

PRESENT:

Independent Chair: Roger Buttery

Employer Representatives: Councillor M A Whittington and Gerry Tawton

Scheme Member Representatives: David Vickers

Officers in attendance:-

Andrew Crookham (Executive Director Resources), Cheryl Evans (Democratic Services Officer), Yunus Gajra (Head of Governance and Business Development, West Yorkshire Pension Fund), Michelle Grady (Assistant Director for Strategic Finance), Claire Machej (Accounting, Investment and Governance Manager) and Jo Ray (Head of Pensions).

29 APOLOGIES FOR ABSENCE

An apology for absence was received from Kim Cammack (Scheme Member Representative).

30 DECLARATIONS OF INTEREST

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

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

31 MINUTES OF THE PREVIOUS MEETING HELD ON 15 OCTOBER 2020

RESOLVED

That the minutes of the meeting held on 15 October 2020 be approved as a correct record and signed by the Chairman.

32 PENSION FUND UPDATE REPORT

A report was submitted to the Board on various Pension Fund matters for the quarter ending 30 September 2020. These matters included Local Authority Pension Fund Forum Membership; the Pensions Regulator checklist dashboard; the breaches register; the risk register; asset pooling; an update on the new legislation on the £95k cap; and the budget and business plan.

Two matters were highlighted to the Board:

- There had been an addition to the risk register, which had been approved by the Pension Committee on 7 January 2021 on *Changes in legislation not implemented correctly*. This risk had been given a risk score of 4, with 2 for likelihood and 2 for impact. It was noted that a key legislative risk was the implementation of the £95k cap, details of which were included in the report and were explained to the Board.
- The Pension Fund budget and business plan had been considered by the Board at its meeting in March 2020. It was highlighted that the costs incurred on management fees, as detailed on page 17 of the report, had reflected the size of the portfolio and investment returns. Exact costs were difficult to predict, particularly when markets were volatile, and therefore it was emphasised that exact costs would not be known until financial year end. Key tasks set out in the Business Plan were detailed in the report, with a narrative explaining whether it was on track or otherwise.

It was queried whether the risk on the *UK leaving the European Union* would now be lowered following the government announcement that a Trade Deal had been agreed between the UK and EU. It was advised that the report had been written prior to the government announcement being made and a review would be undertaken on whether the risk score for this risk should be reduced.

In response to a question on the £95k cap, it was confirmed that statutory and enhanced redundancy payments were taken into consideration within this calculation.

In response to a question on the Pension Fund audit, the Executive Director – Resources advised the Board that the County Council accounts had not been signed off by the deadline of 30 November 2020, which was owing to a valuation issue for the Energy from Waste Plant in North Hykeham, which had been raised by Mazars, the Council's external auditors. Although the delay was relating to the County Council accounts and not the Pension Fund accounts, the way in which the suite of accounts were compiled meant that the Pension Fund accounts had also been delayed. It was confirmed that no issues had been raised by Mazars on the Pension Fund accounts. It was hoped the accounts would be signed off by the end of February 2021.

RESOLVED

That the Pension Fund update report be noted.

33 PENSIONS ADMINISTRATION UPDATE REPORT

The Head of Governance and Business Development from the West Yorkshire Pension Fund reported on the Fund's key performance and benchmarking for the period 1 July to 30 September 2020. The report also included information on the membership of the fund, including 'joiners' during the three month period; customer satisfactions scores; internal dispute resolution procedures; and several other administrative updates.

It was highlighted that over the quarter, 100 Lincolnshire member's sample survey letters had been issued, with sixteen returned. The results of the survey were detailed at Appendix A to the report.

It was noted that owing to the Covid-19 pandemic, no employer training had taken place during the quarter. However, the Head of Governance and Business Development was pleased to report that training and workshops had now recommenced virtually.

It was also highlighted that with regards to the McCloud judgement, it was anticipated that additional resources would be required to implement any changes proposed from the Ministry of Housing, Communities and Local Government consultation, which had been discussed at the last meeting of the Board. This could include a dedicated team to work through the required changes.

In response to a question, it was anticipated that the lower forecast cost per member of £15.09, as detailed on page 34 of the agenda pack, was likely to increase owing to the need for additional resource to respond to any proposals arising from the McCloud judgement.

The Chairman thanked the Head of Governance and Business Development and his Team for achieving the targets for the reported quarter during the challenging Covid-19 pandemic.

RESOLVED

That the Pension Administration report from the West Yorkshire Pension Fund be noted.

34 DATA QUALITY SCORES

A report from the West Yorkshire Pension Fund's Head of Governance and Business Development was submitted on the quality of the Fund's data (both common and scheme specific), as required by the Pensions Regulator (TPR). The level of missing addresses for deferred scheme members was highlighted, and a tracing programme was in place.

