



## LGPS LOCAL PENSION BOARD 26 MARCH 2018

### **PRESENT:**

**Independent Chair:** Roger Buttery

**Employer Representatives:** Councillor M A Whittington

**Scheme Member Representatives:** Ian Crowther and David Vickers

Councillor E W Strengiel (Chairman of the Pensions Committee) was also in attendance.

Officers in attendance:-

Yunus Gajra (Business Development Manager, West Yorkshire Pension Fund), Cheryl Hall (Democratic Services Officer), Claire Machej (Accounting, Investment and Governance Manager), Jo Ray (Pension Fund Manager) and Vicki Sharpe (Pay and Reward Lead).

### 30 APOLOGIES FOR ABSENCE

Apologies for absence were received from Kirsty McGauley.

### 31 DECLARATION OF MEMBERS' INTERESTS

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

Mr D Vickers advised that his interests had remained unchanged since the previous meeting, which stated: -

"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."

### 32 MINUTES OF THE PREVIOUS MEETING OF THE LGPS LOCAL PENSION BOARD HELD ON 15 JANUARY 2018

### RESOLVED

That the minutes of the meeting held on 15 January 2018 be signed by the Chairman as a correct record.

**33      EMPLOYER ISSUE - LCC IMPROVEMENT PLAN**

Consideration was given to a report by Jo Ray (Pension Fund Manager) which provided an overview of the concerns raised by the Board relating to the information provided by Lincolnshire County Council (LCC) to the Fund's Administrator, West Yorkshire Pension Fund (WYPF).

It was noted that the Pension Board had previously been made aware that the Fund's largest employer, LCC, had developed a back log in providing detailed leaver information to the Funds Administrator, WYPF. At the last meeting in January 2018, the Board received a presentation from LCC and their payroll provider which discussed how the situation was being addressed and set out an improvement plan.

Extensive questioning by the Board had taken place at that meeting, and it had been agreed that a letter would be written to LCC which set out the Board's concerns and also requested representatives attend an additional meeting which had been planned for February 2018.

Representatives of LCC were present at this meeting in February 2018. However, members were advised that Fiona Thompson (Service Manager, People) had been unable to attend this meeting as she was currently addressing the Audit Committee on similar issues. A document setting out the progress to date on actions was circulated to the Board, and the following was highlighted:

- It was expected that the new historical database would be available to the Pensions team from Monday, 9 April 2018.
- It would take approximately 8 weeks to complete the outstanding backlog of 1,635 leavers. Therefore the expected completion date for the backlog would be 31 May 2018. This was being monitored on a weekly basis by the LCC Client. LCC intended to self-report the breach to the Pension Regulator (TPR) once the backlog had cleared.
- The Agresso Data Cleansing action plan was important to ensure there were no delays in managers having the correct access to notify payroll of leavers. It was reported that this work was on track and Serco had held meetings with key service area managers to check establishments and reporting lines and then made corrections as needed.
- It was noted that an update on the Payroll Audit was being provided to the Audit Committee on 26 March 2018. It was expected that all historical issues would be rectified by September 2018 as part of the rectification project.
- It was reported that LCC had spoken with representatives of Serco and WYPF to request that a regular (monthly) meeting was put in place with LCC, Serco payroll/pensions team in order to ensure that any issues arising could be discussed and resolved quickly.

Members of the Board were provided with the opportunity to ask questions of the officers present in relation to the information contained with the report and update and some of the points raised during discussion included the following:

- It was noted that the data warehousing project was significantly behind time, as the information had not yet been migrated from SAP to the data warehouse as expected.
- The money that the Council had recouped from Serco was being reinvested to employ additional IMT staff.
- It was noted that the WYPF was happy to accept more than the originally agreed 200 leavers per week to reduce the remaining backlog numbers. There was increased focus on the outstanding cases and the WYPF was doing as much as possible to get them resolved.
- It was acknowledged that no new issues with the quality of the data had been found so far.
- It was queried how long after the 31 May there would be satisfaction that everything had been completed and also how long would it take to process this. Members were advised that the target was to have everything resolved by 31 July 2018 to ensure that the ABSs could be issued.
- It was noted that within 2 months of a member of staff leaving the authority, a statement of benefits should be issued. However, this had not always been achieved. It was confirmed that there had not been any complaints as a result of not issuing those statements.
- It was noted that active members were entitled to receive an annual statement.
- In relation to the data quality issues it was expected that this would be able to move from low assurance to limited assurance with audit's approval and the improvements which had been made.
- It was noted that a meeting had taken place between WYPF and Serco to review the performance of the progress.
- In relation to some of the issues, the Pension Board was advised that there were manual 'work arounds' for things where rules could not be added into the Council's system, for example, maternity.
- There were issues over the collection and rectification of payroll payments for historical data, and it was currently unclear how this would be corrected.
- In relation to the leavers' backlog, it was commented that members felt uncomfortable about waiting to report the breach to TPR after the backlog was cleared. It was therefore suggested that the breach should be reported at this stage, rather than retrospectively after the backlog had been cleared. Officers agreed to discuss the Pension Board's concern and request with the Executive Director for Finance and Public Protection.
- It was noted that the licence for Agresso was held by LCC and it was unlikely that the systems would remain unchanged.

#### RESOLVED

- (1) That the Board's concerns would be raised with the Executive Director for Finance and Public Protection and to advise the Executive Director to self-report the breach, as detailed in the report, to the Pension Regulator.

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- (2) That representatives from Lincolnshire County Council be requested to update the Pension Board in relation to (1) as detailed above and to report on progress at its next scheduled meeting.

**34 PENSIONS ADMINISTRATION REPORT**

Consideration was given to the quarterly report by the Fund's Administrator.

