



County Offices  
Newland  
Lincoln  
LN1 1YL

29 December 2020

In accordance with the powers granted by the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020 this will be a virtual meeting.

### **LGPS Local Pension Board**

A meeting of the LGPS Local Pension Board will be held on **Thursday, 7 January 2021 at 2.00 pm as a Virtual - Online Meeting via Microsoft Teams** for the transaction of the business set out on the attached Agenda.

Access to the meeting is as follows:

Members of the LGPS Local Pension Board and officers of the County Council supporting the meeting will access the meeting via Microsoft Teams.

Members of the public and the press may access the meeting via the following link: <https://lincolnshire.moderngov.co.uk/ieListDocuments.aspx?CId=552&MIId=5738&Ver=4> where a live feed will be made available on the day of the meeting.

### **MEMBERS OF THE BOARD**

**Independent Chair** (non-voting): Roger Buttery

**Employer Representatives** (voting): Councillor M A Whittington and Gerry Tawton

**Scheme Member Representatives** (voting): Kim Cammack and David Vickers

## **AGENDA**

<b>Item</b>	<b>Title</b>	<b>Pages</b>
<b>1</b>	<b>Apologies for Absence</b>	
<b>2</b>	<b>Declarations of Interest</b>	

<b>3</b>	<b>Minutes of the previous meeting held on 15 October 2020</b>	3 - 8
<b>4</b>	<b>Pension Fund Update Report</b> <i>(To receive a report by Jo Ray (Head of Pensions) which updates on Fund matters over the quarter ending 30 September 2020)</i>	9 - 28
<b>5</b>	<b>Pensions Administration Update Report</b> <i>(To receive a report by Yunus Gajra (Business Development Manager, West Yorkshire Pension Fund) which updates on the current administration issues)</i>	29 - 42
<b>6</b>	<b>Data Quality Scores</b> <i>(To receive a report by Yunus Gajra (Business Development Manager) which updates on the Data Scores for Lincolnshire Pension Fund reported to The Pensions Regulator (TPR) as required under this year's TPR returns)</i>	43 - 56
<b>7</b>	<b>Employer Monthly Submissions Update</b> <i>(To receive a report by Claire Machej (Accounting, Investments and Governance Manager) which provides up-to-date information on Employer Monthly Submissions for the second quarter of the financial year 2020/21 (July to September inclusive)</i>	57 - 64
<b>8</b>	<b>Border to Coast Pensions Partnership - Deep Dive</b> <i>(To receive a report by the Chairman which presents details on the operation and governance arrangements in place at Border to Coast Pensions Partnership, Lincolnshire Pension Fund's chosen asset pool)</i>	65 - 76
<b>9</b>	<b>Training Needs</b> <i>(To receive a report from Claire Machej (Accounting, Investment and Governance Manager) which provides an opportunity to discuss any training attended since the last meeting of the Board and to highlight any training needs)</i>	77 - 82
<b>10</b>	<b>Work Programme</b> <i>(To receive a report by Claire Machej (Accounting, Investment and Governance Manager) which provides an opportunity to consider the work programme for the coming months)</i>	83 - 88

Published on Tuesday, 29 December 2020

Should you have any queries on the arrangements for this meeting, please contact Cheryl Evans via telephone 07387 133755 or alternatively via email at [cheryl.evans@lincolnshire.gov.uk](mailto:cheryl.evans@lincolnshire.gov.uk)



## LGPS LOCAL PENSION BOARD 15 OCTOBER 2020

### 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) and Jo Ray (Head of Pensions).

### 14 APOLOGIES FOR ABSENCE

There were no apologies for absence.

### 15 DECLARATIONS OF INTEREST

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

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

### 16 MINUTES OF THE PREVIOUS MEETING HELD ON 16 JULY 2020

#### RESOLVED

That the minutes of the meeting held on 16 July 2020 be approved as a correct record and signed by the Chairman.

### 17 PENSION FUND UPDATE REPORT

A report was submitted to the Board on various Pension Fund matters for the quarter ending 30 June 2020. These matters included Local Authority Pension Fund Forum Membership; the Pensions Regulator checklist dashboard; the breaches register; the risk register; asset pooling; and the funding strategy statement and exit credit policy.

Two matters were highlighted to the Board:

- As proposed by the Board on 16 July 2020, and approved by the Pension Committee on 15 October 2020, there had been two additions to the risk

register: *Failure of Border to Coast Pensions Partnership Limited, as the Fund's asset pool and investment manager and the Pensions Regulator requirements not adhered to.* Both risks currently had green ratings.

- Following changes in LGPS regulations and consultation with employers, administering authorities were now required to have a robust exit credit policy in place, documented within their funding strategy statement. The draft policy, along with an update to the funding strategy statement, which had been approved by the Pensions Committee on 15 October 2020, was set out at Appendix C to the report.

## RESOLVED

That the Pension Fund update report be noted.

## 18 PENSIONS ADMINISTRATION UPDATE REPORT

The Business Development Manager from the West Yorkshire Pension Fund reported on the Fund's key performance and benchmarking for the period 1 April to 30 June 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 employer training had initially been suspended owing to the Covid-19 pandemic; however virtual training was now being provided.

The number of annual benefit statements produced for Lincolnshire by 31 August 2020 was 20,477, which represented 99.3% of members eligible to receive one. The remaining records were awaiting responses to queries with employers. The Board congratulated West Yorkshire Pension Board for issuing 99.3% of statements, despite the challenges of the Covid-19 pandemic.

It was also highlighted that with regards to the McCloud judgement, the Ministry of Housing, Communities and Local Government had issued a twelve-week consultation on amendments to the statutory underpin. A summary of the consultation was outlined on page 36 of the agenda pack. It was confirmed that it was anticipated that additional resources would be required following any changes made following the implementation from any proposals arising from the consultation. This could include a dedicated team to work through the required changes.

In response to a question, it was advised that when employers left the fund it was normally due to contractual arrangements ceasing.

It was confirmed that the Head of Pensions was notified of any security breaches from the West Yorkshire Pension Fund so there was full oversight.

## RESOLVED

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

19     DATA SCORES

A report from the West Yorkshire Pension Fund's Business Development Manager 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.

As the data remained unchanged since the update received in July 2020, it was suggested that future reports were provided to the Board on a six monthly basis to fit in with the reporting to TPR.

It was agreed that the Head of Pensions would circulate benchmarking information on data scores from Border to Coast partner funds via email to members of the Board.

RESOLVED

- (1) That the report on the West Yorkshire Pension Fund's data scores and data improvement plan be noted.
- (2) That future updates on *Data Scores* be presented to the Board on a six monthly basis, starting in January 2021.

20     INTERNAL DISPUTES RESOLUTION PROCEDURES

A report from the Business Development Manager was submitted on the Fund's Internal Disputes Resolution Procedure and how the process was administered by the Lincolnshire Pension Fund and the West Yorkshire Pension Fund.

The internal disputes resolution procedure was outlined to the Board and it was confirmed that the two-stage process was thorough and cases were looked at by independent senior officers, who did not have any personal interest in the case and could provide an impartial decision. The Board was assured that the Business Development Manager, who acted as the independent senior officer for stage two cases, did not have a conflict of interest and acted independently. It was confirmed that the West Yorkshire Pension Fund did not get involved with employer stage one disputes.

RESOLVED

That the report be noted.

21     EMPLOYER MONTHLY SUBMISSIONS UPDATE

The standard report on employer monthly submissions for the period April to June 2020 was submitted to the Board, in which the Board was advised that from the 270 employers in the Fund, eleven payments of contributions and 25 data submissions had been received late for the first quarter of 2020-21, and no fines had been issued. Late returns by employers were set out at Appendix A to the report.

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It was confirmed that late data in the first month of the year, April 2020, was typical for the time of year and usually related to some employers having switched payroll provider.

RESOLVED

That the update report on employer monthly submissions be noted.

22 PENSION FUND EXTERNAL AUDIT REPORT 2019/2020

Consideration was given to a report which summarised the findings from the work undertaken by the Council's External Auditors, Mazars, in giving their opinion on the Pension Fund Accounts and Annual Report. Mazars' findings had been presented to the Audit Committee in September 2020. The External Auditors Audit Completion Report was set out at Appendix A to the report.

It was advised that Mazars' was expected to issue its unqualified opinion on the Lincolnshire Pension Fund by the end of October 2020.

In response to a question, it was advised that the audit had been a long process; however this was partly owing to exceptional circumstances relating to the Covid-19 pandemic. It was noted that the deadline for the accounts opinion had been extended from July to November 2020, owing to the exceptional circumstances.

RESOLVED

That the report be noted.

23 TRAINING NEEDS

The Board considered the standard report on its training needs.

Members of the Board reflected on the virtual training they had attended, which had included the Hymans Robertson bi-weekly update; and sessions run by Barnett Waddingham; Border to Coast; and the Chartered Institute for Public Finance and Accountancy.

Reference was made to the forthcoming Room 151 virtual training by the Local Government Treasury, Technical and Strategic Finance on 21 October 2020. The Head of Pensions agreed to circulate details of the event.

The Accounting, Investment and Governance Manager agreed to explore whether there were any good practice examples on the way in which training was recorded and this would be shared with the Board. In the meantime, members of the Board were asked either to email the Head of Pensions or the Accounting, Investment and Governance Manager with details of any training attended or to maintain their own log to share with the two officers on a quarterly basis.

It was confirmed that officers automatically recorded any attendance at the joint training sessions with the Pensions Committee arranged by the County Council.

RESOLVED

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

24     WORK PROGRAMME

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

Further to Minute 19 above, it was noted that future reports on Data Scores would be considered by the Board on a six monthly basis, starting on 7 January 2021.

One item was added to the list for the meeting on 7 January 2021:

- Border to Coast Pension Board Deep Dive – with attendance from a senior officer from Border to Coast.

RESOLVED

That the report on the work programme, including the reports be noted, subject to the additions listed above.

25     EXCLUSION OF PRESS AND PUBLIC

RESOLVED

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

26     ACTUARIAL TENDER AND APPOINTMENT RECOMMENDATION

Consideration was given to an exempt report by the Head of Pensions on the actuarial tender and appointment recommendation.

Officers responded to the questions raised.

RESOLVED

That the exempt report be noted.

27 INTERNAL AUDIT OF LINCOLNSHIRE AND WEST YORKSHIRE PENSION FUNDS

Consideration was given to an exempt report by the Accounting, Investment and Governance Manager on the internal audit of Lincolnshire and West Yorkshire Pension Funds.

Officers responded to the questions raised.

It was agreed that a further update be provided as part of the Pension Administration Update Reports in March 2021 and July 2021.

RESOLVED

- (1) That the exempt report be noted.
- (2) That a further update be provided as part of the Pension Administration Update Reports in March 2021 and July 2021.

28 CYBER SECURITY

Consideration was given to an exempt report and presentation by the Business Development Manager, West Yorkshire Pension Fund, on cyber security.

Officers responded to the questions raised.

RESOLVED

That the exempt report and presentation be noted.

The meeting closed at 4.06 pm.

**Open Report on behalf of Andrew Crookham, Executive Director –  
Resources**

Report to:	<b>Lincolnshire Pension Board</b>
Date:	<b>07 January 2021</b>
Subject:	<b>Pension Fund Update Report</b>

**Summary:**

This report updates the Board on Fund matters for the quarter ending 30 September 2020 and any other current issues.

The report covers:

1. Local Authority Pension Fund Forum Membership
2. TPR Checklist Dashboard
3. Breaches Register Update
4. Risk Register Update
5. Asset Pooling Update
6. New Legislation - £95k Cap Update
7. Budget and Business Plan Update

**Recommendation(s):**

That the Board consider and note the report.

**Background**

**1. Local Authority Pension Fund Forum Membership**

1.1 The Fund participates in the Local Authority Pension Fund Forum that has a work plan addressing the following matters:

- **Corporate Governance** – to develop and monitor, in consultation with Fund Managers, effective company reporting and engagement on governance issues.
- **Overseas employment standards and workforce management** - to develop an engagement programme in respect of large companies with operations and supply chains in China.

- **Climate Change** - to review the latest developments in Climate Change policy and engage with companies concerning the likely impacts of climate change.
- **Mergers and Acquisitions** - develop guidance on strategic and other issues to be considered by pension fund trustees when assessing M&A situations.
- **Consultations** – to respond to any relevant consultations.

1.2 The latest LAPFF engagement report can be found on their website at [www.lapffforum.org](http://www.lapffforum.org). Some of the highlights during the quarter included:

- During this quarter LAPFF undertook 38 engagements with 27 companies, on issues ranging from human rights and employment standards to climate change reporting and environmental risk. The outcomes of these engagements are shown in the company progress report, included in their quarterly engagement report.
- LAPFF, along with other investor groups, most prominently the Australasian Centre for Corporate Responsibility (ACCR), has been pushing Rio Tinto to review its corporate governance arrangements. One of the main strategies in this engagement has been to issue press releases citing LAPFF's concerns as various details of Rio Tinto's practices were revealed through a range of investigations. There has been an internal investigation led by a non-executive director on Rio Tinto's board, which resulted in the elimination of short-term bonuses for three senior executive members, including the CEO. Subsequently, the CEO and two other senior executives resigned. The Forum received significant press coverage for its support of this measure.
- Engagement to date with ArcelorMittal has led to a 30% carbon emission reduction target for its European operations by 2030, and for carbon neutrality for 2050. A follow-up meeting at the beginning of July sought commitments to global targets for 2030 and 2050. The meeting with ArcelorMittal resulted in a commitment for a group 2030 carbon emission reduction target to be disclosed in a report to be released later this year.
- The impact of deforestation on climate change is a growing concern. LAPFF has worked with other investors to push the Brazilian government to stem deforestation in the Amazon. The investor coalition drafted and co-signed a letter to the Brazilian government and held a call hosted by Storebrand to encourage better protection of the Amazon.
- At a meeting with Tesco, one objective was for the company to set out how it aimed to achieve its target of fully recyclable packaging by 2025. The meeting also discussed how the company's meat supply chain might contribute to deforestation through its supplier JBS, and the problem of plastics in the supply chain.