It was advised that the Fund continually reviewed the quality of data held throughout the year and strived to keep this as complete, accurate and up-to-date as possible. The Pensions Regulator required Funds to undertake a review of data quality at least annually and the report consolidated the work undertaken in compliance with this requirement. It was advised that whilst the data was considered to be good within the Fund, and had improved since the last report, there were improvements that could be made and as a result a Data Improvement Plan, which was set out at Appendix A to the report, had been developed.

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It was queried whether Appendix 2, which included a red, amber and green rating for each category could include an arrow against each category to indicate the direction of travel.

RESOLVED

That the report be noted.

35 EMPLOYER MONTHLY SUBMISSIONS UPDATE

The standard report on employer monthly submissions for the second quarter (July to September) 2020 was submitted to the Board, in which the Board was advised that there had been 13 late payments of contributions and 57 late submission of data. Four fines had been issued. Details of the late returns by employers were set out at Appendix A to the report.

Reference was made to the late payment of contributions by South Holland District Council in July 2020; and the mismatch of payments and data by South Kesteven District Council in September 2020. In each case senior managers at the employer had been advised of the missed deadline. Whilst there was some understanding that an academy changing its payroll provider might lead to late or mismatched data, there would appear to be no excuse for larger employers, such as local authorities.

RESOLVED

That the update report on employer monthly submissions be noted.

36 BORDER TO COAST PENSIONS PARTNERSHIP - DEEP DIVE

The Chairman stated that he had requested the deep dive into the Border to Coast Pensions Partnership, as part of the Board's governance responsibilities. The Chairman explained that Border to Coast was an investment management company, wholly owned by eleven local authority pension funds. The Chairman highlighted the following points:

- the inclusion of two partner fund nominated non-executive directors on the Border to Coast Board;
- the entry and exit arrangements for local authority pension funds;
- the joint committee, comprising the chairs of the eleven pension fund committees, as well as number of other representatives; and
- the cost-benefit reporting on pooling arrangements.

A number of questions were put forward in the report to the Board members, in which the following points were made:

- There was a potential conflict of interest of the Border to Coast Board non-executive directors being appointed by the partner funds. Lincolnshire County Council had not supported this arrangement and had not made any

nominations. These non-executive director roles had been promoted by the Chair of the Board to Coast Board, as an improvement to the governance arrangements.

- In response to a view that LGPS Boards tended to operate in different ways with different levels of information made available to them, it was advised that it was ultimately a matter for each Board to raise through its own operational arrangements, if there were concerns.
- The Ministry of Housing, Communities and Local Government had consulted on new pooling guidance in 2019 and had retained its interest in the management of pension funds, to bring about savings on costs. A further consultation on statutory guidance was expected later in 2021.
- It was expected that the new statutory guidance would include provisions enabling the Secretary of State to make directions and take enforcement action.
- The joint committee had been trialling new investment reporting arrangements, and details of these were shared with the Board. It was suggested members of the Board might attend the public session of the joint committee meetings.
- All of the Board chairmen from Border to Coast Pension Funds met half-yearly and it was agreed that the Chairman would share this deep dive report with them at the next meeting.

The Board concluded that the governance arrangements for Border to Coast (with the exception of the nominated non-executive director) were strong.

RESOLVED

That the Chairman be requested to share the deep dive report with the chairmen of the pension boards from Border to Coast Pension Funds at the next half-yearly meeting.

37 TRAINING NEEDS

The Board considered the standard report on its training needs.

The Accounting, Investment and Governance Manager had agreed at the last meeting to explore whether there were any good practice examples on the way in which training was recorded and a new template was attached at Appendix A to the report. The Board was asked to complete and return this form annually for each financial year, starting with 1 April 2020 to 31 March 2021.

Members of the Board reflected on the virtual training they had attended, which had included the Border to Coast Annual Conference; Professional Pensions and Mercer conference; a session by River and Mercantile; and the Hymans Robertson webinars.

It was highlighted that a joint training session between the Committee and the Board had been arranged for 11 February 2021, which would provide members with an opportunity to meet the Fund's new actuary.

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RESOLVED

That the report on the Board's training needs be noted.

38 WORK PROGRAMME

A report on the Board's work programme was submitted, which presented the items for consideration at future meetings.

The duration of the terms of office for each category of membership was discussed and this would be discussed in further detail at the March meeting of the Board.

It was agreed that future meetings of the Board would continue to be held on the afternoon of the Pension Committee. However, it was suggested that quarterly meetings were held for the Board and the Committee closer to the quarter end and it was agreed that officers would take this forward.

RESOLVED

- (1) That the report on the work programme be approved.
- (2) That future meetings of the Board continue to be held on the afternoon of the Pension Committee.
- (3) That consideration be given to the timing of meetings to enable quarterly reports to be considered by the Board and the Committee closer to the quarter end.

The meeting closed at 4.00 pm.