The Pension Board was guided through the report and provided with the opportunity to ask questions to the officers present in relation to the information contained within the report and some of the points raised during discussion included the following:

- In relation to General Data Protection Regulation (GDPR) it was queried whether the Fund had established a lawful basis for processing data. It was confirmed that this was in place to enable the County Council to fulfil their statutory obligations to deliver pensions. This was covered in the statutory notice.
- In relation to co-habiting partners' pensions, it was noted that regulation 24 and 25 had not yet been redrafted, but the advice was to pay the benefits. It was also noted that two had been identified in Lincolnshire's fund.
- It was queried what the target employee contribution rate was and members were advised that it should be 6.5%. However, it was noted that Lincolnshire's was currently 6.3%.
- In relation to the cost per member, it was queried whether the Serco issues, as outlined in Minute 34 would impact on this. It was acknowledged that some of the increase could be attributed to Serco. It was noted that a discussion had been held in relation to charging for the additional work which had been undertaken.
- It was noted that the WYPF had not won any of the awards it was nominated for, but it was considered an achievement to be shortlisted.

**RESOLVED**

That the report be noted.

**35 PENSION FUND UPDATE REPORT**

Consideration was given to a report which updated the Pension Board on Pension Fund matters as well as any other current issues. It was noted that an updated version of Appendix A would be circulated via email after the meeting.

Members were advised that B12 could be rated as 'green' as all Pension Board members had completed their training, and that this training had been extended to Pension Committee members, who had until May 2018 to complete it. It was noted that members had until May 2018 to complete this. Those members who had not yet completed the training would be encouraged to do so by the deadline.

It was noted that there was already a requirement for a certain level of training for the members of the Pensions Committee to be carried out immediately following County Council elections.

The Board was advised that an Annual Review of contributions received would be brought to the meeting in July 2018.

RESOLVED

That the report be noted.

36     ASSET POOLING UPDATE

Consideration was given to a report which updated the Board on progress of the creation of Border to Coast, the Fund's chosen asset pool.

It was highlighted that the Lincolnshire Fund had been working closely with eleven other partner funds since 2015, to create the asset pool now known as Border to Coast Pensions Partnership Ltd (Border to Coast). It was reported that much progress had been made since the last update given at the January meeting of this Board to ensure that Border to Coast would be operational in June 2018.

It was reported that the Joint Committee had met on 16 January and 13 March 2018, and the papers had been circulated to all Pensions Committee and Board members. The key decisions from the meetings were summarised in the report circulated.

It was clarified that in relation to the Partner Fund Director proposal, as detailed on page 49 of the report, it was expected that the two nominated representatives would be elected members, as nominated by each administrative authority. This would ensure that there would be a continued understanding of local government on the company's Board. Members were advised that the papers from the meeting of the Joint Committee on 13 March 2018 had provided information on the process and the role of the nominated representatives. It was commented that it would be of benefit for the nominated representatives to be independent, similar to the Chairman of the LGPS Local Pension Board.

It was queried when the first set of assets would be transferred over to the Joint Committee, and for the Lincolnshire Fund this was expected to be Quarter 1 2019. Members were advised that there would be a need to ensure the process was carried out correctly.

The Joint Committee would be responsible for overseeing the performance of the investments. The appointment of managers would move from the Pensions Committee to Border to Coast.

The full transition of assets would take a number of years. The Pensions Committee would approve each allocation to a sub-fund, with officers overseeing the transitions.

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RESOLVED

That the report be noted.

**37**     PENSIONS BOARD EFFECTIVENESS REVIEW

Consideration was given to a report which acted as a discussion document to review the effectiveness of the Pension Board. It was reported that 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).

Members commented that they would like to undertake an annual review into the effectiveness of the Pension Board. It was advised that there was a questionnaire attached to the 21 Century Trusteeship and governance discussion paper, which the Pension Board could consider as part of its annual review.

The Pension Board considered how it had performed since its inception and whether it was happy with the frequency of meetings. Further to this, it was suggested that a topic for future national seminars could be on the effectiveness of Pension Boards.

It was commented that the Lincolnshire Local Pension Board seemed to be on the right track compared to other Pension Boards. Further to this, the Pension Fund Manager also commented that she thought the Pension Board worked very well, and it was also positive how the Board worked with the Pensions Committee.

Officers advised that they had not yet seen the outcomes of the Pensions Regulator's (TPR's) questionnaire.

RESOLVED

That the report be noted.

**38**     PENSION BOARD TRAINING

Consideration was given to a report which acted 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. The report also introduced a presentation that provided additional details and explanations on areas of the Pension Fund Annual Report and Accounts where the Board had identified they would like further information.

It was noted that the Fund's investment managers with active mandates attended the Pensions Committee on an annual basis.

RESOLVED

That the report be noted.

39     TRAINING NEEDS

It was highlighted that on 19 March 2018 the Department for Work and Pension had published a White Paper on protecting Defined Benefit pension schemes, and the Chairman advised that he would circulate this via e-mail to the members of the Board for their information.

40     WORK PROGRAMME

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

The following items were proposed for scheduling into future meetings:

- Report and Accounts – to the meeting in July 2018
- Analysis of contributions – to the meeting in July 2018
- Internal Audit Reports – to the meeting in July 2018
- Governance of Pooling arrangements – October 2018

It was suggested that an additional meeting be arranged for early June 2018 to consider the Serco Improvement Plan.

**RESOLVED**

- (1) That an additional meeting of the LGPS Pension Board be arranged for early June 2018 to consider the Serco Improvement Plan.
- (2) That the additional items, as highlighted above, be added to the work programme.

The meeting closed at 1.40 pm.

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