- During the quarter, LAPFF representatives joined a supply chain due diligence workshop hosted by the newly independent Workforce Disclosure Initiative. Attendees discussed what companies and investors can do to improve workplace standards at supplier facilities. LAPFF also met with Andrew Adams at CCLA to discuss joining an investor coalition to promote compliance with the Modern Slavery Act. This would be in addition to the Forum's participation in Rathbone's engagement with companies that fail to adhere to Modern Slavery Act requirements.
- LAPFF has submitted a number of consultation responses during the quarter. One was a consultation on the future of audit. Of note is that Baroness Sharon Bowles appears to have run with LAPFF's IFRS engagement, submitting a long list of Parliamentary questions on audit company practice, at least one of which has yet to be answered. The Forum also responded to a Department of Transport consultation on the phasing out of vehicles powered by fossil fuels. A third submission went to the House of Commons Select Committee Inquiry on Decarbonisation and Green Finance.

1.3 Members of the Board should contact the author of this report if they would like further information on the Forum's activities.

## **2 TPR Checklist Dashboard**

2.1 To assist in the governance of the Lincolnshire Fund, it assesses itself against the requirements of the Pension Regulator's (TPR's) code of practice 14 for public service pension schemes, as set out in a check list attached at Appendix A. This is presented to the Committee and Board at each quarterly meeting, and any non-compliant or incomplete areas are addressed. This is seen as best practice in open and transparent governance.

2.2 No areas have changed since the last quarter's report.

2.3 The Areas that are not fully completed and/or compliant are listed below.

F1 – Maintaining Accurate Member Data - Do member records record the information required as defined in the Record Keeping Regulations and is it accurate?

*Amber - Scheme member records are maintained by WYPF. Therefore much of the information here and in later questions relates to the records they hold on LCC's behalf. However, as the scheme manager, LCC is required to be satisfied the regulations are being adhered to. Data accuracy is checked as part of the valuation process and the annual benefits statement process. Monthly data submissions and employer training are improving data accuracy, however there are a number of historical data issues that are in the process of being identified and rectified.*

F5 - Maintaining Accurate Member Data - Are records kept of decisions made by the Pension Board, outside of meetings as required by the Record Keeping Regulations?

*Grey – not relevant as we do not expect there to be decisions outside of the PB. This will be monitored.*

H7 - Maintaining Contributions - Is basic scheme information provided to all new and prospective members within the required timescales?

*Amber - New starter information is issued by WYPF, **when they have been notified by employers**. This is done by issuing a notification of joining with a nomination form, transfer form and a link to the website. However, because the SLA relates to when notified, it does not necessarily mean the legal timescale has been met which is within 2 months of joining the scheme. The monthly data returns and employer training are improving this process.*

K7 – Scheme Advisory Board Guidance - Members of a Local Pension Board should undertake a personal training needs analysis and put in place a personalised training plan.

*Remaining Amber - Annual Training Plan of Committee shared with PB and all PB members invited to attend.*

### **3 Breaches Reporting - update**

3.1 The Fund, and those charged with its governance, has a requirement to log and, where necessary, report breaches to the Pensions Regular. The Breaches Register attached at appendix B shows those breaches logged since recording began. Since the last quarter end, one breach has been added, detailed below:

- **Late payment of contributions** – a separate paper is presented to the Committee at paper 7, updating the Board on all monthly employer contribution breaches over quarter.

### **4 Risk Register Update**

4.1 The risk register is a live document and updated as required. Any changes are reported quarterly, and the register is taken annually to Committee to be approved, and to the Board to be reviewed.

4.2 There has been one addition to the risk register since the last Board meeting. This is under Operational risk to cover the failure to implement new legislation correctly. There are currently a number of changes in legislation that are under consultation or in force, which could cause difficulties if not implemented correctly. The key legislative risk at the moment is the implementation of the £95k cap, which is explained in more detail at section 6.

4.3 The new risk register entry is shown below with the risk score:

Risk I10	Consequences	Controls	Risk Score*	
			L	I
Changes in legislation not implemented correctly.	Reputational risk, legal challenge, intervention from the Pensions Ombudsman.	Regular meetings with and reporting from WYPF LCC staff appropriately qualified and aware of legal requirements Pension Fund managed in line with statutory regulations Membership of professional networks. Pension Board oversight.	2	2

4.4 There is just one risk that remains red, as shown below. This was added in June 2016 as a result of the Brexit vote, and given the continuing uncertainty as to how this will play out, it is felt that the red status is still appropriate.

Risk I8	Consequences	Controls	Risk Score*	
			L	I
UK leaving the EU	Volatility of market Lower gilt yields leading to higher liabilities Inflation increasing liabilities Uncertainty of political direction re pooling	Increased monitoring of managers Review investment strategy Regular communications with Committee and Board	4	3

\*As a reminder, L is Likelihood and I is Impact.

## 5 Asset Pooling Update

### Sub Funds

5.1 A further investment of 7.5% into the Global Equity Alpha sub-fund has been approved by the Pensions Committee, following the termination of the Invesco mandate. Discussions are underway with Border to Coast on this investment, and there may be an opportunity work with another Border to

Coast Partner Fund who is looking to reduce their Global equity exposure, to purchase their units in a cost effective way. This is expected to take place in early 2021.

- 5.2 The investment with Border to Coast into the Multi Asset Credit (MAC) Fund is still expected to be completed in the first half of 2021. Ahead of this, the Fund invested in the MAC Fund's core manager, Pimco, in two tranches in July. This will transfer to the Border to Coast Fund once that is launched.
- 5.3 Border to Coast has held a number of workshops with officers and advisors on the property offering, alternative investments and responsible investment.
- 5.4 Officers and advisors across the Partner Funds have continued to work closely with Border to Coast, through attendance at virtual meetings and workshops, on the development of the sub-fund products.

### **Joint Committee Meetings**

- 5.5 The papers of the 24 November JC were circulated to all Pension Board members. Ahead of this meeting, a briefing call was held with all JC members on 18 November to discuss the Responsible Investment policies that would be coming to this JC for approval. Below are the agenda items for the meeting and the minutes will be circulated with the next JC agenda:

- Joint Committee Meeting Arrangements
- Joint Committee Budget
- Responsible Investment Policies Review
- Summary of Investment Performance and Market Returns
- Performance Report
  - UK Listed Equity
  - Overseas Developed Equity
  - Emerging Markets Equity
  - UK Listed Equity Alpha
- Global Equity Alpha Performance Review
- Asset Transfer Planning 2021-24
- ESG Passive Capability
- Chief Executive Officer (CEO) Report

- 5.6 The next JC meeting will be held on 9 March 2021 and papers will be circulated to Board members. Any questions or comments on the papers should be directed to Cllr Strengiel, Chairman of the Pensions Committee, who can raise them at the meeting.

### **Shareholder Matters**

- 5.7 As the Board are aware, there are two distinct roles that Lincolnshire County Council has with Border to Coast: the shareholder and the investor (or client). The Committee's role is that of investor, and is represented at the Joint Committee by the Chairman of the Pensions Committee. The shareholder role is undertaken by the Executive Director of Resources, and fulfils the role

as set out in the Shareholder Agreement, which was approved by Full Council in February 2017.

5.8 Ahead of any shareholder approvals, officers, including S151 officers, work closely with Border to Coast to ensure full understanding of the resolution, the impact of it not being approved and discuss this with the JC ahead of any resolution being sent for approval. An informal shareholder meeting is also held on the date of each Joint Committee meeting.

5.9 There have been no shareholder resolutions since the last report.

## **6. New legislation - £95k Cap Update**

6.1 As you have been previously made aware in the Administration report, new legislation was being brought in to cap exit payments in the public sector to £95,000. These regulations from the Treasury came into force on 4 November 2020. For the LGPS, included in the cap is any payment that the employer would have to make in pension strain payments.

6.2 Whilst the £95k cap is an issue for public sector employer, there is a knock on impact for the Pension Fund in paying out unreduced pensions, as required within current LGPS Regulations.

6.3 A consultation from MHCLG was issued in September, with a closing date of 9 November, on reforming Local Government Exit Pay, including amendments to align them to the Treasury regulations. This has now been extended to 18 December for responses on the draft Regulations, due to the delay in Treasury publishing its guidance on the Exit Cap Regulations. This delay on the draft Regulations consultation means that the Local Government Pension Scheme Regulations will not be amended until early 2021, leaving the sector in the position of having pension scheme rules that appear at odds with the Exit Cap Regulations.

6.4 The key issue is that the current LGPS regulations do not allow for a reduced Pension to be paid to a member aged 55 or over taking early retirement due to redundancy, whilst the Treasury Regulations do not allow an employer to make exit payments in breach of the £95k cap. This would mean that should the Fund pay an unreduced pension to a member whose overall exit payment was in excess of £95k, then the Fund would not be able to recover the pension strain element from the employer, as it does now.

6.5 MHCLG Minister, Luke Hall, sent a letter on 28 October to LGPS administering authorities and local authority chief executives, in which the government set out its view that the Exit Pay Regulations effectively curtail the use of LGPS Regulation 30(7) to pay an immediate unreduced pension when the cap is breached. According to this view, a 'capped' member should only receive an immediate pension under LGPS Regulation 30(5) (with actuarial reductions applied), or a deferred pension, together with a 'cash alternative' payable by the employer under cap Regulation 8 of the Exit Cap Regulations.

- 6.6 The Fund has taken legal advice on what to do in the period between the Exit Cap Regulations coming into force on 4 November and the LGPS Regulations being amended early next year to expressly remove the entitlement to an unreduced pension under Regulation 30(7) which would result in a breach of the cap. In providing this advice, consideration was given to the Scheme Advisory Board opinion (based on the legal advice it had obtained).
- 6.7 The Fund's course of action across different scenarios, presenting the least risk to the administering authority, is set out below, and has been communicated to employers:

<b>Scenario</b>	<b>Changes to how we process cases</b>
Employees not covered by exit cap	No change needed, cases will be processed in the usual way.
Employees covered by exit cap but total exit payments including strain cost are <b>under</b> £95K cap	Detail on-going issue in correspondence to employer. Process estimates and retirement cases. Ask employers to confirm total exit payments on the retirement notification. The fund would only pay an unreduced pension if total exit payments to member were under £95K.
Employees covered by exit cap but total exit payments including strain cost are <b>over</b> £95K cap	Proceed on the basis that Regulation 30(7) of the LGPS Regulations is disapplied by Regulation 8 of the Exit Regulations and follow guidance from MHCLG and LGPS Advisory Board. Give member option to take a reduced pension or deferred benefits.

## **7 Budget and Business Plan Update**

- 7.1 The Pension Fund budget and business plan were brought to the Board at the March 2020 meeting. The paragraphs below update the Board on the budget position to 30 September, and to highlight any areas on the key tasks from the business plan for 20/21 where progress is behind expectations.

### **Pension Fund Budget Update**

- 7.2 The budget for operating the Lincolnshire Pension Fund for 2020/21 plus actual costs incurred up to the end of September 2020 are set out in the table on the next page, with additional narrative at paragraph 8.3.:

	Original Budget 2020/21 £'000	Q2 Actuals 2020/21 £'000	Variance Budget vs. Actuals Q2 £'000
<u>Administration Costs</u>			
- Charge from Shared Services Administrator	1,283	1,245	-38
- Other	1	1	0
<u>Investment Management Expenses</u>			
- Management Fees	9,172	-25	-9,197
- Performance Related Fees	0	0	0
- Other Fees	942	18	-924
<u>Oversight and Governance Costs</u>			
- Contracted Services	361	144	-217
- Recharge of Actuarial Services	-160	-40	120
- Recharge from Administering Authority (inc. Staffing Costs)	248	116	-132
- Border to Coast Governance Costs	0	234	234
- Other Costs	41	5	-36
	<b>11,888</b>	<b>1,698</b>	<b>-10,190</b>

7.3 Administration Costs: The annual administration charge from West Pension Fund has been received and paid. This was slightly lower than the original budget, due to a small reduction in the membership numbers, and a refund of £29.3k for the actual costs incurred for 2019/20 versus the original charge.

Investment Management Costs: The majority of the Fund's investments are made via pooled vehicles. The costs for these investments are mainly accounted for annually in March. For directly charged fee's billing from managers is in arrears, invoices for quarter one and two fees will be received in future months (the actuals position reflects a small variance between the Q4 2019/20 invoices and accruals from year-end).

Costs incurred on management fees reflect the size of the portfolio and investment returns. Costs in this area are very difficult to predict, particularly when markets and volatile.

Oversight and Governance Costs: Contracted services, the recharge of actuarial services and the recharge from the admin authority are spread throughout the financial year. It is expected that these budgets will be fully utilised by year end. Border to Coast governance costs were originally budgeted for under investment management expenses, management fees, however, these costs should be classified under oversight and governance. There is likely to be an underspending in other costs due to reduced travel and attendance at conferences by the Committee, Board and Officers.

## Pension Fund Business Plan Update

7.4 The key tasks set out in the Business Plan are set out below, with narrative to explain whether it is on track or otherwise:

<b>Subject</b>	<b>20/21 Actions</b>	<b>Progress</b>
Pensions Committee and Board meetings	Ensure all papers are prepared and presented in a clear and concise manner. Ensure that all relevant matters are reported to the Committee and /or Board.	On-going – all meetings held as expected.
Asset Pooling with Border to Coast	Continued partnership with Border to Coast to develop appropriate sub-funds for investment and ensuring appropriate oversight and governance of the company.	On-going – new investments made and further investments in the pipeline.
Administration Service (including employer data quality)	Continued partnership and oversight of West Yorkshire Pension Fund (WYPF) in the delivery of the administration service and to improve the reporting on data quality and management information.	On-going – good administration service provided despite Covid restrictions.
Annual Report and Accounting	A detailed project plan has been put in place, built on experience from previous years and updated for new requirements. On-going engagement with the external auditors to ensure all requirements can be met in a timely manner.	Delayed receipt of opinion due to issue with the Council's accounts. Pension Fund accounts ready by deadline with an expected unqualified opinion.
Responsible Investment (RI)	Continued information and training for the Committee and Board to understand RI. Working closely with external managers and Border to Coast to ensure that it is embedded across all investment decisions.	On-going – new investments agreed to further align the investment strategy with RI beliefs.
Actuarial Services Tender	Participate in the national framework refresh and call off the new framework once completed. Recommend an actuarial appointment to the Committee.	Completed – new Actuary appointed w.e.f 1 January 2021.

