



LGPS LOCAL PENSION BOARD

FRIDAY, 15 APRIL 2016 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	Declarations of Interests	
3	Minutes of the previous meeting of the LGPS Local Pension Board held on 2 December 2015	3 - 6
4	Audit of the Pension Fund <i>(A report by Jo Ray, (Pensions and Treasury Manager), on the latest internal and external audit reports for the Lincolnshire Pension Fund, and details the audit process for the Fund. Ashley Simons, from the LCC internal audit team, will present on how the internal team audit the Pension Fund)</i>	7 - 28

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| 5 | Lincolnshire Pension Fund Communications Policy
<i>(A report by Jo Ray, (Pensions and Treasury Manager), in connection with the communications policy that the Lincolnshire Pension Fund approved at its July Pensions Committee. Stuart Duncombe, a Pension Fund representative from the WYPF team, will present on how the communication to stakeholders is managed by Pension Fund)</i> | 29 - 34 |
| 6 | TPR Checklist
<i>(A report by Jo Ray, (Pensions and Treasury Manager), which updates the Board on the Fund's latest compliance checklist with the Pensions Regulator's code of practice)</i> | 35 - 38 |
| 7 | Pensions Administration Report
<i>(A report by Yunus Gajra, the Business Development Manager from West Yorkshire Pension Fund, on current administration issues in connection with pensions administration)</i> | 39 - 58 |
| 8 | Work Programme
<i>(An opportunity for the Board to discuss its work programme for forthcoming meetings)</i> | Verbal
Report |
| 9 | Annual Report of the LGPS Local Pension Board
<i>(Roger Buttery, Chair of the Board, will present the first draft of the Annual Report for consideration by the Board)</i> | 59 - 62 |

Published on Thursday, 7 April 2016

Should you have any queries on the arrangements for this meeting, please contact Catherine Wilman via telephone 01522 553788 or alternatively via email at catherine.wilman@lincolnshire.gov.uk



LGPS LOCAL PENSION BOARD 2 DECEMBER 2015

PRESENT:

Independent Chair: Roger Buttery

Employer Representatives: Kirsty McGauley

Scheme Member Representatives: Ian Crowther and David Vickers

Officers in attendance:- Caroline Blackburn (Technical and Development Manager, West Yorkshire Pension Fund), David Forbes (County Finance Officer), Kaele Pilcher (Pension Fund Representative), Nick Rouse (Investment Manager), Catherine Wilman (Democratic Services Officer).

13 APOLOGIES FOR ABSENCE

Apologies were received from Councillor M S Jones.

14 DECLARATIONS OF MEMBERS' INTERESTS

No interests were declared.

15 MINUTES OF THE PREVIOUS MEETING OF THE LGPS LOCAL PENSION BOARD HELD ON 7 OCTOBER 2015

The minutes from the previous meeting of the Board were considered and the issue of Annual Benefit Statements was discussed. It was reported that 95% of statements had been sent out to members by The Pension Regulator's revised deadline of 30 November 2015. The remaining 5% had unresolved queries on them.

RESOLVED

That the minutes of the meeting held on 7 October 2015 be agreed and signed by the Chairman as a correct record.

16 PRESENTATION FROM WEST YORKSHIRE PENSION FUND ON PENSIONS ADMINISTRATION

The Board welcomed Caroline Blackburn, Technical and Development Manager, and Kaele Pilcher, Pension Fund Representative, both from West Yorkshire Pension Fund (WYPF), who made a presentation on pensions administration. The issues covered in the presentation were:

- WYPF facts and figures;

LGPS LOCAL PENSION BOARD 2 DECEMBER 2015

- Membership – WYPF;
- Membership – Lincolnshire Pension Fund;
- WYPF activities;
- Management Structure;
- About WYPF;
- Staffing;
- Achievements 2015;
- Achievements 2014;
- WYPF Activities;
- Performance 2014/15;
- Shared Service;
- Training;
- Member Liaison and Employer Liaison;
- Secure Administration;
- ISO 9001:2008
- Quality Policy
- Monthly Contributions – Pre-April Process;
- Monthly Returns – Why Change?

During the presentation, the following points were noted:

- As at the last valuation, the WYPF was 96% funded;
- West Yorkshire's Pensions Board had 8 members;
- A new member of pensions staff had been appointed and would be working from the offices in Lincoln. Each employer in the scheme was assigned a nominated person within the pension team. An employer representative on the Board commented that the team members who had dealt with their enquiries had all been very helpful and efficient;
- WYPF used the Civica UPM computer system and all Lincoln staff had to receive training on it. All members of the Lincoln team had training plans in place and undertook a weekly phone call to West Yorkshire staff to highlight and resolve any issues;
- Member liaison was offered where pensions officers would meet with members on a one to one basis to discuss their pension. Any members with mobility issues would be offered a home visit;
- The Civica system had a portal for scheme employers to submit returns and change member records;
- As of May 2015, the ISO 9001:2008 quality management system included the Lincolnshire Pension Fund too;
- Customer complaints were scrutinised to try to improve 'corrective and preventative actions';
- Lincolnshire County Council data was not being sent through on time by Serco, however the issue was in hand and being dealt with by making changes to the Agresso/UPM interface;
- A few hundred new starters and leavers were due to go onto the system and were currently being entered manually;
- 95% of monthly payments from employers had been completed;

- WYPF were well ahead of their comparable Funds on the introduction of monthly returns;
- An update on the Service Level Agreement with WYPF had been discussed at Pensions Committee and would be reported on every quarter;
- Discussion took place regarding the reduction to £40,000 of the annual allowance and how to communicate it.

Considering the obstacles and problems WYPF had been faced with, the Board felt that they had handled everything very well. Officers had also stated that the partnership between LCC and WYPF felt like a partnership now that the initial issues had been resolved.

Despite certain teething problems, it was felt that WYPF had been the correct choice for the Council; it was felt they had a resilience to them that would be valuable going forward.

RESOLVED:

That the presentation be noted by the Board.

17 WORK PROGRAMME

Following a discussion, the following items were agreed for the work programme:

- Communications;
- Internal and external audit report;
- Pooling update.

RESOLVED

That the work programme for future meetings be agreed.

The meeting closed at 12.00 pm

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Open Report on behalf of Executive Director of Finance and Public Protection

Report to:	Lincolnshire Pension Board
Date:	15 April 2016
Subject:	Audit of the Pension Fund

Summary:

This paper presents the latest internal and external audit reports for the Lincolnshire Pension Fund, and details the audit process for the Fund. Ashley Simons, from the LCC internal audit team, will present on how the internal team audit the Pension Fund.

Recommendation(s):

That the Board consider the report and agree any actions and training needs arising.

Background

1. As expected with a Pension Fund of £1.7bn, the Lincolnshire Pension Fund has strong controls in place to ensure that all investments are accounted for correctly, all pensions are paid correctly, that risks are appropriately managed and that controls are in place to ensure that the Fund is well governed. To ensure that these controls are adequate, the Fund is audited by both the internal team in Lincolnshire County Council (LCC), and by the Council's external auditors, KPMG.
2. Internal audit generally look at an aspect of the Fund each year, and the work they do compliments the work of the external audit team. The internal audit team's last piece of work concentrated on the transition of the administration function from Mouchel to the shared service arrangement with West Yorkshire Pension Fund (WYPF). The findings are attached at appendix A.
3. Ashley Simons, Senior Auditor within the LCC Audit team, will present to the Board on the work of internal audit.
4. The Pension Fund Accounts form part of LCC's Statement of Accounts, and are therefore audited annually. This is a statutory requirement and auditors must comply with International Standard on Accounting (ISA) 260. Whilst

the focus is on the Fund's accounts, the Pension Fund Annual Report is also considered by external audit. The report on the 2014/15 financial statements is attached at appendix B.

5. The headlines of the KPMG report have been extracted and are shown below:

- **Proposed audit opinion**

We anticipate issuing an unqualified audit opinion in relation to the Fund's financial statements, as contained both in the Authority's Statement of Accounts and the Pension Fund Annual Report by 30 September 2015. At the date of this report our audit of the Fund's financial statements is substantially complete. Our remaining completion procedures are carried out jointly with those for the main audit. This includes obtaining a signed management representation letter, which covers the financial statements of both the Authority and the Fund. We also need to complete our final checks on the content of the pension fund's annual report and issue our separate opinion on that report.

- **Audit adjustments**

We are pleased to report that our audit of the Fund's financial statements did not identify any material adjustments. The Authority made a small number of non-trivial adjustments, most of which were of a presentational nature.

- **Key financial statement audit risks**

We review risks to the financial statements on an ongoing basis. We identified the following key financial statements audit risk in our 2014/15 External audit plan issued in March 2015.

- From 1 April 2014, all members of the LGPS have automatically joined the new career average defined benefit scheme. There is a risk that pension administration systems have not been set up to correctly reflect the changes resulting from LGPS 2014 and will therefore not accurately calculate the pension benefits due to members.

We have worked with officers throughout the year to discuss this key risk and our detail findings are reported in section 3 of this report.

- **Accounts production and audit process**

The Authority continues to have good processes in place for the production of the Fund's financial statements and good quality supporting working papers. Officers dealt efficiently with audit queries and the audit process has been completed within the planned timescales. We have worked with officers throughout the year to discuss the specific risk areas for this year's audit. The Authority addressed the issues appropriately.

- **Control environment**
The Fund's organisational control environment is effective overall. We have though highlighted one issue which emerged in the year relating to the lack of a reconciliation between information held on the Altair pensions administration system and the pensions payroll system. The Authority is taking the required action to rectify this issue.
6. ISA 260 requires the external auditors to communicate their views about the significant qualitative aspects of the accounting practices and financial reporting relating to the Fund. KPMG also assess the Authority's process for preparing the Fund's financial statements and its support for an efficient audit. The criteria considered, and how KPMG thought the Fund measured against them, is set out below:
- **Accounting practices and financial reporting**
The Authority has good financial reporting arrangements over the Fund's financial statements in place. We consider that accounting practices are appropriate.
 - **Completeness of draft accounts**
We received a complete set of draft accounts on 9 June 2015.
 - **Quality of supporting working papers**
Our Accounts Audit Protocol discussed with the Senior Pensions Accountant, set out our working paper requirements for the audit. The quality of the working papers provided met the standards specified in our Accounts Audit Protocol.
 - **Critical accounting matters (key audit risks)**
We have discussed with officers throughout the year the areas of specific audit risk and undertaken specific audit procedures. There are no matters to draw to your attention.
 - **Response to audit queries**
Officers resolved audit queries in a reasonable time.
7. All internal and external audit reports are brought to the next possible Pensions Committee, and are also taken to the Council's Audit Committee.

