

**PRESENT:**

**Independent Chair:** Roger Buttery

**Employer Representatives:** Councillor M A Whittington and Gerry Tawton

**Scheme Member Representatives:** Kim Cammack and David Vickers

Officers in attendance:-

Cheryl Evans (Democratic Services Officer), Yunus Gajra (Business Development Manager, West Yorkshire Pension Fund), Claire Machej (Accounting, Investment and Governance Manager), Jo Ray (Head of Pensions) and Peter Summers (Hymans Robertson).

16 APOLOGIES FOR ABSENCE

There were no apologies for absence.

17 DECLARATIONS OF INTEREST

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

Gerry Tawton declared that his wife was a deferred member of the Pension Fund.

18 2019 VALUATION UPDATE REPORT

Consideration was given to a summary of a presentation by Peter Summers, Hymans Robertson, which was presented to the Pensions Board.

The presentation covered the progress of the valuation to date; the initial results for the whole Fund; the Funding Strategy and the next steps.

Members were advised that the Fund had continued to grow in size and was making good progress and that the number of deferred members had held steady.

Following consideration by the Pensions Committee at its meeting on 3 October 2019, it had been agreed to set the Assumed Future Investment Return to 4% per annum.

**LGPS LOCAL PENSION BOARD  
3 OCTOBER 2019**

The Chairman of the Board relayed the deliberations of the Committee to the Board. The Board supported the decision made by the Committee on the Assumed Future Investment Return.

It was stated that the current position of the Fund was good and it was making good progress but it should continue to make progress.

**RESOLVED**

(1) That the report be noted.

(2) That the decision of the Pensions Committee to set the Assumed Future Investment Return at 4% be noted.

On behalf of the Board, the Chairman congratulated the Head of Pensions on receiving the Outstanding Contribution of the Year award at the LAMP Investment awards.

**19 MINUTES OF THE PREVIOUS MEETING HELD ON 18 JULY 2019****RESOLVED**

That the minutes of the meeting held on 18 July 2019 be approved as a correct record and signed by the Chairman, subject to *Councillors*: being removed from the fourth line on the front page of the minutes.

**20 PENSION FUND UPDATE REPORT**

Consideration was given to a report by the Head of Pensions, which provided an update on Fund matters over the quarter ending 30 June 2019.

The Board was provided with updates on the following:

- Local Authority Pension Fund Forum Membership;
- The Pension Regulator (TPR) Checklist Dashboard;
- Risk Register Update;
- Asset Pooling Update;
- Investment Consultant Objectives; and
- Conference and Training Attendance.

The Board was advised that all members of the Pensions Committee, except the newly appointed Small Scheduled Bodies Representative, had completed The Pensions Regulator Toolkit. It was anticipated that the new member would complete the Toolkit prior to the next scheduled meeting of the Pensions Committee.

It was noted that the Fund had made its first investment with Border to Coast, into the Global Equity Alpha Fund. The next investments were expected to be into the Investment Grade Credit and the Multi Asset Credit funds, where approval had been

given, subject to appropriate due diligence, at the meeting of the Committee in June 2019.

Members were invited to provide updates on any conferences or training events that they had attended in recent months.

In response to a question, it was advised that the Pensions Committee had agreed to delegate authority to the Executive Director – Resources, in consultation with the Chairman and Vice-Chairman of the Committee, to agree a set of objectives for the Fund's Investment Consultant. It was noted that the Board would receive information on the agreed objectives.

#### RESOLVED

That the report be noted.

#### 21 PENSIONS ADMINISTRATION REPORT

Consideration was given to a report from The Business Development Manager, West Yorkshire Pension Fund, which provided an update on current administration issues within the Fund.

It was advised that there was a typing error in paragraph 1.2 of the report, and that the performance information covered the period 1 April to 30 June 2019.

Members received an update on the following issues:

- Performance and Benchmarking;
- Scheme Information;
- Member and Employer Contact;
- Internal Disputes and Resolution Procedures;
- An Administration Update;
- Current Technical Issues; and
- Shared Service Budget.

The Board was invited to ask questions, to which the following responses were given:

- The issue of the Annual Benefit Statements and Deferred Benefit Statements, which had included more information and options to each member, had led to an increased number of enquiries to the team.
- Reference was made to the table under the Shared Service Budget section of the report, as detailed on page 33 of the Agenda Pack, and it was requested that this information be improved to incorporate Lincolnshire focused data, rather than the West Yorkshire Pension Fund (WYPF) as a whole. It was requested that the Business Development Manager, WYPF, improve this section of the report.

## RESOLVED

- (1) That the report be noted.
- (2) That the Business Development Manager, West Yorkshire Pension Fund, improve the section of the report on the Shared Service Budget so that it included Lincolnshire-focused information.

22     TEMPORARY BANK ACCOUNTS

Consideration was given to a report from the Business Development Manager, West Yorkshire Pension Fund (WYPF), on the number of temporary bank accounts created by the WYPF to hold monies due to beneficiaries of the scheme.

It was advised that the number of temporary deposit accounts held for lost contact pensioners/deferred had increased from 56, which had been reported at the last meeting of the Board, to 64. A full breakdown of the number of accounts opened and closed was detailed at Appendix 1 to the report.

The number of temporary deposit accounts for Post 2014 Preserved Refunds had increased from 7 to 38. However, this was expected as more members reached their five year deadline. It was noted that the National Technical Group (NTG) had contacted the Scheme Advisory Board to request a change in the Local Government Pension Scheme Regulations 2013 to remove the requirement for a refund to be paid within five years. The NTG was awaiting a response.