<b>Subject</b>	<b>20/21 Actions</b>	<b>Progress</b>
Work by the Scheme Advisory Board (SAB)	Participate in projects where possible and respond to any actions required – e.g. Good Governance Review, data quality.	Progress delayed due to Covid.
Employer Accounting	Work with employers, the Actuary and WYPF to ensure employers understand their choices, accurate and timely data is sent to the Actuary and accounting reports are received and understood by employers.	On-going – all reports issued as required to date, work beginning with new Actuary to understand their process.

7.5 As can be seen from the table above, year-to-date most key tasks are on track or completed, with the exception of some work with the Scheme Advisory Board and the year-end accounts sign off, where delays are beyond the control of the Pensions team.

## **Conclusion**

8 The Fund Update report is a quarterly report to the Pension Board, to update the Board on Pension Fund matters and any current issues.

## **Consultation**

### **a) Have Risks and Impact Analysis been carried out?**

Yes

### **b) Risks and Impact Analysis**

The Pension Fund has a risk register which can be obtained by contacting the author of this report.

## **Appendices**

These are listed below and attached at the back of the report	
Appendix A	TPR Checklist Dashboard
Appendix B	Breaches Register

## **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](mailto:jo.ray@lincolnshire.gov.uk) .

# The Pension Regulator's and Scheme Advisory Board Compliance Checklist

## Summary Results Dashboard

No	Completed	Compliant
<b>Reporting Duties</b>		
A1	G	G
A2	G	G
A3	G	G
A4	G	G
<b>Knowledge &amp; Understanding</b>		
B1	G	G
B2	G	G
B3	G	G
B4	G	G
B5	G	G
B6	G	G
B7	G	G
B8	G	G
B9	G	G
B10	G	G
B11	G	G
B12	G	G
<b>Conflicts of Interest</b>		
C1	G	G
C2	G	G
C3	G	G

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
<b>Publishing Scheme Information</b>		
D1	G	G
D2	G	G
D3	G	G
D4	G	G
<b>Risk and Internal Controls</b>		
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
<b>Maintaining Accurate Member Data</b>		
F1	A	A
F2	G	G
F3	G	G
F4	G	G
F5		
F6	G	G
F7	G	G
F8	G	G
F9	G	G
F10	G	G
F11	G	G
<b>Maintaining Contributions</b>		
G1	G	G
G2	G	G
G3	G	G
G4	G	G
G5	G	G
G6	G	G
G7	G	G
G8	G	G
G9	G	G

No	Completed	Compliant
<b>Providing Information to Members and Others</b>		
H1	G	G
H2	G	G
H3	G	G
H4	G	G
H5	G	G
H6	G	G
H7	G	A
H8	G	G
H9	G	G
H10	G	G
H11	G	G
H12	G	G
H13	G	G
<b>Internal Dispute Resolution</b>		
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
<b>Reporting Breaches</b>		
J1	G	G
J2	G	G
J3	G	G
<b>Scheme Advisory Board Requirements</b>		
K1	G	G
K2	G	G
K3	G	G
K4	G	G
K5	G	G
K6	G	G
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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## Lincolnshire Pension Board Record of Breaches

Date	Category (e.g. administration, contributions, funding, investment, criminal activity)	Description and cause of breach	Possible effect of breach and wider implications	Reaction of relevant parties to breach	Reported / Not reported (with justification if not reported and dates)	Outcome of report and/or investigations	Outstanding actions
31/7/15	Contributions	Late payment by LCC for June contributions, following late payment for April and May.	Cashflow issues, data not provided to WYPF to action – e.g. retirements	Aware of breach, extenuating circumstances, trying to fix issues.	Reported through portal 31/7/15		
31/8/16	ABS's	100% required output of ABS's not met	Late receipt of ABS info to members	Not material and improvement on previous year – first full year of monthly returns	Not reported – total 92.6% of active and deferred produced overall – not material to report		
31/3/17	Contributions (see report)	Late payments over the year	Cashflow issues, data not provided to WYPF to action – e.g. retirements	Made aware and fined in some circumstances	Not reported – not material to LPF		
May 2017	Administration	Data security breach – a small number	Potential for individuals data to be seen by	WYPF contacted printing	Not reported to tPR. Small number		

		of ABS's went out unsealed	unauthorised individuals	company for explanation. Breach reported to information security officers at both WYPF and LPF	impacted, human error the cause.		
Sept 17	Contributions	Late payments May to August	Cashflow issues, data not provided to WYPF to action – e.g. retirements	Made aware and fined in some circumstances	Not reported – not material to LPF		Issue raised at LEAF meeting
Sept 17	LCC - Leavers information	Outstanding leavers information not sent to WYPF by LCC	Incorrect ABS's, over statement of liabilities	LCC given opportunity to provide improvement plan and timescales	Not reported, but under review.		
Dec 17	LCC - Leavers information – updated	Outstanding leavers information not sent to WYPF by LCC	Incorrect ABS's, over statement of liabilities	Improvement plan provided, presentation to Board to discuss in January	Not reported, but under review.		
Dec 17	Contributions - updated	Late payments Sept to November	Cashflow issues, data not provided to WYPF to action – e.g. retirements	Made aware and fined in some circumstances	Not reported – not material to LPF		Issue to be raised at March employers meeting
Mar 18	LCC Leavers information – updated	Outstanding leavers information not	Incorrect ABS's, over statement of	Update on improvement plan presented	Not reported, but under review.		

		sent to WYPF by LCC	liabilities	to Board to discuss in March			
March 18	Contributions - updated	Late payments December to February	Cashflow issues, data not provided to WYPF to action – e.g. retirements	Made aware and fined in some circumstances	Not reported – not material to LPF		Issue to be raised at March employers meeting
April 18	LCC Leavers information – updated	Outstanding leavers information not sent to WYPF by LCC	Incorrect ABS's, over statement of liabilities	LCC self-reported to TPR	Reported	Jan 19 - Improvement plan completed and reported back to TPR	Regular updates to be provided to TPR and Board
July 18	Contributions – updates	Late payments	Cashflow issues, data not provided to WYPF to action – e.g. retirements	Made aware and fined in some circumstances	Not reported – not material to LPF		Continuing training and communications with employers
July 18	LCC Leavers information – updated	Outstanding leavers information not sent to WYPF by LCC	Incorrect ABS's, over statement of liabilities	LCC self-reported to TPR	TPR updated		Regular updates to be provided to TPR and Board
September 18	Contributions – updates	Late payments	Cashflow issues, data not provided to WYPF to action – e.g. retirements	Made aware and fined in some circumstances	Not reported – not material to LPF		Continuing training and communications with employers
September 18	LCC Leavers information – updated	Outstanding leavers information not sent to WYPF	Incorrect ABS's, over statement of liabilities	LCC self-reported to TPR	TPR updated		Regular updates to be provided to TPR and Board

		by LCC					
December 18	Contributions – updates	Late payments	Cashflow issues, data not provided to WYPF to action – e.g. retirements	Made aware and fined in some circumstances	Not reported – not material to LPF		Continuing training and communications with employers
February 19	Contributions – updates	Late payments	Cashflow issues, data not provided to WYPF to action – e.g. retirements	Made aware and fined in some circumstances	Not reported – not material to LPF		Continuing training and communications with employers Fines increased
June 19	Contributions – updates	Late payments	Cashflow issues, data not provided to WYPF to action – e.g. retirements	Made aware and fined in some circumstances	Not reported – not material to LPF		Continuing training and communications with employers
Sept 19	Contributions – updates	Late payments	Cashflow issues, data not provided to WYPF to action – e.g. retirements	Made aware and fined in some circumstances	Not reported – not material to LPF		Continuing training and communications with employers
December 19	Contributions – updates	Late payments	Cashflow issues, data not provided to WYPF to action – e.g. retirements	Made aware and fined in some circumstances	Not reported – not material to LPF		Continuing training and communications with employers Review of process
March 20	Contributions – updates	Late payments	Cashflow issues, data not provided to WYPF to action	Made aware and fined in some circumstances	Not reported – not material to LPF		Continuing training and communications with employers

			- e.g. retirements				Review of process
June 20	Contributions – updates	Late payments	Cashflow issues, data not provided to WYPF to action – e.g. retirements	Made aware and fined in some circumstances	Not reported – not material to LPF		Continuing training and communications with employers Review of process
Sept 20	Contributions – updates	Late payments	Cashflow issues, data not provided to WYPF to action – e.g. retirements	Made aware and fined in some circumstances	Not reported – not material to LPF		Continuing training and communications with employers Review of process

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**Open Report on behalf of Andrew Crookham, Executive Director - Resources**

Report to:	<b>Lincolnshire Pension Board</b>
Date:	<b>07 January 2021</b>
Subject:	<b>Pensions Administration Update Report</b>

**Summary:**

This is the quarterly report by the Fund's pension administrator, West Yorkshire Pension Fund (WYPF).

Yunus Gajra, the Business Development Manager from WYPF, will update the Board on current administration issues.

**Recommendation(s):**

That the Board note the report.

**Background**

**1.0 Performance and Background**

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 as and when required (i.e. absences, urgent requirements).

1.2 The table below shows the performance against key areas of work for the period 1 July 2020 to 30 September 2020.

<b>KPI's for the period 1.7.20 to 30.9.20</b>						
WORKTYPE	TOTAL CASES	TARGET DAYS FOR EACH CASE	TARGET MET CASES	MINIUM TARGET PERCENT	TARGET MET PERCENT	AVERAGE TIME TAKEN
AVC In-house (General)	39	10	37	85	94.87	2.59
Change of Address	301	5	285	85	94.68	1.62

<b>KPI's for the period 1.7.20 to 30.9.20</b>						
WORKTYPE	TOTAL CASES	TARGET DAYS FOR EACH CASE	TARGET MET CASES	MINIUM TARGET PERCENT	TARGET MET PERCENT	AVERAGE TIME TAKEN
Change of Bank Details	75	Next Payroll	75	85	100	2.52
Death Grant Nomination Form Received	1020	20	1013	85	99.31	3.96
Death Grant to Set Up	40	5	38	85	95	1.33
Death In Retirement	114	5	101	85	88.6	2.6
Death In Service	4	5	4	85	100	1.5
Death on Deferred	7	5	7	85	100	1.86
Deferred Benefits Into Payment Actual	481	5	460	90	95.63	2.91
Deferred Benefits Into Payment Quote	635	35	619	85	97.48	5.68
Deferred Benefits Set Up on Leaving	585	10	543	85	92.82	11.18
Divorce Quote	45	20	43	85	95.56	12.98
Enquiry	7	5	7	85	100	1.29
Estimates for Deferred Benefits into Payment	2	10	1	90	50	10.5
General Payroll Changes	60	Next Payroll	60	85	100	1.75
Initial Letter Death in Service	4	5	4	85	100	1
Initial letter Death in Retirement	114	5	108	85	94.74	3.56
Initial letter Death on Deferred	7	5	7	85	100	1.57
Monthly Posting	765	10	749	95	97.91	1.83
NI adjustment to Pension at State Pension Age	5	Next Payroll	5	85	100	12.6
Payment of Spouses _Child Benefits	65	10	56	90	86.15	5.32
Pension Estimate	131	10	109	75	83.21	4.98
Pension Saving Statement	1	20	1	100	100	1
Refund Actual	114	10	113	95	99.12	1.11
Refund Quote	200	35	196	85	98	1.91
Retirement Actual	194	3	185	90	95.36	1.56
Set Up New Spouse Pension	65	5	57	85	87.69	3.54

<b>KPI's for the period 1.7.20 to 30.9.20</b>						
WORKTYPE	TOTAL CASES	TARGET DAYS FOR EACH CASE	TARGET MET CASES	MINIUM TARGET PERCENT	TARGET MET PERCENT	AVERAGE TIME TAKEN
Spouse Potential	6	20	5	85	83.33	8.17
Transfer In Actual	21	35	20	85	95.24	5.9
Transfer In Quote	35	35	35	85	100	1.89
Transfer Out Payment	6	35	5	85	83.33	29.63
Transfer Out Quote	96	20	52	85	54.17	20.18
Update Member Details	893	20	885	100	99.1	1.41

## 2.0 Scheme Information

2.1 Membership numbers in the Lincolnshire Fund are as follows:

Numbers	Active	Deferred	Undecided	Pensioner	Frozen
LGPS	22,889	26,616	650	24,436	2,590
Percentage of Membership	29.65	34.49	0.84	31.66	3.36
Change from Last Quarter	+578	-171	-16	+423	-57

2.2 The number of new joiners in the Fund were during the period 1 July 20 to 30 September 20 were 1,293 made up as:

Lincolnshire County Council	478
Other Employers	815

2.3 The number of members who are in the 50:50 scheme are 311 made up as:

Lincolnshire County Council	138
Other Employers	173

## 2.4 Age Profile of the Scheme

Status	Age Groups												TOTAL
	U20	20-25	26-30	31-35	36-40	41-45	46-50	51-55	56-60	61-65	66-70	70+	
Active	312	1,532	1,542	1,989	2,482	2,724	3,573	3,718	3,015	1,657	270	75	22,889

## 2.5 Employer Activity - During July 20 to Sept 20

New Academies and Education Trusts	1
New Town and Parish Council	0
New Admission Bodies	1
<b>Total of New Employer</b>	<b>0</b>
Employers Exited	1
<b>Total Numbers of employers</b>	<b>273</b>

## 3.0 **Member and Employer Contact**

3.1 Over the quarter July to September we received **0** online customer responses.

3.2 Over the quarter July to September **100** Lincolnshire member's sample survey letters were sent out and **16 (16%)** returned.

3.3 Overall Customer Satisfaction Score:

<b>July to Sept 2019</b>	<b>Oct to Dec 2019</b>	<b>Jan to March 2020</b>	<b>April to June 2020</b>	<b>July to Sept 2020</b>
87.9%	84.5%	78.7%	92.7%	94.9%

3.4 **Appendix A** – Customer survey results.

3.5 Employer Training. Due to Covid-19 restrictions no Employer training took place during this period. Training and workshops have now recommenced virtually.

## 4.0 **Internal Disputes Resolution Procedures**

4.1 All occupational pension schemes are required to operate an IDRP. The LGPS has a 2-stage procedure. Stage 1 appeals, which relate to employer decisions or actions, are considered by a person specified by each employer to review decisions (the 'Adjudicator'). Stage 1 appeals relating to appeals against administering authority decisions or actions are considered the Pension Fund Manager. Stage 2 appeals are considered by WYPF.

4.2 Stage 1 appeals against the fund

No appeals in this period.