Conclusion

8. The Lincolnshire Pension Fund is managed within a strong control environment, and is audited regularly by both an internal audit team and by the Council's external auditors. Any issues raised by the auditors are considered and responded to, and where relevant, an action plan is put in place to improve controls.

Consultation

a) Policy Proofing Actions Required

n/a

Appendices

These are listed below and attached at the back of the report	
Appendix A	Lincolnshire Pension Fund - Internal Audit Report
Appendix B	Lincolnshire Pension Fund - External Audit 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 Jo Ray, who can be contacted on 01522 553656 or jo.ray@lincolnshire.gov.uk.



Public Sector Auditing Private Sector Thinking

Internal Audit Report ***Due Diligence – Pensions Administration***

Overall Opinion:



Date: 18/06/2015

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Appendix 1 – Assurance Definitions	

The matters raised in this report are only those which came to our attention during our internal audit work. Our quality assurance processes ensure that our work is conducted in conformance with the UK Public Sector Internal Audit Standards and that the information contained in this report is as accurate as possible – we do not provide absolute assurance that material errors, fraud or loss do not exist.

This report has been prepared solely for the use of Members and Management of Lincolnshire County Council. Details may be made available to specified external organisations, including external auditors, but otherwise the report should not be used or referred to in whole or in part without prior consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended for any other purpose.

Auditor **Ashley Simons**
Head of Audit **Lucy Pledge CMIIA**

Distribution	Pete Moore – Executive Director of Finance & Public Protection David Forbes – County Finance Manager Jo Ray – Group Manager – Pensions & Treasury
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Introduction and Scope

We have reviewed the management of the transfer of Pensions Administration service provision from Mouchel to West Yorkshire Pension Fund (WYPF) as part of the Due Diligence audit plan for 2014/15.

West Yorkshire Pension Fund was identified as the preferred provider in May 2014 following a tendering process. A collaboration agreement was signed off in August 2014 and WYPF commenced providing the service from 1 April 2015.

The change in provider is being managed as part of the Future Delivery of Support Services (FDSS) Programme. A Project Board and Team was created to work with WYPF and manage the transition. The partnership was governed and overseen by a collaboration board that includes officers from both LCC and WYPF.

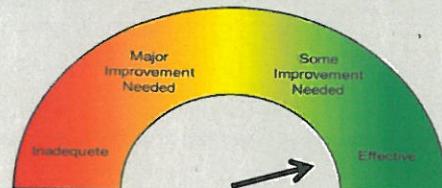
Our review sought to provide assurance that:

- risks and controls associated with the transfer of the pensions administration function to WYPF have been effectively managed
- transfer of data records from the existing pension and payroll systems (Altair) to the new system (Civica) are complete and accurate

Executive Summary

Assurance Opinion

Effective



The transfer of Pensions Administration to West Yorkshire Pension Fund was effectively monitored and managed by the collaboration and project boards. There were regular meetings to review the associated risks and progress actions and issues throughout the project. We also noted periodic updates to the Council's Pensions Committee.

We can confirm from the reconciliation of control totals that the expected number of records extracted from Altair balanced correctly to those uploaded to the new Civica system. We also verified that the scanned and imaged documents were correctly transferred to the relevant pension records and that pensioner payroll standing data is complete.

Our testing of data transferred from the Altair system to records held on Civica identified some information on Altair that was not present in the new Civica system –

we have received assurance from the new provider that this issue is not significant and will not have any detrimental effect when calculating member benefits. The Pensions and Treasury Manager agrees the explanations provided by WYPF on this issue are valid.

The results of WYPF's own testing together with our sample tests, provides reasonable assurance over the data transfer and confidence in the continued accuracy of the Council's pension records.

Direction of Travel



No Change / Stable

The procedures and processes evident throughout the transfer to West Yorkshire Pension Fund provide assurance that the process was handled effectively and that there is a consistent working basis for the future delivery of Pensions Administration.

Documents and meeting notes held for the Transfer Collaboration Board and Project Board provided clear evidence to demonstrate the project has been monitored on a regular basis. Issues and risks were highlighted, updated and effectively managed with action taken, where appropriate. We also noted regular progress reports and updates to the Council's Pensions Committee.

We can confirm that WYPF carried out their own checks of records transferred to their system – this was a significant sample covering different types of members. To provide independent assurance we selected a further sample of 50 records (active, deferred and pensioners) from the Altair system to ensure that exported data had been updated completely and accurately within the Civica system. We found most of the data could be verified within the new system, although there were some missing data items. Explanations were provided, indicating that the unreconciled information between the two systems was either:

- considered unnecessary to transfer (not required for calculation purposes)
- held within a separate database (Oracle) - with access to the relevant data when required

WYPF have provided assurance that these explanations are valid and that full member details will be accessible when required. The LCC Pensions and Treasury Manager and the local WYPF Team Manager (former Mouchel team leader) both agree the reasons given are acceptable.

We confirmed that scanned images and documents held outside of Altair were correctly applied to the corresponding records on the Civica system. Our sample of 17 pensioner payroll records verified this.

We found appropriate third party assurance on the transfer of the Council's pension data through:

- West Yorkshire Pension Fund's preparatory work prior to the data transfer
- The Council's project management arrangements
- WYPF's control total reconciliation
- Post transfer data tests

The results of our testing provides further confidence in the validation work of the new pension administration provider and independent assurance on the completeness and accuracy of the data transfer. We would take this opportunity to thank the staff for their help and assistance throughout the audit.

Management Response

The full assurance given is welcomed and confirms our view that the transition project to WYPF was well managed.

Assurance Definitions¹

<p>Effective</p>	<p>Our critical review or assessment on the activity gives us a high level of confidence on service delivery arrangements, management of risks, and the operation of controls and / or performance.</p> <p>The risk of the activity not achieving its objectives or outcomes is low. Controls have been evaluated as adequate, appropriate and are operating effectively.</p> <p>As a guide there are a few low risk / priority actions arising from the review.</p>
<p>Some improvement needed</p>	<p>Our critical review or assessment on the activity gives us a reasonable level of confidence (assurance) on service delivery arrangements, management of risks, and operation of controls and / or performance.</p> <p>There are some improvements needed in the application of controls to manage risks. However, the controls have been evaluated as adequate, appropriate and operating sufficiently so that the risk of the activity not achieving its objectives is medium to low. A few specific control or risk issues identified.</p> <p>As a guide there are low to medium risk / priority actions arising from the review.</p>
<p>Major improvement needed</p>	<p>Our critical review or assessment on the activity identified numerous concerns on service delivery arrangements, management of risks, and operation of controls and / or performance.</p> <p>The controls to manage the key risks were found not always to be operating or are inadequate. Therefore, the controls evaluated are unlikely to give a reasonable level of confidence (assurance) that the risks are being managed effectively. It is unlikely that the activity will achieve its objectives.</p> <p>As a guide there are numerous medium and a few high risk / priority actions arising from the review.</p> <p>Our work did not identify system failures that could result in any of the following:</p> <ul style="list-style-type: none"> - damage to the Council's reputation - material financial loss - adverse impact on members of the public - failure to comply with legal requirements
<p>Inadequate</p>	<p>Our critical review or assessment on the activity identified significant concerns on service delivery arrangements, management of risks, and operation of controls and / or performance.</p> <p>Our work identified system failures that could result in any of the following:</p> <ul style="list-style-type: none"> - damage to the Council's reputation - material financial loss - adverse impact on members of the public - failure to comply with legal requirements <p>There are either gaps in the control framework managing the key risks or the controls have been evaluated as not adequate, appropriate or are not being effectively operated. Therefore the risk of the activity not achieving its objectives is high.</p> <p>As a guide there are a large number of high risks / priority actions arising from the review.</p>

¹ These definitions are used as a means of measuring or judging the results and impact of matters identified in the audit. The assurance opinion is based on information and evidence which came to our attention during the audit. Our work cannot provide absolute assurance that material errors, loss or fraud do not exist.

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in connection with this
report are:**

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This report is addressed to the Authority and has been prepared for the sole use of the Authority. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. The Audit Commission issued a document entitled Statement of Responsibilities of Auditors and Audited Bodies summarising where the responsibilities of auditors begin and end and what is expected from audited bodies. We draw your attention to this document which is available on Public Sector Audit Appointment's website (www.psa.co.uk).

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

We are committed to providing you with a high quality service. If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Tony Crawley the engagement lead to the CCG, who will try to resolve your complaint. If you are dissatisfied with your response please contact the national lead partner for all of KPMG's work under our contract with Public Sector Audit Appointments Limited, Trevor Rees (on 0161 246 4000, or by email to trevor.rees@kpmg.co.uk). After this, if you are still dissatisfied with how your complaint has been handled you can access PSAA's complaints procedure by emailing generalenquiries@psaa.co.uk, by telephoning 020 7072 7445 or by writing to Public Sector Audit Appointments Limited, 3rd Floor, Local Government House, Smith Square, London, SW1P 3H.

This document summarises the key issues identified during our audit of the Lincolnshire Pension Fund's (the Fund's) financial statements for the year ended 31 March 2015.

Scope of this report

The Audit Commission's Code of Audit Practice requires us to summarise the work we have carried out to discharge our statutory audit responsibilities together with any governance issues identified and report to those charged with governance. We are also required to comply with International Standard on Auditing ('ISA') 260 which sets out our responsibilities for communicating with those charged with governance.

This report meets both these requirements. It summarises the key issues identified during our audit of the Fund's financial statements for the year ended 31 March 2015.

Financial statements

As with the main audit of Lincolnshire County Council (the Authority), our audit of the Fund follows a four stage audit process.



This report focuses on the second and third stages of the process: control evaluation and substantive procedures.

Our on site work for these took place during March 2015 (interim audit) and June and July 2015 (year end audit).

Some of our responsibilities under ISA 260 relate to the Authority as administering authority as a whole and are discharged through our separate ISA 260 Report and Annual Audit Letter for the Authority.

This specifically includes our work in the completion stage:

- Declaring our independence and objectivity;
- Obtaining management representations; and
- Reporting matters of governance interest, including our audit fees.

