

**PENSIONS COMMITTEE
11 JANUARY 2018**

PRESENT:

Councillors B Adams, Mrs M J Overton MBE, Mrs S Rawlins, A J Spencer and Dr M E Thompson

Co-Opted Members: Mr A N Antcliff (Employee Representative), Mr J Grant (Non-District Council Employers Representative) and Jeff Summers (District Councils Representative)

Officers in attendance:-

Roger Buttery, David Forbes (County Finance Officer), Yunus Gajra, Claire Machej (Head of Finance (Corporate)), Jo Ray (Pension Fund Manager), David Vickers and Catherine Wilman (Democratic Services Officer)

In attendance: Roger Buttery (Independent Chair, LGPS Pension Board), Peter Jones, (Independent Advisor), Andrew Smith (Prudential), David Vickers (LGPS Pension Board Scheme Member Representative)

42 APOLOGIES FOR ABSENCE

Due to the receipt of apologies from both the Chairman and the Vice Chairman of the Committee, an election was held for a Chairman to preside for this meeting only.

RESOLVED

That Councillor B Adams be elected as Chairman for this meeting only.

Apologies had been received from Councillors R D Butroid, P E Coupland and E W Strenziel.

43 DECLARATION OF MEMBERS' INTERESTS

The following interests were declared:

Mr A N Antcliff declared an interest as an employee of Lincolnshire County Council and a contributing member of the Pension Fund.

Mr J Grant declared a personal interested as a member of the Witham Fourth District Internal Drainage Board.

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Councillor Mrs M J Overton MBE declared a personal interest as a North Kesteven District Councillor, the Vice Chair of the Local Government Association and as a deferred member of the Pension Fund.

Councillor A Spencer declared that he was a contributing member of the Fund as a Boston Borough Councillor.

44 MINUTES OF PREVIOUS MEETING OF THE COMMITTEE HELD ON 14 DECEMBER 2017

It was noted that Mr J Grant's apologies had not been noted on the minutes.

RESOLVED

That the minutes from the meeting held on 14 December 2017 be approved and signed by the Chairman as a correct record, subject to the above amendment.

45 INDEPENDENT INVESTMENT ADVISOR'S REPORT

The Committee considered a report by the Independent Advisor which provided a market commentary on the current state of the global investment markets.

During a discussion, it was noted that the UK included unemployment in its productivity figures, which made productivity look lower than that of other countries, which was not necessarily the case.

RESOLVED

That the report be noted.

46 PENSIONS ADMINISTRATION REPORT

Consideration was given to the quarterly update report by the Fund's pension administrator, West Yorkshire Pension Fund.

Issues were raised regarding approximately 3,000 outstanding leaver forms awaiting submission by Serco, LCC's payroll provider. A meeting had been held between LCC, LPF, WYPF and Serco during which Serco had promised to provide an action plan highlighting how the backlog would be completed, with timescales. This plan was being presented to the Board at its January 2018 meeting, and would be brought to the Committee in time.

During discussion of the issue, the following points were noted:

- This issue was not exclusive to LCC, as academies, particularly those with outsourced payroll functions, had similar issues at times relating to late or inadequate data. The Fund was working closely with employers to encourage taking responsibility for their payroll providers and returns. This would be reinforced in February at the annual employers' meeting;

- Serco had been contracted to five years initially with the option to extend in a 5+2+2 year model. The Council would need to decide, very shortly, what action to take over the contract beyond the five years, in order to factor in the tendering process. Previously this process had taken approximately two years to complete;
- Over the life of the contract, Serco had been penalised to the maximum amount of £100k each month since it commenced;
- The Pension Board had advised in October 2017 not to refer the issue to The Pensions Regulator at this point, but to request an improvement plan and to monitor the situation;
- In response to a question on the direct effect the situation has on members, it was explained that when key events happened for a member, eg a retirement, the information was provided on request. However, the overall quality of the data, as well as the speed of submission was an issue. On one occasion, WYPF processed certain information and notified members promptly, to be informed by Serco the data was wrong. However, as the responsible employer, LCC would be the organisation penalised for Serco's performance.