#### 4.3 Stage 1 appeals against scheme employers

<b>Date of appeal</b>	<b>Reason for appeal</b>	<b>Current position /Outcome</b>	<b>Date decision letter sent</b>
6/4/2020	Appeal against service details.	Turned down. The member requested to be able to count retrospective service for which he had not been admitted to the scheme in 2005. This was a relief post for which the member would not have been admitted to the scheme automatically but would have to have opted in himself. As the member did not make any such request at the time LCC were not willing to agree to a retrospective request.	27/8/2020

#### 4.4 Stage 2 appeals

No appeals in this period.

#### 4.5 Ombudsman

No cases in this period.

### **5.0 Administration Update**

#### 5.1 Remote Working

The arrangements for staff working remotely are working fine with staff being able to do their normal work without any major issues. In line with Government advice, the arrangements are set to continue for the foreseeable future.

#### 5.2 TPR 2019/20 Scheme return

The annual TPR scheme return has been submitted before the deadline of 15<sup>th</sup> December.

#### 5.3 ISO 9001:2015

The 3 yearly recertification audit for WYPF's Quality Management System has recently been undertaken. The audit was successful with no non conformities identified. This means that we have been reaccredited for the next 3 years. We will still have annual quality surveillance.

## 6.0 Web Registrations

6.1 The number of members registered for online member web are:

Membership Type	Number	Percentage
Active	3,050	13.33%
Deferred	2,805	10.54%
Pensioner	3,615	14.79%

## 7.0 Current Technical Issues

7.1 See **Appendix B**.

## 8.0 Shared service Budget

8.1 Cost per member

Lincolnshire LGPS	CLIENT NO	MEMBER No	BUDGET PER MEMBER	2020/21 BUDGET	FORECAST COST PER MEMBER	2020/21 FORECAST PD08	2020/21 SAVINGS FORECAST PD08
Lincolnshire LGPS	8	77,217	£16.60	£1,281,580	£15.09	£1,165,321	-£116,259

8.2 Shared Service Budget

WYPF PENSION ADMIN	2018/19 OUTTURN £000	2019/20 OUTTURN PD13 £000	2020/21 BUDGET £000	2020/21 FORECAST PD08 £000	2020/21 VAR BGT - PD08 FAV (ADV) £000
Accommodation	£158	£358	£182	£358	-£176
Actuary	£0	£165	£0	£0	£0
Computer	£15	£297	£265	£303	-£38
<b>Contingency *</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£200</b>	<b>-£200</b>
Employees	£3,165	£3,532	£3,547	£3,104	£443
Internal Recharge	£1,920	£1,722	£2,244	£1,776	£468
Other Running Costs	£107	£142	£148	£149	-£1
Transaction Costs	£0	£0	£0	£0	£0
Printing & stationery	£259	£512	£650	£550	£100
<b>TOTAL EXPENDITURE</b>	<b>£5,624</b>	<b>£6,728</b>	<b>£7,036</b>	<b>£6,440</b>	<b>£596</b>
<b>Member number</b>		<b>423,929</b>	<b>423,929</b>	<b>426,730</b>	
<b>Cost per member</b>		<b>£15.87</b>	<b>£16.60</b>	<b>£15.09</b>	
WYPF Income	-£3,636	-£4,763	-£4,900	-£4,021	-£879
Other Income	-£163	-£40	-£36	-£80	£44
Shared Service Income	-£1,825	-£1,925	-£2,100	-£2,339	£239
<b>TOTAL INCOME</b>	<b>-£5,624</b>	<b>-£6,728</b>	<b>-£7,036</b>	<b>-£6,440</b>	<b>-£596</b>

\* Contingency for McCloud work January to March 2021

## **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) Risks and Impact Analysis**

The Pension Fund has a risk register which can be obtained by contacting the Head of Pensions.

## **Appendices**

These are listed below and attached at the back of the report	
Appendix A	Customer Survey Results
Appendix B	Current Technical Issues

## **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@wpf.org.uk](mailto:yunus.gajra@wpf.org.uk) .

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## APPENDIX A

### Customer Survey Results – Lincolnshire Members (1<sup>st</sup> July to 30<sup>th</sup> September 2020)

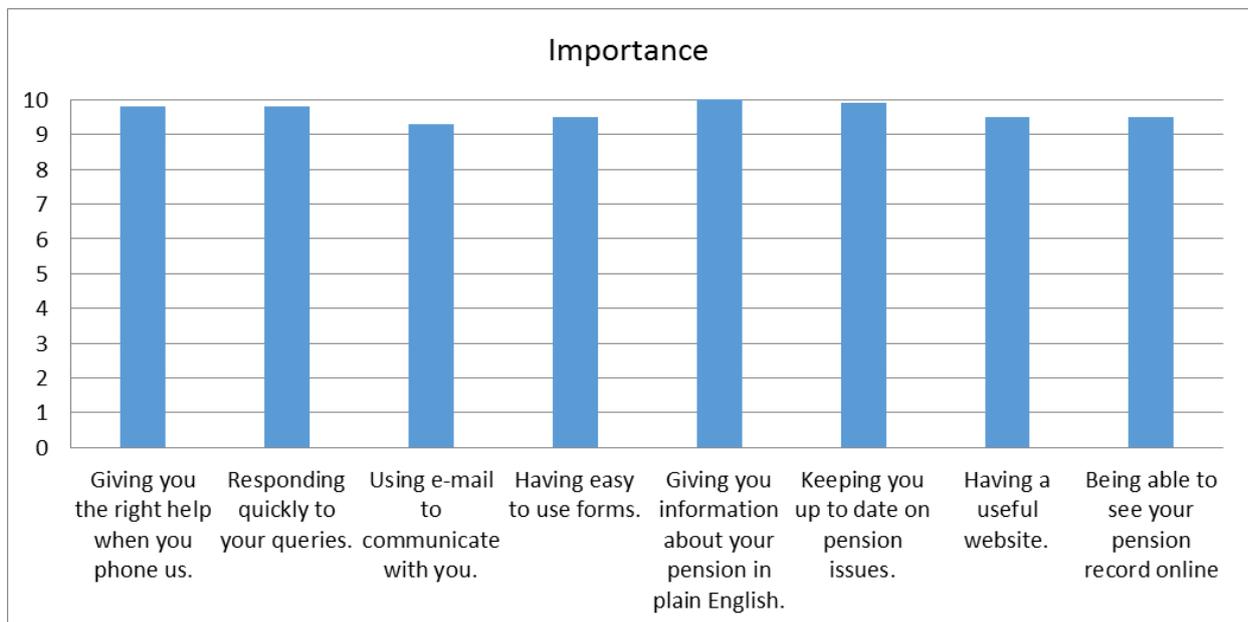
Over the quarter July to September we received **0** online customer responses.

Over the quarter July to September **100** Lincolnshire member's sample survey letters were sent out and **16 (16%)** returned:

Overall Customer Satisfaction Score:

July to September 2019	October to December 2019	January to March 2020	April to June 2020	July to September 2020
87.9%	84.5%	78.7%	92.7%	94.9%

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





**Sample of positive comments:**

<b>Member Number</b>	<b>Comments</b>
8133648	I have received few forms to complete which were easy to understand. But to keep an eye on your pension online is useful thing which I will definitely use.
8032573	Although I have dealt with different staff for different enquires, I have found all are very helpful. The service provided is very good as your communications are easily understood with clear explanations.
8046617	Excellent service, understanding and helpful phone service, clear and patient. Forms instructions very clear and helpful pension requests carried out quickly and precisely. Very supportive and helpful with my decision to retire early lump sums and pension arrived on time as promised. Thank you
8038334	Very impressed with the smoothness of process.

**Complaints/Suggestions:**

<b>Member Number</b>	<b>Comments</b>	<b>Summary of Acknowledgement Letter Sent to Member</b>
8036461	I retired on 14 February and it took till 29 June to receive my lump sum and 23 July for first pension, this time scale is too long in my opinion.	There was a delay in issuing the retirement pack. This was due to waiting for former employer to issue the Retirement Notification Form. However once we received the pension claim form, it was dealt with immediately. Unfortunately the June monthly payroll has already taken place which meant that pension could only be paid in the following month.

### Current Technical Issues

#### **Local government exit pay reform and £95k cap**

The £95,000 cap on exit payments to public sector workers is due to be implemented from 4 November. Changes to the LGPS regulations are required and MHCLG have released a consultation on potential changes that closes on 9 November. As part of this consultation it is proposed the calculation of strain costs be based on a standardised approach and factors across the LGPS for employers subject to the cap. GAD have now released draft guidance and factors, and MHCLG have released draft regulations.

The proposed changes are extensive but the draft regulations apply only to employers subject to the public sector exit payment cap, which means that the new flexibilities will not apply to members employed by a LGPS employer not subject to the cap. However, the proposed changes will affect certain members (for affected employers) who do not actually trigger the cap, due to the reduction in redundancy payments allowed when there is a strain cost. This situation may create confusion, particularly for members who move between employers subject to the cap and those that are not, so clear communication will be vital.

MHCLG have sent a letter to all administering authorities on 28 October in respect of the implementation of the regulations as drafted. This explains that the Government's view is that affected LGPS members should be able to elect to receive an immediate but fully reduced pension. If they do not make that election a deferred pension plus a lump sum equal to the capped strain cost will apply.

LGA / SAB are considering this letter alongside ongoing legal advice on the matter and will publish the legal advice together with a commentary for administering authorities and scheme employers around the end of October.

#### **Implications for calculations**

Currently, the strain cost for an early payment of pension is calculated by each LGPS fund. This currently does not affect member benefits as a full pension is paid regardless of any differential in cost calculated by different funds. Under the new proposals, strain costs that are capped will result in reduced pension, however the changes to the LGPS regulations and standard strain cost calculations are not yet in force, and are not expected to be till late 2020/early 2021. Until that time we assume that existing strain cost calculations will continue to be used when calculating whether strain costs should be capped (with effect from 4 November 2020 when the public sector exit payment regulations come into effect). As mentioned above, we understand LGA are taking legal advice on how the exit cap should work in the interim.

We understand that the LGPS regulations are due to be in place by the end of this year (if parliamentary time can be found) and it is possible that there will be an

additional period of time to implement the necessary changes to the administration systems. This could mean that manual calculations may be required in the interim both for quotes in advance of retirements and actual exercises once the new approach and factors apply.

There will obviously be a change in strain costs when the move to the standard GAD factors is implemented. This change could lead to a funding strain (or gain) at actuarial valuations due to early retirements on redundancy. As there is flexibility under the proposed GAD guidance to charge employers not subject to the exit cap different strain costs, funds should consider whether this is something they want to implement. It is currently not clear whether the software providers are planning to allow more than one set of factors (or differential uplifts to standard factors) to be set up within the administration systems for different types of employer. WYPF proposals:

Scenario	Changes to how we process cases
Employees not covered by exit cap	No change needed, cases will be processed in the usual way.
Employees covered by exit cap but total exit payments including strain cost are <b>under</b> £95K cap	Detail on-going issue in correspondence to employer. Process estimates and retirement cases. Ask employers to confirm total exit payments on the retirement notification. The fund would only pay an unreduced pension if total exit payments to member were under £95K.
Employees covered by exit cap but total exit payments including strain cost are <b>over</b> £95K cap	Don't follow current LGPS regulations in awarding member an unreduced pension and instead follow guidance from MHCLG and LGPS Advisory Board. Give member option to take a reduced pension or deferred benefits.

### **SAB meeting on Employer Flexibilities**

On 19 October the SAB Working Group met to discuss the recent regulation changes in relation to employer flexibilities and deferred debt arrangements. MHCLG has drafted proposed statutory guidance for employer flexibilities which is now with the working group to consider. It is hoped that there will be a short consultation with the working group and the actuarial firms on the guidance, so that guidance is available publicly as soon as possible. It is expected that this will be late this year / early next year, alongside the SAB guidance which will be more detailed.

### **HMT GMP Indexation Consultation - Proposal to Extend Full Indexation**

The HMT's consultation on GMP indexation was launched on 7 October 2020 and will continue until 30 December 2020. The key concern of this consultation is the

treatment of members who retire after 1 April 2021 and how the government plans to meet its obligations in terms of full indexation of past benefits going forward.

The following options are explored:

- The extension of full indexation to cover those reaching SPA up to and including 5 April 2024
- The extension of the interim solution to cover those reaching SPA beyond 5 April 2024 (to, for example March 2030)
- Discount conversion as a long-term policy solution and make full GMP indexation the permanent solution for public service pension schemes

The underlying view is that full indexation would be required at least up to April of 2024 with conversion to be brought in as a longer term option, though there is concern that the more this is delayed, the less valuable the benefit becomes.

### **McCloud update**

The closing dates for the two McCloud consultations (one LGPS specific and the other on wider public sector schemes) have now passed. McCloud will remain one of the most significant tasks facing LGPS funds and it is important that the process of planning and resourcing receives appropriate priority.

### **GAD update factors**

With effect from 1 November 2020 new GAD factors have been issued for divorce cases, incoming and outgoing transfers and trivial commutation.

### **SF3 data published**

On 4 November 2020, MHCLG published Local government pension scheme statistics (SF3 statistics) for England and Wales: 2019 to 2020. Highlights include:

- total expenditure of £13.4 billion, an increase of 5.6% on 2018/19
- total income of £16.0 billion, an increase of 2.6% on 2018/19
- employer contributions increased by 7.7% on 2018/19 to £7.7 billion
- employee contributions of £2.3 billion • the market value of LGPS funds in England and Wales on 31 March 2020 was £272.4 billion, a decrease of 5.1%
- there were 6.1 million scheme members on 31 March 2020, 2.0 million active members, 1.8 million pensioners and 2.2 million deferred members
- there were 88,232 retirements in 2019/20, an increase of 5.7% compared with 2018/19. Discretionary policies list

## **Brexit and overseas payments**

Administering authorities should be preparing for the potential impact of Brexit (particularly a possible “no-deal” scenario) on those in receipt of a pension who have overseas accounts, or even just those who live overseas but have a UK bank account. We are aware that some UK banks are closing the accounts of those who don't live in the UK, for example. Those who may be affected should be contacted as soon as possible to ensure that the pensions can continue to be paid.

This is not a trivial exercise as a different approach may be needed depending on where the pensioner actually lives. The DWP has published brief online guidance on how rights to pensions and benefits for those living overseas will be affected. WYPF are gathering information from the main banks regarding their plans.