Structure of this report

This report is structured as follows:

- Section two summarises the headline messages.
- Section three sets out the findings from our audit work on the Fund's financial statements in more detail.

Acknowledgements

We would like to take this opportunity to thank officers for their continuing help and co-operation throughout our audit work.

This table summarises the headline messages. Sections three of this report provides further details on each area.

Proposed audit opinion	<p>We anticipate issuing an unqualified audit opinion in relation to the Fund's financial statements, as contained both in the Authority's Statement of Accounts and the Pension Fund Annual Report by 30 September 2015.</p> <p>At the date of this report our audit of the Fund's financial statements is substantially complete. Our remaining completion procedures are carried out jointly with those for the main audit. This includes obtaining a signed management representation letter, which covers the financial statements of both the Authority and the Fund.</p> <p>We also need to complete our final checks on the content of the pension fund's annual report and issue our separate opinion on that report.</p>
Audit adjustments	<p>We are pleased to report that our audit of the Fund's financial statements did not identify any material adjustments. The Authority made a small number of non trivial adjustments, most of which were of a presentational nature.</p>
Key financial statement audit risks	<p>We review risks to the financial statements on an ongoing basis. We identified the following key financial statements audit risk in our 2014/15 External audit plan issued in March 2015.</p> <ul style="list-style-type: none"> ▪ From 1 April 2014, all members of the LGPS have automatically joined the new career average defined benefit scheme. There is a risk that pension administration systems have not been set up to correctly reflect the changes resulting from LGPS 2014 and will therefore not accurately calculate the pension benefits due to members.. <p>We have worked with officers throughout the year to discuss this key risk and our detail findings are reported in section 3 of this report.</p>
Accounts production and audit process	<p>The Authority continues to have good processes in place for the production of the Fund's financial statements and good quality supporting working papers. Officers dealt efficiently with audit queries and the audit process has been completed within the planned timescales.</p> <p>We have worked with officers throughout the year to discuss the specific risk areas for this year's audit. The Authority addressed the issues appropriately.</p>
Control environment	<p>The Fund's organisational control environment is effective overall. We have though highlighted one issue which emerged in the year relating to the lack of a reconciliation between information held on the Altair pensions administration system and the pensions payroll system. The Authority is taking the required action to rectify this issue.</p>

We have identified no issues in the course of the audit that are considered to be material.

Proposed audit opinion

Subject to all outstanding queries being resolved to our satisfaction, we anticipate issuing an unqualified audit opinion following approval of the Statement of Accounts by the Audit Committee on 21 September 2015.

Audit differences

In accordance with ISA 260 we are required to report uncorrected audit differences to you. We also report any material misstatements which have been corrected and which we believe should be communicated to you to help you meet your governance responsibilities.

We did not identify any material misstatements. We identified a number of minor issues that have been adjusted by management and do not need to be reported to you. This included a small number of presentational adjustments required to ensure that the accounts are compliant with the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 ('the Code').

Completion

At the date of this report, our audit of the Fund's financial statements is substantially complete.

Before we can issue our opinion we require a signed management representation letter. The representations in relation to the Fund will be included in the Authority's representation letter.

We confirm that we have complied with requirements on objectivity and independence in relation to this year's audit of the Fund's financial statements. A full declaration of our independence is set out in the main *ISA 260 Report* for the Authority.

Annual Report

We have reviewed the draft Pension Fund Annual Report and confirmed that the financial and non-financial information it contains is not inconsistent with the financial information contained in the audited financial statements.

We anticipate issuing an unqualified opinion on the final Pension Fund Annual Report at the same time as our opinion on the Statement of Accounts. The statutory deadline for publishing the document is 1 December 2015.

The Authority has maintained the high standard of its draft accounts and the supporting working papers.

Officers dealt efficiently with audit queries and the audit process could be completed within the planned timescales.

The Authority has implemented the recommendation made in our 2013/14 ISA 260 Report.

Accounts production and audit process

ISA 260 requires us to communicate to you our views about the significant qualitative aspects of the accounting practices and financial reporting relating to the Fund. We also assessed the Authority's process for preparing the Fund's financial statements and its support for an efficient audit.

We considered the following criteria:

Element	Commentary
Accounting practices and financial reporting	The Authority has good financial reporting arrangements over the Fund's financial statements in place. We consider that accounting practices are appropriate.
Completeness of draft accounts	We received a complete set of draft accounts on 9 June 2015.
Quality of supporting working papers	Our <i>Accounts Audit Protocol</i> discussed with the Senior Pensions Accountant, set out our working paper requirements for the audit. The quality of the working papers provided met the standards specified in our <i>Accounts Audit Protocol</i> .
Critical accounting matters (key audit risks)	We have discussed with officers throughout the year the areas of specific audit risk and undertaken specific audit procedures. There are no matters to draw to your attention.
Response to audit queries	Officers resolved audit queries in a reasonable time.

Prior year recommendations

In our 2013/14 ISA 260 Report we recommended that, given the non material error identified during the audit, management should review all foreign exchange rates applied to the valuation of an investment for accuracy and consistency. Our 2014//15 audit work showed that management has sought to review all foreign exchange rates applied to the valuation of an investment for accuracy and consistency. We did not identify any errors in these valuations during this year's audit.

Section three

Significant risks and key areas of audit focus

We have worked with the Authority throughout the year to discuss significant risks and key areas of audit focus

This section sets out our detailed findings on those risks

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In our *External Audit Plan 2014/15*, presented to you in March 2015, we identified the significant risks affecting the Pension Fund's 2014/15 financial statements. We have now completed our testing of these areas and set out our evaluation following our substantive work.

The table below sets out our detailed findings.

Significant audit risk	Issue	Findings
	<p>Risk</p> <p>From 1 April 2014, all members of the LGPS have automatically joined the new career average defined benefit scheme. The new scheme provides more flexibility on when members can take their pension and also how much they pay in. There is a risk that pension administration systems have not been set up to correctly reflect the changes resulting from LGPS 2014 and will therefore not accurately calculate the pension benefits due to members. While any errors in the system are unlikely to result in material misstatements in 2014/15, the possible cumulative effect in future years means that specific audit work is needed on ensuring that the changes required to the system have been accurately reflected.</p>	<p>We have reviewed the controls and processes that the Pension Fund has put in place to accurately capture the data required by LGPS 2014. We have confirmed that the correct version of the software used to calculate benefits is in use. There are no specific additional issues arising from our audit work in relation to this significant audit risk that we need to raise in this report.</p>

Other areas of audit focus

From 1 April 2015, the Pensions Regulator became responsible for regulating the governance and administration of public service pension schemes, which includes the Local Government Pension Scheme. Scheme managers and pension board members must comply with a number of legal requirements, such as the establishment of a pension board with an equal number of employer representatives and member representatives. Pension board members for a public service pension scheme must also meet certain legal requirements that relate to their knowledge and understanding.

We have discussed with managers the progress made in implementing these new arrangements, and noted that the required governance framework is in place. The Board had its first meeting in July 2015. There are no specific additional issues that we need to raise in relation to this area of audit focus in this report.

Overall the controls over the Fund's key financial systems are effective.

During March 2015 we completed our control evaluation work. We did not issue an interim report as there were no significant issues arising from this work. For completeness we reflect on key findings from this work.

Organisational control environment

Controls operated at an organisational level often have an impact on controls at an operational level and if there were weaknesses this would have implications for our audit. We therefore obtain an understanding of the Authority's overall control environment and determine if appropriate controls have been implemented.

Most of the controls we look at do not just relate to the Fund but the Authority as a whole.

We concluded that the Fund's organisational control environment is effective overall. Managers had though highlighted a weakness in internal control which emerged in the year relating to the lack of a reconciliation between information held on the Altair pensions administration system and the pensions payroll system. Whilst this control has been implemented for 2015/16 through the move to the integrated system now provided by the West Yorkshire Pension Authority, discrepancies between the information on the two systems up to the date of the change resulted in under and over payments to pensioners. These amounts were not material and the Authority is taking the required action to rectify these under and over payments. Managers should consider providing the Pensions Committee with update reports to ensure the under/overpayment issues have been fully addressed. We have made a recommendation in this regard in Appendix 1.

ISAE 3402 reports

The Fund used a number of different fund managers during 2014/15. Most fund managers provide assurance reports under International Standard on Assurance Engagements (ISAE) 3402 or equivalents. ISAE 3402 reports provide assurance over the controls at a service organisation where these controls are likely to be relevant to user entities' internal control over financial reporting.

Assurance reports were available for all fund managers.

Work on behalf of admitted body auditors

The auditors of admitted bodies requested us to complete specific work on controls operated by the Fund on behalf of the admitted bodies over certain data provided to the actuaries in order to determine the pensions liabilities and related disclosures for the admitted bodies.

Our work did not identify any specific issues other than the incorrect calculation of the membership numbers for Lincolnshire County Council which have now been corrected by the Authority resulting in an updated IAS 19 report from the actuary. This issue had no bearing on the information included in the accounts of the Lincolnshire Pension Fund.

We confirm that we have complied with requirements on objectivity and independence in relation to this year's audit of the Fund's financial statements.

Before we can issue our opinion we require a signed management representation letter.

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Declaration of independence and objectivity

As part of the finalisation process we are required to provide you with representations concerning our independence.

In relation to the audit of the financial statements of Lincolnshire Pension Fund for the year ending 31 March 2015, we confirm that there were no relationships between KPMG LLP and Lincolnshire Pension Fund, its directors and senior management and its affiliates that we consider may reasonably be thought to bear on the objectivity and independence of the audit engagement lead and audit staff. We also confirm that we have complied with Ethical Standards and the Audit Commission's requirements in relation to independence and objectivity.

Management representations

You are required to provide us with representations on specific matters such as your financial standing and whether the transactions within the accounts are legal and unaffected by fraud. We have provided a template to the Authority for presentation to the Audit Committee. We require a signed copy of your management representations before we issue our audit opinion.

Other matters

ISA 260 requires us to communicate to you by exception 'audit matters of governance interest that arise from the audit of the financial statements' which include:

- significant difficulties encountered during the audit;
- significant matters arising from the audit that were discussed, or subject to correspondence with management;
- other matters, if arising from the audit that, in the auditor's professional judgment, are significant to the oversight of the financial reporting process; and
- matters specifically required by other auditing standards to be

communicated to those charged with governance (e.g. significant deficiencies in internal control; issues relating to fraud, compliance with laws and regulations, subsequent events, non disclosure, related party, public interest reporting, questions/objections, opening balances etc).