The Board was assured that payments into temporary bank accounts were only made when all tracing options had been exhausted. The accounts were regularly monitored and were closed when members were located.

## RESOLVED

- (1) That the report be noted.
- (2) That a further update be presented to the next meeting of the Board.

23     DATA SCORES

Consideration was given to a report from the Business Development Manager, West Yorkshire Fund (WYPF), which provided an update on the data scores for Lincolnshire Pension Fund reported to The Pension Regulator (TPR), as required under this year's TPR returns.

Data quality was important to the Fund, as well as being a requirement of TPR; it could affect the employer contributions at the next valuation and could impact on the reputation of the Fund.

The Fund continually reviewed the quality of data held throughout the year and strived to keep it as complete, accurate and up-to-date as possible. TPR required Funds to undertake a review of data quality at least annually and the report consolidated the work undertaken in compliance with the requirement.

The Board was advised that whilst the data quality was considered to be good within the Fund, there were improvements that could be made and as a result, a data improvement plan had been developed. The Plan was detailed at Appendix A to the report.

In response to a question, it was advised that the number of records for missing earnings, as detailed on page 52 of the Agenda Pack, would further reduce from 771. The majority of cases were awaiting leaver/pensioner benefits to be calculated.

#### RESOLVED

- (1) That the report and the Data Improvement Plan be noted.
- (2) That a further update be provided at the next meeting of the Board.

#### 24 EMPLOYER MONTHLY SUBMISSIONS UPDATE

Consideration was given to a report by the Accounting, Investment and Governance Manager, which provided up to date information on Employer Monthly Submissions for the first quarter of the financial year 2019/20 (March to June).

A summary of all late contributions or data submissions since April 2019 was set out in table one on page 70 of the Agenda Pack. A summary of employers receiving a fine for late submissions was set out in table two and details of the individual employers for quarter one could be found at Appendix A to the report.

The Board was advised that changes in payroll providers as well as staffing changes were two of the main reasons for late or incorrect submissions.

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

- Members raised concerns and questioned what actions were being taken against large employers who were repeatedly submitting late or incorrect data. It was clarified that an email was sent out to each employer, which included a payroll contact, finance contact and a strategic contact. The emails were sent out every month and included a senior contact from the organisation. The Accounting, Investment and Governance Officer personally contacted some employees and engaged in discussion.
- The complexity of the data that needed to be provided and the reasons why submissions may be difficult for new payroll providers were acknowledged.
- Members were concerned that there were still employers submitting late or inaccurate data despite the increase in fines. It was highlighted that the Pension Committee had requested that the escalation process be reviewed by officers, as the Committee was not satisfied with the number of late or

**LGPS LOCAL PENSION BOARD  
3 OCTOBER 2019**

incorrect contributions. The Accounting, Investment and Governance Manager would report the results of the review to the next meeting of the Board.

- It was also suggested that a letter could be issued by the Chairman of the Board to those employers who were repeat offenders to encourage an improvement.

**RESOLVED**

- (1) That the report be noted.
- (2) That the proposed review of escalation processes be supported.
- (3) That consideration be given to a letter being issued by the Chairman of the Board to those employers that were repeat offenders to encourage an improvement.

**25 PENSION FUND EXTERNAL AUDIT REPORT**

Consideration was given to a report by the Accounting, Investment and Governance Manager, which summarised the findings from the work undertaken by the Council's External Auditors, Mazars, who had given their opinion on the Pension Fund Accounts and Annual Report.

The Board was informed that the External Auditors had not identified any risks with regards to the management override of controls; valuation of unquoted investment for which a market price was not readily available; and key areas of managed judgements.

It was noted that Mazars had identified one unadjusted misstatement, which was linked to the valuation of private equity and infrastructure assets at year end. The Board was advised that this unadjusted misstatement occurred every year due to a time-delay in data. It was confirmed that the Fund's accounting policy had been updated to address this issue.

**RESOLVED**

That the report be noted.

**26 THE PENSIONS REGULATOR - PUBLIC SERVICE GOVERNANCE AND ADMINISTRATION SURVEY 2018 - RESEARCH REPORT**

The Accounting, Investment and Governance Manager presented a report which introduced the Pensions Regulator – Public Service Governance and Administration Survey 2018 – Research Report. A copy of the report was detailed at Appendix A to the Board's report.

It was advised that the Research Report had set out results from the 2018 survey on how schemes were meeting their requirements and the standards to which they were being managed.

In response to a question, it was confirmed that *cyber security* was included on the Council's Risk Register.

RESOLVED

That the Pensions Regulator's report and its survey findings be noted.

27 DRAFT FUNDING STRATEGY STATEMENT

Consideration was given to a report by the Head of Pensions, which presented the draft Funding Strategy Statement (FSS) for information, which was detailed at Appendix A to the report. The FSS was reviewed every three years.

The Board was informed that the draft FSS would be sent to all employers in the Fund for consultation in November 2019, and would be brought back to the Committee for the final approval in March 2020. The final FSS would be presented to the Board for information.

RESOLVED

That the report be noted.

28 TRAINING NEEDS

The Board was reminded that the Pension monthly newsletter contained information on relevant external training courses. Should any of the members wish to book onto one of these events, they should contact a member of the team.

A training session for the Pensions Committee and the LGPS Pension Board had been scheduled for 13 February 2020. The topic was yet to be confirmed.

29 WORK PLAN

The Accounting, Investment and Governance Manager set out the proposed work plan for the next meeting of the Board.

It was agreed that further updates on the Temporary Bank Accounts and The Pension Regulator Data Score be presented to the next meeting of the Board.

The meeting closed at 5.00 pm.