**Open Report on behalf of Andrew Crookham, Executive Director - Resources**

Report to:	<b>Lincolnshire Pension Board</b>
Date:	<b>07 January 2021</b>
Subject:	<b>Data Quality Scores</b>

**Summary:**

This report updates the Board on the Data Scores for Lincolnshire Pension Fund reported to The Pensions Regulator (TPR) as required under this year's TPR returns.

Yunus Gajra, Business Development Manager from WYPF, will update the Board.

**Recommendation(s):**

That the Board note the report.

**Background**

1.1 Pension schemes are required by the TPR to report their common and scheme specific data scores in the annual scheme returns in November.

1.2 The current Data Scores for LPF are:

Common	95.66%
Scheme Specific	84.03%

**2.0 Data Issues**

2.1 Missing Addresses

There are 3,205 address's missing for deferred members. This is an increase of 218.

WYPF have a programme of tracing lost contact members on a rolling programme but it is inevitable that as we trace some members so lose track of others.

## 2.2 Missing Earnings

There are 1,057 records with missing earnings. This is an increase of 266. The majority of cases are awaiting leaver/pensioner benefits to be calculated.

## 2.3 Missing CARE Benefits

There are 274 records with missing Career Average Revalued Earnings (CARE). This is a decrease of 5. These are cases where leaver forms are outstanding from the Employers or where they have been received by WYPF but benefits not yet calculated.

## 2.4 Start Date Inconsistency

There are 5,015 records where the start date on the record is inconsistent with start date held on other record types. This is a reduction of 134.

## 2.5 No National Insurance Contributions or GMP

There are 6,560 records with missing National Insurance contributions or GMP. Some development work has been undertaken to amend the data quality report to correctly identify where this information is held. More development work is required to identify additional criteria. This is a reduction of 6,114.

## 2.8 Missing Crystallisation Details

There are 564 records with missing benefit crystallisation details. It appears that further work may be required to refine the criteria in the data quality report. This is an increase of 54.

## 2.9 Missing Annual Allowance Calculation

There are 199 records with missing annual allowance calculation. This is a reduction of 2,716.

## 2.10 No Total Exit GMP (Deferred)

There are 5,001 records with missing National Insurance contributions or GMP. It appears that the report does not correctly pick up the GMP amount held on the record where there is no national Insurance contribution history. Development work required to update to refine the data quality report.

## 2.11 No Post 88 GMP on record

There are 4,061 records with missing National Insurance contributions or GMP. Similar to above, it appears that the report does not correctly pick up the GMP amount held on the record where there is no national Insurance

contribution history. Development work required to update to refine the data quality report.

### **3.0 Data Improvement Plan**

- 3.1 As a result of the data scores WYPF has devised a Data Improvement Plan (**Appendix A**) which identifies the issues with the data and the resolutions required to resolve those issues.
- 3.2 The reports to measure the data scores will be run on a half yearly basis to measure the improvements in data scores and identify any new issues.
- 3.3 It should be noted that TPR do not expect scores to be 100%, as long as there is a Data Improvement Plan to address the data issues. For example, as we trace members, others are identified as lost contact through returned mail. WYPF also takes every opportunity to remind members to tell us when they move house.

### **Conclusion**

- 4.1 Data quality is important to the Fund as, as well as being a requirement of the Pensions Regulator, it may affect the employer contributions at the next valuation and can impact on the reputation of the Fund.
- 4.2 The Fund continually reviews the quality of data held throughout the year and strives to keep this as complete, accurate and up to date as possible. The Pensions Regulator requires Funds to undertake a review of data quality at least annually and this report consolidates the work undertaken in compliance with this requirement.
- 4.3 This report concludes that, whilst data quality is considered to be good within the Fund, there are improvements that can be made and as a result a data improvement plan has been developed.

### **Consultation**

#### **a) Risks and Impact Analysis**

The Pension Fund has a risk register which can be obtained by contacting the Head of Pensions.

### **Appendices**

These are listed below and attached at the back of the report	
Appendix A	Data Improvement Plan

## **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](mailto:yunus.gajra@wypf.org.uk) .

## **Lincolnshire Pension Fund**

### **Data Improvement Plan**

#### **1. Introduction**

- 1.1 This document defines the data improvement plan for Lincolnshire Pension Fund which is administered by West Yorkshire Pension Fund (WYPF) under a shared service arrangement.
- 1.2 WYPF collects and holds large amounts of digital and paper based data and is heavily reliant on the timely receipt of quality data from employers, in order to effectively administer the Local Government Pension Scheme (LGPS).
- 1.3 Fundamentally, the purpose of the LGPS is to pay the correct pension benefits to its members when they become due. It is therefore imperative that the highest possible data quality standards are maintained, to comply with this core function and to ensure the cost effective use of resources.
- 1.4 The LGPS continues to face ongoing legislative change with oversight of administration and governance now falling under the remit of the Pension Regulator, with a heightened responsibility on scheme managers and local pension boards to ensure data is readily available and fit for purpose at all times.
- 1.5 The legal requirements relating to scheme record keeping are set out in the Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations 2014.
- 1.6 The Pension Regulators (tPR) guidance requires that schemes should:
  - Continually review their data and carry out a data review exercise at least annually
  - Where a review of the scheme's data identifies poor or missing data a data improvement plan should be put in place to address these issues

#### **2. The Pension Regulator Annual Scheme Return**

- 2.1 Annually the Pensions Regulator (tPR) issues a scheme return which should be completed and returned. From 2018 each Pension Fund is required to include in the return a Data Quality Score which has two types of data:
  - **Common data** – used to identify scheme members and includes name, address, national insurance number and date of birth.
  - **Scheme-specific data** – essential to calculate benefit entitlement such as pensionable pay and service history. It also encompasses data relating to events that occur during an individual's membership, for example transfers etc.

- 2.2 TPR has issued a quick guide on measuring scheme data which states that one piece of missing data, such as a current address on a deferred member's record should be reported to them as a failed record.

### 3. Key Objectives

The key objectives of this plan are to:

- Ensure member, pensioner, deferred and beneficiary records are maintained as accurately as possible to ensure benefits are paid correctly on time, members receive a high standard of service and the fund is able to meet legal obligations.
- Ensure Investment and Administration costs are reliable/correct.
- Ensure data supplied to the Fund's actuary for the valuation is as accurate as possible so the correct liabilities can be calculated.
- Ensure the Fund complies with tPR's Code of Practice.

### 4. Outcomes

Outcomes of an improvement in the data held by the administrator are:

- Improvement of tPR data score for Common and Scheme Specific (also known as conditional) data.
- Increase in the number of Annual Benefit Statements (ABS) issued by 31 August each year./members aware of the value of their benefits.
- Reduction in the number of Internal Dispute Resolutions (IDRPs) received for incorrect calculation of benefits or delays in paying benefits.
- Reduction in the number of queries from the Fund's Actuary at valuation time.
- Reduction in the number of queries received when ABS are sent out.
- Reduction in administration costs due to increased efficiency.
- Reduces the likelihood of the Government Actuary Department rejecting data for the scheme valuation.
- Improves accuracy for IAS19 valuations.
- Reduction in delays for calculating and paying retirement benefits, death benefits, transfers out.
- Reduction in the queries between WYPF and Employers

- Reduction of breaches recorded on the Breaches Register (e.g. due to ABS being issued late).

## **5. Additional general responsibilities relating to Data Improvement as follows:**

### **5.1 WYPF Officers**

- WYPF officers continually review and ensure data collected is fit-for-purpose and processes are in place to monitor accuracy and timeliness. All processes have working instructions in place to assist with staff training, understanding and compliance.
- Team Managers are responsible for ensuring that staff have the appropriate level of UPM access to fulfil their duties and access is withdrawn upon the member of staff leaving WYPF. This minimises the risk of accidental loss, errors and unauthorised activity.

### **5.2 Scheme Employers**

- WYPF is reliant upon the accuracy, completeness and timeliness of data submitted by scheme employers and any third party agencies that they may utilise e.g. outsourced payroll providers.
- WYPF will work with scheme employers throughout the year to support the provision of data to the required standard.
- Details of the information employers are required to provide and the financial penalties should they fail to do so are detailed in the Fund's Pensions Administration Strategy.

## **6 Ongoing Data Cleansing**

### **6.1 Monthly Returns data quality checks**

WYPF embraced monthly contribution postings several years ago with the aim of simplification, systems integration, increased data accuracy and complete up to date member records. The benefits include ensuring that employee's contributions, member's personal details, and financial records are up to date, accurate and complete.

### **6.2 LGPS National Insurance Database**

Administered by South Yorkshire Pension Fund Authority on behalf of the Local Government Association (LGA), the secure National Insurance Database was developed for Local Government Pension Scheme (LGPS) administering authorities to share data to prevent duplicate payment of death grants. This follows changes to Scheme Regulations in 2014 where payment of a death grant in respect of a member with entitlement across

multiple membership categories is restricted to an aggregate payment value in relation to any active or pensioner/deferred membership. When processing the death of a scheme member, officers will check the LGPS National Insurance Database for the existence of membership at other LGPS Funds. (Please note not all LGPS administrators are part of this database).

### **6.3 'Tell Us Once' Service**

The secure LGPS National Insurance Database also facilitates the integration of the Fund's membership profile into the Department of Work and Pensions (DWP) 'Tell Us Once' service (TUO). The service allows a person registering a death to request that the DWP pass on the deceased's information to other government services and council services. If the deceased is a member of the Fund, as determined by the LGPS National Insurance Database, an email notification is received informing the designated officers that a copy of the death certificate is accessible on the secure government gateway.

### **6.4 National Fraud Initiative**

The National Fraud Initiative (NFI) matches electronic data within and between public and private sector bodies to prevent and detect fraud. These bodies include police authorities, local probation boards, fire and rescue authorities as well as local councils and a number of private sector bodies. WYPF submit data to National Fraud Initiative on a regular basis to identify deceased members and members who are no longer entitled to receive a pension.

### **6.5 Mortality screening and tracing service**

WYPF engage with a Tracing Bureau for both monthly mortality screening and for members we don't have a current address for. For deferred members, where a current address for a lost contact cannot be found by the Tracing Bureau, a more detailed check is carried out 3 months before payment of pension is due.

### **6.6 Annual Benefits Statement (ABS) checks**

Before producing an ABS each year certain checks are applied to active records to ensure accurate data is used in the production of the ABS. These checks include:

- Ensuring contributions are received for every month during the year,
- Checks to make sure there are no spikes in care pensionable pay,
- Checks to ensure the final pay has not increased by 20% or decreased by 10%,
- Checks to ensure there aren't any outstanding processes,
- Address check to compare the address held on the record and that supplied on the monthly return,
- Identifying casual workers.

If these checks identify further information is required from an employer the ABS production for this case will be blocked and a query will be referred back to the employer. Upon receipt of the appropriate information the record will be updated and the ABS will be released for production.

## **6.7 Deferred pensions increase**

As part of the annual deferred pensions increase process certain data errors are identified and pensions increase is blocked until they are resolved. These errors include:

- Incorrect elements present,
- Spouse elements that don't match member elements,
- Incorrect dates for the first entry after the member is deferred,
- Data errors are corrected to allow deferred pensions increase to run on to individual deferred folders.

## **6.8 Annual deferred benefit statements**

Before producing the annual deferred benefit statements data errors that would result in potentially incorrect statements being produced are identified. These include:

- Deferred pensions increase not updated
- Multiple 'normal payment' dates being held on the deferred folder
- Multiple entries for the same date shown on the pension history screen
- Initial entries on the pension history missing
- Service start date mismatches

Once these errors are resolved and the records is updated the deferred ABS will be released for production.

## **7 Data errors**

When tackling data errors the following considerations will be used when making the decision on the priority of errors to be resolved:

- Priority identified on the error report
- Data improvement plans objectives

## **8. Frequency**

Data Quality reports will be run on a quarterly basis to measure the data quality scores and identify any further action that may be required.

## 9 Appendices

- Appendix 1 details the Data Quality scores and errors
- Appendix 2 details to work planned to deal with the data errors identified.

### Appendix 1 - Lincolnshire Pension Fund results at November 2019

	Nov 19	March 20	May 20	Nov 20
TPR Score - Common	95.72	95.87	95.9	95.66
TPR Score - Conditional	47.93	63.08	76.76	84.03

### Breakdown of activities for improvement

	Nov 19	March 20	May 20	Oct 20
Count of Missing, Bad or Temp NI Number	81	81	75	81
Count of Bad Date of Birth	1	1	1	1
Count of Address Missing	3041	3007	2987	3205
Count of Postcode Missing	27	27	27	26
Count of No Date Joined Scheme	14	13	0	0
Count of No Folder Status History	10	10	0	0
Count of Folder Status/ Status History Mismatch	50	50	51	30
Count of Multi Folder Status History Entries on Same Day	61	48	49	54
Count of Missing or Bad Expected Retirement Date	5	4	4	4
Count of No Folder Scheme History	68	66	62	61
Count of no NI contributions or GMP	12801	12715	12673	6560
Count of no Date of Leaving	1	2	2	1
Count of missing benefit crystallisation record	39	39	39	38
Count of missing benefit crystallisation details	480	501	510	564
Count of Missing Date Joined Employer	2	2	0	0
Count of Missing Earnings	1159	909	791	1057
Count of Invalid Transfer In Present	160	157	156	145
Count of Invalid AVC Data for member	65	64	47	1
Count of Invalid Part Time Service Present	64	64	63	63
Count of Missing CARE Benefit	517	407	325	274
Count of Missing CARE Revaluation Rate	5	5	15	4
Count of Invalid Contracted Out Date	20	20	20	21
Count of Missing Initial Pension (Def)	62	58	55	47
Count of Missing Initial Care Pension (Def)	212	177	154	138
Count of Missing current Pension	7218	1932	1895	1844
Count of Missing CARE Initial Pension	27	30	30	30
Count of missing annual allowance calculation	2871	11031	1070	199
Count of start date inconsistency	5278	5188	5151	5015
Count of deferred – No total exit GMP	4911	4858	4885	5001
Count of No post 88 exit GMP	4076	4046	4047	4061