There are no others matters which we wish to draw to your attention in addition to those highlighted in this report or our previous reports relating to the audit of the Fund's 2014/15 financial statements.

Appendix 1: Key issues and recommendations

We have given this recommendation a risk rating and agreed what action management will need to take.

We will formally follow up on this recommendations next year.

Priority rating for recommendations		
<p>1 Priority one: issues that are fundamental and material to your system of internal control. We believe that these issues might mean that you do not meet a system objective or reduce (mitigate) a risk.</p>	<p>2 Priority two: issues that have an important effect on internal controls but do not need immediate action. You may still meet a system objective in full or in part or reduce (mitigate) a risk adequately but the weakness remains in the system.</p>	<p>3 Priority three: issues that would, if corrected, improve the internal control in general but are not vital to the overall system. These are generally issues of best practice that we feel would benefit you if you introduced them.</p>

No.	Risk	Issue and recommendation	Management response / responsible officer / due date
1	3	<p>Statement of Investment Principles Asset Mix</p> <p>Managers identified a weakness in internal control relating to the absence of a reconciliation between information held on the Altair pensions administration system and the pensions payroll system. Discrepancies between the information on the two systems system resulted in non-material under and over payments to pensioners. The Authority is taking the required action to address this issue.</p> <p>Recommendation</p> <p>The Pensions Committee should continue to receive update reports to ensure the under/overpayment issues have been fully addressed.</p>	<p>Management Response</p> <p>The underpayments were corrected upon discovery. The overpayments are being addressed. The Pensions Committee will continue to receive update reports to ensure the under/overpayment issues have been fully addressed.</p> <p>Owner</p> <p>Jo Ray, Pensions & Treasury Manage</p>



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Regulatory and Other Committee

Open Report on behalf of Executive Director of Finance and Public Protection

Report to:	Lincolnshire Pension Board
Date:	15 April 2016
Subject:	Lincolnshire Pension Fund Communications Policy

Summary:

This paper presents the communications policy that the Lincolnshire Pension Fund approved at its July Pensions Committee. Stuart Duncombe, a Pension Fund Representative from the WYPF team, will present on how the communication to stakeholders is managed by Pension Fund.

Recommendation(s):

That the Board consider the report and agree any actions and training needs arising.

Background

1. The Communication Policy sets out how the Fund intends to communicate with members, prospective members and employers, including the format, frequency and method of distributing any information or publicity. It is reviewed annually and taken to the July Pensions Committee for approval.
2. The policy is a shared document with the Fund's administrators – West Yorkshire Pension Fund (WYPF). Stuart Duncombe, a Pension Fund Representative from WYPF, will present to the Board to explain how the communications policy is put into practice.

Conclusion

3. The Lincolnshire Pension Fund's communications policy is a shared policy with the Fund's administrators, WYPF. It is updated annually and approved at the July Pensions Committee.

Consultation

a) Policy Proofing Actions Required

n/a

Appendices

These are listed below and attached at the back of the report	
Appendix A	Lincolnshire Pension Fund - Communications Policy

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 Jo Ray, who can be contacted on 01522 553656 or jo.ray@lincolnshire.gov.uk.

COMMUNICATION POLICY STATEMENT

LINCOLNSHIRE COUNTY COUNCIL

LOCAL GOVERNMENT PENSION SCHEME

Lincolnshire County Council, as administering authority for the Local Government Pension Scheme, is required by statute to publish a communications policy statement. The Fund communicates with over 180 employers and over 65,000 scheme members, in addition to a large number of other interested parties.

The Regulations governing the Local Government Pension Scheme are laid before parliament by the Department of Communities and Local Government. One of the key requirements they make on all Administering Authorities is to prepare, maintain and publish a written statement setting out the information below:-

- a) The Fund must now prepare, maintain and publish a written statement setting out its policy concerning communications with
 - members;
 - representatives of members;
 - prospective members; and
 - employing authorities.

- b) In particular, the statement must set out the Fund's policy on
 - i. the provision of information and publicity about the Scheme to members, representatives of members and employing authorities (including non-Scheme Employers);
 - ii. the format, frequency and method of distributing such information or publicity; and
 - iii. the promotion of the Scheme to prospective members and their employing authorities.

The day-to-day administration of the Local Government Pension Scheme is carried out on behalf of the County Council by West Yorkshire Pension Fund (WYPF), in a shared service arrangement. Communication material is produced by WYPF in collaboration with the Pensions Team in Lincolnshire. All arrangements for forums, workshops and meetings covered within this statement are made in partnership with WYPF.

The Fund communicates with all stakeholders, as defined in specific legislation, and listed above.

Communication is increasingly distributed via electronic means, with all documents available on a dedicated Pensions website (www.wypf.org.uk).

WYPF provide a dedicated enquiry phone number (01274 434999) and email address (pensions@wypf.org.uk) for pension related enquiries. The appropriately qualified staff from

the County Council, WYPF or external advisers will deliver presentations to groups of stakeholders and conduct individual meetings.

The Fund's objective in respect of communication is to comply with relevant legislation and ensure relevant individuals and employers receive accurate and timely information about their pension arrangements. Methods of communication are set out in the table below.

Communications events 2015 – 2016 - Scheme Members

Communication	Format	Frequency	Method of Distribution
LGPS pensioner members (including representatives of retired members)	Newsletter	2 per year	Mail
	Annual meeting	1 per year	Meeting
	www.wypf.org.uk	Constant	Web
	Contact centre	8.45 to 4.30 Monday to Friday	Telephone E-mail
	County Offices	8.00 to 5.00 Monday to Friday	Face to face
	Pension advice	As and when net pension varies by 25p or more	Mail
	P60	1 per year	Mail
LGPS deferred members (including representatives of deferred members)	Newsletter	1 per year	Mail
	Annual benefit statement	1 per year	Mail
	Annual meeting	1 per year	Meeting
	www.wypf.org.uk	Constant	Web
	Contact Centre	8.45 to 4.30 Monday to Friday	Telephone E-mail
	County Offices	8.00 to 5.00 Monday to Friday	Face to face
	Social media	Constant	Web
LGPS pensioner members (including representatives of retired members)	Newsletter	2 per year	Mail
	Annual meeting	1 per year	Meeting
	www.wypf.org.uk	Constant	Web
	Contact centre	8.45 to 4.30 Monday to Friday	Face to face Telephone E-mail

	County Offices	8.00 to 5.00 Monday to Friday	Face to face
	Pension advice	As and when net pension varies by 25p or more	Mail
	P60	1 per year	Mail
	Social media	Constant	Web

Communications events 2015 – 2016 - Councillors

Communication	Format	Frequency	Method of Distribution
Councillor active members (including representatives of active members & prospective members)	Newsletter	2 per year	Mail
	Annual meeting	1 per year	Meeting
	www.wypf.org.uk	Constant	Web
	Contact centre	8.45 to 4.30 Monday to Friday	Telephone E-mail
	County Offices	8.00 to 5.00 Monday to Friday	Face to face
	Pension advice	As and when net pension varies by 25p or more	Mail
	P60	1 per year	Mail
	Social media	Constant	Web

Communications events 2015 – 2016 - Employers

Communication	Format	Frequency	Method of Distribution
Employers	Pension Fund Representatives	8.30 to 4.30 Monday to Friday	Face to face Telephone E-mail
	Website	Constant	Web
	Fact card	1 per year	Mail
	Fact sheets	Constant	Web
	Employer guide	Constant	Web/electronic document

<i>Ad hoc</i> training	As and when required	Face to face
Update sessions	2 per year	Meeting
Annual meeting	1 per year	Meeting
Manuals/toolkits	Constant	Web/electronic document
Pension Matters and Xtra	12 per year and as and when required	E-mail
Social media	Constant	Web
<i>Ad hoc</i> meetings	As and when required	Face to face
Workshops	10 per year	Face to face

Reviewed 16th July 2015 by the Pensions Committee

Open Report on behalf of Executive Director of Finance and Public Protection

Report to:	Lincolnshire Pension Board
Date:	15 April 2016
Subject:	TPR Checklist

Summary:

This paper updates the Board on the Fund's latest compliance checklist with the Pensions Regulator's code of practice.

Recommendation(s):

That the Board consider the report and agree any actions and training needs arising.

Background

- 1.1 The Pension Regulator's (TPR) Code of Practice 14 was brought to the October meeting of the Pension Board. A checklist was prepared, identifying how the Lincolnshire Fund meets the code of practice for public service pension schemes.
- 1.2 The latest compliance position is shown on the checklist dashboard attached, and the amendments are detailed below:
 - H1 – Annual Benefit Statements to actives in required timescales – moved from yellow to green – 97% sent out by 30th November.
 - H3 – Benefit statement sent to all members who have requested one – moved from yellow to green.
 - I5 – IDRPs – acknowledgement of application sent – moved from yellow to green.
 - I8 – IDRPs – effectiveness of arrangements – moved from red to green – arrangements reviewed.
 - I9 – IDRPs – effectiveness of employers' arrangements – moved from red to green – arrangements monitored.

K12 – SAB Guidance – Pension Board aware of LCC's FOI policy – moved from yellow to green – policy circulated to Board members.

- 1.3 The only remaining red area is on G8 - Maintaining Contributions, where the process for monitoring contributions is still being developed. This will be fully in place for 1st April 2016.

Conclusion

- 1.4 The Lincolnshire Pension Fund continues to improve its governance and monitors its compliance with the TPR's Code of Practice 14 for public service pension schemes.

