Lincolnshire COUNTY COUNCIL
Working for a better future

LGPS LOCAL PENSION BOARD
21 MARCH 2019

PRESENT:

Independent Chair: Roger Buttery

Employer Representatives: Councillor M A Whittington and Kirsty McGauley

Scheme Member Representatives: Ian Crowther and David Vickers

Officers in attendance:-

Claire Machej (Accounting, Investment and Governance Manager), Jo Ray (Pension Fund Manager) and Emily Wilcox (Democratic Services Officer)

40 APOLOGIES FOR ABSENCE

There were no apologies for absence.

On behalf of the Board, the Chairman congratulated the Pension Fund Manager on winning the Rising Star of the Year at the Institutional Investor European Peer-to Peer awards.

41 DECLARATIONS OF INTEREST

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

42 MINUTES OF THE PREVIOUS MEETING HELD ON 10 JANUARY 2019

The following points were noted in relation to the minutes:

- It was confirmed that discussions were ongoing with the Academy School that had outsourced their cleaning services and failed to notify the Fund. The technical team were working with the employer to ensure that all employees' records were correct and the fund received payment of the relevant sums.
- The Business Development Manager (WYPF) agreed to bring a short report detailing a breakdown of the HSBC Sub Accounts held by the Fund.

RESOLVED:

1. That the minutes of the meeting held on 10 January 2019 be approved as a correct record and signed by the Chairman.

2. That the Business Development Manager (WYPF) bring a report to the next meeting of the Board, detailing a breakdown of the HSBC Sub Accounts held by the Fund.

43 PENSION FUND UPDATE REPORT

14:07 – Councillor M A Whittington entered the meeting.

Consideration was given to a report by the Pension Fund Manager, which updated the Board on Fund matters and any current issues within the Fund.

It was noted that there were still two members of the Pensions Committee who were yet to complete the Pension Regulator's toolkit for training on the Code of Practice. Officers were confident that one of the members would have completed the training imminently, however they were yet to receive a response from the other member.

Members were invited to ask questions, in which the following points were noted:

- Members raised concerns over the outstanding training. The Chairman of the Board agreed to raise the Board's concerns at the next meeting of the Pensions Committee.
- It was clarified that the Pension Fund Manager would be reporting to the new Director of the Resources following the retirement of the County Finance Officer and the Director of Finance and Public Protection. The Pension Fund Manager planned to work with the new Director of Resources to develop his knowledge and understanding of the Pension Fund, as he had limited experience of working within the Pensions field.

RESOLVED:

That the report be noted.

44 PENSIONS ADMINISTRATION REPORT

Consideration was given to a report by the Business Development Manager (WYPF), which provided a quarterly update on current administration issues within the Lincolnshire Pension Fund.

Members were referred to Appendix A of the report, for a list of all of the current National LGPS Administration Issues.

Members were invited to ask questions, in which the following points were noted:

- It was questioned why the Fund would implement a revised package of benefit improvements for members and contribution reductions for employers when most funds were in deficit. In response, it was clarified that improvements focussed on looking at future service costs, rather than deficits. The initial expectation was that any changes required as a breach of the cost cap would be made through changes to the accrual rate, rather

than detailed benefit changes. The outcome of the Scheme Advisory Board review benefitted lower paid members in particular, rather than being across the board benefits.

- On behalf of the Board, the Chairman congratulated the Business Development Manager and his team on winning the Best Administration Award at the Pensions Age Awards.

RESOLVED:

That the report be noted.

45 UNDERSTANDING THE FIGURES

Consideration was given to a report by the Business Development Manager (WYPF), which provided additional information on the Key Performance Indicators (KPI's) and scheme information provided in the Pensions Administration Report.

The Business Development Manager explained how the key administration performance targets were calculated, using the 1 October 2019 to 31 December 2019 performance indicators and membership numbers as examples.

Members were invited to ask questions, in which the following points were noted:

- In response to a question, it was confirmed that there were a large number of queries in relation to people withdrawing their pension at 55. However, many people were deterred from doing so due to the reductions incurred if members withdrew it ahead of their normal retirement age.
- It was confirmed that backlog figures would be provided within performance information for future reports.
- The Business Development Manager explained the process for dealing with death notifications. It was noted that the KPI's that were underperforming with regard to 'Death on Deferment' and 'Initial letter on death of deferred', were essentially the same cases, but at different stages of the process.
- The Pension Fund Manager informed the Board that the Lincolnshire Pension Fund was working closely with West Yorkshire Administration Team to make the KPI's more user friendly and easier to understand.

RESOLVED:

That the report be noted.

46 THE PENSIONS REGULATOR DATA SCORES

Consideration was given to a report by the Business Development Manager (WYPF), which provided an update on the Data Improvement Plan for the Pensions Regulators (TPR) Data Scores for the Lincolnshire Pension Fund.