Appendix 2

Data Category	Category	Priority	Resolution required	Responsibility	Progress	Deadline
Missing Ni Number	Common	Low	Ni number to be identified where possible	Service Centre /Comms	Ongoing	Ongoing
Date of Birth	Common	Medium	Interrogate record	Service Centre		Nov 21
Address and postcode	Common	Medium	Actives – Contact employer	Comms		Nov 21
			Deffereds and preserved refunds use tracing agency	Service Centre	Rolling program	Rolling program
No date joined scheme	Common	Medium	interrogate records and/or obtain information from employer	Service Centre	Completed	Nov 21
No folder Status history	Common	Low	Interrogate record	Service Centre	Completed	Nov 22
Folder Status/ Status History mismatch	Common	Medium	Review cases as it appears they might be changes to folder status from monthly postings?	Finance		Nov 21
Multi folder Status history entries on Same day	Common	Low	Need to look at each case as it appears they might have moved onto 2 status on the same day	Service Centre		Nov 22
Missing or bad expected retirement date	Common	Low	Bulk Update	IT		Nov 22
No folder scheme history	Common	Medium	Interrogate records	Service Centre		Nov 21
Missing Date joined employer	Scheme Specific	Low	Interrogate records possible intrafunds	Service Centre	Completed	Nov 22
Missing	Scheme	High	Majority Awaiting leaver/pensioner benefits to be	Service Centre	Ongoing	Deal with in

earnings	specific		calculated in Service Centre			accordance with KPI targets
Invalid part time service present	Scheme specific	Low	Interrogate record	Service Centre		Nov 22
Missing CARE benefit	Scheme specific	High	Majority Awaiting leaver/pensioner benefits to be calculated in Service Centre	Service Centre	Ongoing	Deal with in accordance with KPI targets
Missing CARE revaluation rates	Scheme specific	High	Majority Awaiting leaver/pensioner benefits to be calculated in Service Centre	Service Centre	Ongoing	Deal with in accordance with KPI targets
Invalid contracted Out date	Scheme specific	Low	Interrogate record	Service Centre		Nov 22
Missing initial pension (DEF)	Scheme specific	Low	Possible bare EPB cases. To interrogate and sample records	IT		Nov 21
Missing Initial CARE Pension(DEF)	Scheme specific	Low	Interrogate record  Spot check a number of cases as it might be where member joined right at the end of the year and no care benefits	Service Centre	Ongoing	Nov 21
Missing CARE initial Pension	Scheme specific	Low	Interrogate record	Service Centre		Nov 22
Missing NI contributions or GMP	Scheme specific	Medium	IT to refine the report	IT		Nov 20
Missing Date of Leaving	Scheme specific	Low	Interrogate record	Service Centre		Nov 22

Missing benefit crystallisation record	Scheme specific	Low	Interrogate records	Service Centre		Nov 21
Missing benefit crystallisation details	Scheme specific	Medium	It to consider bulk update	IT		Nov 20
Invalid AVC Data for member	Scheme specific	Low	Interrogate records	Service Centre		Nov 22
Invalid Part Time service present	Scheme specific	Low	Interrogate record	Service Centre		Nov 22
Missing current pension	Scheme specific	Medium	ITt to refine the report	IT		Nov 20
Missing annual allowance	Scheme specific	Low	IT to consider if a bulk update can be done	IT		Nov 22
Start date inconsistency	Scheme specific	Low	IT to consider if a bulk update can be done	IT		Nov 22
Deferred – No Total exit GMP	Scheme specific	Low	IT to review the report	IT		Nov 20
No post 88 exit GMP	Scheme specific	Low	IT to review the report	IT		Nov 20

This improvement plan primarily aims to address the key issues identified from the Funds Data Quality review and data quality score and details the plans in place to improve the data we hold.



**Open Report on behalf of Andrew Crookham, Executive Director - Resources**

Report to:	<b>Local Pension Board</b>
Date:	<b>07 January 2021</b>
Subject:	<b>Employer Monthly Submissions Update</b>

**Summary:**

This paper provides the Board with up-to-date information on Employer Monthly Submissions for the second quarter of the financial year 2020/21 (July to September inclusive).

**Recommendation(s):**

The Board note the report and consider if there are any further actions they wish to take against employers submitting late or inaccurate payments or data.

**Background**

- 1.1 There are approximately 270 employers within the Lincolnshire Pension Fund. All employers have a statutory responsibility, as set out within the Pensions Act 1995, to ensure that they pay over contributions due to the Fund on a timely basis. The date these are due is set out in the Fund's Administration Strategy, which all employers have signed up to, and has been set as the 19th of the month following their payroll. The Fund considers an employer a 'late payer' if either the cash and/or the data is received after this date.
- 1.2 The Fund has in place robust processes for monitoring the receipt of payments and data from employers. Within the Pensions Team, the Finance Technician is responsible for monitoring employer contributions monthly. Additional checks on the detailed data submissions and employer rates are undertaken by the West Yorkshire Finance Team. The pensions system itself also identifies errors, queries, or where further information is required from the employer (e.g. additional leavers' information).
- 1.3 After any late payment (including data submission) an email is sent to the employer reminding them of their responsibilities. In addition to emailing employers, both the Lincolnshire and West Yorkshire Pension Fund teams are in regular contact with employers and their payroll providers to prompt payments/data submissions and clarify any queries. Much work has been put

into building a good relationship with the employers and payroll providers, to assist in understanding the process and the data required.

- 1.4 A summary of all late contributions or data submissions since April 2020 is set out in table one below.

**Table One: Late contributions and data submissions to September 2020**

Month	Payment of Contributions		Submission of Data		Payment of Conts & Submission of Data		Data and Payments do not Match	
<i>April</i>	3	1.1%	14	5.1%	4	1.5%	2	0.7%
<i>May</i>	0	0.0%	2	0.7%	1	0.4%	5	1.8%
<i>June</i>	5	1.8%	8	2.9%	3	1.1%	0	0.0%
July	3	1.1%	8	3.0%	1	0.4%	0	0.0%
August	1	0.4%	14	5.2%	0	0.0%	6	2.2%
September	1	0.4%	11	4.1%	1	0.4%	3	1.1%
<b>Total</b>	<b>13</b>		<b>57</b>		<b>10</b>		<b>16</b>	

- 1.5 The analysis shows the number of employers making a late payment of contributions, missing both payment of contributions and data, or submitting data and payments that did not match, is a relatively small percentage of the overall number of employers. A higher number of employers submitted their data returns late. The quarter saw some hang over issues with one of the larger payroll providers having difficulty submitting their data returns on time through the portal. Further training and support has been given by the Pension Fund Representatives at West Yorkshire and improvements have been seen. The August submission date coincided with the weekend which often increases the number of late submissions in a month and in September there were a small number of changes to payroll providers at Academies leading to some late returns.

- 1.6 None of the breaches individually have been material and therefore have not been reported to the Pensions Regulator; however, they have been included en masse in the breaches register.

- 1.7 If any employer makes contribution payments or submits data late in three out of six months on a rolling basis, they will receive a fine, unless they are able to offer extenuating circumstances. Fines are currently set at a minimum of £136. Table two below sets out the number of fines issued since April 2020. There have been four fines issued in the quarter July to September 2020.

**Table Two: Late contributions fines to September 2020**

<i>April</i>	<i>May</i>	<i>June</i>	July	August	September
0	0	0	1	2	1

## Conclusion

- 2.1 This report provides quarterly monitoring information on the timeliness and accuracy of employer submissions to help the Pensions Board understand if there are any issues arising from late payments or data submissions and any further actions which are required to address employers not meeting their statutory responsibilities.
- 2.2 Employer submissions have increased in prominence as the number of employers within the scheme has increased. The Fund has responded to this by having a dedicated resource to monitor employer submissions and working closely with West Yorkshire and employers to reduce the numbers of late payers.

## Consultation

### a) Risks and Impact Analysis

The Pension Fund has a risk register which can be obtained by contacting the Head of Pensions.

## Appendices

These are listed below and attached at the back of the report	
Appendix A	Employers late data contributions or data - quarter two 2020/21 (July to September inclusive)

## 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 Claire Machej, who can be contacted on 01522 553641 or [claire.machej@lincolnshire.gov.uk](mailto:claire.machej@lincolnshire.gov.uk) .

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## Late Contributions and Payments July to September 2020

### July 2020

Employer	Late Contributions	Date received	Late Data Submissions	Date received	Payment of Contributions & Submission of Data	Date received	Payment and Data Don't Match
DANFO UK LTD	Yes	24/08/2020					
MELLORS CATERING SERVICES	Yes	24/08/2020					
SOUTH HOLLAND DISTRICT COUNCIL	Yes	01/09/2020					
BOSTON WEST ACADEMY			Yes	25/08/2020			
BRANSTON COFE INFANT ACADEMY (LAAT)			Yes	01/09/2020			
CROWLAND SOUTH VIEW PRIMARY SCHOOL			Yes	24/09/2020			
FISKERTON PRIMARY SCHOOL			Yes	04/09/2020			
METHERINGHAM PRIMARY SCHOOL			Yes	08/09/2020			
SLEAFORD TOWN COUNCIL			Yes	21/08/2020			
WELBOURN COFE PRIMARY SCHOOL			Yes	29/09/2020			
SOUTH WITHAM COMMUNITY PRIMARY SCHOOL			Yes	02/10/2020			
INDEPENDENT CLEANING SERVICES (CAISTOR GRAMMAR)					Yes	22/09/2020	
	Total = 3		Total = 8		Total = 1		Total = 0

**August 2020**

Employer	Late Contributions	Date received	Late Data Submissions	Date received	Payment of Contributions & Submission of Data	Date received	Payment and Data Don't Match
COMMUNITY INCLUSIVE TRUST	Yes	30/09/2020					
BOURNE ACADEMY (South Lincolnshire Academy)			Yes	02/10/2020			
CATERLINK			Yes	20/09/2020			
CATERLINK (WALTON GIRLS HIGH SCHOOL)			Yes	21/09/2020			
CATERLINK (SOUTH WITHAM)			Yes	21/09/2020			
MANOR FARM ACADEMY			Yes	28/09/2020			
PINCHBECK PARISH COUNCIL			Yes	29/09/2020			
SOUTH WITHAM COMMUNITY PRIMARY SCHOOL			Yes	02/10/2020			
SPALDING ACADEMY (South Lincolnshire Academy)			Yes	02/10/2020			
SPALDING ST JOHN THE BAPTIST PRIMARY			Yes	06/10/2020			
ST GILBERTS PRIMARY ACADEMY, STAMFORD			Yes	29/09/2020			
WADDINGTON ALL SAINTS PRIMARY ACADEMY			Yes	30/09/2020			
WITHAM ST HUGHS ACADEMY			Yes	28/09/2020			
MELLORS CATERING SERVICES			Yes	24/09/2020			
WELBOURN COFE PRIMARY SCHOOL			Yes	30/09/2020			
KEELBY PRIMARY							Yes
LINCOLN COLLEGE							Yes
EASY CLEAN (BASTON SCHOOL)							Yes
ERESBY ACADMEY (DRET)							Yes
GILES ACADEMY							Yes
DEEPINGS ACADEMY							Yes

Total = 1

Total = 14

Total = 0

Total = 6

## September 2020

Employer	Late Contributions	Date received	Late Data Submissions	Date received	Payment of Contributions & Submission of Data	Date received	Payment and Data Don't Match
SPALDING ACADEMY							Yes
SOUTH KESTEVEN DISTRICT COUNCIL							Yes
WELTON PARISH COUNCIL							Yes
CATERLINK			Yes	26/10/2020			
CATERLINK (WALTON GIRLS HIGH SCHOOL)			Yes	26/10/2020			
CATERLINK (SOUTH WITHAM)			Yes	26/10/2020			
HOLBEACH WILLIAM STUKELEY			Yes	30/10/2020			
MABLETHORPE & SUTTON TOWN COUNCIL			Yes	22/10/2020			
MALCOLM SARGENT PRIMARY ACADEMY, STAMFORD			Yes	20/11/2020			
MANOR LEAS INFANT ACADEMY, LINCOLN			Yes	22/10/2020			
SOUTH WITHAM COMMUNITY PRIMARY SCHOOL			Yes	29/10/2020			
WELBOURN COFE PRIMARY SCHOOL			Yes	02/11/2020			
WILLIAM ALVEY SCHOOL, SLEAFORD			Yes	28/10/2020			
WITHAM 3RD INTERNAL DRAINAGE BOARD			Yes	22/10/2020			
CROWLAND PARISH COUNCIL					Yes	26/10/20 (data) 03/11/20 (cash)	
THE GAINSBOROUGH ACADEMY	Yes	13/11/2020					
	Total = 1		Total = 11		Total = 1		Total = 3

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**Open Report on behalf of Andrew Crookham, Executive Director - Resources**

Report to:	<b>Lincolnshire Pension Board</b>
Date:	<b>07 January 2021</b>
Subject:	<b>Border to Coast Pensions Partnership - Deep Dive</b>

**Summary:**

The report brings to the Board details on the operation and governance arrangements in place at Border to Coast Pensions Partnership, Lincolnshire Pension Fund's chosen asset pool.

**Recommendation(s):**

That the Board note the report, consider if there is any further information they would like to receive, or actions they would like to take.

## **Background**

### **1.0 INTRODUCTION**

- 1.1 In July 2015, the new Conservative Government announced a major shake-up to the Local Government Pension Scheme (LGPS) in England and Wales. The 89 local authority funds would be required to pool their investments. The objective was that by investing collectively, the LGPS could use its size to improve investment opportunities and reduce costs. Hymans estimated that pooling could result in investment management savings of between £190m - £300m per year, after 10 years.
- 1.2 Eight LGPS pools were launched across England and Wales in 2018. The funds were Access, Border to Coast Pensions Partnership (Border to Coast), Brunel Pension Partnership, LGPS Central, Local Pensions Partnership, London CIV, Northern LGPS and Wales Pension Partnership.
- 1.3 Lincolnshire is a member of Border to Coast along with ten other local authorities, namely Bedfordshire, Cumbria, Durham, East Riding, North Yorkshire, South Yorkshire, Surrey, Teesside, Tyne & Wear and Warwickshire. Originally, there were 12 funds but Northumberland merged with Tyne and Wear during 2020.