Consultation

a) Policy Proofing Actions Required

n/a

Appendices

These are listed below and attached at the back of the report	
Appendix A	Lincolnshire Pension Fund - TPR's Checklist

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 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
Reporting Duties		
A1	G	G
A2		
A3	G	G
A4	G	G
Knowledge & Understanding		
B1	G	G
B2	G	G
B3	G	G
B4	G	G
B5	G	G
B6	G	G
B7	G	G
B8	A	A
B9	G	G
B10	A	A
B11	G	G
B12	A	A
Conflicts of Interest		
C1	A	A
C2	G	G
C3	A	A

No	Completed	Compliant
C4	G	G
C5	G	G
C6	G	G
C7	G	G
C8	G	G
C9	G	G
C10	G	G
C11	G	G
Publishing Scheme Information		
D1	G	G
D2	G	G
D3	G	G
D4	G	G
Risk and Internal Controls		
E1	G	G
E2	G	G
E3	G	G
E4	G	G
E5	G	G
E6	G	G
E7	G	G
E8	G	G

No	Completed	Compliant
Maintaining Accurate Member Data		
F1	A	A
F2	G	G
F3	G	G
F4	G	G
F5		
F6	G	G
F7	G	G
F8	G	A
F9	G	G
F10	G	G
F11	G	G
Maintaining Contributions		
G1	G	G
G2	G	G
G3	G	G
G4	G	G
G5	G	A
G6	G	G
G7	A	A
G8	A	R
G9	G	G

No	Completed	Compliant
Providing Information to Members and Others		
H1	G	G
H2	G	G
H3	G	G
H4	G	G
H5		
H6		
H7	G	A
H8	G	G
H9	G	G
H10	G	G
H11	G	G
H12	G	G
H13	G	G
Internal Dispute Resolution		
I1	G	G
I2	G	G
I3	G	G
I4	G	G
I5	G	G
I6	G	G
I7	G	G

No	Completed	Compliant
I8	G	G
I9	G	G
Reporting Breaches		
J1	G	A
J2	G	G
J3	G	G
Scheme Advisory Board Requirements		
K1	G	G
K2	G	G
K3	G	G
K4	G	G
K5	A	A
K6	A	A
K7	A	A
K8	G	G
K9	G	G
K10	G	G
K11	G	G
K12	G	G
K13	G	G
K14	G	G
K15	G	G

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Regulatory and Other Committee

Open Report on behalf of Executive Director of Finance and Public Protection

Report to:	Lincolnshire Pension Board
Date:	07 April 2016
Subject:	Pension 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 committee on current administration issues.

Recommendation(s):

That the committee 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 November 2015 to 29 February 2016 as measured against both the local indicators and the national CIPFA benchmarks.

WORKTYPE	TOTAL CASES	TARGET DAYS FOR EACH CASE	TARGET MET CASES	MINIMUM TARGET PERCENT	TARGET MET PERCENT
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New starter set up*	16	5	8	85	50.00
Transfer In Quote	39	10	13	85	33.33
Transfer In Payment Received	31	10	29	85	93.55
Deferred Benefits Set Up on Leaving	503	10	224	85	44.53
Refund Quote	103	10	29	85	28.16
Refund Payment	32	5	23	85	71.88
Transfer Out Quote	90	10	3	85	3.33
Transfer Out Payment	11	10	9	85	81.82
Divorce Quote	32	40	32	85	100.00
Pension Estimate	317	10	252	85	79.50
Pension Set Up Payment of Lump Sum	73	3	68	85	93.15
Deferred Benefits Into Payment - Payment of Lump Sum	66	3	58	85	87.88
Death in Service Payment of Death Grant	1	5	0	85	0.00
Death of a Pensioner Payment of Death Grant	3	5	2	85	66.67
Payment of Beneficiary Pension	27	5	22	85	81.48
Potential Spouse Pension Enquiry	3	20	3	85	100.00
Initial letter acknowledging death of active/deferred/pensioner member	52	5	47	85	90.38

* - currently only includes those manually input – report being amended to include those automatically done through the portal.

1.5 Some cases have again exceeded the target days as expected and warned in the previous reports to the committee, primarily as a result of the continued ripple effect of the new scheme regulations, particularly where cases have had to be stockpiled awaiting GAD Guidance. This has been particularly true of the Transfer procedures.

2.0 Scheme Information

2.1 Membership numbers as @ 21/3/2016 were as follows:

Numbers	Active	Deferred	Undecided	Pensioner
LGPS	24,301	27,616	1,635	18,235
Councillors	20	25	-	37
Totals nos	24,321	27,641	1,635	18,272
Change	+653	-322	0	-86

Membership numbers remain fairly stable.

2.2 Age Profile of the Scheme

STATUS	U20	B20_25	B26_30	B31_35	B36_40	B41_45	B46_50	B51_55	B56_60	B61_65	B66_70	O70	TOTAL
Active	462	1634	1659	2077	2478	3759	4197	3753	2746	1263	235	44	24307
Beneficiary Pensioner	90	32	1	1	7	13	40	71	148	190	271	1460	2324
Deferred	10	618	1689	2095	2271	3983	5611	6020	4283	957	35	12	27584
Deferred Ex Spouse	0	0	0	0	2	0	10	11	14	0	0	0	37
Pensioner	0	1	1	1	8	28	42	112	1136	4129	4681	5743	15882
Pensioner Deferred	0	0	0	0	0	0	1	0	3	0	0	0	4
Pensioner Ex Spouse	0	0	0	0	0	0	0	0	2	6	2	3	13
Preserved Refund	7	65	71	95	151	212	283	288	215	141	89	49	1666
Totals	569	2350	3421	4269	4917	7995	10184	10255	8547	6686	5313	7311	71817

2.3 Number of Employers

There were a total of 216 active Employers as at 29 February 2016. This included one new employer, Cherry Willingham Parish Council. There were no employers exiting the Fund.

3.0 Praise and Complaints

3.1 As part of the continued monitoring of the sections overall performance, WYPF sent out customer surveys to a sample of LPF members.

Over the quarter October to December we received **5** online customer responses.

Over the quarter October to December September **248** Lincolnshire member's sample survey letters were sent out and 27 (**33.87%**) returned:

Overall Customer Satisfaction Score for 2015

January to March	April to June	July to September	October to December
N/A	78.34%	83.94%	80.16%

Appendix A shows full responses.

4.0 Internal Disputes Resolution Procedures

- 4.1 Four appeals were received at stage 1, three against Employers and one against LPF.
- 4.2 During this period three decisions were made which were all turned down.
- 4.3 No appeals were received at stage 2 and no decisions were made.

5.0 Administration Update

5.1 Life Certificates

Work has started on issuing life certificates to all 18,000 pensioner members. The purpose is for members to confirm their continuing entitlement to a pension from LPF. The life certificates have started to go out on a weekly basis and will be scheduled to target everyone over the next twelve months.

5.2 Member Web

WYPF are piloting member online access whereby members will be able to access their pension information online.

They will be able to:

- Look at their pension record
- Make changes to personal information (i.e. address, death grant nomination etc)
- Request pension information
- Access annual benefit statements, read newsletters
- Access payslips.

Members will be contacted and asked to register for secure access.

5.3 LCC Data Issues

There are a number of issues that we have with the monthly data from Lincolnshire County Council:

- Monthly returns from LCC started coming in from January 2016, nine months late. Due to the quality of data received, each file is taking considerably longer to process than we would normally expect. We are currently processing November 2015 data.
- Timeliness of receiving the files has also been an issue - the January 2016 was not received until 3rd March, however it was due on 19th February.

- The quality of data we are getting is poor, we have received data for teachers / NHs staff etc and this is taking valuable process time to resolve.
 - Our contacts at LCC / Serco have been very good and responsive, however the systems and resources they have to deal with pension queries is a concern. They are supportive, but they have a major uphill task as regards the system report and the quantity of errors on the report submitted.
- 5.4 In order to support with these late returns from LCC, we have made LCC the first priority our Finance Business Partners are working on. Any further delays would mean our other workloads will suffer as a result.
- 5.5 There are a number of data cleansing and validation checks that are carried out at each year end. These are detailed below along with the concerns that we have as a result of the LCC data submissions:
- Data verification checks for all our employers to ensure accurate posting of records and Annual Benefit Statement production. This takes about 2 weeks to 4 weeks for each employer. It may be impossible to conduct this for LCC, unless there is a considerable improvement in the data return activities.
 - As this is the first year of WYPF carrying out data returns for LPF, it is critical that all data is reconciled for the year end. This will require prompt submission of all data for 2015/16 from LCC.
 - As a valuation year, additional checks on cashflow need to be undertaken, comparing LPF records to summary reports on WYPF pension records. Again, this may be impossible. This may have an adverse impact on the valuation process, in terms of the volume of cashflow queries received from the Actuary.
 - This valuation is on the back of the low quality of data acquired from Mouchel. As minimum we need to check active member data, ensure that all deferred members are correctly identified and that the latest pay figures are correct on all members for LPF. Additional time taken in cleansing the LCC data submissions will impact the time available for all other checks.
- 5.6 We will continue to do our best to support and provide solutions, however we can only work to the speed and quality of records provided by Serco / LCC.

6.0 Current Issues

6.1 Cessation of Contracting out from April 2016

From 6 April 2016, the new single tier State Pension replaces the basic and additional State Pension for those who reach State Pension age after 5 April 2016, and the 'contracted-out' status for all LGPS members (not just those reaching State Pension age after 5 April 2016) will no longer exist. This means that they will no longer receive the National Insurance rebate and will pay a higher amount of National Insurance than in previous years (unless they are already over State Pension age or are one of the few members still paying the married woman's or widow's reduced rate of National Insurance).

6.2 Further information about the change is being communicated with an individual letter to be sent to all LGPS members with the Spring newsletter shortly. (Attached at Appendix B).

6.3 Changes to the Annual Allowance 2016

In the Summer Budget on 8 July 2015, the government announced significant changes to pension savings which will take effect from 6 April 2016. In particular, there will be changes made to the Annual Allowance which mean that certain employees may pay more tax. The main changes are:

- Lifetime Allowance – the total value of all of the pension savings built up by retirement before having to pay an additional tax charge will go down to £1million, from £1.25 million, from 6 April 2016.
- Annual Allowance – the upper limit on how much pension benefit you can build up in any one year without having to pay an additional tax charge – set at £40,000, falling to £10,000 from 6 April 2016 for those with income of more than £150,000.
- Pension Input Periods – to put these changes into place, the government has had to make some changes to the Annual Allowance in the 2015/16 year. The time your pension saving is measured over, for testing against the Annual Allowance, will end on 5 April each year instead of 31 March. Therefore, for 2015/16 the year will be split into two parts, each with different allowance limits.

6.8 Further information about the change is being communicated in our Spring newsletter, advising anyone who may be impacted to seek independent financial advice. (Attached at Appendix C).