Issues were raised regarding comments received from Fund members regarding overpayment of transfer values made by Kier (previously Mouchel). Officers confirmed that the Pension Fund was not able to check transfer valuation calculations, as all transfer payments were received as lump sums into the Fund, without any history provided. It would be up to Kier to decide how to rectify the situation. Members, if they wished, could make complaints to Kier, and escalate, if required, to the Pensions Ombudsman.

RESOLVED

That the report be noted.

47 GENERAL DATA PROTECTION REGULATION AND PENSIONS ADMINISTRATION

The Committee received a presentation from Yunus Gajra, (West Yorkshire Pension Fund) on the implementation of the General Data Protection Regulation (GDPR) within the Pensions Administration Service. The slides for the presentation had been included in the agenda pack.

During the presentation, the following points were noted:

- With 16 different elements of data being processed by several agencies during the administration of pensions, concerns were expressed that data could be misused. Officers assured the Committee that data could not be sold

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without the members' consent. In addition, it was a requirement for members to be told what information was being gathered about them and why;

- There was a statutory duty to keep data in order to provide pensions services. In addition, enquiries were frequently received from people many years after they had left the scheme;
- Any member wishing to make complaints regarding data protection would approach the Information Commissioner who enforced the regulations.

RESOLVED

That the presentation be noted.

48 PENSION FUND UPDATE REPORT

Consideration was given to a report which provided an update on Fund matters over the quarter ending 30 September 2017 and any current issues.

The Pension Fund Manager reported that the Chair of LAPFF (Local Authority Pension Fund Forum) and Greater Manchester Pension Fund, Cllr Kieran Quinn, had passed away on 25 December 2017. The Committee requested that a message be passed on to express their sympathy.

It was noted that the voting numbers over the quarter had fallen from previous reports due to the externalisation of the UK equity portfolio to a pooled fund.

It was noted that there was no change to the TPR Dashboard since the previous quarterly report. It was also noted that F1 – Maintaining Accurate Member Data (*do member records record the information required as defined in the Record Keeping Regulations and is it accurate?*) would be expected remain Amber as this relied upon the Fund employers to provide accurate and timely data.

Members were reminded they were required to complete the TPR Toolkit, as soon as possible, and forward their certificates to the Pension Fund Manager.

RESOLVED

That the report be noted.

49 INVESTMENT MANAGEMENT REPORT

Consideration was given to a report which covered the management of the Lincolnshire Pension Fund assets over the period from 1 July to 30 September 2017.

It was noted that there were no changes in the Hymans Robertson manager ratings. Following a question, Officers explained that the Fund would be working with Hymans Robertson more closely over the coming year, as planning was undertaken ahead of assets transitioning across to the BCPP pool. The first transfers for LPF were not expected to be taking place until September 2019.

RESOLVED

That the report be noted.

50 LINCOLNSHIRE PENSION FUND AVC PROVIDER - PRUDENTIAL PRESENTATION

The Committee received a presentation from Andrew Smith, Client Manager at Prudential in relation to AVCs (Additional Voluntary Contributions). Prudential was the Fund's AVC provider and it was noted that every LGPS pension fund must offer scheme members the facility to pay AVCs through a provider.

During the presentation the following points were noted:

- AVCs tended to be used by people aged 35 and over, however the largest proportion of users were aged 60 and over;
- From April 2018, members would see more money in their AVC funds due to a reduction in charges from Prudential;
- Salary Sacrifice was more tax and NI efficient than other methods of paying AVCs;
- Members could opt in and opt out at any time;
- Following a question regarding the future of the salary sacrifice scheme, it was noted that the Government's budget for 2017/18 did not include any changes to the LGPS;
- Issues were raised regarding H5 Maintaining Contributions (*has an annual benefit statement been provided to all members with AVCs within the required timescales?*) and H6 Maintaining Contributions (*Do these meet the legal requirements in relation to format?*) on the TPR Checklist which required information directly from Prudential and were therefore Grey in status. Mr Smith offered to provide the appropriate information, on behalf of Prudential for these areas to be classed as Green.

It was noted that employers within the Fund had to make LPF aware if they were to commence with the salary sacrifice AVC scheme. The Pension Fund Manager would inform the employers of the scheme, and its regulations at the next annual employers' meeting in spring 2018 and provide contact details for Prudential.

The Committee thanked Mr Smith for his presentation.

RESOLVED

That the presentation be noted.

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The meeting closed at 1.00 pm