Since the publication of the report, the Data Scores had been updated. The updated Data Scores were:

- Common – 96.01%
- Scheme Specific – 95.78%

Members were invited to ask questions, in which the following points were noted:

- In response to a question, it was clarified that The Pensions Regulator acknowledged that a target of 100% was unrealistic, but was satisfied provided that Fund had documented and monitored what was being done doing to improve scores.
- It was questioned whether the Business Development Manager had access to any other Pension Fund's Data Scores to offer a comparison on Lincolnshire's scores. The Business Development Manager did not have access to any other Fund's scores, other than the West Yorkshire Pension Fund, which had similar scores to Lincolnshire.
- It was suggested that the missing data figures be presented as a percentage or fractioned figure, to provide a comparison and allow members to evaluate the results.
- In response to a request by the Chairman, the Business Development Manager agreed to bring back an update report to the next meeting on the TPR Data Scores.
- It was clarified that the cost of the tracing company (generally a small amount) was deducted from a members benefit if it had to be used to locate the member.

RESOLVED:

That the report be noted.

47 EMPLOYER MONTHLY SUBMISSIONS UPDATE

Consideration was given to a report by the Accounting, Investment and Governance Manager, which provided the Board with up to date information on Employer Monthly Submissions for the third quarter of the financial year 2018/19.

The Accounting, Investment and Governance Manager provided a summary of all late contributions or data submissions from April 2018 – December 2018, as well as the details of late contribution fines issued during the period.

The Board were asked to consider whether they would like any further action taken against employers submitting late or inaccurate payments or data.

Members were invited to ask questions, in which the following points were noted:

- It was clarified that the Employer Monthly Submissions data detailed in the report was based purely on the submission of matching timely payments and

contributions data. Quality of individual member data was not assessed as part of this work, however the Fund was working with WYPF to provide more information on this aspect.

- Members acknowledged that officers were working closely with the necessary employers and their payroll providers to improve Employer Monthly Submissions, and were satisfied that no further action needed to be taken at this time.

RESOLVED:

1. That the report be noted;

2. That the Board were satisfied that no further action needed to be taken against employers submitting late or inaccurate payments or data.

48 SCHEME MEMBER BOARD MEMBERSHIP

Consideration was given to a report by the Pension Fund Manager, which considered an amendment to the current Terms of Reference for the Pension Board, in respect of scheme member representatives.

The changes to the terms of reference recommended that one of the member representative positions was allocated specifically to a trade union representative.

RESOLVED:

1. That the Board approve the amendment to the Terms of Reference in respect of the scheme member representatives;

2. That the report be noted.

49 LINCOLNSHIRE PENSION FUND POLICIES REVIEW

Consideration was given to a report by the Pension Fund Manager, which detailed the main policies of the Pension Fund for Review.

The Pension Fund Manager highlighted that the Pension Fund Code of Conduct and Conflicts of Interest policy had not been included within the recommendations contained within the report, and wished to amend the recommendation to read as follows:

That the Board note the report and consider:
1) the Fund's Investment Strategy Statement (ISS);
2) the Fund's Communications Policy;
3) the Fund's Governance Compliance Statement;
4) the Fund's Stewardship Code Statement;
5) the Fund's Breaches Reporting Policy; and
6) the Fund's Code of Conduct and Conflicts of Interest Policy.

RESOLVED:

1. That the report be noted;

2. That the Board were satisfied with the latest version of the above policies.

50 MHCLG STATUTORY GUIDANCE ON ASSET POOLING CONSULTATION

Consideration was given to a report by the Pension Fund Manager, which detailed a proposed response to the Government's draft statutory guidance on asset pooling that was currently under consultation.

Members were informed that at the meeting of the Pensions Committee held on 21 March 2019, the Committee had agreed to delegate authority for the Executive Director of Finance and Public Protection, in consultation with the Chairman and Vice-Chairman of the Pensions Committee, to respond to the consultation.

In response to a question, it was clarified that each of the Fund's within the Border to Coast pool would be responding separately to the consultation, in addition to Border to Coast and the Joint Committee making submissions from their perspectives.

RESOLVED:

That the report be noted.

51 CONSIDERATION OF EXEMPT INFORMATION

RESOLVED:

That, in accordance with Section 100A of the Local Government Act 1972, the press and public be excluded from the meeting for the following item of business on the grounds that if they were present there could be disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended.

52 ADVISORS APPOINTMENT REVIEW

Consideration was given to a report by the Accounting, Investment and Governance Manager which provided an update on the Advisors Appointment Review.

RESOLVED:

1. That the exempt report be noted;

2. That after the consideration of exempt information, as defined above, the remainder of the meeting be held in public.

53 TRAINING NEEDS

Members and Officers provided feedback on recent training events that they had attended.

Members were reminded that booking was now open for the Pensions Lifetime Saving Association Local Authority Conference, which was being held in Gloucestershire on 13 – 15 May 2019.

The Chairman informed the Board that he would be attending a meeting with the other Pension Board Chairs from the Border to Coast Pensions Partnership (BCPP) in May, and asked Members to notify him if they wished to raise any specific concerns or queries.

54 WORK PLAN

The Accounting, Investment and Governance Manager set out the proposed work plan for the next meeting of the Board, which included the standard quarterly update reports, as well as the annual report and accounts.

It had been noted that the Board also wished to receive reports from the Business Development Manager (WYPF) on the updated data scores, as well as a brief report on the HSBC sub-accounts within the fund.

The Accounting, Investment and Governance Manager agreed to enquire as to whether the Board were able to view the BCPP accounts prior to them being published on Companies House.

The meeting closed at 4.41 pm