7.0 Valuation.

- 7.1 Regulation 62 of the Local Government Pension Scheme Regulations 2013 requires the Administering Authority to obtain:
- An actuarial valuation of the assets and liabilities of each of its pension funds as at 31 March 2016 and on 31 March in every third year afterwards;
 - A report by an actuary in respect of the valuation; and
 - A rates and adjustments certificate prepared by an actuary.
- 7.2 The main aims of carrying out an actuarial valuation of the Fund are to:
- Review the financial position of the fund;
 - Determine the employers contribution rates; and
 - Ensure that the legal requirements in relation to the actuarial valuation are met.
- 7.3 Since the last valuation the scheme has moved from a final salary scheme to a career average scheme.
- 7.4 One additional requirement is that the Scheme Advisory Board has recommended that there be a requirement in the Regulations for the fund actuaries to calculate the funding level of the Fund as a whole, on a standardised basis, by 30 September in each valuation year.
- 7.5 An initial meeting was held in February with the Fund's actuary, West Yorkshire Pension Fund and Lincolnshire Pension Fund to discuss, among other things, the timetable of data submission to ensure all deadlines are met.

8.0 Finance

- 8.1 In July 2014 our shared service cost was estimated at £15.55 per member, for 2015/16. In January 2015, this figure was revised to £15.88 to take account of additional work that emerged during implementation and further work from new legislation. The latest forecast for 2015/16 financial year is £15.25. This takes account of all the additional work carried out for 2014/15 year-end returns, data cleansing work and extra system work that was not specified in the shared service requirements. However, number of members has increased from 66,695 from estimates to 71,817 as at 21st March 2016. This means total charge will be going up to £1,095,209.25.

	Unit Price		
Members Original Estimate		66,695	
Members Latest Count			71,817
Estimated price April 2014	£15.55	£1,037,107	£1,116,754.35
Original Estimate January 2015	£15.88	£1,059,117	£1,140,453.96

Period 6 Forecast September 2015	£15.78	£1,052,447	£1,133,272.26
Period 9 Forecast December 2015	£15.25	£1,017,098	£1,095,209.25

8.2 The table above demonstrates that unit cost has reduced due to service scale and efficiencies and we are funding all service improvements required for LPF out of shared services efficiencies. However, as we continued to deal with data and service issues for LPF we may have to bring in extra resources to deal with improvements and there may be the need to make specific charges to LPF.

Conclusion

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.

Consultation

a) Policy Proofing Actions Required

n/a

Appendices

These are listed below and attached at the back of the report	
Appendix A	Lincolnshire Survey Results - October to December 2015
Appendix B	Cessation of Contrating Out Letter
Appendix C	Draft Spring Newsletter

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 2015)

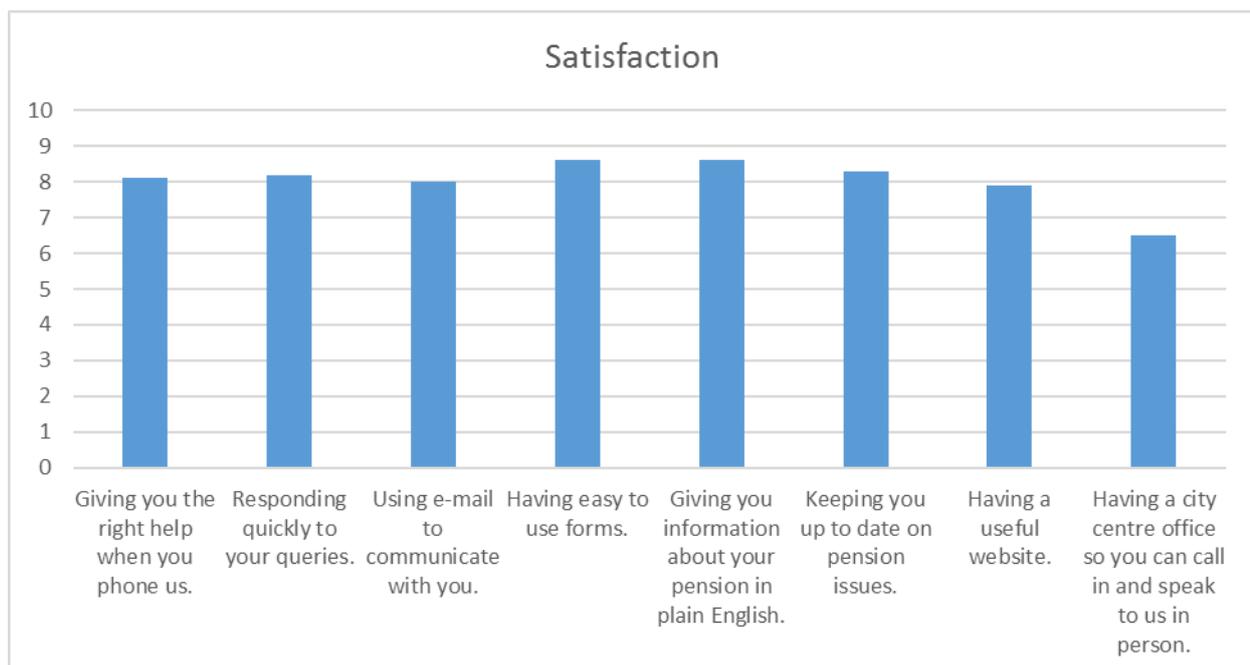
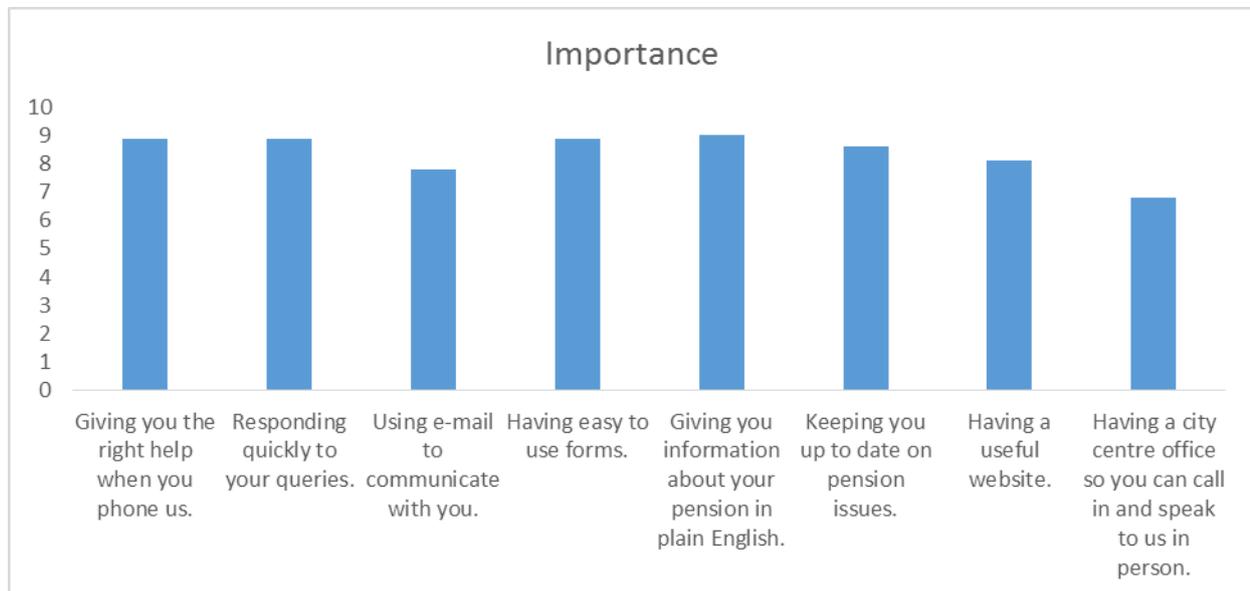
Over the quarter October to December we received **5** online customer responses.

Over the quarter October to December **248** Lincolnshire member's sample survey letters were sent out and **84 (33.87%)** returned:

Overall Customer Satisfaction Score for 2015

January to March	April to June	July to September	October to December
N/A	78.34%	83.94%	80.16%

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



Sample of positive comments:

Member Number	Comments
Vincent Elkington (Phone call)	The member called to request a P60 and wanted to pass on his comments regards our administration of the fund since the switchover from Lincoln. He was particularly impressed with the speed with which we answered calls and dealt with any queries he may have had in recent months. He asked that I pass this on as he felt in this day and age not many places offered such an efficient service.
8046487	Extremely good. Your departments chased up my problems and sorted them out wonderfully. No bad comment at all if it had not been for your staff standing my corner I would still be waiting to get my pension form from my employer.
8063616	Very organised and helpful, dealt efficiently with queries. My dealings with my pension are new and involved WYPF having to sort out figures with my employer. I think WYPF handled sorting things out very well as employer did not respond very quickly and accurately.
8062894	Very good service. Very pleased with everything. Spoke mostly on the phone and everyone was always very helpful and keen to sort out my problem. Now receive my pension and process has been very easy and simple to understand.
online 8037474	Once I notified you that I had contacted the LCC Pension Fund earlier in the year your response to my repeated enquiry was instantaneous and the lump sum was paid into my account within a few days and regular monthly payments are now being received.
online	I was a wee bit apprehensive when Lincolnshire told me my pension service was being transferred to Yorkshire but my fears were unfounded you have exceeded my expectations with an easy-to-use website and excellent services! I have been a pensioner for 17 years with no complaints about Lincolnshire and I now look forward to another 17 years with Yorkshire with hopefully the same results.

Complaints/Suggestions:

Member Number	Comments	Corrective/ Preventive Actions
8039941	Still waiting for my query to be sorted. WYPF doesn't know enough about my pension scary to give an answer. Not as friendly as LCC were not as helpful to far away.	Passed to Naheed. An explanation letter was sent as appropriate.

