

LINCOLNSHIRE COUNTY COUNCIL

ANNUAL REPORT OF THE LGPS LOCAL PENSION BOARD – 2015/2016

DRAFT

1. INTRODUCTION

- 1.1 I am pleased to present the first report of the Local Pension Board of Lincolnshire County Council for the year 2015/2016.
- 1.2 Pension Boards were introduced in to the Local Government Pension Scheme (LGPS) from April 2015 under the Public Sector Pensions Act 2013 with the responsibility to assist administering authorities, in particular pension managers, and to secure compliance with the LGPS regulations.
- 1.3 The Lincolnshire Local Pension Board was established by the Administering Authority in June 2015 and operates independently of the Pensions Committee.

2. PURPOSE

- 2.1 The Board's role is to work closely in partnership and assist the Administering Authority in its role as Scheme Manager in relation to the following matters:
 - a) Securing compliance with the Scheme Regulations and any other legislation relating to the governance and administration of the Scheme.
 - b) Securing compliance with the requirements imposed by the Pension Regulator (tPR) in relation to the Scheme.
 - c) Ensuring any breach of duty is considered and followed under the Scheme's procedure for reporting to tPR and to the Scheme Manager.
 - d) Assisting the Scheme Manager to ensure the effective and efficient governance and administration of the Scheme.
 - e) Such other matters as the Scheme Regulations may specify.
- 2.2 Further detailed information on the Board's functions is set out in the Terms of Reference.

3. CONSTITUTION AND MEMBERSHIP

- 3.1 The membership of the Board during the period was as follows:

Independent Chair - Roger Buttery (non voting)

2 Employer Representatives – Councillor Mark Jones (until 6 January 2016); replaced by Councillor Mark Whittington and Kirsty McGauley (both voting)

2 Member Representatives – David Vickers and Ian Crowther (both voting)

3.2 Four meetings were held within the period – 20 July, 30 July, 7 October and 2 December, 2015. The Committee also met on 15 April 2016 because the final meeting of the year scheduled in March had to be cancelled.

3.3 The meeting on 20th July was devoted to a full day's training covering the LGPS, Lincolnshire Fund specifics, the role of the Pension Board, knowledge and skills, role of advisers, policies, internal and external investments, safeguarding the fund's assets, performance measurement, corporate governance, the Pensions Team and pensions administration.

3.4 At the meeting on 30 July, the Board agreed a programme of work for the year.

4. THE WORK PROGRAMME

4.1 At the meeting in October, the Board considered a report which demonstrated Lincolnshire's compliance to a Code of Practice produced by tPR.

4.2 The Board considered the eleven elements in detail, namely:

- a) Reporting duties
- b) Knowledge and understanding
- c) Conflicts of interest
- d) Publishing information about schemes
- e) Managing risk and internal controls
- f) Maintaining accurate member data
- g) Maintaining contributions
- h) Providing information to members and others
- i) Internal dispute resolution
- j) Reporting reaches of the law
- k) Scheme advisory board

4.3 A checklist of 99 items covering the above was produced in a traffic lights format. It is pleasing to report that Lincolnshire was largely compliant with 71 green or items not yet relevant. There were 17 partly compliant and 8 where further information was required. There were 3 reds all of which were "work in progress" and not critical. Given the recent appointment of West Yorkshire Pension Fund (WYPF) as the new Pensions Administrator to the Scheme and the County Council's

decision to appoint Serco for a range of “back office” support functions, the Board considered that the compliance to the tPR’s code was very good. Indeed, at the meeting in April 2016, the Board received a further report and ...**TO BE COMPLETED**.....

4.4 At its December meeting, the Board received a presentation from a representative of the WYPF on the pensions administration service. The Board noted that there had been some teething problems which had arisen largely as a result of the introduction of a new accounting system by Serco. There were some failures against the pensions administration performance targets but this was largely as a consequence of the transition. Of particular concern to the Board was the delay in the payment of the monthly employer and employee contributions by the due date in the early months of the financial year but tPR was advised at the time. The contributions are now being paid on time. The Board noted that 95% of the benefits statements had been sent to members by tPR’s revised deadline of 30 November 2015. In addition, there were still issues over the supply of data by Serco.

4.5 Considering the obstacles and problems faced by WYPF, the Board concluded that the administration was sound and more importantly would improve. Despite certain teething problems, it was felt that WYPF had been the correct choice for the Council. The Board also noted that the partnership between LCC and WYPF was developing well.

4.6 At the final meeting of the year, the Board considered several issues:

- a) A re-visit of compliance with the tPR’s Code of Guidance
- b) Recent reports from both internal and external audit on pension related issues
- c) Complaints
- d) Communications
- e) Preparations for the triennial actuarial valuation
- f) Training for Board Members

4.7 REPORT ON ISSUES IN 4.6 TO BE COMPLETED

5. CONCLUSION

5.1 This is the first report of the Board. **TO BE COMPLETED AFTER 15 APRIL.**

5.2 I would like to express my thanks to Jo Ray, Pensions Manager, her Team and the staff of the WYPF for the huge amount of work undertaken during the year, some in difficult circumstances because of the dependency on Serco. Finally, I should like to thank the four Board Members for their considerable input and support during the year.

**ROGER BUTTERY
CHAIR
APRIL 2016**