## **2.0 BORDER TO COAST**

- 2.1 Border to Coast Pensions Partnership Limited is incorporated in the United Kingdom. The Company is now owned by 11 Funds. The Annual Report & Accounts at 31<sup>st</sup> March 2020 shows that there were 12 ordinary shares of £1 each (A shares) and 9,999,996 non-voting redeemable shares of £1 each (B shares), giving allotted, called up and fully paid up share capital of £10,000,008.
- 2.2 At the 31<sup>st</sup> March 2020, the Lincolnshire Pension Fund held 833,333 B shares but purchased a further 75,757 in 2020/2021 to reflect the reduction of partner funds, effectively buying a proportion of Northumberland's shares.
- 2.3 There are 8 Directors on the Board – 4 Independent Non-Executive Directors, 2 Partner Fund Nominated Non-Executive Directors and 2 Executive Directors. The 2 Partner Fund Nominated Non-Executives were brought onto the Board from September 2019. The decision to add these two Nominated Non-Executives was not unanimously supported by all partner funds. To support its effective operation, the Board has established five Board Committees: an Audit Committee, a Board Risk Committee, Remuneration & Nominations Committee, a Private Markets Committee and the Administration Committee.
- 2.4 The Board is collectively responsible for promoting the success of the Company by directing and supervising the Company's affairs, having due regard to its shareholders, customers and other stakeholders as a whole. The Board's role is to provide entrepreneurial leadership of the Company within a framework of prudent and effective controls which enable risk to be assessed and managed.
- 2.5 In carrying out its responsibilities, the Board must have regard to what is appropriate for the Company's business and reputation, the materiality of the financial and other risks inherent in the business and the relevant costs and benefits of implementing specific controls.
- 2.6 Border to Coast is approved and regulated by the Financial Conduct Authority (FCA) as an Alternative Investment Fund Manager (AIFM). This means the Company and its employees must meet certain standards of conduct in the operation of its business. The FCA may carry out investigations if it believes that an organisation is not meeting the appropriate standards. The FCA has wide-ranging powers of intervention and sanction.
- 2.7 In a regulated collective investment vehicle like the Border to Coast Authorised Contractual Scheme (ACS), a Depositary is appointed to act on behalf of the investors. Northern Trust has been appointed as the depositary for the Border to Coast ACS. Its duties include:
- i) Safeguarding assets of the authorised fund via its custody services or utilising a sub-custodian;

- ii) Oversight of the manager's activities, for example, unit pricing, dealing, portfolio management;
- iii) Oversight of how the manager is discharging its responsibilities;
- iv) Cash flow/liquidity oversight;
- v) Distributions;
- vi) Protecting the best interests of investors; and
- vii) Reporting breaches of FCA guidance to the FCA (including any due diligence findings).

2.8 The fact remains that Border to Coast is an investment management company, like for example JP Morgan, Newton, Janus Henderson, etc. BUT WHOLLY OWNED by 11 local authority pension funds. Border to Coast's performance as a company is overseen by the shareholder representatives from the eleven administering authorities (see later), both on an ongoing basis and formally once a year at its AGM.

2.9 The shareholders agreement sets out the process to follow if the Lincolnshire Pension Fund, or any of the partner funds, wished to exit Border to Coast. The process is as set out below:

- Any Administering Authority may withdraw on giving not less than 12 months' notice to expire on 31<sup>st</sup> March in any year.
- On withdrawal, the exiting Fund (shareholder) must pay any outstanding sums owed to the company which have been incurred before the withdrawal date, and which is properly attributable to the exiting shareholder's share membership of Border to Coast.
- On withdrawal, the company will buy back the shares of the exiting shareholder (subject to having the necessary capital) and the remaining shareholders will be required to replace any reduced regulatory capital caused by the withdrawal.

2.10 This is in effect what happened when Northumberland merged with Tyne & Wear.

2.11 Should any other LGPS Funds (or any private sector Pension Funds) wish to join Border to Coast, this would require the agreement of all Partner Funds. At this point in time, there are no plans to expand the membership of Border to Coast.

### **3.0 THE ADMINISTERING AUTHORITY AS THE SHAREHOLDER**

- 3.1 Each Partner Fund has the right to exercise corporate control and oversight through its Administering Authority's ownership of Border to Coast as an equal shareholder. Each Fund, as shareholder, owns a single voting share, and through the exercise of its voting rights across a range of reserved matters demonstrates its exercise of "significant control" as required under "teckal" (Border to Coast is a teckal company i.e. one that is set up under the Teckal procurement exemption).
- 3.2 In general, the shareholders' role in the governance of a company is to appoint the directors and the auditors and to satisfy themselves that an appropriate governance structure is in place within the company. In the case of Border to Coast, shareholders also retain certain rights under a Shareholder Agreement entered into by all the shareholders at the time of its incorporation. These include approval of the annual strategic plan including annual budgets, cash flow, balance sheet, cost sharing and regulatory capital assessment, company pensions provision, admission of new shareholders and cost sharing.
- 3.3 The shareholder representative must be a nominated individual because the Administering Authority cannot physically appear at a Company's shareholder meeting. The shareholder representative for Lincolnshire is Andrew Crookham, the Executive Director of Resources. The shareholders carry out their duties typically by written resolution, with advice from the officers, Section 151 and monitoring officers, as deemed appropriate.
- 3.4 An informal shareholders meeting is held on the date of each Joint Committee meeting. In addition, the Senior Officers (S151) from each Fund hold a monthly telephone call with the Chief Executive of Border to Coast, where any upcoming shareholder resolutions are discussed, amongst other matters. Minutes from these meeting are not published, but the notes from the monthly call are shared with S151 officers following each call. In addition, notes are taken of the informal shareholders meeting by the officer in attendance and shared with the S151 if they are unable to attend.

### **4.0 ADMINISTERING AUTHORITY AS THE INVESTOR FOR THE PENSION FUND**

- 4.1 Each local Administering Authority acts as scheme manager for each Pension Fund, and so is responsible, amongst other things, for investing and managing LGPS assets. The Pensions Committee in each Administering Authority is the decision-making body and as such sets the strategic asset allocation and investment strategy for the Fund. Under the pooling arrangements, this means that ultimately the Pensions Committee will no longer appoint and review the individual underlying investment managers. This task is the responsibility of Borders to Coast. This represents a fundamental change to the arrangements prior to pooling. The

Pensions Committee is responsible for reviewing the performance of Border to Coast, as the Fund's asset manager.

- 4.2 To enable the Funds to implement their investment strategy effectively and efficiently, Border to Coast, in partnership and working closely with the Partner Funds, is responsible for designing sub-funds with certain risk/return/liquidity characteristics that will provide the strategic “building blocks” for Funds to invest in.
- 4.3 Once the design is agreed, Border to Coast becomes the asset manager responsible for tactical matters such as implementation and on-going management of each sub-fund, management of internal investment capability, appointment and oversight of external managers, implementation of responsible investment (voting and engagement) policy, and tactical asset allocation within risk parameters agreed with the Funds.
- 4.4 The Pensions Committees are responsible for the review of whether the built sub-funds meet their strategic needs and, under their fiduciary duties, will review Border to Coast’s capability to deliver the objectives. This is done collectively through the group/individuals shown in the paragraphs below.

## **5.0 JOINT COMMITTEE**

- 5.1 The Joint Committee (JC) is constituted from the 11 Pension Fund Committee Chairs and meets quarterly. It is the collaborative vehicle through which the individual Partner Funds provide collective oversight of the investment performance, capability and direction of Border to Coast. Its remit includes oversight of progress towards the pooling of Partner Fund assets as a whole.
- 5.2 The JC is a Section 102 Committee with agreed terms of reference – a copy is attached at **Appendix A**. The JC meetings are public and operated and reported as required. The Pension Board members receive copies of all the agenda papers and minutes.
- 5.3 The Chair and Vice Chair of the JC are elected by the members of the JC on an annual basis. Secretariat functions to support the JC are provided through the South Yorkshire Pensions Authority. Tyne & Wear Pension Fund act as host for all other matters.
- 5.4 As well as the 11 Pension Committee Chairs, JC meetings are also attended by representatives from Border to Coast, normally the Chair, Chief Executive, Chief Investment Officer, Chief Operating Officer and two Client Relationship Managers. In addition, the two Partner Nominated Non-Executive Directors attend. A Scheme Member representative also attends as observer, and their deputy can also attend. The Fund Officers also attend.

5.5 In advance of the formal Joint Committee, there is a private Fund's only meeting to ensure that any issues, concerns or questions that any of the JC members have can be discussed ahead of the formal meeting.

5.6 In the event of a major crisis, or loss of confidence, in the Board or Executive Directors of Border to Coast, the shareholders would be able to vote out the Directors.

## **6.0 OFFICER GROUPS SUPPORTING THE JC**

6.1 The JC is supported by the respective Statutory Officers (S151 and Monitoring Officers) and the Officer Operations Group (OOG), constituted from the eleven Senior Pension Fund Officers. These groups meet to discuss issues and provide input to both Elected Members and Borders to Coast, as required.

6.2 The OOG meets bi-monthly, with part of the meeting being attended by Border to Coast, and part in closed session. The OOG works collaboratively to ensure that due diligence over the Border to Coast investment capabilities is carried out effectively on behalf of the Pensions Committee.

## **7.0 FINANCIAL POSITION**

7.1 To-date, the Lincolnshire Pension Fund has incurred the following amounts in the creation of Border to Coast:

**2017/2018** - £125.6k set up costs (reimbursed to the Tyne & Wear Pension Fund)

**2018/2019** - £479.1k. Of this £48.6k related to set up costs, again reimbursed to the Tyne & Wear Pension Fund. The remaining costs of £429.9k were paid directly to Border to Coast and consisted of £171.0k governance charge for 9 months, implementation costs of £239.4k, development costs of £19.5k and asset management of £0.6k.

**2019/2020** - Expenditure and income in the Border to Coast Accounts for 2019/2020 was £12.604m. The income comes from partner funds split between governance costs, development costs and the charge for asset management based on the funds' invested AUM and allocation to alternatives. The cost to the Lincolnshire pension fund was £370.2k made up of governance £193.7k, AUM £24.1k, development £61.9k and projects £90.5k.

7.2 In addition, as mentioned earlier, there was an investment of £1 for share capital A shares and £909.09k for B shares.

- 7.3 So to-date, Lincolnshire's direct expenditure on Border to Coast is £975k plus £909k in shares.
- 7.4 As mentioned in paragraph 1.1 at the time the concept of pooling was under discussion, Hymans produced a report stating that the estimated savings from pooling of investments would be between £190m - £300m per year, after 10 years. It was understood that when the pooling arrangements were in place, a cost benefit analysis would be undertaken. Work is currently underway with Partner Funds and Border to Coast to develop a template to capture and calculate savings achieved from pooling assets, although direct comparisons of costs will always be extremely difficult, given changes to asset allocations, asset values and investment performance. Cost savings are only one element of the benefits which are being brought about from pooling. Shared knowledge, increased resilience and access to specialised services to support the Funds (such as Responsible Investment) are also a benefit from pooling. Capturing the added value from these areas is much more difficult.

## **8.0 LOCAL PENSION BOARD**

- 8.1 In line with its role in other administrative and governance matters, the local pension boards provide support and challenge to the various pension committees' decisions and decision-making process in relevant investment areas, and look to ensure appropriate governance is in place to provide effective monitoring.
- 8.2 As can be seen from the details above, the Border to Coast pooling arrangement has a very well defined governance structure, and is subject to comprehensive oversight and challenge from a number of key stakeholders, including shareholders, investors, industry and regulatory bodies.
- 8.3 The diagram at **Appendix B** shows the governance structure in place.
- 8.4 There are a number of questions that the Board may wish to consider:
- Is the Board comfortable with the governance arrangements for Border to Coast?
  - Should a Board representative attend the public part of a Joint Committee meeting?
  - Is the structure and attendance at the Joint Committee considered appropriate?
  - Should the Board have discussions with other Boards within Border to Coast?
  - Should the Board share this report with them?
  - Should the Board press for the cost benefit report on the savings?

## Conclusion

9.1 This report provides the Board with details of the operation and governance structure in place at Border to Coast, Lincolnshire Pension Fund's chosen pool and an opportunity for the Board to discuss this and any future work they would like to undertake.

## Consultation

### a) Risks and Impact Analysis

The Pension Fund has a risk register which can be obtained by contacting the Head of Pensions.

## Appendices

These are listed below and attached at the back of the report	
Appendix A	Border to Coast Pensions Partnership Joint Committee Terms of Reference
Appendix B	Border to Coast Pensions Partnership Governance Structure Diagram

## 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 Roger Buttery, who can be contacted on 01522 553641 or [claire.machej@lincolnshire.gov.uk](mailto:claire.machej@lincolnshire.gov.uk) .

**Border to Coast Pension Partnership Joint Committee Terms of Reference**

1. The primary purpose of the Joint Committee is to exercise oversight over investment performance of the collective investment vehicles comprised in the BCPP Pool.
2. The Joint Committee will provide effective engagement with the Authorities as the BCPP Pool vehicles are established and ultimately operated. It will encourage best practice, operate on the basis that all partners have an equal say and promote transparency and accountability to each Authority.

The remit of the Joint Committee is:

- 2.1. First phase – Period to April 2018 or operational commencement of the BCPP Pool (whichever is the later)
  - 2.1.1. To provide support and guidance to the work being undertaken by the Officer Operations Group to give effect to the pooling arrangements.
  - 2.1.2. To consider issues and provide feedback on relevant proposals as they are developed, ensuring effective engagement with the Authorities to scrutinise and monitor project management arrangements and proposals for the appointment of advisers by the Authorities.
  - 2.1.3. To oversee costs to deliver the BCPP Pool, obtaining approval from individual Authorities where necessary.
  - 2.1.4. To monitor and scrutinise responsibilities for delivery of the project and relevant support arrangements.
  - 2.1.5. To oversee and provide feedback on positions and conclusions deriving from work streams adopted by the Officer Operations Group.
  - 2.1.6. To formulate processes and policies for the appointment and termination of membership to the Joint Committee.
  - 2.1.7. To propose and confirm contracts and policies required by the Authorities to commence transition to the BCPP Pool arrangements.
  - 2.1.8. To provide support and guidance to the work being undertaken by the Officer Operations Group to do all things necessary to implement the final proposal, including preparatory work for asset transition.
  - 2.1.9. To consider the initial range of sub-funds to be provided by the ACS and to make recommendations to the BCPP Board for the creation of those sub-funds.

2.1.10. To review and comment on the draft ACS prospectus and supporting documents on behalf of the Authorities prior to the Financial Conduct Authority approval.