8027800	Poor communication caused me great stress over a long period of time. The pension staff in Yorkshire did their best but were hampered by the total inefficiency at the Lincolnshire office. I retied in July but received my pension in October.	Passed to Kate Gee.
8001122	Very confusing. I had wanted to opt out of the pension. I received a letter of deferred until 2017. In the end I received my pension refund less tax. My place of work and yourself blamed each other for the delay. The only person it affected was myself. I took weeks to receive my refund.	Passed to Selma. An explanation letter was sent as appropriate.
8029628	Not good. Service I received was not good. I had to wait till September to receive the forms for my pension when I left in the July. My employer rang and was told forms would arrive but not. When I received it got sorted but having to wait so long was not good enough.	Passed to Kate Gee.
8064143	Very slow. Was told I was at top of urgent list when enquiring about pension. Second phone call was told at that I was top of urgent list on red. I took 4 months to sort my pension out after I left work.	Passed to Dipika
8030272	Better than that provided by LOCC when they sub contacted to Mouchel. Very disappointed that initial notification of my pension / lump sum was later super ceded by a second figure which was several thousand pounds less. Not a good start.	Passed to Selma. An explanation letter was sent as appropriate.
Online	I have contacted your office numerous times over the last 6 months and found your agents helpful but overall the service I require is appalling and my needs have not been met yet. Since you took over the administration of the Lincolnshire LGPS I have not been impressed. You have not acted upon information supplied by my new employer pension and I have had to repeatedly call to chase up the administration of my transfer to Cumbria. This is still unresolved after 6 months and my last call last week your agent was unable to explain why you could not complete the work or give me any anticipated timescales for completion. This is not acceptable.	Unable to contact as No Member no supplied.

<p>Online 8096751</p>	<p>An absolute disgrace!!The service I have received was appalling. For whatever reason as I have never been given an explanation my transfer request from a previous employer never went through when it should have. I filled out the forms and posted them on time and was told not to contact you as this process can take few months to go through. It was only when several months had past that I received my annual statement that it was apparent that my transfer hadn't gone through!! As you can imagine I was very shocked to receive this news and immediately phoned the Lincolnshire Pension Fund for an answer as to what had gone wrong. Lincolnshire Pension Fund advised me that now West Yorkshire Pension Fund was my pension administrator and that I need to speak to them to find out why the transfer hadn't taken place I was given a number to call almost as if Lincolnshire Pension Fund expected me to do all the calling around looking for answers. I wasn't happy about this so asked them to also and the answers and let me know what is happening. When I did call the West Yorkshire Pension Fund I was told that they will apply for the transfer again and told me not to worry as they didn't think it would affect the original transfer value I was quoted. As you can imagine being told that they didn't think it would affect the value wasn't very reassuring I wanted decisive and accurate answers as to whether my original transfer value would be honoured. Recently I have received a letter notifying me that finally 10 months later the transfer has gone through although it doesn't state on the letter whether the value in cash terms has been affected!! Overall I am very dissatisfied with the service I have received from both pension administrators. They both seemed to try and blame each other for the mess that had happened and I couldn't get a decisive answer on any question I had when calling. I would class both administrators as unfit for purpose.</p>	<p>Passed to Kate Gee</p>
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West Yorkshire Pension Fund

Administered by City of Bradford Metropolitan District Council

Lincolnshire
Pension Fund



PO Box 67 Bradford BD1 1UP

lgps

www.wypf.org.uk



Dear Mr/Mrs

Local Government Pension Scheme (LGPS)

The new State Pension and the ending of 'contracting out'

The Government is introducing a new 'single-tier' State Pension for people who reach State Pension age on or after 6 April 2016. This will replace the existing basic and additional State Pension.

What does this mean for members of the Local Government Pension Scheme?

As a member of the LGPS you are currently 'contracted-out' of the additional State Pension. You receive a rebate on the National Insurance contributions you pay on any earnings between £5,824 and £40,040 per year (unless you are already over State Pension age or are one of the few members still paying the married woman's or widow's reduced rate of National Insurance). This means that whilst you are a member of the LGPS you are not building up much, if any, additional State Pension; you are building up pension benefits in the LGPS instead.

From 6 April 2016 the new single tier State Pension replaces the basic and additional State Pension for those who reach State Pension age after 5 April 2016 and the 'contracted-out' status for all LGPS members (not just those reaching State Pension age after 5 April 2016) will no longer exist. This means that you will no longer receive the National Insurance rebate and you will pay a higher amount of National Insurance than in previous years (unless you are already over State Pension age or are one of the few members still paying the married woman's or widow's reduced rate of National Insurance).

There are no plans to change the benefits the LGPS provides as a result of the introduction of the new State Pension.

Where can I get more information?

More information about these changes can be found in your enclosed newsletter, including information about the 50/50 section of the LGPS which allows you to pay half your normal pension contributions in return for building up half your normal pension, whilst retaining full life and ill health cover. The 50/50 section might be of interest to you if the rise in National Insurance contributions is likely to cause you financial difficulty and lead you to consider opting out of the LGPS. It offers a means to remain in the LGPS, at a cheaper rate, whilst retaining valuable benefits. Further information about the LGPS is available at www.wypf.org.uk.

What does this mean for my State Pension?

For information about the new State Pension please visit www.gov.uk/yourstatepension

Yours sincerely



Pension

NEWSLETTER

SPRING 2016 • ACTIVE MEMBERS

New State Pension brings National Insurance changes for LGPS members – Q&A

The letter this newsletter came with explains how the new single-tier flat-rate State Pension replaces the former basic and additional State Pension for anyone who reaches State Pension age after 5 April 2016.

Although this change doesn't make any difference to the Local Government Pension Scheme (LGPS) pension you're building up with us, the end of **contracting out** is an important change you need to know about that affects how much National Insurance you pay.

Why is the State Pension changing?

The government's aim is a simpler, fairer pension system that gives everyone a clearer idea about what pension the state provides and makes pension planning easier.

Who gets the new State Pension?

You'll get the new State Pension if you're

- a man born on or after 6 April 1951, or
- a woman born on or after 6 April 1953

and (normally) have at least 10 qualifying years on your National Insurance record.

Note that if you reached State Pension age **before** 6 April 2016, you got your State Pension under the scheme that was in operation before 6 April 2016 instead.

If you don't know what your State Pension age is, use the calculator at www.gov.uk/state-pension-age to find out.



Why am I paying more National Insurance?

Before April 2016, the State Pension was made up of

- the basic State Pension, and
- the additional State Pension (called the State Second Pension, or SERPS).

The LGPS was **contracted out** of the additional State Pension and as an LGPS member you received a rebate on your National Insurance contributions so didn't build up much, if any, additional State Pension – **you built up pension benefits in the LGPS instead.**

The new State Pension replaces the basic and additional pensions with a single-tier flat-rate pension, ends contracting out and ends the rebate you got on your National Insurance contributions.

How much more will I pay?

The National Insurance rebate was 1.4% of your pay (between certain thresholds). But from 6 April 2016 you'll pay the standard rate of National Insurance. How much more you'll pay depends on your earnings, but here are some examples to give you an idea. Your payslip will show the actual amounts.

These examples are for people over 21.

How much you earn	National Insurance before 6 April 2016	National Insurance from 6 April 2016	How much extra you'll pay
£15,000 per year (£1,250 a month)	£58.66 a month	£69.36 a month	+ £10.70 a month
£27,000 per year (£2,250 a month)	£164.66 a month	£189.36 a month	+ £24.70 a month
£45,000 per year (£3,750 a month)	£307.65 a month	£352.76 a month	+ £45.11 a month

Will my LGPS pension benefits change because of this?

There are no plans to change the benefits the LGPS provides as a result of the introduction of the new State Pension.

I can't afford to pay the extra National Insurance contributions – what can I do?

The new State Pension will only provide a basic level of income in retirement so the LGPS will remain an important part of your retirement planning. Remember, if you pay tax you'll continue to get tax relief on your pension contributions.

But when money's tight, one option is to join the **50/50 section** of the pension scheme. Do this and you pay half your normal contributions in return for building up half your normal pension, while still getting full life cover and ill health cover. This is designed to be a short-term option to help you stay in the scheme while still building up some pension.

See wypf.org.uk for more information, and contact your employer if you want to join the 50/50 section.

Will I qualify for the full new State Pension?

The new State Pension has a minimum qualifying period. If you have no National Insurance contributions record before 6 April 2016 you'll need 35 qualifying years to get the full new State Pension.

If you paid into the LGPS between 6 April 1978 and 5 April 2016 and reach State Pension age after 5 April 2016, the amount of new State Pension you receive will be reduced for this period because you and your employer paid a lower rate of National Insurance. If this applies to you, you're unlikely to get the full amount of the new State Pension

but it will depend on your own National Insurance record and how many qualifying years you have after April 2016.

However, in most cases, the pension you get from the LGPS will be at least as much as you would have received from the State Pension if you hadn't been contracted out. The government calls this the contracted out pension equivalent (COPE) amount and an estimate of this will be on your State Pension statement, including all the contracted-out pension benefits you've built up if you have paid into any other contracted-out pension schemes.

See www.gov.uk/new-state-pension/overview for more about the new State Pension.

Will the new State Pension alone give me enough income in retirement?

The State Pension is intended to be only a part of your retirement income and would, on its own, provide a very basic standard of living in retirement. So the your LGPS pension will continue to be an important part of your retirement planning.

Want more information?

Visit www.gov.uk/yourstatepension

Or, if you're over age 55, request an estimate of your new State Pension at www.gov.uk/state-pension-statement

Watch a video about the new State Pension at www.youtube.com/user/PensionTube



Taxing pension savings

Changes for high earners from 6 April 2016

Lifetime Allowance – the total value of all of the pension savings you can build up by your retirement before having to pay an additional tax charge – will go down from £1.25million to £1million from 6 April 2016.

How might this affect me?

If you expect to have total pension savings worth more than £1million at retirement you might be affected, but there are two new forms of HMRC protections you can use.

- **Fixed Protection 2016** – you retain a Lifetime Allowance of £1.25million, but you'll probably have to stop future pension savings after 5 April 2016.

- **Individual Protection 2016** – you get an individual Lifetime Allowance equal to the value of your rights on 5 April 2016, with a minimum of £1million and a maximum of £1.25million.

You'll be able to apply online from July, but if you're planning to take your pension before July 2016, apply to HMRC for interim protection.

Annual Allowance – the upper limit on how much pension benefit you can build up in any one year without having to pay an additional tax charge – falling to £10,000 from 6 April 2016 for those with income of more than £150,000.

How might this affect me?

If you earn more than £210,000 and have high pension savings in one year, you could pay £13,500 in additional tax because of the fall in annual allowance. If you earn more than £150,000 but less than £210,000 the impact will be less significant, and if you earn less than £110,000 you probably won't be affected by this change.

Note that unused annual allowance from the previous three tax years can

sometimes be carried forward.

Pension Input Periods – to put these changes into place, the government has had to make some changes to the Annual Allowance in the 2015/16 year. The time your pension saving is measured over for testing against the Annual Allowance will end on 5 April each year instead of 31 March.

