised by Board Members.

Conclusion

- 7 The Pension Board have requested additional information on two areas within the Pension Fund Annual Report and Accounts, to assist in their knowledge and understanding. As part of the on-going training that is provided to the Board, the Pension Fund Manager will provide a presentation to cover the areas identified.
- 8 The Pension Board is required to undertake regular training to ensure that all members of the Board have the required level of knowledge and skills to assist them in undertaking their role. This Pension Board Training paper is a standing item on the Board meeting agenda to capture any training requirements or opportunities. The Board are encouraged to suggest any topics or areas that they would wish to have additional training.

Consultation

a) Have Risks and Impact Analysis been carried out?

Yes

b) Risks and Impact Analysis

The Pension Fund has a risk register which can be obtained by contacting the author of this report.

This report was written by Jo Ray, who can be contacted on 01522 553656 or jo.ray@lincolnshire.gov.uk.