## 2.2. Phase 2 – Post Establishment and Commencement of Operations

2.2.1. To facilitate the adoption by the Authorities of relevant contracts and policies.

2.2.2. To consider requests for the creation of additional ACS sub-funds (or new collective investment vehicles) and to make recommendations to the BCPP Board as to the creation of additional sub-funds (or new collective investment vehicles).

2.2.3. To consider from time to time the range of sub-funds offered and to make recommendations as to the winding up and transfer of sub-funds to the BCPP Board.

2.2.4. To review and comment on the draft application form for each additional individual ACS sub-fund on behalf of the Authorities prior to the Financial Conduct approval (or the draft contractual documents for any new collective investment vehicle).

2.2.5. To formulate and propose any common voting policy for adoption by the Authorities and to review and comment on any central policy adopted by BCPP.

2.2.6. To formulate and propose any common ESG/RI policy for adoption by the Authorities and to review and comment on any central policy adopted by BCPP.

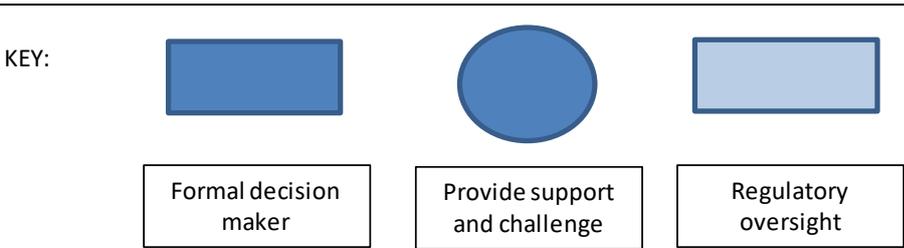
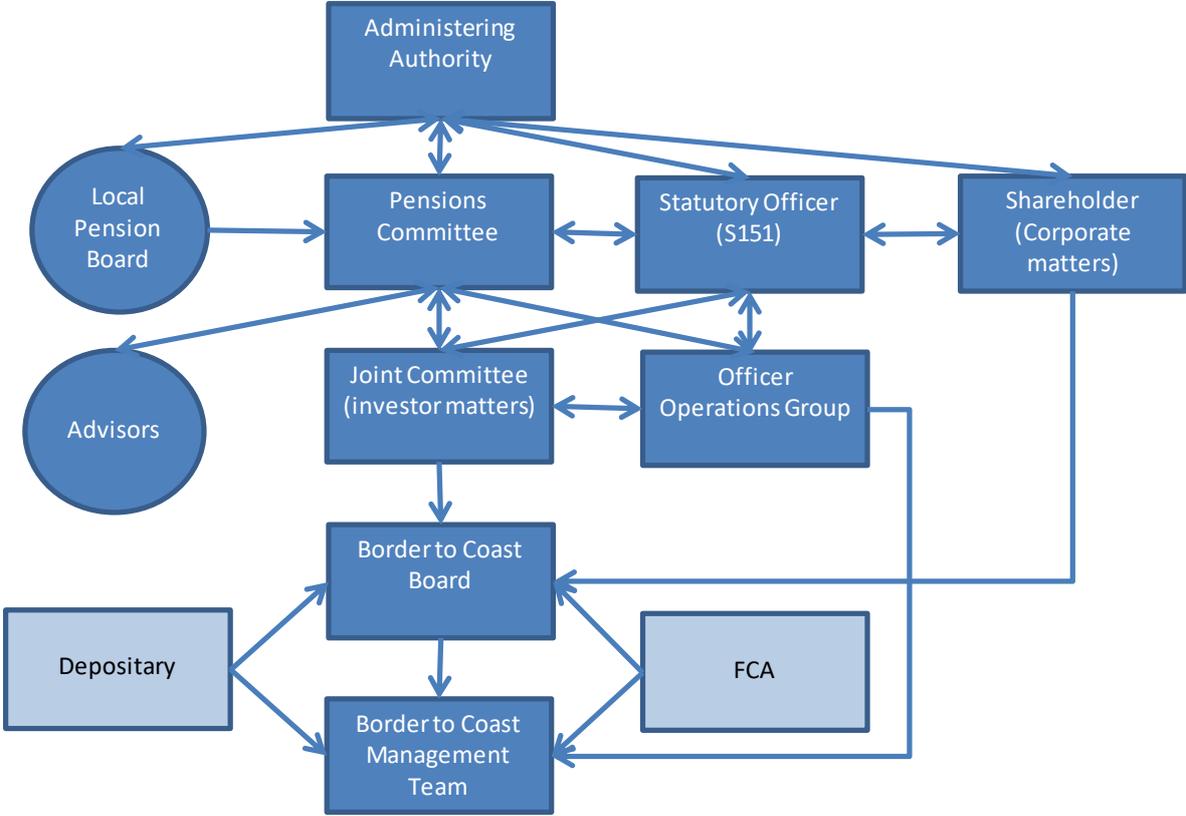
2.2.7. To formulate and propose any common conflicts policy for adoption by the Authorities and to review and comment on any central policy adopted by BCPP.

2.2.8. To agree on behalf of the Authorities high level transition plans on behalf of the Authorities for approval by the Authorities for the transfer of BCPP assets.

2.2.9. To oversee performance of the BCPP Pool as a whole and of individual sub-funds by receiving reports from the BCPP Board and taking advice from the Officer Operations Group on those reports along with any external investment advice that it deems necessary.

2.2.10. To employ, through a host authority, any professional advisor that the Joint Committee deems necessary to secure the proper performance of their duties.

**Border to Coast Pension Partnership Governance Structure Diagram**



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**Open Report on behalf of Andrew Crookham, Executive Director - Resources**

Report to:	<b>Lincolnshire Pension Board</b>
Date:	<b>07 January 2021</b>
Subject:	<b>Training Needs</b>

**Summary:**

This item provides Board Members the opportunity to discuss any training attended since the last Board meeting and provide feedback to other Board Members on its content.

This report also brings to the Board any conference or training highlight notes from the previous three month period.

The Board should consider if there is any further training they wish to receive or attend in future months.

The report also formalises the process for the Board preparing and recording their training log each year.

**Recommendation(s):**

The Board is:

1. requested to share information on relevant events attended since the last Board meeting;
2. note any conference and training feedback from the previous three months;
3. consider if there is any further training required in future months; and
4. comply with the annual training log requirements.

**Background**

- 1 The Fund's Training Policy requires members of the Pensions Committee, following attendance at any conference, seminar or external training events to share their thoughts on the event, including whether they would recommend it for others to attend. It was agreed that this would be a useful addition to Pension Board meetings too.

2. Therefore the Board are requested to share information on relevant events attended since the last Board meeting.
3. Due to ongoing Covid-19 restrictions there are no conference notes to share with the Board.

### **Annual Training Log Requirements**

4. Setting aside time for learning and development gained through training is an important part of members of the Local Pension Board's responsibilities. This helps to ensure that Board members have the necessary knowledge and understanding to effectively meet their legal obligations to assist the Administering Authority. Board members are offered the chance to attend national training events run by the Local Government Association, CIPFA, the public sector accounting, and Border to Coast the Fund's chosen asset pool, to name a few. The Fund also runs two training sessions a year, in house, for Committee and Board members.
5. To formalise the process of documenting training logs Board members are asked to complete an annual log each year, covering the period 1 April to 31 March. This log should be submitted to the Pension Teams by the end of April each year. Information submitted on the logs will be analysed and reported back to the Board at the July meeting, along with any recommendations to address training needs identified from the previous year's logs. A copy of the template log to be completed is attached at **Appendix A**.

### **Conclusion**

6. The Board should consider past training events attended and future training needs.

### **Consultation**

#### **a) Risks and Impact Analysis**

The Pension Fund has a risk register which can be obtained by contacting the Head of Pensions.

### **Appendices**

These are listed below and attached at the back of the report	
Appendix A	Template Board Training Log

## **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 Claire Machej, who can be contacted on 01522 553641 or [claire.machej@lincolnshire.gov.uk](mailto:claire.machej@lincolnshire.gov.uk) .

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## Pension Board Training Log

Pension Board Member: \_\_\_\_\_

Covering the financial year (1 April to 31 March): \_\_\_\_\_

Training Undertaken (e.g. Course Title)	Topics Covered	Date	Hours Completed	Comments
<i>Border to Coast Annual Conference 2020</i>	<i>Topics covered included: A review of the year, what can be learned from pooling to date, Investments (including: insight into the global economy, long term sustainable investing and opportunities in credit markets), and a look forward to the next 12 months at Border to Coast.</i>	<i>1 October 2020</i>	<i>4.5 hours</i>	<i>The training covered a wide range of current issues around LGPS pooling and the Funds chosen pool, Border to Coast.  Would like to understand more about the Pool's governance arrangements.</i>

**Please provide details of any further areas of training you would like to be covered in the next twelve months.**

Signed: \_\_\_\_\_ Date: \_\_\_\_\_

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**Open Report on behalf of Andrew Crookham, Executive Director - Resources**

Report to:	<b>Lincolnshire Pension Board</b>
Date:	<b>07 January 2021</b>
Subject:	<b>Work Programme</b>

**Summary:**

This report provides the Board with an opportunity to consider its work programme for the coming meetings.

**Recommendation(s):**

To review the Board's future work programme, highlighting any activity for possible inclusion in the work programme.

**Background**

1. The work programme, which is attached at **Appendix A** to this report, outlines the items for consideration at future meetings of the Board.
2. For the last two years Pension Board meetings have been held on the afternoon of the Pensions Committee meeting. This arrangement will continue for the four meetings planned in 2021. There is an opportunity now for the Pension Board to consider this arrangement for 2022.

**Conclusion**

3. Members of the Board are invited to review, consider and comment on the work programme, and consider the timing of future meetings from January 2022.

**Consultation**

**a) Risks and Impact Analysis**

The Pension Fund has a Risk Register which can be obtained by contacting the Head of Pensions.

## Appendices

These are listed below and attached at the back of the report	
Appendix A	Work Programme

## 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 Claire Machej, who can be contacted on 01522 556341 or [claire.machej@lincolnshire.gov.uk](mailto:claire.machej@lincolnshire.gov.uk) .

## LGPS PENSION BOARD – WORK PLAN

<b>7 January 2021</b>	
<b>Meeting to be held virtually and broadcast to the public</b>	
<i>Item</i>	<i>Lead Officer</i>
Pension Fund Update Report ( <i>Report</i> )	Jo Ray (Head of Pensions)
Pensions Administration Update Report ( <i>Report</i> )	Yunus Gajra (Business Development Manager, West Yorkshire Pension Fund)
The Pension Regulator Data Scores ( <i>Report</i> )	Yunus Gajra (Business Development Manager, West Yorkshire Pension Fund)
Employer Monthly Submissions Update ( <i>Report</i> )	Claire Machej (Accounting, Investment and Governance Manager)
Border to Coast Deep Dive ( <i>Report</i> )	Roger Buttery (Chair of the Lincolnshire Pension Board)
Training Needs ( <i>Report</i> )	Claire Machej (Accounting, Investment and Governance Manager)
Workplan ( <i>Report</i> )	Claire Machej (Accounting, Investment and Governance Manager)

**18 March 2021**

**Meeting Location: TBC**

<i>Item</i>	<i>Lead Officer</i>
Pension Fund Update Report ( <i>Report</i> )	Jo Ray (Head of Pensions)
Pensions Administration Update Report ( <i>Report</i> )	Yunus Gajra (Business Development Manager, West Yorkshire Pension Fund)
Temporary Bank Accounts ( <i>Report</i> )	Yunus Gajra (Business Development Manager, West Yorkshire Pension Fund)
Employer Monthly Submissions Update ( <i>Report</i> )	Claire Machej (Accounting, Investment and Governance Manager)
Annual Review of Policies ( <i>Report</i> )	Jo Ray (Head of Pensions)
Annual Report and Accounts 2020/21 – Review and Approval of Accounting Policies ( <i>Report</i> )	Claire Machej (Accounting, Investment and Governance Manager)
Business Plan and Budget Setting for the Pension Fund ( <i>Report</i> )	Jo Ray (Head of Pensions)
Training Needs ( <i>Report</i> )	Claire Machej (Accounting, Investment and Governance Manager)
Workplan ( <i>Report</i> )	Claire Machej (Accounting, Investment and Governance Manager)

**15 July 2021**

**Meeting Location: TBC**

<i>Item</i>	<i>Lead Officer</i>
Pension Fund Update Report ( <i>Report</i> )	Jo Ray (Head of Pensions)
Pensions Administration Update Report ( <i>Report</i> )	Yunus Gajra (Business Development Manager, West Yorkshire Pension Fund)
The Pension Regulator Data Scores ( <i>Report</i> )	Yunus Gajra (Business Development Manager, West Yorkshire Pension Fund)
Employer Monthly Submissions Update ( <i>Report</i> )	Claire Machej (Accounting, Investment and Governance Manager)
Annual Review of Pension Fund Risk Register ( <i>Report</i> )	Jo Ray (Head of Pensions)
Annual Report and Accounts 2020/21 – Approval of Draft Report and Accounts ( <i>Report</i> )	Claire Machej (Accounting, Investment and Governance Manager)
Training Needs ( <i>Report</i> )	Claire Machej (Accounting, Investment and Governance Manager)
Workplan ( <i>Report</i> )	Claire Machej (Accounting, Investment and Governance Manager)

**14 October 2021**

**Meeting Location: TBC**

<i>Item</i>	<i>Lead Officer</i>
Pension Fund Update Report ( <i>Report</i> )	Jo Ray (Head of Pensions)
Pensions Administration Update Report ( <i>Report</i> )	Yunus Gajra (Business Development Manager, West Yorkshire Pension Fund)
Temporary Bank Accounts ( <i>Report</i> )	Yunus Gajra (Business Development Manager, West Yorkshire Pension Fund)
Employer Monthly Submissions Update ( <i>Report</i> )	Claire Machej (Accounting, Investment and Governance Manager)
Annual Report and Accounts 2019/20 – External Audit Outcomes ( <i>Report</i> )	Claire Machej (Accounting, Investment and Governance Manager)
Training Needs ( <i>Report</i> )	Claire Machej (Accounting, Investment and Governance Manager)
Workplan ( <i>Report</i> )	Claire Machej (Accounting, Investment and Governance Manager)
Investment Consultant Appointment ( <i>Report</i> )	Jo Ray (Head of Pensions)
LCC and WY Internal Audit Reviews ( <i>Report</i> )	Claire Machej (Accounting, Investment and Governance Manager)