So for 2015/16 the year will be split into two parts, each with different allowance limits.

How might this affect me?

You won't lose out from the change in input period.

We have more on this subject at www.wypf.org.uk/allowances

Consider taking independent financial advice too.

WYPF annual meeting 2015

We held our 2015 annual meeting on last November in Wakefield. Two hundred members joined us for our comprehensive yearly analysis of the fund's investment and administration performance over the year.

Councillor Andrew Thornton (chair of WYPF) chaired the meeting, and delegates heard presentations from director Rodney Barton and fund investment advisers Noel Mills and Mark Stevens. Our guest speaker was from West Yorkshire Police Authority.

Answers to audience questions are available at www.wypf.org.uk/meeting

Project POOL

At the Conservative Party conference in October 2015, chancellor George Osborne called for a merger of the assets of the 89 Local Government Pension Scheme funds in England and Wales into six wealth funds, each containing at least £25billion. Administering authorities like ours had until 19 February 2016 to come up with their proposals for this.

West Yorkshire Pension Fund is part of the **Northern Powerhouse** pool, covering Greater Manchester Pension Fund, Merseyside and West Yorkshire funds with a pool of around £40billion. Lincolnshire Pension Fund is part of the **Border to Coast** pool that covers East Riding, Cumbria and Lincolnshire.

Other proposed schemes include

- a £35bn pool of eight schemes across the Midlands
- the ACCESS group of eight central, eastern and southern counties
- a common investment vehicle being developed by the London boroughs
- a South West pool, one covering Welsh LGPS funds, and

The government wants the new pools in place by April 2018.

You can read more on our submission at www.wypf.org.uk/pool

CARE pensions down by 0.1% in 2016

Pension you build up in the career average (CARE) scheme after 1 April 2014 is **revalued** every April, which means it's increased (or decreased) in line with the Treasury Department's Revaluation Order, set by the Consumer Price Index (CPI) for the September before the increase date. CPI was **minus 0.1%** in September 2015.

A negative revaluation figure means that the CARE pension you've built up since 1 April 2014 will be **reduced** this year by 0.1%. You'll see the effect of this on your next pension statement.

This only applies to the CARE part of your pension. If you also have final-salary pension from membership before April 2014 they're not affected by this at all.

LGPS National Insurance Database – privacy notice

West Yorkshire and Lincolnshire Pension Funds comply with legal requirements by taking part in a data-sharing project with other UK LGPS pension funds.

When LGPS members die, we need to know if they have LGPS pensions elsewhere in the country so their dependants get the right benefits. Because the LGPS is run by many different UK pension funds, we need this national database to check for pensions in other pension funds.

What data is shared?

- Your National Insurance number
- Your membership status
- The last calendar year your membership status changed, and
- A four digit reference number for the pension fund that holds your record.

Where is the database kept?

The South Yorkshire Pensions Authority hosts the database.

How will the data on the database be processed?

In line with the Data Protection Act 1998 and other relevant legislation.

Who is data shared with?

It's shared with other LGPS pension funds and LGPS administering authorities.

Information in the database will also be shared from time to time with the Department for Work and Pensions (DWP) so that the LGPS can join the **Tell Us Once** service that makes sure an LGPS member's own pension fund is told when their death is registered. Their records can then be processed more quickly and accurately.

How long will the data be shared?

For as long as

- the relevant regulatory requirements remain, and
- the LGPS takes part in **Tell Us Once**.

Can I opt out of data sharing?

No. Data sharing is partly to comply with a legal requirement so you can't opt out.

What I have further questions?

If you have any questions about this, please contact us.

NEWS in BRIEF

Your pension online soon

You'll soon be able to sign up to

- look at your pension record online whenever you like
- make changes to the personal information we hold about you, and
- request information about your pension
- securely access pension statements
- read newsletters online instead of getting them through the post.

We think this will be a popular new service so keep an eye out for more information soon on how to get your online account.

2016 pension statement

We'll produce these between 1 May and 31 August. If you don't get yours by 31 August, please contact your employer.

When you do receive your statement, please check that what's on it is right. You have seven years to dispute anything on the statement after which your pension record can't be changed.

New retirement workshops

We're making a new service available to our members with **Affinity Connect**, a retirement specialist. It's a series of free workshops designed to raise awareness of key issues you will need to consider and decisions you will need to make as you approach retirement.

It'll be especially useful to you if you're thinking of retiring in the next couple of years, but also if you're not yet sure when you want to retire.

If you think this might be useful, have a look at www.wyphf.org.uk/active-events where you'll find dates and times.

Products and marketing

We work with **Club Together**, an affinity group providing members with great deals from UK product and service providers. They research and review travel, financial, future planning or lifestyle products that may be of interest, and send members a free magazine twice a year with deals you can access online too. Your data's shared only with Club Together. We have strict legal agreements about how they use your data. The companies they are not given your personal details – Club Together mail all information on their behalf. You may also get information direct from us for other products and services.

Contact us

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Or call in person to our offices at:

- **Aldermanbury House**,
4 Godwin Street, Bradford
BD1 2ST weekdays
8.45am to 4.30pm.
- **County Offices, Newland**,
Lincoln, LN1 1YL weekdays
8.00am to 5.15pm (4.45pm on
Fridays). Ask for the pensions
team at reception.

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LINCOLNSHIRE COUNTY COUNCIL

ANNUAL REPORT OF THE LGPS LOCAL PENSION BOARD – 2015/2016

DRAFT

1. INTRODUCTION

- 1.1 I am pleased to present the first report of the Local Pension Board of Lincolnshire County Council for the year 2015/2016.
- 1.2 Pension Boards were introduced in to the Local Government Pension Scheme (LGPS) from April 2015 under the Public Sector Pensions Act 2013 with the responsibility to assist administering authorities, in particular pension managers, and to secure compliance with the LGPS regulations.
- 1.3 The Lincolnshire Local Pension Board was established by the Administering Authority in June 2015 and operates independently of the Pensions Committee.

2. PURPOSE

- 2.1 The Board's role is to work closely in partnership and assist the Administering Authority in its role as Scheme Manager in relation to the following matters:
 - a) Securing compliance with the Scheme Regulations and any other legislation relating to the governance and administration of the Scheme.
 - b) Securing compliance with the requirements imposed by the Pension Regulator (tPR) in relation to the Scheme.
 - c) Ensuring any breach of duty is considered and followed under the Scheme's procedure for reporting to tPR and to the Scheme Manager.
 - d) Assisting the Scheme Manager to ensure the effective and efficient governance and administration of the Scheme.
 - e) Such other matters as the Scheme Regulations may specify.
- 2.2 Further detailed information on the Board's functions is set out in the Terms of Reference.

3. CONSTITUTION AND MEMBERSHIP

- 3.1 The membership of the Board during the period was as follows:

Independent Chair - Roger Buttery (non voting)

2 Employer Representatives – Councillor Mark Jones (until 6 January 2016); replaced by Councillor Mark Whittington and Kirsty McGauley (both voting)

2 Member Representatives – David Vickers and Ian Crowther (both voting)

3.2 Four meetings were held within the period – 20 July, 30 July, 7 October and 2 December, 2015. The Committee also met on 15 April 2016 because the final meeting of the year scheduled in March had to be cancelled.

3.3 The meeting on 20th July was devoted to a full day's training covering the LGPS, Lincolnshire Fund specifics, the role of the Pension Board, knowledge and skills, role of advisers, policies, internal and external investments, safeguarding the fund's assets, performance measurement, corporate governance, the Pensions Team and pensions administration.

3.4 At the meeting on 30 July, the Board agreed a programme of work for the year.

4. THE WORK PROGRAMME

4.1 At the meeting in October, the Board considered a report which demonstrated Lincolnshire's compliance to a Code of Practice produced by tPR.

4.2 The Board considered the eleven elements in detail, namely:

- a) Reporting duties
- b) Knowledge and understanding
- c) Conflicts of interest
- d) Publishing information about schemes
- e) Managing risk and internal controls
- f) Maintaining accurate member data
- g) Maintaining contributions
- h) Providing information to members and others
- i) Internal dispute resolution
- j) Reporting reaches of the law
- k) Scheme advisory board

4.3 A checklist of 99 items covering the above was produced in a traffic lights format. It is pleasing to report that Lincolnshire was largely compliant with 71 green or items not yet relevant. There were 17 partly compliant and 8 where further information was required. There were 3 reds all of which were "work in progress" and not critical. Given the recent appointment of West Yorkshire Pension Fund (WYPF) as the new Pensions Administrator to the Scheme and the County Council's

decision to appoint Serco for a range of “back office” support functions, the Board considered that the compliance to the tPR’s code was very good. Indeed, at the meeting in April 2016, the Board received a further report and ...**TO BE COMPLETED**.....

4.4 At its December meeting, the Board received a presentation from a representative of the WYPF on the pensions administration service. The Board noted that there had been some teething problems which had arisen largely as a result of the introduction of a new accounting system by Serco. There were some failures against the pensions administration performance targets but this was largely as a consequence of the transition. Of particular concern to the Board was the delay in the payment of the monthly employer and employee contributions by the due date in the early months of the financial year but tPR was advised at the time. The contributions are now being paid on time. The Board noted that 95% of the benefits statements had been sent to members by tPR’s revised deadline of 30 November 2015. In addition, there were still issues over the supply of data by Serco.

4.5 Considering the obstacles and problems faced by WYPF, the Board concluded that the administration was sound and more importantly would improve. Despite certain teething problems, it was felt that WYPF had been the correct choice for the Council. The Board also noted that the partnership between LCC and WYPF was developing well.

4.6 At the final meeting of the year, the Board considered several issues:

- a) A re-visit of compliance with the tPR’s Code of Guidance
- b) Recent reports from both internal and external audit on pension related issues
- c) Complaints
- d) Communications
- e) Preparations for the triennial actuarial valuation
- f) Training for Board Members

4.7 REPORT ON ISSUES IN 4.6 TO BE COMPLETED

5. CONCLUSION

5.1 This is the first report of the Board. **TO BE COMPLETED AFTER 15 APRIL.**

5.2 I would like to express my thanks to Jo Ray, Pensions Manager, her Team and the staff of the WYPF for the huge amount of work undertaken during the year, some in difficult circumstances because of the dependency on Serco. Finally, I should like to thank the four Board Members for their considerable input and support during the year.

**ROGER BUTTERY
CHAIR
APRIL 2016**